

# Indian River County Florida



## Comprehensive Annual Financial Report

For the Fiscal Year

October 1, 2015 through September 30, 2016

The cover picture features the new Indian River County Intergenerational Recreation Center (iG Center). The iG Center is a 37,000 square foot multi-purpose sports facility and event venue located in south Indian River County which houses the Recreation Department offices and hosts a multitude of sports and events. The recreation portion features diverse programming attentive to all ages from the young to the young at heart. Indian River County is now able to offer programming and events through this facility such as hardwood court basketball, volleyball, martial arts/karate, virtual recreation, performing arts, gymnastics events, tradeshows, large seminars, gaming tournaments and celebratory assemblies. With the opening of the iG Center, the County has expanded recreational programming services and provided another community venue with rental options available for a variety of competitive, educational, social and philanthropic functions.



# **INDIAN RIVER COUNTY, FLORIDA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR  
OCTOBER 1, 2015  
THROUGH  
SEPTEMBER 30, 2016**

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, 2016

**Board of County Commissioners as of September 30, 2016**

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

**Current Board of County Commissioners (effective November 22, 2016)**

Joseph E. Flescher <i>Chairman</i>	Susan Adams
Peter D. O'Bryan <i>Vice-Chairman</i>	Bob Solari
	Tim Zorc

**Constitutional Officers as of September 30, 2016**

Jeffrey R. Smith <i>Clerk of the Circuit Court and Comptroller</i>	David C. Nolte <i>Property Appraiser</i>
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Leslie R. Swan <i>Supervisor of Elections</i>	Deryl Loar <i>Sheriff</i>	Carole Jean Jordan <i>Tax Collector</i>
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**County Management**

Jason Brown <i>County Administrator</i>	Dylan Reingold <i>County Attorney</i>	
Michael Zito <i>Assistant County Administrator</i>	Mike Smykowski <i>Budget Director</i>	Rich Szpyrka <i>Director of Public Works</i>
Stan Boling <i>Director of Community Development</i>	John W. King <i>Director of Emergency Services</i>	
Vincent Burke <i>Director of Utilities</i>		

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**CLERK OF THE CIRCUIT COURT AND COMPTROLLER**

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# JEFFREY R. SMITH, CPA, CGFO, CGMA

Clerk of Circuit Court & Comptroller

1801 27<sup>th</sup> Street

Vero Beach, FL 32960

Telephone: (772) 226-1945



March 8, 2017

To the Citizens of Indian River County:

The Comprehensive Annual Financial Report of Indian River County, Florida for the fiscal year ended September 30, 2016, is respectfully submitted. State law requires that every general-purpose government publish a complete set of audited financial statements within nine months of the close of each fiscal year. This report was prepared by the 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 generally accepted accounting principles (GAAP) as applicable to governmental entities. The internal control system is designed to provide reasonable, rather than absolute, assurance that these objectives are met. The idea of reasonable assurance recognizes two aspects: 1) the cost of internal control should not exceed the anticipated benefits; and 2) the valuation of the costs and benefits require estimates and judgment by management. All internal control evaluations take place within this framework. We believe the County's internal controls adequately safeguard its assets and provide reasonable assurance of properly recorded financial transactions.

Section 218.39, Florida Statutes, requires an annual audit of local governments. The unmodified opinion of the auditors (Rehmann Robson LLC, Certified Public Accountants) on the County's financial statements for the year ended September 30, 2016 has been included in this report. The independent auditors' report is located at the front of the financial section of this report. The audit was also designed to meet the requirements of *Government Auditing Standards*, the Florida Single Audit Act, the Federal Single Audit Act of 1984, the Federal Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

## **Profile of Indian River County**

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

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

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

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

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

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

Appropriations for the County lapse at the close of the fiscal year. Unexpended ongoing project costs may be appropriated in the new fiscal year through a budget amendment.

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

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

### **Local Economy**

Indian River County's estimated population of 146,410 was a 2.15% increase over the previous year. 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.

Historically, Indian River County's economy was made up of agriculture (citrus and cattle) and tourism. Those industries have now been complemented with an increase in health care and information technology firms, light manufacturing, wholesale and retail trade and service sector jobs. The top three major employers in Indian River County, providing 9% of total employed persons, are the School District, Indian River County government and Indian River Medical Center. The unemployment rate decreased from 7.2% in 2015 to 6.7% in 2016.

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

Indian River County continues to experience signs of improvement in the economy. Total property tax values increased from \$13.4 billion in 2015 to \$14.3 billion in 2016. Construction activity saw a significant increase with 24% more building permits issued for new construction in 2016 over 2015. Please see Statistical Schedules 6 and 17 for more information.

Although Indian River County is a major producer of citrus with approximately 34,151 acres dedicated to citrus production, production has decreased by 15% from 6.9 million boxes in 2015 to 6.0 million in 2016.

### **Long Term Financial Planning and Major Initiatives**

Chapter 163 Florida Statutes and Florida Administrative Code Rule 9J-5 requires each local government to have a Comprehensive Land Use Plan. An important part of this plan is the Capital Improvements Plan (CIP) which evaluates the need for public facilities in support of the Future Land Use Element, to estimate

the costs of improvements for which local government has fiscal responsibility, to analyze the fiscal capacity of the local government to finance and construct improvements, and to adopt financial policies to guide the funding and construction of the improvements. The CIP is updated annually and encompasses a period of five years. Listed below are some major projects included in the current CIP along with the source of funding and estimated costs:

- ◆ Go-Line Bus Transfer Hub - The \$1.8 million bus transfer hub facility currently under construction consists of a 1,732 square foot structure with bathrooms and open air waiting areas. Additionally there will be 3,410 square feet of pre-manufactured aluminum structures providing covered walkways and shelter for bus riders and 1.6 acres of site improvements that include parking, lighting, landscaping, stormwater treatment and space to accommodate eight bus routes. The site plan also allows for building expansion if needed in the future. Federal and state grants will provide the funding.
- ◆ Shooting Range Skeet & Trap Improvements - The skeet and trap facility improvements at the Indian River County Shooting Range consist of three new combination national competition skeet and trap fields, including hi/low trap houses, lighting for the skeet and trap ranges to promote night time usage, storage building, parking area, and associated landscaping. Additionally, a fifteen station sporting clays course shall be constructed as part of the project. The \$1.3 million funding will be from impact fees and optional one cent sales tax.
- ◆ 87th Street and 91st Avenue Sidewalk Improvements - The project consists of a six foot wide concrete sidewalk along the north right of way line of 87th Street from 101st Avenue to CR510 and along the east right of way line of 91st Avenue from 79th Street to 87th Street. Drainage improvements, swale grading, pavement markings and sodding of certain areas in Vero Lake Estates are also included. Funding in the amount of \$1.2 million will be from grant funds and optional one cent sales tax.
- ◆ Fire Rescue Station #14 - The construction of Fire Rescue Station #14 is expected to be completed in fiscal year 2017 at a cost of approximately \$2.5 million. The 26th Street and 66th Avenue site is necessary to accommodate new growth and development in the County. Funding is from impact fees and optional one cent sales tax.
- ◆ 800 Mhz P25 Radio System Migration Project - To meet current operational standards, the 800 Mhz radio system will migrate to the Federal Communications Commission recommended Project 25 (P25) which is the standard for the design and manufacture of interoperable digital two way communications for public safety organizations. The \$5.9 million phased upgrade of the system over a five year period will be funded from optional one cent sales tax.
- ◆ Old Dixie Highway Resurfacing from 71st Avenue to County Road 510 -The \$2.5 million improvements to Old Dixie Highway consist of pavement reconstruction (full depth reclamation) a distance of two miles from 71st Street to County Road 510. Four foot wide paved shoulders, asphalt surface and structural courses, drainage improvements, utility adjustments, signage and pavement markings will be completed. This project is funded by an F.D.O.T. Small County Outreach program (SCOP) grant and gas taxes.
- ◆ 1st Street SW and 43rd Avenue Intersection Improvements - Improvements to this intersection will consist of the reconstruction of a portion of 1st Street SW with the addition of left turn lanes in the east and west bound direction. Within the intersection, 43rd Avenue will be milled and resurfaced. Concrete pipe will be installed in the Indian River Farms Water Control District Canal. The work will



also include a traffic signal, four foot wide paved shoulders, curbing and a five foot wide sidewalk. Costs are estimated to be \$2.2 million and will be funded by optional one cent sales tax.

Major projects that were completed during fiscal year 2016 are listed below:

- Intergenerational Recreation Facility at South County Regional Park - The grand opening and ribbon cutting ceremony of the \$12 million state of the art recreational facility at the South County Regional Park was held in August 2016.
- 45th Street Beautification Project - The milling and resurfacing of 45th Street from 43rd Avenue to east of 24th Avenue, along with sidewalk enhancements and extensive landscape improvements, were completed at a cost of \$1.4 million.
- 20th Avenue and 16th Street Intersection Improvements - The \$1.1 million re-alignment of 20th Avenue at 16th Street as well as the addition of left turn lanes to 20th Avenue were constructed.
- Fire Station #1 Renovations - Major renovations were completed to Fire Station #1 on Old Dixie Highway at a cost of \$1.4 million.

### **Relevant Financial Policies**

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

On September 23, 2008, the County established the OPEB (Other PostEmployment Benefits) Trust. An OPEB investment policy was approved by the Board of County Commissioners in February 2009. The objective was to establish an advisory committee and to provide short-term and long-term investment guidelines. This policy also outlines the same criteria as noted in the County's investment policy, as well as including performance measures. The County's policy is to fund the annual OPEB obligation monthly. In addition, a \$9 million contribution was made in September 2016 to lower the actuarial unfunded liability.

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

During fiscal year 2016, the County implemented Government Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The Statement addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair

value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements.

### **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, 2015. This was the 33rd consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Indian River County also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended September 30, 2015. This was the first Popular Annual Financial Report (PAFR) produced for the residents of Indian River County. This program was developed by the GFOA to encourage and assist governments to extract information from the CAFR to produce a high-quality report specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

In addition, Indian River County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the 2015-2016 fiscal year. This was the 25th 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.

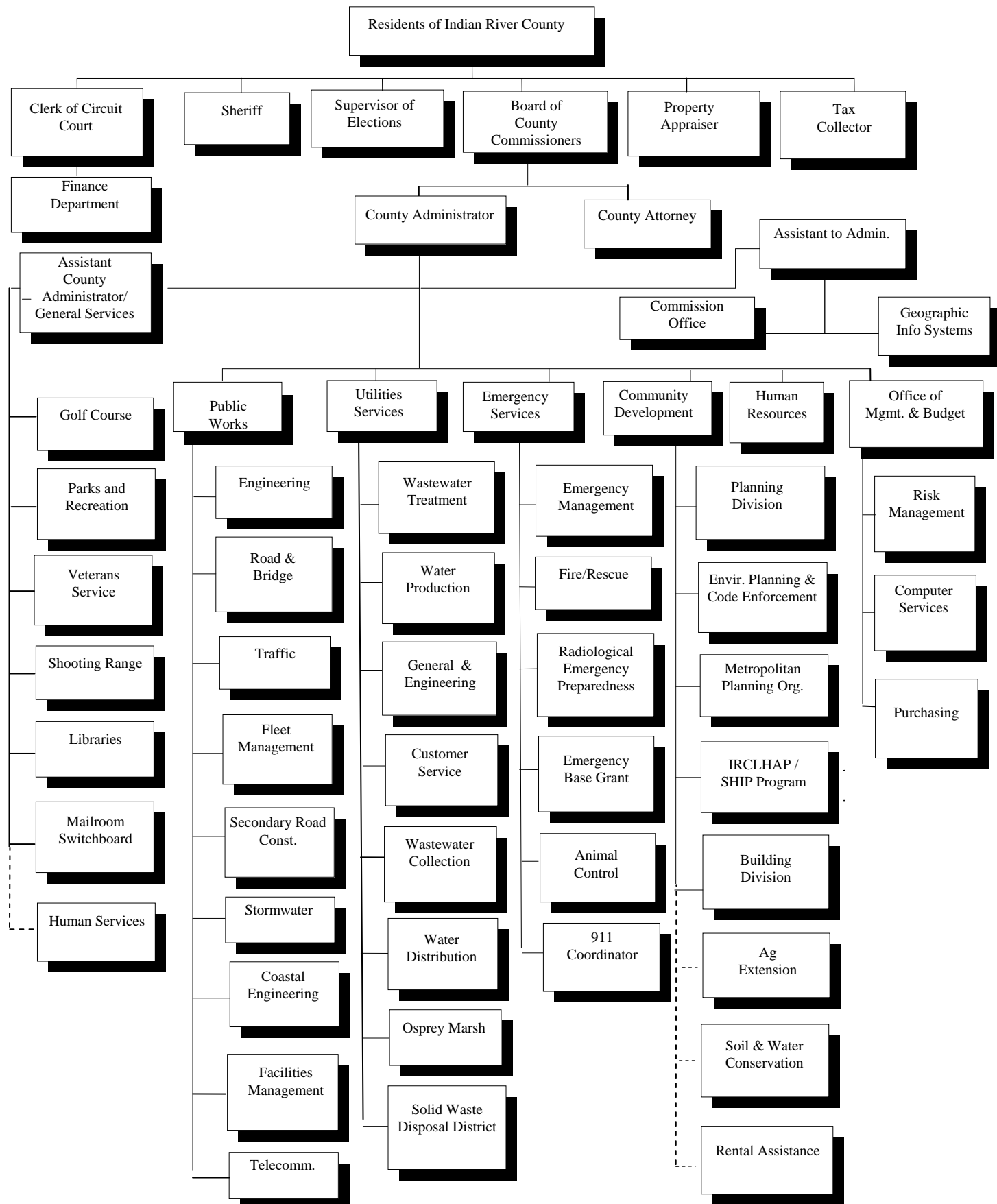
I would like to thank the entire staff of the Finance Department for their invaluable assistance in the preparation of this report. I would also like to thank the Board of County Commissioners and their staff, and the other Constitutional Officers for their personal interest and support in planning and 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', with a stylized, cursive script.

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

# Indian River County Board of County Commissioners Departmental Organization





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Indian River County  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO

**INDEPENDENT AUDITORS' REPORT**

March 7, 2017

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, 2016, 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 from 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 County'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 County'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.

### *Opinion*

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, 2016, 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 schedules for the pension and other post employment 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 the County's basic financial statements. The combining and individual fund financial statements and schedules, and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2017, on our consideration of *Indian River County, Florida's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Rehmann Lohman LLC*





**Indian River County, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016**

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, 2016. 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 2015.
- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows by \$978.2 million (net position). Of this amount, \$106.3 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 \$18.1 million or 1.9%. Governmental activities accounted for \$15.5 million of this increase and business-type activities accounted for the remaining \$2.6 million. Further information can be found on page 10.
- Governmental activities expenses reflected a 9.5% increase (\$151.2 million in 2015 to \$165.6 million in 2016) and business-type activities expenses reflected a 3.7% increase (\$51.5 million in 2015 to \$53.4 million in 2016). Further information can be found on page 10.
- Unassigned fund balance for the general fund was \$45.9 million, or a 3.8% decrease from the prior year general fund unassigned balance of \$47.7 million.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**Government-wide financial statements**

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

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

**Indian River County, Florida**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2016**

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

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

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

### **Fund financial statements**

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

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

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

**Indian River County, Florida**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2016**

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

Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements located behind the notes to the financial statements. The combining statements for the nonmajor governmental funds can be found on pages 111-161 of this report.

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

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility, solid waste disposal district, golf course, and building department, which are considered to be major funds of the County. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements behind the notes to the financial statements on pages 163-167 of this report. The basic proprietary fund financial statements can be found on pages 37-43 of this report.

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

### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-106 of this report.

**Indian River County, Florida**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2016**

**Other information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning Indian River County's progress in funding its obligations to provide other postemployment benefits to its employees, as well as information regarding the County's proportionate share of its pension liability. Required supplementary information can be found on pages 107-109 of this report.

**Government-wide financial analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$978.2 million at the close of the fiscal year.

**Indian River County Net Position (In Millions)**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 236.2	\$ 228.4	\$ 125.6	\$ 113.9	\$ 361.8	\$ 342.3
Capital assets	559.3	550.4	230.5	240.0	789.8	790.4
Total assets	795.5	778.8	356.1	353.9	1,151.6	1,132.7
Deferred outflows of resources	43.9	12.7	3.9	2.1	47.8	14.8
Other liabilities	114.7	67.9	13.8	9.7	128.5	77.6
Long-term liabilities	48.5	53.0	39.1	41.2	87.6	94.2
Total liabilities	163.2	120.9	52.9	50.9	216.1	171.8
Deferred inflows of resources	4.8	14.7	0.3	0.9	5.1	15.6
Net position:						
Net investment in capital assets	533.3	520.2	206.5	213.1	739.8	733.3
Restricted	132.1	128.6	-	-	132.1	128.6
Unrestricted	6.0	7.1	100.3	91.1	106.3	98.2
Total net position	\$ 671.4	\$ 655.9	\$ 306.8	\$ 304.2	\$ 978.2	\$ 960.1

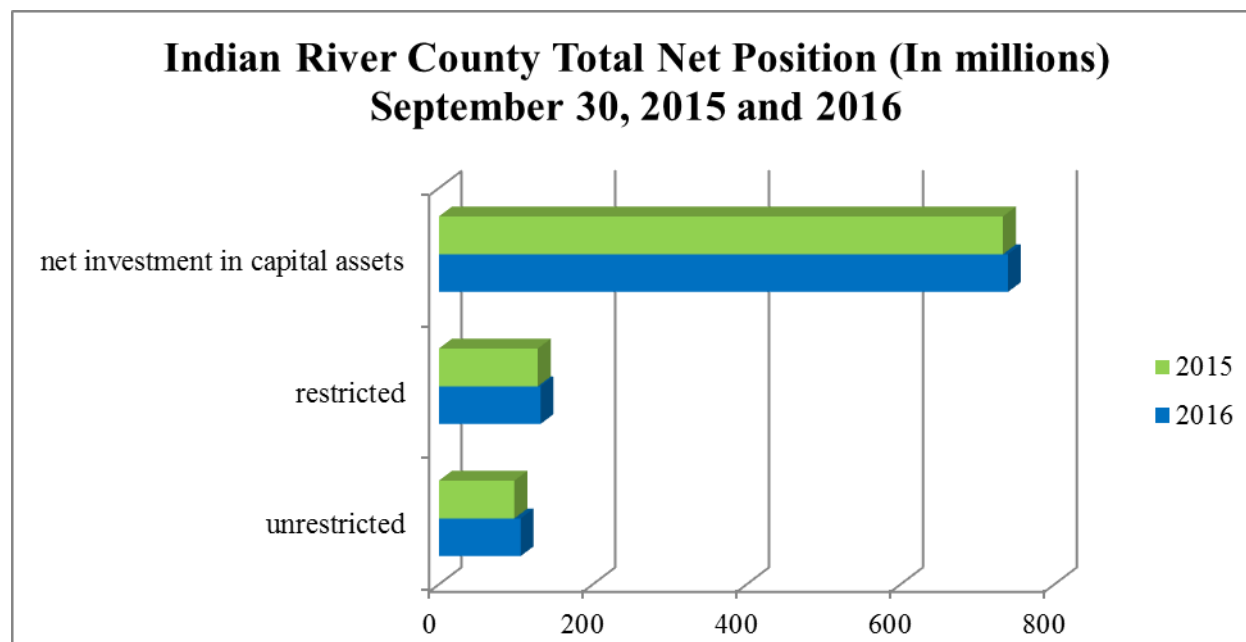
**Governmental Activities**

In governmental activities, the increase in restricted net position was mainly due to reduced expenses from the one cent sales proceeds for capital projects budgeted in future fiscal years. The increase in net investment in capital assets was a result of completed construction projects and decreased outstanding debt.

**Indian River County, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016**

**Business-type Activities**

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



By far, the largest portion of the County's net position (76% or \$739.8 million) reflects its investment in capital assets (e.g., land, buildings, infrastructure, intangibles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported as net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

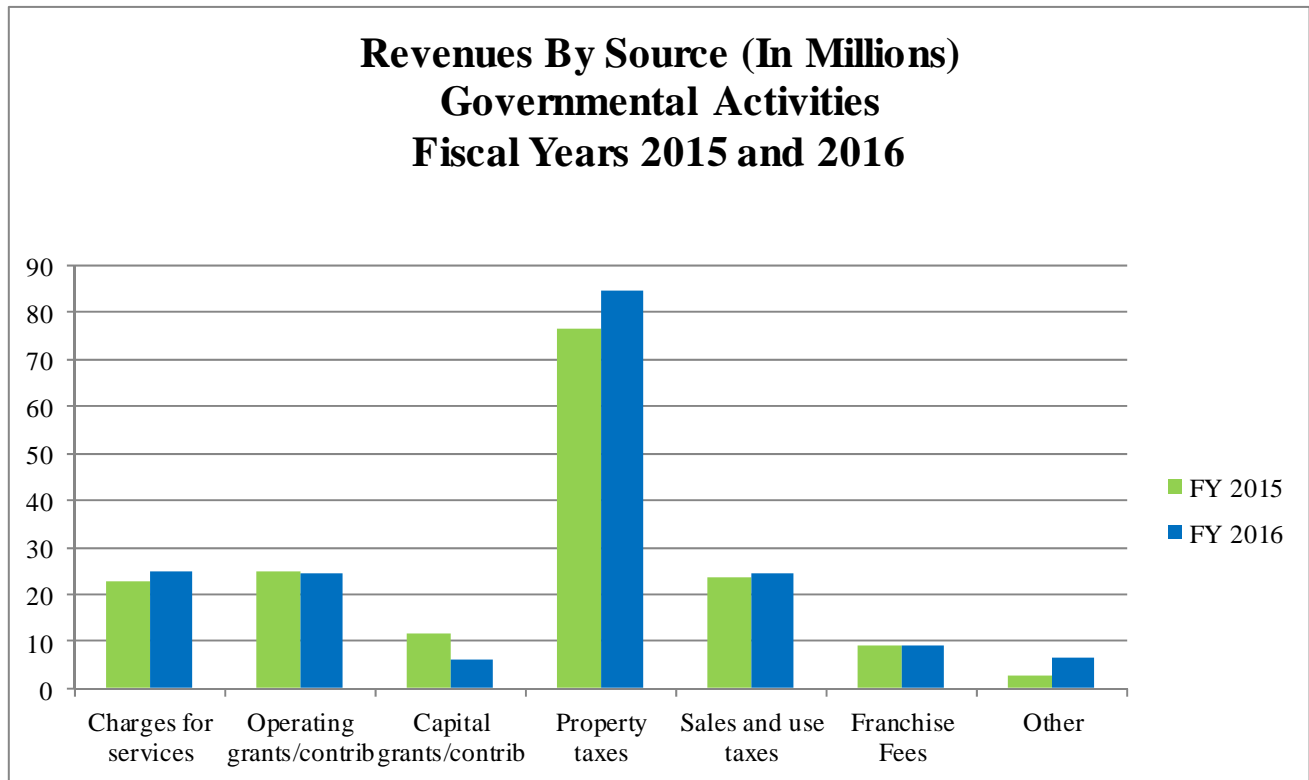
A portion of the County's net position (14% or \$132.1 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net position (\$106.3 million) may be used to meet the government's ongoing obligations to citizens and creditors.

**Indian River County, Florida**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2016**

**Indian River County Changes in Net Position (In Millions)**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 24.9	\$ 22.9	\$ 51.0	\$ 47.7	\$ 75.9	\$ 70.6
Operating grants/contributions	24.6	24.9	-	-	24.6	24.9
Capital grants/contributions	6.0	11.7	5.0	8.6	11.0	20.3
General revenues:						
Property taxes	84.7	76.6	-	-	84.7	76.6
Sales taxes	24.4	23.5	-	-	24.4	23.5
Franchise fees	9.3	9.2	-	-	9.3	9.2
Other	6.4	2.8	0.8	0.7	7.2	3.5
Total revenues	<u>180.3</u>	<u>171.6</u>	<u>56.8</u>	<u>57.0</u>	<u>237.1</u>	<u>228.6</u>
Expenses:						
General government	27.5	24.7	-	-	27.5	24.7
Public safety	77.6	66.4	-	-	77.6	66.4
Physical environment	1.4	1.6	-	-	1.4	1.6
Transportation	28.2	26.0	-	-	28.2	26.0
Economic environment	0.4	0.4	-	-	0.4	0.4
Human services	7.8	7.4	-	-	7.8	7.4
Culture/recreation	14.7	17.0	-	-	14.7	17.0
Court related	7.1	6.7	-	-	7.1	6.7
Interest and fiscal charges	0.9	1.0	-	-	0.9	1.0
Water and sewer	-	-	35.4	35.2	35.4	35.2
Solid waste	-	-	12.7	11.7	12.7	11.7
Golf course	-	-	2.6	2.5	2.6	2.5
Building	-	-	2.7	2.1	2.7	2.1
Total expenses	<u>165.6</u>	<u>151.2</u>	<u>53.4</u>	<u>51.5</u>	<u>219.0</u>	<u>202.7</u>
Increase (decrease) in net position before transfers	14.7	20.4	3.4	5.5	18.1	25.9
Transfers	<u>0.8</u>	<u>(3.1)</u>	<u>(0.8)</u>	<u>3.1</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	15.5	17.3	2.6	8.6	18.1	25.9
Net position – October 1, 2015	655.9	703.8	304.2	300.1	960.1	1,003.9
Restatement to implement GASB 68	-	(65.2)	-	(4.5)	-	(69.7)
Net position - September 30, 2016	<u>\$ 671.4</u>	<u>\$ 655.9</u>	<u>\$ 306.8</u>	<u>\$ 304.2</u>	<u>\$ 978.2</u>	<u>\$ 960.1</u>

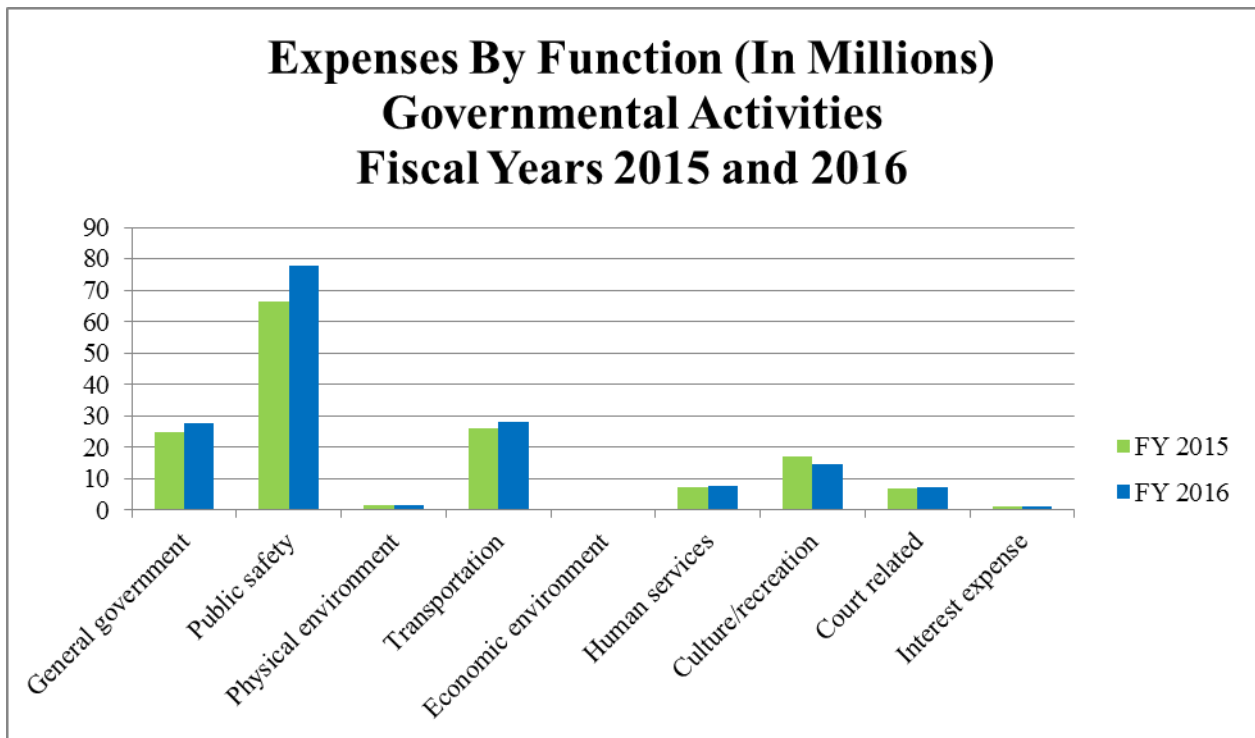
**Indian River County, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016**



**Governmental Activities**

- Overall program revenues decreased \$4.0 million.
  - 1) Charges for services increased \$2.0 million due to increased ambulance service billing collections as well as an increase in impact fee collections.
  - 2) Capital grants and contributions decreased \$5.7 million due to the prior year reimbursement from Department of Environmental Protection for a beach restoration project.
- Overall general revenues increased by \$12.7 million mainly due to increased property tax values and tax rates (increase of \$8.1 million or 10.5%) and an increase in other revenue (\$3.6 million) mainly due to receipt of a legal settlement related to the County administration building roofs (\$1.2 million) and reimbursement from the State for a prior year joint road project (\$1.2 million).

**Indian River County, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016**



- The governmental activities expenses were \$14.4 million higher in 2016 than in 2015. Major increases included: \$11.2 million in public safety expenses mainly due to the purchase of new emergency services vehicles (\$1.9 million), allocation of pension expense (\$3.7 million) and increase in salaries and benefits (\$4.5 million).
- Governmental activities expenses were charged \$4.8 million for their related share of overall pension expense as calculated by the Florida Retirement System. The increase in expense was allocated to the following functions: general government \$0.5 million, public safety \$3.7 million, physical environment \$0.01 million, transportation \$0.2 million, economic environment \$0.04 million, human services \$0.01 million, culture and recreation \$0.2 million, and court related \$0.2 million.



**Indian River County, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016**

**Business-type Activities**

Business-type activities net position increased by \$2.6 million. Key elements of this increase are as follows:

- Overall program revenues decreased \$0.3 million
  - 1) Charges for services increased by \$3.3 million or 7%. A gradual improvement in the local economy has attributed to the following increases over 2015 revenues: water and sewer charges increased by \$1.0 million or 3% and the building revenues increased by \$0.4 million or 15%. Solid waste revenues increased \$1.9 million or 17% mainly due to an increase in landfill assessments.
  - 2) Capital grants and contributions were \$3.6 million lower in 2016 than in 2015, an overall decrease of 42%. This was mainly due to prior year grant reimbursements for the Osprey Marsh project and previously deobligated FEMA grant funds for the Rockridge Sewer Project.
- Overall expenses were \$1.9 million or 4% higher in 2016 than in 2015. The water and sewer utilities expenses were \$0.2 million or less than 1% higher in 2016 than in 2015. The solid waste expenses were \$1.0 million or 9% higher in 2016 than in 2015 due to increased landfill closure and contractual services costs. The golf course had \$0.1 million or 4% higher expenses in 2016 than in 2015 due to increased salaries and benefits costs. The building department had \$0.6 million or 28% higher expenses in 2016 than in 2015 due to staffing increases.
- Business-type activities expenses were charged \$0.3 million for their related share of overall pension expense as calculated by the Florida Retirement System. The increase in expense was allocated to the following activities: water and sewer \$0.2 million, solid waste \$0.02 million, golf course \$0.02 million, and building \$0.06 million.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

**Governmental funds**

Unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year. Approximately 25% of this total amount (\$45.9 million) constitutes unassigned fund balance, which is available for spending at the County's discretion.

**Indian River County, Florida**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2016**

The remainder of fund balance is presented in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The County had fund balance in 1) a nonspendable category for inventories, prepaid items, and advances to other funds (\$0.5 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 (\$128.3 million), 3) a committed category for constraints imposed by approval of ordinances and contracts by Board of County Commissioners (\$2.6 million), and 4) an assigned category for constraints by the County's intent to use for specific purposes (\$7.1 million).

The two largest restricted amounts are in the Impact Fees Fund with a \$14.1 million restricted fund balance and the Optional Sales Tax Fund with a \$71.2 million restricted fund balance. Fifty-five percent of the Impact Fees Fund (\$7.8 million) and twenty-four percent (\$16.7 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 \$184.4 million, which is an increase of \$5.3 million over the prior year of \$179.1 million. Contributing factors to the \$5.3 million increase in fund balance are:

- Fund balance in the General Fund decreased by \$1.8 million. This was due to an increase of \$3.1 million in transfers out to fund an additional contribution to the OPEB Trust.
- In the Secondary Roads Construction Fund, fund balance decreased \$1.9 million. This was largely due to the \$1.5 million increase in road resurfacing projects.
- Fund balance in the Emergency Services District Fund decreased by \$1.0 million mainly due to a \$0.6 million increase in transfers out to fund an additional contribution to the OPEB Trust.
- Fund balance in the Optional Sales Tax Fund increased by \$7.1 million mainly due to a \$0.7 million increase in sales tax revenues, a \$1.6 million increase in grant reimbursements, and a \$2.4 million increase in miscellaneous revenues due to receipt of a legal settlement related to the County administration building roofs (\$1.2 million) and reimbursement from the State for a prior year joint road project (\$1.2 million).

**Proprietary funds**

Unrestricted net position at the end of the year amounted to \$15.1 million in the Solid Waste Disposal District (SWDD) Fund, (\$0.8) million in the Golf Course Fund, \$5.8 million in the County Building Fund, and \$80.2 million in the County Utilities Fund. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

**Indian River County, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year there was an \$8.3 million increase in operating appropriations between the original and final amended budget. The main components of the increase are as follows:

- \$5.2 million grants appropriations and prior year rollovers for the Senior Resource Association (SRA) to provide County-wide public transportation
- \$0.3 million for All Aboard Florida, FMPA and other legal and professional services
- \$0.4 million in building and equipment maintenance including replacement air conditioning and chiller units for County buildings
- \$0.3 million cost of living increases

Actual expenditures were \$3.8 million lower than anticipated for the following reasons:

- \$1.3 million in SRA grant costs not yet expended
- \$0.4 million lower than expected Sheriff expenses
- \$0.3 million in unspent salary and benefits expenditures
- \$0.5 million in unspent legal, professional and other contractual services

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounts to \$789.7 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, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016**

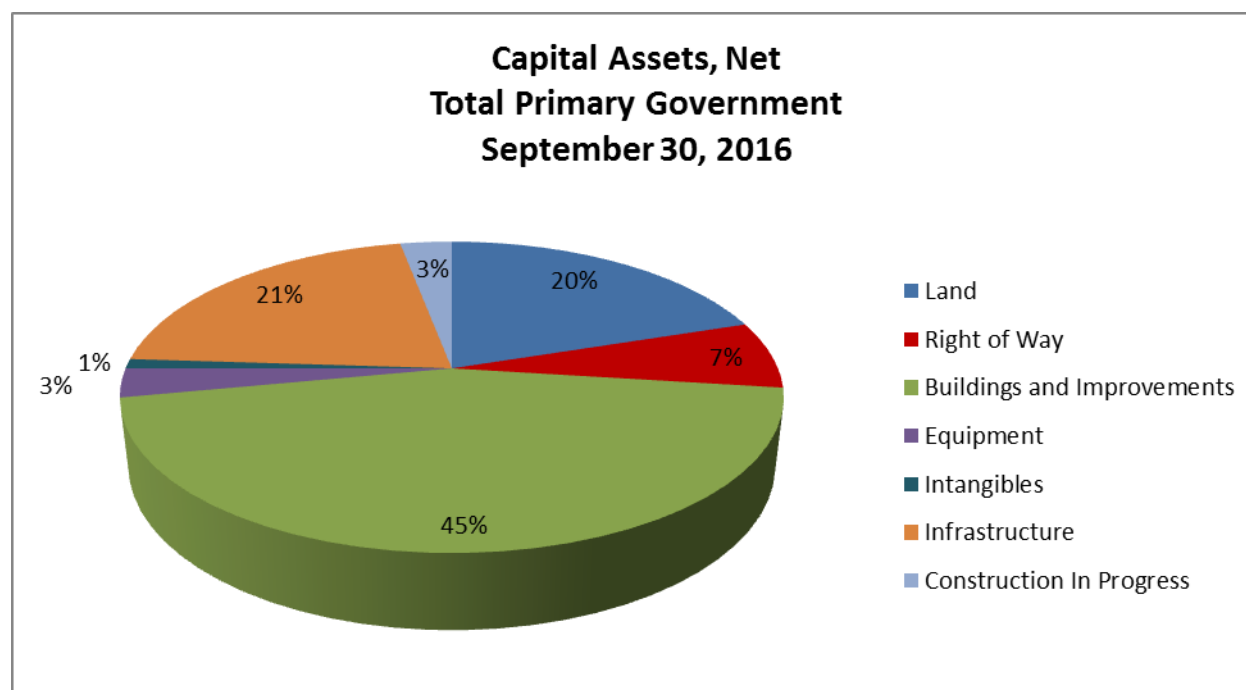
**Indian River County Capital Assets  
(Net of Depreciation, In Millions)**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 133.8	\$ 133.7	\$ 27.5	\$ 27.5	\$ 161.3	\$ 161.2
Right-of-way	57.6	57.4	-	-	57.6	57.4
Buildings and improvements	158.1	147.8	195.3	206.0	353.4	353.8
Equipment	16.5	13.8	3.3	2.6	19.8	16.4
Intangibles	2.7	2.4	2.1	2.0	4.8	4.4
Infrastructure	166.8	145.0	-	-	166.8	145.0
Construction in progress	23.7	50.3	2.3	1.9	26.0	52.2
Total	<u>\$ 559.2</u>	<u>\$ 550.4</u>	<u>\$ 230.5</u>	<u>\$ 240.0</u>	<u>\$ 789.7</u>	<u>\$ 790.4</u>

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

- An increase in buildings and improvements and infrastructure, along with decreases in construction in progress, primarily due to the following completed projects: 66<sup>th</sup> Avenue road expansion project from SR60 to 49<sup>th</sup> Street (\$22.8 million) and the South County Intergenerational Facility (\$12.2 million).

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



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

**Indian River County, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016**

**Debt Administration – Long-term debt**

At the end of the current fiscal year, the County had total debt outstanding of \$51.6 million. Of this amount, \$19.7 million is debt backed by the full faith and credit of the government. The revenue bonds represent bonds secured solely by specified revenue sources.

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<u>General Obligation Debt:</u>						
Limited General Oblig. Bonds, Series 2006	\$ -	\$ 3.5	\$ -	\$ -	\$ -	\$ 3.5
Limited General Oblig. Note, Series 2015	19.7	20.1	-	-	19.7	20.1
<u>Revenue Bonds/Notes:</u>						
Spring Training Facility, Series 2001	6.7	7.2	-	-	6.7	7.2
Water and Sewer Rev Note, Series 2015	-	-	6.2	7.2	6.2	7.2
Water and Sewer Ref. Rev., Series 2009	-	-	19.0	21.1	19.0	21.1
Total	<u>\$ 26.4</u>	<u>\$ 30.8</u>	<u>\$ 25.2</u>	<u>\$ 28.3</u>	<u>\$ 51.6</u>	<u>\$ 59.1</u>

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

In recent years, Indian River County has survived direct landfall of multiple hurricanes and, most recently, the worst economic turmoil experienced since the Great Depression. The key to surviving these occurrences was the commitment of County employees, steady management by the executive team and strong leadership provided by the County Commissioners, as significant budget cuts were made to adjust for a 31% tax roll drop while avoiding millage rate increases. For FY 2016/2017, the tax roll is increasing 6.2%.

In spite of turbulence in both the national and State economies, Indian River County is now on the cusp of a full economic recovery as evidenced by strong building permit and impact fee revenue collections, strong tourism activity, and moderate population growth drawn by our friendly small-town atmosphere, beautiful beaches, cultural amenities, and rich environmental surroundings making us an ideal tourist destination.

However, a consequence of the population growth is pressure on County government to continue to deliver government services at an affordable price. The FY 2016/2017 budget is focused on continuing to deliver high-quality services, with an emphasis on technology to maintain our low cost service model.

The total proposed budget for FY 2016/2017 is \$308,029,307, a decrease of \$33,718,474 or 9.9% from FY 2015/2016 mid-year amended budget. This is still 34.8% below the approved FY 2006/2007 amount of \$472,420,328.

**Indian River County, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2016**

The County-wide millage rate is decreasing slightly. This is due to a 5.19% decrease in the General Land Acquisition Bond millage. The General and Municipal Service Taxing Unit Funds millage rates remain the same as the FY 2015/2016. The Emergency Services District millage is increasing 2.0% due primarily to the addition of fire rescue station #15, along with capital replacements. There are no rate increases in the Solid Waste Disposal District assessment, or in water and sewer utility rates.

The single greatest individual expense in the budget is Personnel Services. In total, 32.72 additional full-time positions are proposed for FY 2016/2017. BCC departments are increasing 31 full-time positions, while Constitutional Officers show a net increase of 1.72 positions. This results in an additional cost of \$2,107,955 (BCC only). Ten of these positions are needed to staff the new fire station. Several other positions support new recreation facilities such as the IG Facility and the Shooting Range.

**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 27<sup>th</sup> Street  
Vero Beach, FL 32960

## **BASIC FINANCIAL STATEMENTS**





**Indian River County, Florida**  
**Statement of Net Position**  
**September 30, 2016**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 208,115,221	\$ 63,387,053	\$ 271,502,274
Accounts receivable - net	2,436,706	2,550,969	4,987,675
Internal balances	377,690	(377,690)	-
Due from other governments	7,860,770	11,400	7,872,170
Interest receivable	393,975	583,070	977,045
Inventories	280,465	1,267,072	1,547,537
Prepaid expenses	1,176,162	19,840	1,196,002
Current restricted assets:			
Cash and investments	5,687,973	52,024,952	57,712,925
Total current assets	226,328,962	119,466,666	345,795,628
Non-current assets:			
Net other postemployment benefits asset	9,734,999	-	9,734,999
Capital assets - non-depreciable	219,787,285	31,548,719	251,336,004
Capital assets - depreciable	655,445,538	465,864,228	1,121,309,766
Capital assets - accumulated depreciation	(315,968,824)	(266,928,523)	(582,897,347)
Non-current restricted assets:			
Special assessments receivable	191,624	463,810	655,434
Impact fees receivable	-	629,901	629,901
Liens receivable	-	5,072,949	5,072,949
Total non-current assets	569,190,622	236,651,084	805,841,706
Total assets	795,519,584	356,117,750	1,151,637,334
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	43,443,506	2,730,506	46,174,012
Deferred amounts on refunding	481,942	1,212,035	1,693,977
Total deferred outflows of resources	43,925,448	3,942,541	47,867,989
<b>LIABILITIES</b>			
Current liabilities (payable from current assets):			
Accounts payable	7,982,486	3,392,681	11,375,167
Retainage payable	-	84,401	84,401
Claims payable	3,624,891	-	3,624,891
Due to other governments	626,097	55,915	682,012
Other deposits held in escrow	131,098	1,000	132,098
Unearned revenues	618,578	38,309	656,887
Accrued compensated absences	6,321,654	718,153	7,039,807
Pollution remediation costs payable	99,233	-	99,233
Current liabilities (payable from current restricted assets):			
Accounts payable	-	25,706	25,706
Retainage payable	1,114,973	-	1,114,973
Accrued interest payable	-	81,939	81,939
Customer deposits	-	3,182,248	3,182,248
Notes payable	4,053,000	992,000	5,045,000
Bonds payable	520,000	2,000,000	2,520,000
Total current liabilities	25,092,010	10,572,352	35,664,362
Non-current liabilities:			
Accrued compensated absences	4,669,328	193,540	4,862,868
Pollution remediation costs payable	2,345,867	-	2,345,867
Claims payable	4,887,629	-	4,887,629
Net pension liability	104,358,672	6,956,899	111,315,571
Notes payable	15,653,000	5,206,000	20,859,000
Closure and maintenance costs payable	-	13,009,736	13,009,736
Bonds payable, net of premium and discount	6,215,000	17,000,884	23,215,884
Total non-current liabilities	138,129,496	42,367,059	180,496,555
Total liabilities	163,221,506	52,939,411	216,160,917
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	4,864,227	286,613	5,150,840
<b>NET POSITION</b>			
Net investment in capital assets	533,304,941	206,497,575	739,802,516
Restricted for:			
Transportation/road projects	22,570,838	-	22,570,838
Public safety	13,284,027	-	13,284,027
Court related costs	2,779,489	-	2,779,489
Housing assistance	834,801	-	834,801
Capital projects	72,625,156	-	72,625,156
Beach renourishment	10,469,411	-	10,469,411
Culture/recreation	4,810,089	-	4,810,089
Debt service	3,329,188	-	3,329,188
Environmental conservation/preservation	116,361	-	116,361
Special assessment projects	1,249,818	-	1,249,818
Unrestricted	5,985,180	100,336,692	106,321,872
Total net position	\$ 671,359,299	\$ 306,834,267	\$ 978,193,566

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



**Indian River County, Florida**  
**Statement of Activities**  
**For the Year Ended September 30, 2016**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 27,472,414	\$ 7,192,821	\$ 14,148,274	\$ 20,700	\$ (6,110,619)	\$ -	\$ (6,110,619)
Public safety	77,587,638	8,244,224	1,347,443	-	(67,995,971)	-	(67,995,971)
Physical environment	1,457,248	9,153	2,250	-	(1,445,845)	-	(1,445,845)
Transportation	28,221,515	4,508,637	4,756,309	5,435,317	(13,521,252)	-	(13,521,252)
Economic environment	427,227	-	-	-	(427,227)	-	(427,227)
Human services	7,790,430	165,041	3,886,040	292,718	(3,446,631)	-	(3,446,631)
Culture/recreation	14,713,304	2,405,951	250,081	220,364	(11,836,908)	-	(11,836,908)
Court related	7,077,295	2,394,385	197,049	-	(4,485,861)	-	(4,485,861)
Interest and fiscal charges	938,123	-	-	-	(938,123)	-	(938,123)
Total governmental activities	165,685,194	24,920,212	24,587,446	5,969,099	(110,208,437)	-	(110,208,437)
Business-type activities:							
Water and sewer	35,420,291	31,089,758	-	5,035,914	-	705,381	705,381
Solid waste	12,714,713	13,345,745	-	-	-	631,032	631,032
Golf course	2,605,612	3,230,630	-	-	-	625,018	625,018
Building	2,724,650	3,406,022	-	-	-	681,372	681,372
Total business-type activities	53,465,266	51,072,155	-	5,035,914	-	2,642,803	2,642,803
Total primary government	\$ 219,150,460	\$ 75,992,367	\$ 24,587,446	\$ 11,005,013	(110,208,437)	2,642,803	(107,565,634)
General revenues:							
Property taxes, levied for general purposes					80,100,810	-	80,100,810
Property taxes, levied for debt service					4,594,381	-	4,594,381
Sales and use taxes					24,387,340	-	24,387,340
Franchise fees, levied on gross receipts					9,273,567	-	9,273,567
Interest earnings					1,333,048	791,683	2,124,731
Miscellaneous					5,141,162	12,606	5,153,768
Transfers					784,452	(784,452)	-
Total general revenues and transfers					125,614,760	19,837	125,634,597
Change in net position					15,406,323	2,662,640	18,068,963
Net position - beginning					655,952,976	304,171,627	960,124,603
Net position - ending					\$ 671,359,299	\$ 306,834,267	\$ 978,193,566

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

**Indian River County, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2016**

	General	Impact Fees	Secondary Roads Construction
<b>ASSETS</b>			
Cash and investments	\$ 49,152,540	\$ 14,548,056	\$ 12,911,668
Accounts receivable	837,552	-	-
Special assessments receivable	-	-	-
Due from other funds	378,414	-	-
Due from other governments	3,962,091	119,943	1,107,895
Interest receivable	29,165	9,055	7,505
Inventories	99,169	-	-
Prepaid items	121,027	-	-
Advances to other funds	150,925	-	-
Total assets	<u>\$ 54,730,883</u>	<u>\$ 14,677,054</u>	<u>\$ 14,027,068</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,341,381	\$ 24,947	\$ 1,374,524
Retainage payable	-	434,350	226,210
Due to other funds	999,211	-	-
Due to other governments	274,863	130,314	-
Unearned revenues	580,915	-	-
Other deposits	131,098	-	-
Total liabilities	<u>5,327,468</u>	<u>589,611</u>	<u>1,600,734</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - special assessments	-	-	-
Unavailable revenue - ambulance services	-	-	-
Unavailable revenue - state and federal grants	955,677	-	640,815
Total deferred inflows of resources	<u>955,677</u>	<u>-</u>	<u>640,815</u>
<b>FUND BALANCES</b>			
<b>Nonspendable:</b>			
Inventories	99,169	-	-
Prepaid items	121,027	-	-
Advances to other funds	150,925	-	-
<b>Restricted for:</b>			
Transportation/road improvements	-	9,184,228	11,785,519
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	974,638	-
Fire/emergency services	-	762,066	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	858,338	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Capital projects	-	1,180,827	-
Dodgertown repairs/improvements	-	-	-
Parks/recreational projects	1,000,000	1,127,346	-
<b>Committed to:</b>			
Economic incentives	1,081,907	-	-
Environmental conservation/preservation	-	-	-
Law enforcement/public safety	4,289	-	-
Parks/recreational projects	80,634	-	-
<b>Assigned to:</b>			
Law enforcement/public safety	-	-	-
Transportation/road improvements	-	-	-
<b>Unassigned</b>			
Total fund balances	<u>48,447,738</u>	<u>14,087,443</u>	<u>11,785,519</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 54,730,883</u>	<u>\$ 14,677,054</u>	<u>\$ 14,027,068</u>

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

Transportation	Emergency Services District	Optional Sales Tax	Other Governmental Funds	Total Governmental Funds
\$ 7,349,315	\$ 6,659,605	\$ 70,467,632	\$ 26,019,800	\$ 187,108,616
172	1,358,443	-	71,262	2,267,429
191,624	-	-	-	191,624
-	339,506	70,718	100,901	889,539
250,965	-	2,034,468	345,759	7,821,121
155,750	4,274	38,954	12,031	256,734
-	-	-	19,237	118,406
11,700	40,331	-	50,638	223,696
-	-	-	-	150,925
<u>\$ 7,959,526</u>	<u>\$ 8,402,159</u>	<u>\$ 72,611,772</u>	<u>\$ 26,619,628</u>	<u>\$ 199,028,090</u>
\$ 590,661	\$ 982,995	\$ 759,981	\$ 574,673	\$ 7,649,162
-	-	407,462	46,951	1,114,973
-	-	-	13,000	1,012,211
-	-	-	62,833	468,010
1,750	-	-	35,913	618,578
-	-	-	-	131,098
<u>592,411</u>	<u>982,995</u>	<u>1,167,443</u>	<u>733,370</u>	<u>10,994,032</u>
343,265	-	-	-	343,265
-	1,350,495	-	-	1,350,495
-	-	284,510	83,702	1,964,704
<u>343,265</u>	<u>1,350,495</u>	<u>284,510</u>	<u>83,702</u>	<u>3,658,464</u>
-	-	-	19,237	118,406
11,700	40,331	-	50,638	223,696
-	-	-	-	150,925
-	-	-	42,480	21,012,227
-	-	-	2,737,297	2,737,297
-	-	-	833,555	833,555
-	-	-	3,622,098	4,596,736
-	6,028,338	-	-	6,790,404
-	-	-	504,381	504,381
-	-	-	10,469,411	10,469,411
-	-	-	1,136,371	1,136,371
-	-	-	2,830	861,168
-	-	-	116,361	116,361
-	-	-	1,249,818	1,249,818
-	-	-	3,329,188	3,329,188
-	-	71,159,819	-	72,340,646
-	-	-	180,823	180,823
-	-	-	-	2,127,346
-	-	-	-	1,081,907
-	-	-	1,090,527	1,090,527
-	-	-	311,003	315,292
-	-	-	-	80,634
-	-	-	106,538	106,538
7,012,150	-	-	-	7,012,150
-	-	-	-	45,909,787
<u>7,023,850</u>	<u>6,068,669</u>	<u>71,159,819</u>	<u>25,802,556</u>	<u>184,375,594</u>
<u>\$ 7,959,526</u>	<u>\$ 8,402,159</u>	<u>\$ 72,611,772</u>	<u>\$ 26,619,628</u>	<u>\$ 199,028,090</u>

**Indian River County, Florida**  
**Reconciliation of Total Governmental Fund Balances**  
**to Net Position of Governmental Activities**  
**September 30, 2016**

Total governmental fund balances:	\$ 184,375,594
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	558,765,236
Long-term liabilities, including bonds payable (\$6,253,058), notes payable (\$19,706,000), accrued compensated absences (\$10,845,325), medicaid settlement funds payable (\$158,087), accrued pollution remediation costs (\$2,445,100), and claims and judgments (\$59,500), are not due and payable in the current period and, therefore, not reported in the funds.	(39,467,070)
On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits. On the statement of net position, the County's proportionate share of the net pension liability (\$103,424,294) of the cost-sharing defined benefit pension plans in which the County participates is reported. Additionally, deferred outflows (\$43,074,254) and deferred inflows (\$4,827,814) related to pensions are also reported in accordance with GASB Statement No. 68.	(65,177,854)
Special assessments, ambulance services, and state and federal grant receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	3,658,464
Accrued interest is not recognized in the current period because the resources are not available and, therefore, not reported in the funds.	108,283
Internal service funds are used by management to charge the costs of certain activities, such as insurance, fleet, and information technology services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	28,361,647
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 governmental funds.	734,999
Net position of governmental activities	\$ <u>671,359,299</u>

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



**Indian River County, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2016**

	<b>General</b>	<b>Impact Fees</b>	<b>Secondary Roads Construction</b>
<b>REVENUES</b>			
Taxes	\$ 55,947,406	\$ -	\$ 3,741,935
Permits, fees and special assessments	9,533,523	6,261,663	91
Intergovernmental	18,359,411	158,631	1,373,212
Charges for services	7,653,391	-	-
Judgments, fines and forfeits	1,253,925	-	-
Interest	363,004	86,129	74,219
Miscellaneous	4,276,456	311,754	36,065
Total revenues	<u>97,387,116</u>	<u>6,818,177</u>	<u>5,225,522</u>
<b>EXPENDITURES</b>			
General government	20,839,685	192,022	-
Public safety	43,118,362	26,030	-
Physical environment	295,860	-	-
Transportation	4,724,438	3,718,740	6,438,954
Economic environment	420,669	-	-
Human services	3,828,810	-	-
Culture/recreation	8,743,746	2,800,210	-
Court related	5,861,673	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Capital projects	-	-	-
Total expenditures	<u>87,833,243</u>	<u>6,737,002</u>	<u>6,438,954</u>
Excess of revenues over (under) expenditures	<u>9,553,873</u>	<u>81,175</u>	<u>(1,213,432)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,342,555	-	-
Transfers out	(12,727,920)	(186,481)	(681,005)
Total other financing sources (uses)	<u>(11,385,365)</u>	<u>(186,481)</u>	<u>(681,005)</u>
Net change in fund balances	(1,831,492)	(105,306)	(1,894,437)
Fund balances at beginning of year	<u>50,279,230</u>	<u>14,192,749</u>	<u>13,679,956</u>
Fund balances at end of year	<u>\$ 48,447,738</u>	<u>\$ 14,087,443</u>	<u>\$ 11,785,519</u>

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



<b>Transportation</b>	<b>Emergency Services District</b>	<b>Optional Sales Tax</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 25,502,289	\$ 16,858,894	\$ 7,032,007	\$ 109,082,531
219,543	-	45	515,314	16,530,179
3,147,607	103,773	1,915,979	8,476,414	33,535,027
93,623	6,409,097	-	1,376,817	15,532,928
-	4,500	-	414,348	1,672,773
47,203	76,523	355,337	130,800	1,133,215
549,742	32,550	2,476,958	474,868	8,158,393
4,057,718	32,128,732	21,607,213	18,420,568	185,645,046
312,571	-	-	1,348,956	22,693,234
-	32,080,896	-	2,090,930	77,316,218
464,707	-	-	28,236	788,803
11,589,004	-	-	1,034,523	27,505,659
-	-	-	3,924	424,593
-	-	-	4,039,582	7,868,392
-	-	-	2,018,809	13,562,765
-	-	-	744,009	6,605,682
-	-	-	4,383,000	4,383,000
-	-	-	832,007	832,007
-	-	13,329,391	-	13,329,391
12,366,282	32,080,896	13,329,391	16,523,976	175,309,744
(8,308,564)	47,836	8,277,822	1,896,592	10,335,302
9,199,769	-	-	1,788,849	12,331,173
(903,843)	(1,121,822)	(1,224,916)	(529,619)	(17,375,606)
8,295,926	(1,121,822)	(1,224,916)	1,259,230	(5,044,433)
(12,638)	(1,073,986)	7,052,906	3,155,822	5,290,869
7,036,488	7,142,655	64,106,913	22,646,734	179,084,725
\$ 7,023,850	\$ 6,068,669	\$ 71,159,819	\$ 25,802,556	\$ 184,375,594

**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, 2016**

Net change in fund balances - total governmental funds \$ 5,290,869

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

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

Expenditures for capital assets	29,701,480	
Less current year loss on assets	(692,679)	
Less current year depreciation	<u>(20,278,372)</u>	8,730,429

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	4,040,000	
Note principal payment	343,000	
Legal judgment	(59,500)	
Medicaid settlement	158,086	
Pollution remediation costs	<u>106,100</u>	4,587,686

Changes in accrued compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 140,158

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

Deferred amount on refunding amortization expense	(106,116)	
Accrued OPEB expense	<u>(179,910)</u>	(286,026)

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

However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liabilities and is reported as part of deferred outflows of resources. 2,575,663

In the statement of activities, pension expense is recorded for the County's proportionate share of collective pension expense of the cost-sharing defined benefit plans in which the County participates. Also included in pension expense are amounts required to be amortized in accordance with GASB Statement No. 68. (7,402,550)

Internal service funds are used by management to charge the costs of insurance, fleet and information technology services to individual funds. The net costs of the internal service funds are reported in governmental activities. 4,970,740

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. (3,238,398)

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. 37,752

Change in net position of governmental activities \$ 15,406,323

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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 55,216,397	\$ 55,216,397	\$ 55,947,406	\$ 731,009
Permits, fees and special assessments	8,627,900	8,627,900	9,533,523	905,623
Intergovernmental	11,823,039	17,175,187	18,359,411	1,184,224
Charges for services	7,946,387	8,107,857	7,653,391	(454,466)
Judgments, fines and forfeits	361,950	361,950	1,253,925	891,975
Interest	152,115	152,115	363,004	210,889
Miscellaneous	3,617,120	3,835,510	4,276,456	440,946
Total revenues	87,744,908	93,476,916	97,387,116	3,910,200
<b>EXPENDITURES</b>				
General government	20,266,325	21,871,409	20,839,685	1,031,724
Public safety	43,006,023	43,629,860	43,118,362	511,498
Physical environment	298,144	315,376	295,860	19,516
Transportation	750,000	6,113,992	4,724,438	1,389,554
Economic environment	411,520	437,003	420,669	16,334
Human services	3,937,003	3,997,892	3,828,810	169,082
Culture/recreation	8,727,616	9,344,787	8,743,746	601,041
Court related	5,885,952	5,935,947	5,861,673	74,274
Total expenditures	83,282,583	91,646,266	87,833,243	3,813,023
Excess of revenues over (under) expenditures	4,462,325	1,830,650	9,553,873	7,723,223
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,224,985	1,383,509	1,342,555	(40,954)
Transfers out	(9,397,661)	(12,729,066)	(12,727,920)	1,146
Total other financing sources (uses)	(8,172,676)	(11,345,557)	(11,385,365)	(39,808)
Net change in fund balances	(3,710,351)	(9,514,907)	(1,831,492)	\$ 7,683,415
Fund balances at beginning of year	3,710,351	9,514,907	50,279,230	
Fund balances at end of year	\$ -	\$ -	\$ 48,447,738	

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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Permits, fees and special assessments	\$ 2,788,250	\$ 2,788,250	\$ 6,261,663	\$ 3,473,413
Intergovernmental	-	-	158,631	158,631
Interest	28,500	28,500	86,129	57,629
Miscellaneous	-	-	311,754	311,754
Total revenues	<u>2,816,750</u>	<u>2,816,750</u>	<u>6,818,177</u>	<u>4,001,427</u>
<b>EXPENDITURES</b>				
General government	217,234	619,664	192,022	427,642
Public safety	-	47,891	26,030	21,861
Transportation	6,027,000	8,310,717	3,718,740	4,591,977
Culture/recreation	900,000	3,873,785	2,800,210	1,073,575
Total expenditures	<u>7,144,234</u>	<u>12,852,057</u>	<u>6,737,002</u>	<u>6,115,055</u>
Excess of revenues under expenditures	<u>(4,327,484)</u>	<u>(10,035,307)</u>	<u>81,175</u>	<u>10,116,482</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(100,000)</u>	<u>(786,481)</u>	<u>(186,481)</u>	<u>600,000</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(786,481)</u>	<u>(186,481)</u>	<u>600,000</u>
Net change in fund balances	<u>(4,427,484)</u>	<u>(10,821,788)</u>	<u>(105,306)</u>	<u>\$ 10,716,482</u>
Fund balances at beginning of year	<u>4,427,484</u>	<u>10,821,788</u>	<u>14,192,749</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,087,443</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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 3,268,000	\$ 3,268,000	\$ 3,741,935	\$ 473,935
Permits, fees and special assessments	-	57,170	91	(57,079)
Intergovernmental	-	2,206,710	1,373,212	(833,498)
Interest	19,000	19,000	74,219	55,219
Miscellaneous	-	20,000	36,065	16,065
Total revenues	<u>3,287,000</u>	<u>5,570,880</u>	<u>5,225,522</u>	<u>(345,358)</u>
<b>EXPENDITURES</b>				
Transportation	<u>4,434,128</u>	<u>10,566,513</u>	<u>6,438,954</u>	<u>4,127,559</u>
Total expenditures	<u>4,434,128</u>	<u>10,566,513</u>	<u>6,438,954</u>	<u>4,127,559</u>
Excess of revenues under expenditures	<u>(1,147,128)</u>	<u>(4,995,633)</u>	<u>(1,213,432)</u>	<u>3,782,201</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(681,006)	(681,005)	1
Total other financing sources (uses)	<u>-</u>	<u>(681,006)</u>	<u>(681,005)</u>	<u>1</u>
Net change in fund balances	<u>(1,147,128)</u>	<u>(5,676,639)</u>	<u>(1,894,437)</u>	<u>\$ 3,782,202</u>
Fund balances at beginning of year	<u>1,147,128</u>	<u>5,676,639</u>	<u>13,679,956</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,785,519</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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Permits, fees and special assessments	\$ 175,750	\$ 175,750	\$ 219,543	\$ 43,793
Intergovernmental	2,476,014	2,552,627	3,147,607	594,980
Charges for services	91,200	91,200	93,623	2,423
Interest	30,400	30,400	47,203	16,803
Miscellaneous	431,275	431,275	549,742	118,467
Total revenues	<u>3,204,639</u>	<u>3,281,252</u>	<u>4,057,718</u>	<u>776,466</u>
<b>EXPENDITURES</b>				
General government	286,692	329,438	312,571	16,867
Physical environment	599,831	788,844	464,707	324,137
Transportation	12,389,058	12,854,548	11,589,004	1,265,544
Total expenditures	<u>13,275,581</u>	<u>13,972,830</u>	<u>12,366,282</u>	<u>1,606,548</u>
Excess of revenues under expenditures	<u>(10,070,942)</u>	<u>(10,691,578)</u>	<u>(8,308,564)</u>	<u>2,383,014</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,199,769	9,199,769	9,199,769	-
Transfers out	<u>(107,667)</u>	<u>(903,843)</u>	<u>(903,843)</u>	<u>-</u>
Total other financing sources (uses)	<u>9,092,102</u>	<u>8,295,926</u>	<u>8,295,926</u>	<u>-</u>
Net change in fund balances	(978,840)	(2,395,652)	(12,638)	<u>\$ 2,383,014</u>
Fund balances at beginning of year	<u>978,840</u>	<u>2,395,652</u>	<u>7,036,488</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,023,850</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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 25,209,922	\$ 25,209,922	\$ 25,502,289	\$ 292,367
Intergovernmental	45,125	74,434	103,773	29,339
Charges for services	5,174,952	5,174,952	6,409,097	1,234,145
Judgments, fines and forfeits	11,400	11,400	4,500	(6,900)
Interest	28,500	28,500	76,523	48,023
Miscellaneous	37,820	37,820	32,550	(5,270)
Total revenues	<u>30,507,719</u>	<u>30,537,028</u>	<u>32,128,732</u>	<u>1,591,704</u>
<b>EXPENDITURES</b>				
Public safety	<u>30,711,290</u>	<u>37,061,374</u>	<u>32,080,896</u>	<u>4,980,478</u>
Total expenditures	<u>30,711,290</u>	<u>37,061,374</u>	<u>32,080,896</u>	<u>4,980,478</u>
Excess of revenues under expenditures	<u>(203,571)</u>	<u>(6,524,346)</u>	<u>47,836</u>	<u>6,572,182</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(494,569)</u>	<u>(1,140,914)</u>	<u>(1,121,822)</u>	<u>19,092</u>
Total other financing sources (uses)	<u>(494,569)</u>	<u>(1,140,914)</u>	<u>(1,121,822)</u>	<u>19,092</u>
Net change in fund balances	<u>(698,140)</u>	<u>(7,665,260)</u>	<u>(1,073,986)</u>	<u>\$ 6,591,274</u>
Fund balances at beginning of year	<u>698,140</u>	<u>7,665,260</u>	<u>7,142,655</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,068,669</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, 2016**

	Business-type Activities - Enterprise funds					Governmental Activities Internal Service Funds
	Solid Waste Disposal District	Golf Course	County Utilities	County Building	Total	
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 13,326,940	\$ 10,275	\$ 43,400,684	\$ 6,649,154	\$ 63,387,053	\$ 26,694,578
Accounts receivable - net	99,011	-	2,451,958	-	2,550,969	169,277
Due from other funds	138,649	-	-	-	138,649	349,437
Due from other governments	-	11,400	-	-	11,400	39,649
Interest receivable	20,435	341	554,532	7,762	583,070	28,958
Inventories	-	127,571	1,139,501	-	1,267,072	162,059
Prepaid items	-	-	19,805	35	19,840	9,952,466
Current restricted assets:						
Cash and investments	16,296,093	-	35,728,859	-	52,024,952	-
Total current assets	29,881,128	149,587	83,295,339	6,656,951	119,983,005	37,396,424
Non-current assets:						
Capital assets - non-depreciable	13,293,870	6,681,423	11,573,426	-	31,548,719	-
Capital assets - depreciable	31,794,449	3,420,390	429,969,106	680,283	465,864,228	2,678,726
Capital assets - accumulated depreciation	(12,640,764)	(1,830,481)	(252,114,279)	(342,999)	(266,928,523)	(2,179,963)
Non-current restricted assets:						
Special assessments receivable	-	-	463,810	-	463,810	-
Impact fees receivable	-	-	629,901	-	629,901	-
Liens receivable	-	-	5,072,949	-	5,072,949	-
Total non-current assets	32,447,555	8,271,332	195,594,913	337,284	236,651,084	498,763
Total assets	62,328,683	8,420,919	278,890,252	6,994,235	356,634,089	37,895,187
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions	166,720	134,913	2,003,184	425,689	2,730,506	369,252
Deferred amounts on refundings	-	-	1,212,035	-	1,212,035	-
Total deferred outflows of resources	166,720	134,913	3,215,219	425,689	3,942,541	369,252
<b>LIABILITIES</b>						
Current liabilities (payable from current assets):						
Accounts payable	1,270,367	111,995	1,846,537	163,782	3,392,681	273,824
Retainage payable	-	-	84,401	-	84,401	-
Due to other funds	-	365,414	-	-	365,414	-
Claims payable	-	-	-	-	-	3,624,891
Due to other governments	-	8,357	24,036	23,522	55,915	-
Other deposits	-	1,000	-	-	1,000	-
Unearned revenues	-	38,309	-	-	38,309	-
Accrued compensated absences	51,992	24,070	547,641	94,450	718,153	80,736
Total current liabilities (payable from current assets)	1,322,359	549,145	2,502,615	281,754	4,655,873	3,979,451
Current liabilities (payable from restricted assets):						
Accounts payable	-	-	25,706	-	25,706	-
Accrued interest payable	-	-	81,939	-	81,939	-
Notes payable	-	-	992,000	-	992,000	-
Bonds payable	-	-	2,000,000	-	2,000,000	-
Customer deposits	133,626	-	3,048,622	-	3,182,248	-
Total current liabilities (payable from restricted assets)	133,626	-	6,148,267	-	6,281,893	-
Total current liabilities	1,455,985	549,145	8,650,882	281,754	10,937,766	3,979,451
Non-current liabilities:						
Accrued compensated absences	-	47,039	143,256	3,245	193,540	64,921
Advance from other funds	-	150,925	-	-	150,925	-
Claims payable	-	-	-	-	-	4,887,629
Closure and maintenance costs payable	13,009,736	-	-	-	13,009,736	-
Net pension liability	410,143	351,077	5,180,743	1,014,936	6,956,899	934,378
Notes payable	-	-	5,206,000	-	5,206,000	-
Bonds payable - net of unamortized discount/premium	-	-	17,000,884	-	17,000,884	-
Total non-current liabilities	13,419,879	549,041	27,530,883	1,018,181	42,517,984	5,886,928
Total liabilities	14,875,864	1,098,186	36,181,765	1,299,935	53,455,750	9,866,379
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions	12,149	16,846	238,410	19,208	286,613	36,413
<b>NET POSITION</b>						
Net investment in capital assets	32,447,555	8,271,332	165,441,404	337,284	206,497,575	498,763
Unrestricted (deficit)	15,159,835	(830,532)	80,243,892	5,763,497	100,336,692	27,862,884
Total net position	\$ 47,607,390	\$ 7,440,800	\$ 245,685,296	\$ 6,100,781	\$ 306,834,267	\$ 28,361,647

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, 2016**

	<b>Business-type Activities -</b>	
	<b>Solid Waste Disposal District</b>	<b>Golf Course</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 13,345,745	\$ 3,230,630
Charges for services pledged as security for revenue bonds	-	-
Total operating revenues	13,345,745	3,230,630
<b>OPERATING EXPENSES</b>		
Personal services	660,395	571,289
Material, supplies, services and other operating	10,978,915	1,864,433
Depreciation	1,075,403	152,480
Total operating expenses	12,714,713	2,588,202
Operating income (loss)	631,032	642,428
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	233,656	3,732
Interest income pledged as security for revenue bonds	-	-
Gain on disposal of equipment	150	25
Interest expense	-	(17,410)
Loss on disposal of equipment	-	-
Total nonoperating revenues (expenses)	233,806	(13,653)
Income (loss) before transfers and capital grants and contributions	864,838	628,775
Capital contributions	-	-
Transfers	(63,694)	(19,108)
Change in net position	801,144	609,667
Total net position - beginning	46,806,246	6,831,133
Total net position - ending	\$ 47,607,390	\$ 7,440,800

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

<b>Enterprise Funds</b>			<b>Governmental</b>
<b>County</b>	<b>County</b>		<b>Activities -</b>
<b>Utilities</b>	<b>Building</b>	<b>Total</b>	<b>Internal</b>
			<b>Service Funds</b>
\$ -	\$ 3,406,022	\$ 19,982,397	\$ 23,260,757
31,089,758	-	31,089,758	-
31,089,758	3,406,022	51,072,155	23,260,757
8,182,717	1,756,121	11,170,522	3,236,319
11,705,131	930,067	25,478,546	20,975,466
14,384,481	38,462	15,650,826	170,320
34,272,329	2,724,650	52,299,894	24,382,105
(3,182,571)	681,372	(1,227,739)	(1,121,348)
-	37,275	274,663	155,801
517,020	-	517,020	-
9,131	3,300	12,606	-
(1,094,748)	-	(1,112,158)	-
(53,214)	-	(53,214)	-
(621,811)	40,575	(361,083)	155,801
(3,804,382)	721,947	(1,588,822)	(965,547)
5,143,316	-	5,143,316	-
(668,925)	(140,127)	(891,854)	5,936,287
670,009	581,820	2,662,640	4,970,740
245,015,287	5,518,961	304,171,627	23,390,907
\$ 245,685,296	\$ 6,100,781	\$ 306,834,267	\$ 28,361,647

**Indian River County, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2016**

	<b>Business-type Activities -</b>	
	<b>Solid Waste Disposal District</b>	<b>Golf Course</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 13,324,262	\$ 3,239,266
Cash paid to suppliers for goods and services	(9,666,689)	(1,862,813)
Cash paid to employees for services	(634,013)	(548,025)
Net cash provided by (used in) operating activities	<u>3,023,560</u>	<u>828,428</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers	(63,694)	(19,108)
Proceeds from advances from other funds	-	90,000
Payments on advances from other funds	-	(135,000)
Net cash provided by (used in) noncapital financing activities	<u>(63,694)</u>	<u>(64,108)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal payments - bonds/notes	-	-
Interest paid on long-term debt	-	(17,410)
Proceeds from advances from other funds	-	254,500
Payments on advances from other funds	-	(705,254)
Proceeds from sales of capital assets	150	25
Purchase of capital assets	(216,775)	(294,909)
Bond paying agent fees	-	-
Capital contributed by others	-	-
Net cash flows provided by (used in) capital and related financing activities	<u>(216,625)</u>	<u>(763,048)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends on investments	<u>223,756</u>	<u>3,619</u>
Net cash provided by investing activities	<u>223,756</u>	<u>3,619</u>
Net increase (decrease) in cash and investments	2,966,997	4,891
Cash and investments at beginning of year	<u>26,656,036</u>	<u>5,384</u>
Cash and investments at end of year	<u>\$ 29,623,033</u>	<u>\$ 10,275</u>
Classified as:		
Current assets	\$ 13,326,940	\$ 10,275
Restricted assets	<u>16,296,093</u>	<u>-</u>
Total	<u>\$ 29,623,033</u>	<u>\$ 10,275</u>

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

Enterprise Funds			Governmental
County	County	Total	Activities -
Utilities	Building		Internal
			Service Funds
\$ 32,153,668	\$ 3,406,022	\$ 52,123,218	\$ 23,037,499
(11,289,100)	(846,679)	(23,665,281)	(20,526,389)
(7,956,458)	(1,687,788)	(10,826,284)	(12,161,596)
<u>12,908,110</u>	<u>871,555</u>	<u>17,631,653</u>	<u>(9,650,486)</u>
(668,925)	(140,127)	(891,854)	5,936,287
-	-	90,000	-
-	-	(135,000)	-
<u>(668,925)</u>	<u>(140,127)</u>	<u>(936,854)</u>	<u>5,936,287</u>
(2,878,000)	-	(2,878,000)	-
(1,095,886)	-	(1,113,296)	-
-	-	254,500	-
-	-	(705,254)	-
9,131	3,300	12,606	-
(3,435,037)	(249,252)	(4,195,973)	(253,948)
(9,050)	-	(9,050)	-
3,067,648	-	3,067,648	-
<u>(4,341,194)</u>	<u>(245,952)</u>	<u>(5,566,819)</u>	<u>(253,948)</u>
484,431	33,724	745,530	146,654
<u>484,431</u>	<u>33,724</u>	<u>745,530</u>	<u>146,654</u>
8,382,422	519,200	11,873,510	(3,821,493)
70,747,121	6,129,954	103,538,495	30,516,071
<u>\$ 79,129,543</u>	<u>\$ 6,649,154</u>	<u>\$ 115,412,005</u>	<u>\$ 26,694,578</u>
\$ 43,400,684	\$ 6,649,154	\$ 63,387,053	\$ 26,694,578
35,728,859	-	52,024,952	-
<u>\$ 79,129,543</u>	<u>\$ 6,649,154</u>	<u>\$ 115,412,005</u>	<u>\$ 26,694,578</u>

Continued

**Indian River County, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2016**

	<b>Business-type Activities -</b>	
	<b>Solid Waste Disposal District</b>	<b>Golf Course</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 631,032	\$ 642,428
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	1,075,403	152,480
(Increase) Decrease in assets:		
Accounts receivable	8,303	-
Due from other funds	(28,286)	-
Due from other governments	-	(600)
Inventories	-	(32,655)
Impact fees receivable	-	-
Special assessments receivable	-	-
Liens receivable	-	-
Prepaid expenses	1,136	-
Increase (Decrease) in liabilities:		
Accounts payable	311,090	33,153
Due to other governments	-	1,722
Retainage payable	-	-
Customer deposits	(1,500)	-
Closure and maintenance costs payable	1,000,000	-
Net pension liability	20,360	15,741
Unearned revenues	-	8,636
Claims payable	-	-
Accrued compensated absences	6,022	7,523
Total adjustments	2,392,528	186,000
Net cash provided by (used in) operating activities	\$ 3,023,560	\$ 828,428
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Change in fair value of investments	\$ 28,411	\$ 474
Contributed property, infrastructure, and equipment	\$ -	\$ -
Capital assets purchased through accounts payable	\$ 2,500	\$ 36,627

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

Enterprise Funds			Governmental
County	County	Total	Activities -
Utilities	Building		Internal
			Service Funds
\$ (3,182,571)	\$ 681,372	\$ (1,227,739)	\$ (1,121,348)
14,384,481	38,462	15,650,826	170,320
(64,593)	-	(56,290)	130,129
-	-	(28,286)	(349,437)
1,558,830	-	1,558,230	(3,950)
(264,310)	-	(296,965)	(13,741)
53,385	-	53,385	-
142,759	-	142,759	-
(744,502)	-	(744,502)	-
122,113	1,023	124,272	(8,963,682)
517,096	84,804	946,143	91,500
24,036	(2,439)	23,319	-
17,096	-	17,096	-
118,031	-	116,531	-
-	-	1,000,000	-
234,948	53,218	324,267	44,097
-	-	8,636	-
-	-	-	335,000
(8,689)	15,115	19,971	30,626
16,090,681	190,183	18,859,392	(8,529,138)
\$ 12,908,110	\$ 871,555	\$ 17,631,653	\$ (9,650,486)
\$ 120,706	\$ 10,792	\$ 160,383	\$ 40,260
\$ 2,075,668	\$ -	\$ 2,075,668	\$ -
\$ 102,658	\$ -	\$ 141,785	\$ -

**Indian River County, Florida**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**September 30, 2016**

	<u>Agency</u>	<u>Other Postemployment Benefits Trust</u>
<b>ASSETS</b>		
Cash	\$ 10,684,084	\$ 3,001,455
Investments, at fair value		
Index funds	-	11,289,261
U.S. government securities funds	-	9,183,810
Primary money market fund	-	2,028,784
Total assets	<u>\$ 10,684,084</u>	<u>\$ 25,503,310</u>
<b>LIABILITIES</b>		
Due to other governments	\$ 5,373,527	\$ -
Other deposits held in escrow	<u>5,310,557</u>	<u>-</u>
Total liabilities	<u>\$ 10,684,084</u>	<u>-</u>
<b>NET POSITION</b>		
Assets held in trust for other postemployment benefits		25,503,310
Total net position		<u>\$ 25,503,310</u>

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



**Indian River County, Florida**  
**Statement of Changes in Fiduciary Net Position**  
**Other Post Employment Benefits Trust Fund**  
**For the Year Ended September 30, 2016**

**ADDITIONS**

Employer contributions	\$ 12,096,411
Investment income	1,053,296
Investment expense	<u>(2,025)</u>
Net investment income	<u>1,051,271</u>
Total additions	<u>13,147,682</u>

**DEDUCTIONS**

Benefits payments	<u>2,494,528</u>
Total deductions	<u>2,494,528</u>
Change in net position	10,653,154
Net position - beginning	<u>14,850,156</u>
Net position - ending	<u><u>\$ 25,503,310</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, 2016**

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**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**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 146,410. The County is governed by the Board of County Commissioners and five elected constitutional officers (Clerk of the Circuit Court and Comptroller, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector) in accordance with state statutes and regulations. The constitutional officers maintain separate accounting records and budgets from the Board of County Commissioners. The Constitution of the State of Florida, Article VIII, Section 1(d) created the constitutional officers and Article VIII, Section 1(e), created the Board of County Commissioners.

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

**A. Reporting Entity**

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

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**A. Reporting Entity – Continued**

Blended Component Units

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

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

**B. Measurement Focus and Basis of Accounting**

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

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

**1. Government-wide Financial Statements**

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

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

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**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, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**B. Measurement Focus and Basis of Accounting - Continued**

**2. Fund Financial Statements - Continued**

**Governmental Funds - Continued**

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

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

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

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

**Proprietary Funds**

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

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**B. Measurement Focus and Basis of Accounting - Continued**

**2. Fund Financial Statements - Continued**

**Proprietary Funds - Continued**

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

**Fiduciary Funds**

The fiduciary funds financial statements include financial information for the agency fund and the other postemployment benefit trust fund. The agency fund of the County primarily represents assets held by the County in a custodial capacity for other individuals or governments. The other postemployment benefits trust fund (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.



**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**C. Basis of Presentation - Continued**

**1. Governmental Major Funds - Continued**

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

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

Optional Sales Tax Fund – The Optional Sales Tax Fund 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 Information Technology services provided to other departments of the County on a cost reimbursement basis.

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

Other Postemployment Benefits Trust Fund – The Other Postemployment Benefits Trust Fund (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, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**C. Basis of Presentation – Continued**

**4. Non-current Governmental Assets/Liabilities**

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

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

**1. Cash and Investments**

Cash reported on the financial statements includes bank deposits, cash on hand, certificates of deposit, money market accounts, and all highly liquid investments with maturities of ninety days or less when purchased. Investments consist of U.S. Treasury Securities, U.S. Government Agency Securities, money market funds, certificates of deposit, Florida PRIME Fund (formerly known as the Local Government Surplus Funds Trust Fund Investment (SBA) Fund A), the Florida Trust Day to Day 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 3-C, Investments, for further information on individual investments.

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

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

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

**2. Allowance for Doubtful Accounts**

The County provides an allowance for water and sewer and ambulance services accounts receivables that may become uncollectible. At September 30, 2016, the allowance for water and sewer services was \$424,493 and the allowance for ambulance services was \$2,067,959. No other allowances for doubtful accounts are maintained since other accounts receivable are considered collectible as reported at September 30, 2016.

**3. Receivables and Payables**

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

**4. Inventories**

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

**5. 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.

**6. Restricted Net Position**

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

**7. Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, right-of-ways, water and sewer distribution systems, beach restoration, stormwater systems and similar items), and intangible assets (e.g. software, easements, and rights), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are reported at estimated historical cost. Donated capital assets 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:

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

**8. Capitalization of Interest**

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

**9. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports the deferred charge on refundings in the amount of \$1,693,977 in this category on the government-wide statement of net position. A deferred charge on refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one item, unavailable revenue, which arises under the modified accrual basis of accounting and is reported on the governmental funds balance sheet in the total amount of \$3,658,464. The sources of the unavailable revenue are a special assessments on road paving, ambulance service billings, and state and federal grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

**10. Pensions/Net Pension Liability**

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

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

**11. Change in Accounting Principles/New Accounting Pronouncement**

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. This statement addressed accounting and financial reporting issues related to fair value measurements. It also provided guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

**12. Unearned Revenues**

Unearned revenues represent revenues, which are available but unearned. At September 30, 2016, the total amount of unearned revenues reported on the statement of net position for the governmental activities is \$618,578 and for the business-type activities is \$38,309.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

**13. Accrued Compensated Absences**

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

**14. Obligation for Bond Arbitrage Rebate**

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the “revenue reduction” approach in accounting for rebatable arbitrage. This approach treats excess earnings as a reduction of revenue. The County has no arbitrage liability outstanding as of September 30, 2016.

**15. Landfill Closure Costs**

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

**16. Unamortized Bond Discounts and Premiums**

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

**17. Capital Contributions**

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

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

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



**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 3 - CASH AND INVESTMENTS**

The County maintains a cash and investment pool that is available for use by all funds except those whose cash and investments must be segregated due to bond covenants or other legal restrictions.

**A. Deposits**

At September 30, 2016, the carrying amount of the primary government's deposits, including \$10,684,084 in the Agency Fund, was \$139,739,705 and the bank balance was \$143,109,868. 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. On February 2, 2016, the Board of County Commissioners updated its cash and investment policy to increase the limit on certificates of deposit from \$6.0 million to \$6.5 million.

**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, 2016, accrued interest for the County's portfolio totaled \$249,411. The remaining accrued interest is reflected in utilities and road paving assessments.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 3 - CASH AND INVESTMENTS - Continued**

**C. Investments**

As of September 30, 2016, the County had the following investments:

Investment Type	Fair Value	Weighted Average Maturity In Years	Portfolio Percentage	Credit Risks*
<b>Fixed Rate Debt Instruments:</b>				
U.S. Treasuries	\$ 82,039,092	0.87	40.99 %	N/A
U.S. Agencies:***				
Federal Farm Credit Bureau	13,988,773	1.63	6.99	AA+
Federal Home Loan Bank	26,640,150	1.16	13.31	AA+
Federal Home Loan Mortgage	40,952,383	0.98	20.46	AA+
Federal National Mortgage Assoc.	19,964,070	0.53	9.97	AA+
<b>Other Market Rate Investments:</b>				
Florida Local Government				AAAf and
Investment Trust Fund	12,467,718	0.08	6.23	S-1**
<b>W&amp;S Sinking Fund Reserve:</b>				
U.S. Treasuries	4,107,392	0.96	2.05	N/A
Total Fair Value	\$ <u>200,159,578</u>		<u>100</u> %	
Weighted Average Maturity of Investments		<u>0.90</u>		

\* Ratings based upon Standard and Poor's

\*\* AAAf credit quality, S-1 Market Volatility

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

**Fair Value Measurement**

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 3 - CASH AND INVESTMENTS - Continued**

**C. Investments - Continued**

The County had the following recurring fair value measurements as of September 30, 2016:

	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$ -	\$ 86,146,484	\$ -	\$ 86,146,484
U.S. Agencies	-	101,545,376	-	101,545,376
FLGIT	-	12,467,718	-	12,467,718
Total Investments	\$ -	\$ 200,159,578	\$ -	\$ 200,159,578

**Interest Rate Risk**

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

**Credit Risk**

Florida Statutes Section 218.415 limit investments to the following:

1. Direct obligations of the United States Treasury;
2. Florida PRIME (formerly known as Fund A);
3. Florida Local Government Investment Trust Funds;
4. Interest-bearing time deposits or savings in qualified public depositories as defined in Section 280.02 Florida Statutes;
5. Federal agencies and instrumentalities;
6. Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian;
7. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
8. Repurchase agreements with a term of one year or less collateralized by direct obligations of the United States Government which have maturities of three (3) years or less and a market value 103% or more of the repurchase amount.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 3 - CASH AND INVESTMENTS - Continued**

**C. Investments - Continued**

**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 \$6.5 million of the portfolio may be placed in certificates of deposit with any one financial institution. No more than 10% of the portfolio may be placed in any one money market fund, mutual fund, or intergovernmental investment pool.

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

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

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 3 - CASH AND INVESTMENTS - Continued**

**C. Investments - Continued**

**Custodial Credit Risk**

The Board's investment policy pursuant to Section 218.415 (18), Florida Statutes requires securities to be registered and shall be held with a third party custodian and all securities purchased by, and all collateral obtained by, the Board shall be held in the name of the Board. The securities must be held in an account separate and apart from the assets of the financial institution. As of September 30, 2016, 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 Florida Local Government Investment Trust which was held by the Bank of New York/Mellon.

**D. OPEB Trust Investments**

Funds are held in the name of the Indian River County OPEB Trust (OPEB Trust), an irrevocable trust, by a third party custodian, Bank of New York/Mellon. The contribution for the year ended September 30, 2016 was \$12,096,411. Cash balance in the Trust at September 30, 2016 was \$3,001,455. The investments are reported at fair value based upon market-close price on the last business day of each month.

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 3 - CASH AND INVESTMENTS - Continued**

**D. OPEB Trust Investments - Continued**

As of September 30, 2016, the OPEB Trust had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Portfolio Percentage</u>	
Vanguard 500 Index	\$ 5,086,893	N/A	22.60	%
Vanguard All World Ex-US	4,517,800	N/A	20.08	
Vanguard Mid Cap Index	1,124,120	N/A	4.99	
Vanguard Small Cap Index	560,448	N/A	2.49	
Vanguard Short-Term Treasury	6,734,605	2.30	29.93	
Vanguard Intermediate Treasury	2,243,094	5.60	9.97	
Vanguard Prime Money Market	2,028,784	0.14	9.02	
Vanguard Federal Money Market	<u>206,111</u>	0.15	<u>0.92</u>	
Total Fair Value	\$ <u>22,501,855</u>		<u>100</u>	%

The County has the following recurring fair value measurements for investments in the OPEB Trust as of September 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Index funds	\$ 11,289,261	\$ -	\$ -	\$ 11,289,261
U.S. government securities funds	9,183,810	-	-	9,183,810
Money market fund	2,028,784	-	-	2,028,784
Total investments	\$ <u>22,501,855</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>22,501,855</u>

**NOTE 4 - PROPERTY TAX REVENUES**

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2015-2016 fiscal year were levied in October 2015. 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, 2016

**NOTE 5 - CAPITAL ASSETS**

**A. Governmental Activities**

<b>Primary Government Governmental activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 133,663,011	\$ 113,867	\$ -	133,776,878
Construction in progress	50,343,335	22,517,040	(49,151,965)	23,708,410
Right-of-way	57,399,036	654,838	(409,647)	57,644,227
Intangibles	1,082,703	-	-	1,082,703
Infrastructure	3,575,067	-	-	3,575,067
<b>Total capital assets, not being depreciated</b>	<u>246,063,152</u>	<u>23,285,745</u>	<u>(49,561,612)</u>	<u>219,787,285</u>
Capital assets, being depreciated:				
Buildings and improvements	212,836,828	18,003,114	(958,576)	229,881,366
Equipment	62,040,751	7,154,307	(3,194,629)	66,000,429
Intangibles	4,269,013	742,434	(28,833)	4,982,614
Infrastructure	324,690,914	29,933,496	(43,281)	354,581,129
<b>Total capital assets, being depreciated</b>	<u>603,837,506</u>	<u>55,833,351</u>	<u>(4,225,319)</u>	<u>655,445,538</u>
Less accumulated depreciation for:				
Buildings and improvements	(65,052,020)	(7,420,022)	690,615	(71,781,427)
Equipment	(48,204,969)	(4,478,671)	3,167,853	(49,515,787)
Intangibles	(2,975,456)	(415,849)	28,833	(3,362,472)
Infrastructure	(183,218,269)	(8,134,150)	43,281	(191,309,138)
<b>Total accumulated depreciation</b>	<u>(299,450,714)</u>	<u>(20,448,692)</u>	<u>3,930,582</u>	<u>(315,968,824)</u>
Total capital assets, being depreciated, net	<u>304,386,792</u>	<u>35,384,659</u>	<u>(294,737)</u>	<u>339,476,714</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 550,449,944</u>	<u>\$ 58,670,404</u>	<u>(49,856,349)</u>	<u>\$ 559,263,999</u>

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 5 - CAPITAL ASSETS – Continued**

**A. Governmental Activities - Continued**

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

General government	\$ 4,213,779
Public safety	4,381,845
Physical environment	626,080
Transportation	6,918,022
Economic environment	149
Human service	113,360
Culture/recreation	3,739,170
Court related	285,967
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>170,320</u>

Total depreciation expense – governmental activities	<u><u>\$ 20,448,692</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 County administration buildings A and B in the amount of \$1,372,649. This impairment was caused by water intrusion damage to the roofs. The impairment amount is included as a general government expense on the Statement of Activities. The County received a total of \$1,200,000 from the general and subcontractors of the County administration buildings. These funds were deposited into the Optional Sales Tax Fund.



**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 5 - CAPITAL ASSETS – Continued**

**B. Business-type Activities**

<b>Primary Government</b>	<b>Beginning</b>			<b>Ending</b>
<b>Business-type activities:</b>	<b>Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b>
Capital assets, not being depreciated:				
Land, improvements to land	\$ 27,492,902	\$ -	\$ -	27,492,902
Intangibles	1,661,013	89,825	-	1,750,838
Construction in progress	1,855,941	2,511,181	(2,062,143)	2,304,979
<b>Total capital assets, not being depreciated</b>	<u>31,009,856</u>	<u>2,601,006</u>	<u>(2,062,143)</u>	<u>31,548,719</u>
Capital assets, being depreciated:				
Buildings, distribution systems, & improvements	444,277,174	4,027,192	(193,174)	448,111,192
Intangibles	1,147,704	76,511	-	1,224,215
Equipment	15,857,628	1,596,743	(925,550)	16,528,821
<b>Total capital assets, being depreciated</b>	<u>461,282,506</u>	<u>5,700,446</u>	<u>(1,118,724)</u>	<u>465,864,228</u>
Less accumulated depreciation for:				
Buildings, distribution systems, & improvements	(238,257,219)	(14,707,718)	140,366	(252,824,571)
Intangibles	(764,491)	(119,691)	-	(884,182)
Equipment	(13,290,830)	(823,417)	894,477	(13,219,770)
<b>Total accumulated depreciation</b>	<u>(252,312,540)</u>	<u>(15,650,826)</u>	<u>1,034,843</u>	<u>(266,928,523)</u>
Total capital assets, being depreciated, net	<u>208,969,966</u>	<u>(9,950,380)</u>	<u>(83,881)</u>	<u>198,935,705</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 239,979,822</u>	<u>\$ (7,349,374)</u>	<u>\$ (2,146,024)</u>	<u>\$ 230,484,424</u>

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

Solid Waste Disposal District	\$ 1,075,403
Golf Course	152,480
County Utilities	14,384,481
County Building	<u>38,462</u>
Total depreciation expense – business-type activities	<u>\$ 15,650,826</u>

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 6 - RESTRICTED CASH AND INVESTMENTS**

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

	Primary Government		
	Solid Waste Disposal District	County Utilities	Total
Sinking funds	\$ -	\$ 4,438,664	\$ 4,438,664
Renewal and replacement	3,152,731	3,485,928	6,638,659
Customer deposits	133,626	3,048,622	3,182,248
Capital construction	-	24,755,645	24,755,645
Closure and maintenance costs	13,009,736	-	13,009,736
Total	\$ 16,296,093	\$ 35,728,859	\$ 52,024,952

Cash totaling \$5,687,973 is reported as restricted on the Statement of Net Position for governmental activities. These funds are restricted for current liabilities such as retainage payable and the current year portion of bonds and notes payable.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 7 - INTERFUND BALANCES**

**Interfund balances at September 30, 2016, consisted of the following:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 13,000
General Fund	Golf Course Enterprise Fund	365,414
		<u>\$ 378,414</u>

In September 2014, the General Fund loaned \$630,000 to the Golf Course Fund for a new irrigation system. In January 2016, the General Fund loaned \$254,500 to the Golf Course Fund to purchase new golf carts. In September 2016, the General Fund loaned the Golf Course Fund \$90,000 as a short-term cash loan to be repaid within the next twelve months. 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 2017. The remaining amount due from the Golf Course Fund is reported as an interfund advance. The amounts due from the nonmajor governmental funds represent short-term cash loans that will be repaid within the next twelve months.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major governmental funds:		
Emergency Services District Fund	General Fund	\$ 339,506
Optional Sales Tax Fund	General Fund	70,718
		<u>\$ 410,224</u>
Major enterprise fund:		
Solid Waste Disposal District Fund	General Fund	<u>\$ 138,649</u>
Internal service fund:		
Self Insurance Fund	General Fund	<u>\$ 349,437</u>
Nonmajor governmental funds:		
Land Acquisition Bonds Fund	General Fund	\$ 62,050
Street Lighting Districts Fund	General Fund	3,409
Clerk Special Revenue Fund	General Fund	32,338
Vero Lake Estates Fund	General Fund	3,091
East Gifford Stormwater Fund	General Fund	13
Total nonmajor governmental funds		<u>\$ 100,901</u>
	Total	<u>\$ 999,211</u>

Amounts due from the General Fund represent excess fees and payments of the constitutional officers remitted to various funds subsequent to September 30, 2016.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 7 - INTERFUND BALANCES - Continued**

**Interfund advances at September 30, 2016, consisted of the following:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Golf Course Fund	<u>\$ 150,925</u>

This amount is considered a long-term advance between major funds expected to be paid in fiscal years 2018, 2019 and 2020. 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, 2016, consisted of the following:

<u>Transfers Out:</u>	<u>Transfers In:</u>					
	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>County Utilities Fund</u>	<u>Internal Service Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 9,199,769	\$ 126,410	\$ -	\$ 3,401,741	\$ 12,727,920
Impact Fees Fund	-	-	180,112	-	6,369	186,481
Secondary Roads Construction Fund	-	-	661,897	-	19,108	681,005
Transportation Fund	-	-	-	82,667	821,176	903,843
Emergency Services District Fund	491,249	-	-	-	630,573	1,121,822
Optional Sales Tax Fund	541,120	-	683,796	-	-	1,224,916
Nonmajor Governmental Funds	310,186	-	136,634	-	82,799	529,619
Solid Waste Disposal District	-	-	-	-	63,694	63,694
Golf Course Fund	-	-	-	-	19,108	19,108
County Utilities Fund	-	-	-	-	751,592 (a)	751,592
County Building Fund	-	-	-	-	140,127	140,127
Total	<u>\$ 1,342,555</u>	<u>\$ 9,199,769</u>	<u>\$ 1,788,849</u>	<u>\$ 82,667</u>	<u>\$ 5,936,287</u>	<u>\$ 18,350,127</u>

(a)

(a) Nets to \$668,925 reported as Transfers for the Utilities Fund

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 8 - INTERFUND TRANSFERS - Continued**

Transfers are used for the following purposes: 1) use unrestricted general fund revenues to finance transportation activities which are accounted for in a special revenue fund, 2) use unrestricted general fund revenues for beach restoration activities which must be accounted for in another fund, 3) use unrestricted general fund revenues to offset a portion of salaries and benefits expenses for an employee accounted for in the health insurance fund, 4) use secondary road construction fund revenues to offset portions of a road millings and bus transfer site projects, 5) use unrestricted stormwater revenues to offset Egret Marsh employee costs accounted for in the utilities fund, 6) use transportation fund revenues to offset vehicle maintenance costs accounted for in the fleet internal service fund, 7) to use capital project fund revenues for improvements to the Historic Dodgertown facility and County jail, 8) provide matching funds for grants, 9) move revenues from the fund that state law requires to collect them to the fund that state law requires to expend them, and 10) use governmental and proprietary fund revenues to offset an additional contribution to the OPEB trust made by the self insurance internal service fund.

**NOTE 9 – ACCOUNTS PAYABLE**

**Payables**

Payables at September 30, 2016, were as follows:

	Vendors	Salaries and Benefits	Total Payables
Governmental Activities:			
General	\$ 1,906,640	\$ 1,434,741	\$ 3,341,381
Impact Fees	21,395	3,552	24,947
Secondary Roads Construction	1,365,163	9,361	1,374,524
Transportation	356,317	293,844	650,161
Emergency Services	160,287	822,708	982,995
Optional Sales Tax	759,981	-	759,981
Other governmental	729,216	119,281	848,497
Total Governmental Activities	<u>\$ 5,298,999</u>	<u>\$ 2,683,487</u>	<u>\$ 7,982,486</u>
Business-type Activities:			
Payable from current assets:			
Solid Waste	\$ 1,247,370	\$ 22,997	\$ 1,270,367
Golf Course	93,025	18,970	111,995
Utilities	1,563,074	283,463	1,846,537
Building	102,140	61,642	163,782
Payable from restricted assets:			
Utilities	25,706	-	25,706
Total Business-type Activities	<u>\$ 3,031,315</u>	<u>\$ 387,072</u>	<u>\$ 3,418,387</u>

Included in salaries and benefits payable is a liability to the Florida Retirement System (FRS) for pension contributions due for the month of September 2016. The amounts due to FRS at September 30, 2016 are \$196,826 for governmental activities and \$26,487 for business-type activities. Payments to the FRS are made by the fifth working day of the following month. The County has not engaged in any short-term debt activity during fiscal year 2016 other than that listed in Note 8.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 9 - ACCOUNTS PAYABLE - Continued**

**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, 2016, the amount due to the State of Florida is \$158,087.

**NOTE 10 - LONG-TERM LIABILITIES**

**A. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable:					
Limited General Obligation Bonds - Series 2006	\$ 3,545,000	\$ -	\$ 3,545,000	\$ -	\$ -
Spring Training Facility Revenue Bonds - Series 2001	7,230,000	-	495,000	6,735,000	520,000
Total bonds payable	<u>10,775,000</u>	<u>-</u>	<u>4,040,000</u>	<u>6,735,000</u>	<u>520,000</u>
Notes payable:					
Limited General Obligation Refunding	20,049,000	-	343,000	19,706,000	4,053,000
Other liabilities:					
Pollution remediation	2,551,200	-	106,100	2,445,100	99,233
Claims payable	8,177,520	17,953,550	17,618,550	8,512,520	3,624,891
Due to other governments-Medicaid	316,173	-	158,086	158,087	158,087
Compensated absences	11,100,514	7,366,192	7,475,724	10,990,982	6,321,654
Total notes payable and other liabilities	<u>42,194,407</u>	<u>25,319,742</u>	<u>25,701,460</u>	<u>41,812,689</u>	<u>14,256,865</u>
Governmental activities long-term liabilities	<u>\$ 52,969,407</u>	<u>\$ 25,319,742</u>	<u>\$ 29,741,460</u>	<u>\$ 48,547,689</u>	<u>\$ 14,776,865</u>
<b>Business-type Activities:</b>					
Bonds payable:					
Water & Sewer Refunding Revenue Bonds - Series 2009	\$ 19,525,000	\$ -	\$ 1,905,000	\$ 17,620,000	\$ 2,000,000
Add: Unamortized bonds premium	1,556,234	-	175,350	1,380,884	-
Total bonds payable	<u>21,081,234</u>	<u>-</u>	<u>2,080,350</u>	<u>19,000,884</u>	<u>2,000,000</u>
Notes payable:					
Water & Sewer Revenue Refunding	7,171,000	-	973,000	6,198,000	992,000
Other liabilities:					
Landfill closure and maintenance costs	12,009,736	1,000,000	-	13,009,736	-
Compensated absences	891,722	807,663	787,692	911,693	718,153
Total notes payable and other liabilities	<u>20,072,458</u>	<u>1,807,663</u>	<u>1,760,692</u>	<u>20,119,429</u>	<u>1,710,153</u>
Business-type activities long-term liabilities	<u>\$ 41,153,692</u>	<u>\$ 1,807,663</u>	<u>\$ 3,841,042</u>	<u>\$ 39,120,313</u>	<u>\$ 3,710,153</u>

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 10 - LONG-TERM LIABILITIES - Continued**

**B. Primary Government**

**Governmental Activities**

Annual Debt Service Payments - Governmental Activities

The annual debt service payments for bonds outstanding at September 30, 2016, are as follows:

Fiscal Year Ending September 30	Spring Training Facility Revenue Bonds Series 2001		Limited General Obligation Refunding Note Series 2015	
	Principal	Interest	Principal	Interest
2017	\$ 520,000	\$ 344,050	\$ 4,053,000	\$ 327,119
2018	550,000	316,750	4,158,000	259,840
2019	585,000	287,875	4,227,000	190,817
2020	615,000	257,163	4,298,000	120,649
2021	650,000	224,875	2,970,000	49,302
2022-2026	1,695,000	793,000	-	-
2027-2031	2,120,000	324,750	-	-
Total	6,735,000	2,548,463	19,706,000	947,727
Less:				
Current portion	520,000	-	4,053,000	-
Total	<u>\$ 6,215,000</u>	<u>\$ 2,548,463</u>	<u>\$ 15,653,000</u>	<u>\$ 947,727</u>

Spring Training Facility Revenue Bonds

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 10 - LONG-TERM LIABILITIES - Continued**

**B. Primary Government - Continued**

Spring Training Facility Revenue Bonds - Continued

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

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

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

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

The current principal and interest payments of \$852,044 represent 9.59 percent of total pledged revenues. All three revenue sources totaled \$8,886,139 for the current fiscal year. The County applied 100% of the state subsidy, 68% of the Fourth-Cent Tourist Tax, and none of the Half-Cent Sales Tax to the debt service payments. The total principal and interest remaining to be paid on the bonds is \$9,283,463.

*Bonds Issued* - At September 30, 2016, Spring Training Facility Revenue Bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2016
Spring Training Facility Revenue Bonds, Series 2001	3.30%-5.25% 4/1 and 10/1	2031	\$ 16,810,000	\$ <u>6,735,000</u>



**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 10 - LONG-TERM LIABILITIES - Continued**

**B. Primary Government - Continued**

Spring Training Facility Revenue Bonds - Continued

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

Term Bonds due April 1, 2017	
Date	Principal Amount
April 1, 2017	\$ 520,000
Term Bonds due April 1, 2021	
Date	Principal Amount
April 1, 2018	\$ 550,000
April 1, 2019	585,000
April 1, 2020	615,000
April 1, 2021	650,000
Term Bonds due April 1, 2027	
Date	Principal Amount
April 1, 2022	\$ 305,000
April 1, 2023	320,000
April 1, 2024	340,000
April 1, 2025	355,000
April 1, 2026	375,000
April 1, 2027	390,000
Term Bonds due April 1, 2031	
Date	Principal Amount
April 1, 2028	\$ 410,000
April 1, 2029	430,000
April 1, 2030	455,000
April 1, 2031	435,000

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 10 - LONG-TERM LIABILITIES - Continued**

**B. Primary Government - Continued**

Limited General Obligation Refunding Note, Series 2015

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

The aggregate difference in debt service between the 2015 note (\$28,959,008) and the 2006 bonds (\$30,315,331) was \$1,356,323. These amounts include the 7/1/2015 and 7/1/2016 principal and interest payments which were excluded in the refunding. The net economic gain was \$636,694 and is amortized over the life (72 months) of the new debt. The unamortized balance of \$481,942 is reflected as a deferred outflow of resources on the Statement of Net Position. This refinancing lowered the annual debt service by \$150,000.

*Pledge of revenues* – The principal and interest on the bonds are payable from the sole source of ad valorem taxes not exceeding ½ mil and having a maturity not exceeding fifteen years, which are levied by the County upon the taxable real and personal property of the County. The total tax revenue received was \$4,594,381 of which 100% is pledged for payment of this note and the 2006 bond. Total principal and interest paid on this note was \$675,813 and represents 15% of total pledged revenue.

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 10 - LONG-TERM LIABILITIES - Continued**

**B. Primary Government - Continued**

**Business-type Activities**

Annual Debt Service Payments – Business-type Activities

The annual debt service payments for bonds outstanding at September 30, 2016 are as follows:

Fiscal Year Ending September 30	Water and Sewer Revenue Refunding Note Series 2015		Water and Sewer Revenue Refunding Bonds Series 2009	
	Principal	Interest	Principal	Interest
2017	\$ 992,000	\$ 102,267	\$ 2,000,000	\$ 881,000
2018	1,007,000	85,899	2,100,000	781,000
2019	1,025,000	69,284	2,205,000	676,000
2020	1,042,000	52,371	2,315,000	565,750
2021	1,058,000	35,178	2,430,000	450,000
2022-2024	1,074,000	17,721	6,570,000	596,500
Total	6,198,000	362,720	17,620,000	3,950,250
Less:				
Current portion	992,000	-	2,000,000	-
Add:				
Unamortized bond premium	-	-	1,380,884	-
Total	<u>\$ 5,206,000</u>	<u>\$ 362,720</u>	<u>\$ 17,000,884</u>	<u>\$ 3,950,250</u>

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 10 - LONG-TERM LIABILITIES - Continued**

**B. Primary Government - Continued**

Water and Sewer Revenue Refunding Note, Series 2015

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

The aggregate difference in debt service between the Series 2005 bonds (\$18,866,875) and the Series 2015 note (\$7,653,356), cash contribution and September 1, 2016 principal and interest payment (\$9,162,642) is \$2,050,877. The net economic gain was \$583,991; which included the refinancing, accrued interest, and cash contribution. This lowered the annual debt service by \$1.2 million. The net economic gain is amortized over the 7 year life of the note. The unamortized balance of the deferred amount on the refunding at September 30, 2016 is \$493,611 and is reflected as a deferred outflow of resources on the Statement of Net Position.

*Pledge of Revenues* – The note is collateralized, for the remaining term of the note, by a pledge of all net revenues derived from the operation of the system, certain surcharges, and special assessments. Annual principal and interest payments of \$1,092,636 represent approximately eight percent of net revenues of \$13,258,661 of the utility system. The total principal and interest remaining to be paid on the 2015 note is \$6,560,720. Refer to Schedule 14 in the statistical section for further detail.

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

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

Water and Sewer Revenue Refunding Bonds, Series 2009

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

The aggregate difference in debt service between the Series 1993A (\$80,434,415) and Series 2009 (\$78,755,772) is \$1,678,643. The net economic gain, which lowered average annual debt service by \$126,000, was \$1,368,427 and is amortized over the life of the bonds. The unamortized balance of the deferred amount on the refunding at September 30, 2016 is \$718,424 and is reflected as a deferred outflow of resources on the Statement of Net Position.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 10 - LONG-TERM LIABILITIES - Continued**

**B. Primary Government - Continued**

Water and Sewer Revenue Refunding Bonds, Series 2009 - Continued

*Pledge of Revenues* – The revenue bonds are collateralized, for the remaining term of the bonds, by a pledge of all net revenues derived from the operation of the system, certain surcharges, and special assessments. The principal and interest payments of \$2,881,000 represent approximately twenty-two percent of net revenues of \$13,258,661 of the utility system. Refer to Schedule 14 in the statistical section for further detail. The total principal and interest remaining to be paid on the bonds is \$21,570,250.

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

*Bonds Issued* - At September 30, 2016, the revenue bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2016
Water and Sewer Revenue Refunding Bonds, Series 2009	4-5% 3/1 and 9/1	2024	\$ 26,370,000	\$ <u>17,620,000</u>

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

**C. Compensated Absences**

For the governmental activities compensated absences liability, the General Fund normally liquidates 74 percent, and the Transportation and Emergency Services District funds normally liquidate 6 percent and 17 percent, respectively. The remaining 3 percent is liquidated by other governmental and internal service funds.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 11 - PROVISION FOR CLOSURE COSTS**

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

The total unrecognized closure and post-closure costs are approximately \$2.9 million. These costs will be recognized in future periods as the remaining capacity is filled. The County's policy is to fund 100% of the current year's allocation (based upon the consulting engineers' report) of both closure and post-closure care.

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	33%	2020	\$ 9,301,947
Construction and Demolition - Cell I	91%	2026	1,174,866
<u>Post-closure Costs</u>			
Class I - Segments I and II	N/A	N/A	2,338,435
Construction and Demolition - Cell I	N/A	N/A	194,488
Total account balance at 9/30/16:			\$ <u><u>13,009,736</u></u>

All amounts recognized are based on what it would cost to perform all closure and post-closure functions in current dollars. Actual costs may be different due to inflation, deflation, changes in technology, or changes in laws and regulations. The SWDD is required by FDEP to annually show proof of ability to finance closure and post-closure costs. The SWDD is making annual deposits to a closure and post-closure cost escrow account to provide for the financing of future closure-related expenses. At September 30, 2016, \$12,467,718 was on deposit at the Florida Local Government Investment Trust and \$542,018 was on deposit in the County's Operating account.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 11 - PROVISION FOR CLOSURE COSTS - Continued**

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

	Balance 10/1/2015	Deposits	Withdrawals	Balance 09/30/16
Closure and long-term care costs	\$ <u>12,009,736</u>	\$ <u>1,000,000</u>	\$ <u>-</u>	\$ <u>13,009,736</u>

Of the \$13,009,736 liability for closure and long-term care costs, management estimates that no funds will be due and payable within one year.

**NOTE 12 – POLLUTION REMEDIATION**

In accordance with GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, a consultant evaluated two sites to assess pollution remediation liabilities. The consultant calculated for each site an expected value (EV) estimate for pollution remediation based on three plausible mitigation scenarios. An obligating event occurred at each of the following two sites requiring the County (using the consultant's services) to attempt to accrue a liability for pollution remediation. The liability totaled \$2,445,100 at September 30, 2016 for the two sites. The pollution remediation obligation is an estimate and subject to changes resulting from price increases and reductions, technology, and changes in applicable laws or regulations. There are no estimated recoveries that would reduce the liability.

**Governmental Activities:**

- 1) ***South Gifford Road closed landfill*** – The nature of the pollution remediation obligation is chlorinated solvent contamination. The consultant will conduct monitoring, bioremediation and reporting with the FDEP. The amount of the estimated year end liability is \$2,440,000 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 \$5,100 and will be paid from the General Fund.

Total Governmental Activities liability: \$2,445,100

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 - RETIREMENT PLAN - Florida Retirement System (FRS)**

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

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

**Pension Plan**

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

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

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

Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service.



**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 - RETIREMENT PLAN - Florida Retirement System (FRS) - Continued**

**Pension Plan - Continued**

Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

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

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

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

*Contributions:* The State of Florida establishes contribution rates for participating employers and employees in section 121.71 Florida Statutes. Effective July 1, 2011, the FRS became a contributory plan for all members, except DROP participants, whereby members contribute 3% and employers pay a rate based upon each member's employment class. Classes and rates in effect at July 1, 2016 were: Regular class 7.52%, Special Risk 22.57%, Special Risk Administrative Support 28.06%, Senior Management 21.77%, DROP 12.99%, and Elected Official class 42.47%. Included in these rates is a health insurance subsidy of 1.66%. Employer contributions to the FRS are based on a percentage of covered payroll that has been actuarially determined as an amount, when combined with the 3% employee contributions, is expected to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 - RETIREMENT PLAN - Florida Retirement System (FRS) - Continued**

**Pension Plan - Continued**

The County's contribution to FRS under the Pension Plan for the year ended September 30, 2016, was \$8,660,907. Employee contributions for September 30, 2016 were \$1,609,827. Both employer and employee contributions were equal to 100% of the required contribution for each year.

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to Pension Plan:* At September 30, 2016, the Division of Retirement calculated the County's liability of \$84,737,012 for the FRS plan for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2016, the County's proportion share was .3356% for the FRS pension plan. This was an increase of 0.0289% from its proportionate share measured as of June 30, 2015.

For the year ended September 30, 2016, the County's calculated total increase of actuarially determined pension expense was \$6,611,454. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,488,118	\$ 788,958
Changes in assumptions	5,126,336	-
Net difference between projected and actual earnings on pension plan investments	21,903,485	-
Changes in proportion and differences between County contributions and proportionate share of contributions	4,922,390	3,770,334
County contributions subsequent to the measurement date	2,443,713	-
Total	<u>\$ 40,884,042</u>	<u>\$ 4,559,292</u>

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 - RETIREMENT PLAN - Florida Retirement System (FRS) - Continued**

**Pension Plan - Continued**

The deferred outflows of resources related to the pension plan totaling \$2,443,713 resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30:</u>	<u>Amount</u> <u>Recognized</u>
2017	\$ 4,675,583
2018	4,675,583
2019	13,518,534
2020	9,215,642
2021	1,355,241
Thereafter	440,454
Total	<u>\$ 33,881,037</u>

*Actuarial Assumptions:* The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date:	July 1, 2016
Measurement date:	June 30, 2016
Discount rate:	7.60%
Long-term expected rate of return:	7.60%, net of pension plan investment expense
Inflation:	2.60%
Salary increase:	3.25%, including inflation
Mortality:	Generational RP-2000 with Projections Scale BB
Actuarial cost method:	Individual Entry Age

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

The actuarial assumptions for demographic and economic assumptions were adjusted to those used in the previous valuation. Assumptions in the FRS actuarial study for funding purposes were also adjusted. These changes were approved by the 2016 FRS Actuarial Assumptions Conferences. The changes are explained as follows:

- The discount rate and long-term expected rate of return, net of investment expense were both reduced since the prior actuarial valuation by 0.05 percent from 7.65 percent to 7.60 percent to increase the likelihood that FRS will meet or exceed its assumed investment return in future years.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 - RETIREMENT PLAN - Florida Retirement System (FRS) - Continued**

**Pension Plan - Continued**

- The mortality assumption applied to active members was updated to better anticipate expected future experience.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.7%
Fixed Income	18%	4.7%	4.6%	4.6%
Global Equity	53%	8.1%	6.8%	17.2%
Real Estate (Property)	10%	6.4%	5.8%	12.0%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	11.1%
Total	100%			
Assumed inflation-mean			2.6%	1.9%

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 - RETIREMENT PLAN - Florida Retirement System (FRS) - Continued**

**Pension Plan - Continued**

*Discount Rate for Pension Plan:* The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the County's contributions will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the actuarially determined contribution is contributed in full each year. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

*Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the Pension Plan:* The following presents the County's proportionate share of the NPL (net pension liability) of the pension plan calculated using the discount rate of 7.60%. Also presented is what the County's proportionate share of the FRS plan NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% <u>Decrease (6.60%)</u>	Current Discount Rate (7.60%)	1% <u>Increase (8.60%)</u>
County's proportionate share of NPL	\$156,006,575	\$84,737,012	\$25,414,512

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 - RETIREMENT PLAN - Continued**

**Retiree Health Insurance Subsidy (HIS) Program**

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

*Benefits Provided:* For fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed. The payments are at least \$30 but not more than \$150 per month. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

*Contributions:* The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the HIS contribution rate was 1.66%. There are no employee contributions required. The County contributed 100% of its statutorily required contributions for the current and preceding three years. HIS contributions are deposited in a separate trust fund from which payments are authorized. The County's contributions to the HIS Program totaled \$1,198,477 for the fiscal year ended September 30, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to HIS Program:* At September 30, 2016, the Division of Retirement calculated the County's liability of \$26,578,559 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. At September 30, 2016, the County's proportion share was 0.2281% for the HIS Program. This was an increase of 0.0049% from its proportionate share measured as of June 30, 2015.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 - RETIREMENT PLAN - Continued**

**Retiree Health Insurance Subsidy (HIS) Program - Continued**

For the year ended September 30, 2016, the County recognized pension expense of \$1,343,828. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 60,536
Changes in assumptions	4,170,851	-
Net difference between projected and actual earnings on pension plan investments	13,439	-
Changes in proportion and differences between County contributions and proportionate share of contributions	789,358	531,012
County contributions subsequent to the measurement date	316,322	-
Total	<u>\$ 5,289,970</u>	<u>\$ 591,548</u>

The deferred outflows of resources related to HIS totaling \$316,322 resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to HIS Program will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30:</u>	<u>Amount Recognized</u>
2017	\$ 784,396
2018	784,396
2019	780,014
2020	780,014
2021	674,843
Thereafter	578,437
	<u>\$ 4,382,100</u>

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 - RETIREMENT PLAN - Continued**

**Retiree Health Insurance Subsidy (HIS) Program - Continued**

*Actuarial Assumptions:* The total pension liability for the HIS Program in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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



**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 - RETIREMENT PLAN - Continued**

**Retiree Health Insurance Subsidy (HIS) Program - Continued**

*Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the HIS Program:* The following presents the County's proportionate share of the NPL (net pension liability) of the HIS Program calculated using the discount rate of 2.85%. Also presented is what the County's proportionate share of the HIS Program NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% <u>Decrease (1.85%)</u>	Current Discount <u>Rate (2.85%)</u>	1% <u>Increase (3.85%)</u>
County's proportionate share of NPL	\$30,491,645	\$26,578,559	\$23,330,910

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

**FRS Investment Plan**

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

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 - RETIREMENT PLAN - Continued**

**FRS Investment Plan - Continued**

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over his/her account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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

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

*Contributions:* Cost of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of .04% of payroll and by forfeited benefits of Investment Plan members. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances to various approved investment choices.

Allocations to the investment member's accounts during the 2015-2016 fiscal year are based on a percentage of gross compensation by class as follows: Regular class 6.30%, Special Risk class 14.00%, Senior Management Service class 7.67%, and County Elected Officers' class 11.34%.

The County's Investment Plan contributions and pension expense totaled \$1,461,734 for fiscal year ended September 30, 2016. Employee contributions totaled \$312,196 for the same period.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)**

**A. Plan Description**

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

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

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

The implicit rate subsidy applies to health and life insurance coverage since the premiums charged are based upon a blending of younger active employees and older retired employees. Health insurance premiums, effective October 1, 2015, range from \$320 for single coverage Medicare participants to \$745 for family coverage. Life insurance is available to retirees at a flat rate of \$.50 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.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

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

**A. Plan Description - Continued**

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

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

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

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

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

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued**

**A. Plan Description - Continued**

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

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

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

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

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

The average employer's contribution was \$2,237 per employee, approximately 4.9% of current payroll. Financial statements for the OPEB Trust are included in this report and can be found on pages 44-45. A separate, stand-alone financial report is not issued by the County. The OPEB Trust investments can be found in Note 3D and the Schedule of Funding Progress can be found on page 109.

**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, 2016, the County contributed \$12.1 million to the qualifying OPEB Trust. This contribution included \$9.0 million in additional contributions over and above the annual required contribution. Plan members receiving benefits contributed \$2.5 million, or approximately 81 percent of the total premiums. We anticipate that the OPEB liability will be liquidated in the following manner: General fund 52 percent, Transportation fund 7 percent, Emergency Services District fund 23 percent, Enterprise funds 8 percent, Internal Service funds 9 percent, and the remaining 1 percent is by the other governmental funds. It is the County's policy to base future OPEB Trust contributions on the annual required contribution (ARC) in subsequent annual actuarial reports. Actual contributions represented 100% of the required contributions at September 30, 2016. Custodial and individual fund administrative fees are paid from the portfolio dividend and interest income.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued**

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

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

	<b>FY 2015/2016</b>	<b>FY 2014/2015</b>	<b>FY 2013/2014</b>
Annual Required Contribution	\$ 3,096,411	\$ 2,977,075	\$ 2,835,072
Interest on Net OPEB Obligation (Asset)	(54,895)	(47,722)	(18,036)
Adjustment to Annual Required Contribution	86,643	72,521	24,230
<b>Annual OPEB Cost</b>	<b>3,128,159</b>	<b>3,001,874</b>	<b>2,841,266</b>
Contributions (net of adjustments)*	(11,948,249)	(3,121,416)	(3,336,027)
Change in Net OPEB Obligation	(8,820,090)	(119,542)	(494,761)
Net OPEB Obligation (Asset) – beginning of year	(914,909)	(795,367)	(300,606)
<b>Net OPEB Obligation (Asset) – end of year</b>	<b>\$ (9,734,999)</b>	<b>\$ (914,909)</b>	<b>\$ (795,367)</b>
<b>Percentage of Annual OPEB Cost Contributed</b>	<b>382 %</b>	<b>104 %</b>	<b>117 %</b>

\*Retiree adjustments are comprised of the actual amount withdrawn from the Trust plus premiums collected and less claims paid. For fiscal year 2016, these adjustments amounted to (\$148,162). For fiscal years 2015 and 2014, these adjustments totaled \$144,341 and (\$90,852) respectfully.

**D. Funded Status and Funding Progress**

As of October 1, 2015 (the most recent actuarial valuation date), the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 40,096,693
Less: Actuarial value of plan assets	<u>14,850,156</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 25,246,537</u>
Funded ratio	37.04%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 63,694,205
UAAL as a percentage of covered payroll	39.64%

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS PLAN - Continued**

**D. Funded Status and Funding Progress - Continued**

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 109), presents multi-year trend information regarding liabilities, funding, and payroll. The data also reflects whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This information includes the current and past two actuarial valuations as well as four years of funding data.

**E. Actuarial Methods and Assumptions**

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

The actuarial methods are:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll projected to grow 3.50% per year
Amortization period (closed)	12 years
Asset valuation method	Market value

The actuarial assumptions are:

Investment rate of return	6.0%	(net administrative expenses)
Projected annual salaries increase	4.0%-9.47%	(dependent on years of service and age)
Healthcare cost trend rate	7.0%	(decreasing ½% each year & thereafter to the ultimate value of 4.55%)
Inflation rate	2.50%	

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 15 - OPERATING LEASES**

The County has entered into non-cancelable operating leases, both as lessor and lessee. Lease terms vary from 1 to 99 years. Lease revenues totaled \$640,755 and lease expenditures totaled \$320,923 for the year ended September 30, 2016. The County also leases other equipment and office facilities as both lessor and lessee on a month-to-month basis.

**A. Future Minimum Lease Receipts**

Year	Amount
2017	\$ 599,772
2018	595,067
2019	611,929
2020	629,382
2021	582,557
2022-2026	2,259,802
2027-2031	1,011,813
2032-2036	411,241
2037-2041	277,466
2042-2045	211,918
Total future minimum receipts:	\$ 7,190,947

The property being leased is included in the statement of net position governmental activities and business-type activities columns and has a cost of \$29,307,479 and a carrying value of \$19,589,213. Current year depreciation on property being leased was \$532,258.



**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 15 - OPERATING LEASES – Continued**

**B. Future Minimum Lease Payments**

The following is a schedule of minimum future rentals to be paid by the County for various non-cancelable operating leases such as office space and office equipment as of September 30, 2016:

Year	Amount
2017	\$ 308,304
2018	135,331
2019	109,967
2020	68,265
2021	52,692
2022-2026	7,500
2027-2031	7,500
2032-2036	7,200
2037-2041	4,800
2042-2046	4,500
2047-2051	3,300
2052-2056	2,700
2057-2061	1,500
2062-2066	1,500
2067-2071	1,500
2072-2076	1,500
Total future minimum lease payments:	<u>\$ 718,059</u>

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 16 - FUND BALANCE**

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

**A. Categories**

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

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

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

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

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

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

**B. Fund Balance Policy**

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

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

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 16 - FUND BALANCE – Continued**

**B. Fund Balance Policy - Continued**

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

At September 30, 2016, reserve amounts for those funds were:

	Disaster Relief	Budget Stabilization	Total
General Fund	\$ 5,800,000	\$ 5,800,000	\$ 11,600,000
Transportation Fund	800,000	800,000	1,600,000
Emergency Services District Fund	1,950,000	1,950,000	3,900,000
Total	<u>\$ 8,550,000</u>	<u>\$ 8,550,000</u>	<u>\$ 17,100,000</u>

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

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

**C. Spending Hierarchy**

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

**NOTE 17 – NET POSITION**

**Net Position Restricted by Enabling Legislation**

The government-wide statement of net position for the primary government reports \$132,069,178 of restricted net position, of which \$105,181,531 is restricted by enabling legislation.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 18 - RISK MANAGEMENT**

**General Liability, Property, Worker's Compensation and Medical**

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

	05/01/11 to 9/30/2013	10/01/13 to 9/30/2014	10/01/14 to 9/30/2015	10/01/15 to 9/30/2016
Worker's Compensation	\$ 350,000	\$ 500,000	\$ 750,000	\$ 650,000
General Liability	200,000	200,000	200,000	200,000
Auto Liability	200,000	200,000	200,000	200,000
Property Damage	200,000	200,000	200,000	200,000
Error or Omissions	200,000	200,000	200,000	200,000
Annual Aggregate	2,000,000	2,000,000	2,000,000	2,000,000
Liquor Liability	1,000,000	1,000,000	1,000,000	N/A

The County purchases excess insurance to cover claims in excess of the amounts listed above. There is a 5% deductible per location for property damages arising due to a hurricane under the reinsurance policy. All departments of the County participate in the program. Payments are made by various funds to the Self Insurance Fund based on past experience and actual estimates of the amounts needed to pay current year claims. The County has received two workers compensation reimbursements totaling \$49,222 in fiscal year 2016. The County received three workers compensation reimbursements totaling \$409,914 in fiscal year 2015 and three in fiscal year 2014 totaling \$125,213.

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 medical claim reimbursements in excess of the \$250,000 limit for fiscal year 2016. In fiscal year 2015 there were four totaling \$382,635 and in fiscal year 2014 there were six totaling \$335,641.

The claims liability of \$8,512,520 reported at September 30, 2016, 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, \$3,624,891 will be liquidated over the next twelve months.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 18 - 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 Beginning	Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2012-2013	\$ 8,074,000	\$ 14,396,726	\$ (14,396,726)	\$ 8,074,000
2013-2014	8,074,000	16,860,869	(16,708,324)	8,226,545
2014-2015	8,226,545	17,188,927	(17,237,952)	8,177,520
2015-2016	8,177,520	17,953,550	(17,618,550)	8,512,520

Included in the charges to other funds is an amount to fund future catastrophic losses not actuarially determined and at September 30, 2016, unrestricted net position of \$27,197,018 has been designated for this purpose. The County has elected to accrue the larger of the discounted liability or undiscounted liability. At September 30, 2016, the undiscounted liability was the greater of the two amounts. The discount rate used in the calculation was 2.5 percent.

**NOTE 19 - COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

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

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

**B. Contracts and Other Commitments**

The County has various contracts and commitments outstanding at September 30, 2016. 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 Old Dixie Highway resurfacing project, the 45th Street Beautification project, GO Line Bus hub, Fire Station# 14 construction, as well as a variety of other road paving and drainage projects.

**Indian River County, Florida**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 19 - 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, Vero Lake Estates sidewalks, P25 radio system migration project, intersection improvements at 1st Street SW and 43rd Ave., and several sidewalk and road improvement projects throughout the County. In the Enterprise Funds, contracts are for the golf course maintenance, North R/O membrane replacement, aquifer wells rehabilitation project, and various other water and sewer projects.

A summary of these projects at September 30, 2016, is as follows:

	<u>Total Contract Price</u>	<u>Total Paid as of September 30, 2016</u>	<u>Remaining Balance at September 30, 2016</u>
General	\$ 857,767	\$ (488,074)	\$ 369,693
Special Revenue	16,469,534	(11,225,151)	5,244,383
Capital Projects	19,235,296	(14,360,036)	4,875,260
Enterprise	6,654,687	(2,054,855)	4,599,832
Total	<u>\$ 43,217,284</u>	<u>\$ (28,128,116)</u>	<u>\$ 15,089,168</u>

**C. Grants**

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

**NOTE 20 - SUBSEQUENT EVENTS**

The County was impacted by Hurricane Matthew in October 2016. The County has estimated \$15 million in expenses related to the hurricane and has applied for reimbursement from FEMA for these costs. The majority of the costs (\$13 million) are related to beach renourishment.

**Indian River County, Florida**  
**Required Supplementary Information**  
**For the Year Ended September 30, 2016**

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

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

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

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

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

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

**Indian River County, Florida**  
**Required Supplementary Information**  
**For the Year Ended September 30, 2016**

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

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

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

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

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



**Indian River County, Florida**  
**Required Supplementary Information**  
**For the Year Ended September 30, 2016**

**Other Postemployment Benefits Plan**

**Schedule of Funding Progress**

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%
10/01/2013	\$ 11,571,968	\$ 35,745,213	\$ 24,173,245	32.37%	\$ 61,615,728	39.23%
10/01/2015	\$ 14,850,156	\$ 40,096,693	\$ 25,246,537	37.04%	\$ 63,694,205	39.64%

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

**Schedule of Employer Contributions**

Fiscal Year Ending	OPEB Annual Required Contribution	Amount Contributed	Percentage Contributed
9/30/2012	\$ 2,828,452	\$ 2,962,301	104.73%
9/30/2013	\$ 2,965,251	\$ 2,950,097	99.49%
9/30/2014	\$ 2,835,072	\$ 3,336,027	117.67%
9/30/2015	\$ 2,977,075	\$ 3,121,416	104.85%
9/30/2016	\$ 3,096,411	\$ 11,948,249	385.87%

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 14 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
Traffic Education Program-	To account for the proceeds of an additional \$3 add-on to traffic

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 and Note.

## **MAJOR CAPITAL PROJECTS FUND**

Optional Sales Tax-	To account for revenues generated by the local option one cent sales tax. Monies are used for various capital projects.
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**Indian River County, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2016**

	Special Revenue		
	Court Facilities	Section 8 Rental Assistance	Special Law Enforcement
<b>ASSETS</b>			
Cash and investments	\$ 758,024	\$ 477,397	\$ 296,039
Accounts receivable	-	588	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Interest receivable	400	-	163
Inventories	-	-	-
Prepaid items	-	1,246	-
Total Assets	<u>\$ 758,424</u>	<u>\$ 479,231</u>	<u>\$ 296,202</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 113,998	\$ 7,413	\$ -
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Unearned revenues	-	-	-
Total Liabilities	<u>113,998</u>	<u>7,413</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - state and federal grants	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
<b>Nonspendable:</b>			
Inventories	-	-	-
Prepaid items	-	1,246	-
<b>Restricted for:</b>			
Transportation/road improvements	-	-	-
Court-related costs and improvements	644,426	-	-
Housing assistance	-	470,572	-
Law enforcement/public safety	-	-	296,202
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Dodgertown repairs/improvements	-	-	-
<b>Committed to:</b>			
Environmental conservation/preservation	-	-	-
Law Enforcement/public safety	-	-	-
<b>Assigned to:</b>			
Law enforcement/public safety	-	-	-
Total Fund Balances	<u>644,426</u>	<u>471,818</u>	<u>296,202</u>
Total Liabilities and Fund Balances	<u>\$ 758,424</u>	<u>\$ 479,231</u>	<u>\$ 296,202</u>



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Continued

**Indian River County, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2016**

	<b>Special Revenue</b>		
	<b>Metropolitan Planning Organization</b>	<b>Multi- Jurisdictional Law Enforcement</b>	<b>Native Uplands Land Acquisition</b>
<b>ASSETS</b>			
Cash and investments	\$ 31,247	\$ 34,554	\$ 721,807
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	250,990	-	-
Interest receivable	-	-	408
Inventories	-	-	-
Prepaid items	7,200	-	-
Total Assets	<u>\$ 289,437</u>	<u>\$ 34,554</u>	<u>\$ 722,215</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 137,327	\$ -	\$ -
Retainage payable	18,728	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Unearned revenues	-	-	-
Total Liabilities	<u>156,055</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - state and federal grants	83,702	-	-
Total Deferred Inflows of Resources	<u>83,702</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
<b>Nonspendable:</b>			
Inventories	-	-	-
Prepaid items	7,200	-	-
<b>Restricted for:</b>			
Transportation/road improvements	42,480	-	-
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	34,554	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Dodgertown repairs/improvements	-	-	-
<b>Committed to:</b>			
Environmental conservation/preservation	-	-	722,215
Law Enforcement/public safety	-	-	-
<b>Assigned to:</b>			
Law enforcement/public safety	-	-	-
Total Fund Balances	<u>49,680</u>	<u>34,554</u>	<u>722,215</u>
Total Liabilities and Fund Balances	<u>\$ 289,437</u>	<u>\$ 34,554</u>	<u>\$ 722,215</u>

Special Revenue				
Beach Restoration	CDBG Neighborhood Stabilization Program	Florida Boating Improvement Program	Library Requests	Disabled Access Program
\$ 10,525,707	\$ 62,323	\$ 1,135,734	\$ 2,829	\$ 66,903
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,925	30	637	1	37
-	-	-	-	-
-	-	-	-	-
<u>\$ 10,531,632</u>	<u>\$ 62,353</u>	<u>\$ 1,136,371</u>	<u>\$ 2,830</u>	<u>\$ 66,940</u>
\$ 33,998	\$ 10	\$ -	\$ -	\$ -
28,223	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>62,221</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	62,343	-	-	-
-	-	-	-	66,940
-	-	-	-	-
10,469,411	-	-	-	-
-	-	1,136,371	-	-
-	-	-	2,830	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>10,469,411</u>	<u>62,343</u>	<u>1,136,371</u>	<u>2,830</u>	<u>66,940</u>
<u>\$ 10,531,632</u>	<u>\$ 62,353</u>	<u>\$ 1,136,371</u>	<u>\$ 2,830</u>	<u>\$ 66,940</u>

Continued

**Indian River County, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2016**

	<b>Special Revenue</b>		
	<b>Federal/State Grants</b>	<b>Traffic Education Program</b>	<b>Land Acquisition</b>
<b>ASSETS</b>			
Cash and investments	\$ 2,301	\$ 61,660	\$ 116,704
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	23,041	-	-
Interest receivable	-	31	66
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	<u>\$ 25,342</u>	<u>\$ 61,691</u>	<u>\$ 116,770</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 12,342	\$ 23,325	\$ 409
Retainage payable	-	-	-
Due to other funds	13,000	-	-
Due to other governments	-	-	-
Unearned revenues	-	-	-
Total Liabilities	<u>25,342</u>	<u>23,325</u>	<u>409</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - state and federal grants	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
<b>Nonspendable:</b>			
Inventories	-	-	-
Prepaid items	-	-	-
<b>Restricted for:</b>			
Transportation/road improvements	-	-	-
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	38,366	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	116,361
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Dodgertown repairs/improvements	-	-	-
<b>Committed to:</b>			
Environmental conservation/preservation	-	-	-
Law Enforcement/public safety	-	-	-
<b>Assigned to:</b>			
Law enforcement/public safety	-	-	-
Total Fund Balances	<u>-</u>	<u>38,366</u>	<u>116,361</u>
Total Liabilities and Fund Balances	<u>\$ 25,342</u>	<u>\$ 61,691</u>	<u>\$ 116,770</u>

**Special Revenue**

<b>East Gifford Stormwater</b>	<b>Vero Lakes Estates</b>	<b>Dodgertown Reserve</b>	<b>Clerk Special Revenue</b>	<b>Sheriff Special Revenue</b>
\$ 21,304	\$ 722,199	\$ 189,242	\$ 2,059,668	\$ 1,733,155
-	-	1,013	-	69,661
13	3,091	-	32,338	-
-	-	10,417	1,170	-
12	409	-	-	-
-	-	-	-	19,237
-	-	-	42,192	-
<u>\$ 21,329</u>	<u>\$ 725,699</u>	<u>\$ 200,672</u>	<u>\$ 2,135,368</u>	<u>\$ 1,822,053</u>
\$ -	\$ 43	\$ 19,849	\$ 207	\$ 72,110
-	-	-	-	-
-	-	-	-	-
-	-	-	98	62,735
-	-	-	-	-
<u>-</u>	<u>43</u>	<u>19,849</u>	<u>305</u>	<u>134,845</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	19,237
-	-	-	42,192	-
-	-	-	-	-
-	-	-	2,092,871	-
-	-	-	-	-
-	-	-	-	1,250,430
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
21,329	725,656	-	-	-
-	-	-	-	-
-	-	180,823	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	311,003
-	-	-	-	106,538
<u>21,329</u>	<u>725,656</u>	<u>180,823</u>	<u>2,135,063</u>	<u>1,687,208</u>
<u>\$ 21,329</u>	<u>\$ 725,699</u>	<u>\$ 200,672</u>	<u>\$ 2,135,368</u>	<u>\$ 1,822,053</u>

Continued

**Indian River County, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2016**

	<b>Special Revenue</b>		
	<b>Supervisor of Elections Special Revenue</b>	<b>Street Lighting Districts</b>	<b>CDBG NSP3 Grant</b>
<b>ASSETS</b>			
Cash and investments	\$ 35,913	\$ 508,435	\$ 30,899
Accounts receivable	-	-	-
Due from other funds	-	3,409	-
Due from other governments	-	-	-
Interest receivable	-	293	17
Inventories	-	-	-
Prepaid items	-	-	-
Total Assets	<u>\$ 35,913</u>	<u>\$ 512,137</u>	<u>\$ 30,916</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 9,304	\$ -
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Unearned revenues	35,913	-	-
Total Liabilities	<u>35,913</u>	<u>9,304</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - state and federal grants	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
<b>Nonspendable:</b>			
Inventories	-	-	-
Prepaid items	-	-	-
<b>Restricted for:</b>			
Transportation/road improvements	-	-	-
Court-related costs and improvements	-	-	-
Housing assistance	-	-	30,916
Law enforcement/public safety	-	-	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	-	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	502,833	-
Debt service	-	-	-
Dodgertown repairs/improvements	-	-	-
<b>Committed to:</b>			
Environmental conservation/preservation	-	-	-
Law Enforcement/public safety	-	-	-
<b>Assigned to:</b>			
Law enforcement/public safety	-	-	-
Total Fund Balances	<u>-</u>	<u>502,833</u>	<u>30,916</u>
Total Liabilities and Fund Balances	<u>\$ 35,913</u>	<u>\$ 512,137</u>	<u>\$ 30,916</u>

<b>Debt Service</b>		<b>Total Nonmajor Governmental Funds</b>
<b>Spring Training Facility Bonds</b>	<b>Land Acquisition Bonds</b>	
\$ 2,213,708	\$ 1,051,590	\$ 26,019,800
-	-	71,262
-	62,050	100,901
-	-	345,759
1,246	594	12,031
-	-	19,237
-	-	50,638
<u>\$ 2,214,954</u>	<u>\$ 1,114,234</u>	<u>\$ 26,619,628</u>
\$ -	\$ -	\$ 574,673
-	-	46,951
-	-	13,000
-	-	62,833
-	-	35,913
<u>-</u>	<u>-</u>	<u>733,370</u>
-	-	83,702
<u>-</u>	<u>-</u>	<u>83,702</u>
-	-	19,237
-	-	50,638
-	-	42,480
-	-	2,737,297
-	-	833,555
-	-	3,622,098
-	-	504,381
-	-	10,469,411
-	-	1,136,371
-	-	2,830
-	-	116,361
-	-	1,249,818
2,214,954	1,114,234	3,329,188
-	-	180,823
-	-	1,090,527
-	-	311,003
-	-	106,538
<u>2,214,954</u>	<u>1,114,234</u>	<u>25,802,556</u>
<u>\$ 2,214,954</u>	<u>\$ 1,114,234</u>	<u>\$ 26,619,628</u>

**Indian River County, Florida**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2016**

	<b>Special Revenue</b>		
	<b>Court Facilities</b>	<b>Section 8 Rental Assistance</b>	<b>Special Law Enforcement</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-
Intergovernmental	-	2,384,081	-
Charges for services	543,234	27,339	41,541
Judgments, fines and forfeits	-	-	21,411
Interest	4,065	111	1,568
Miscellaneous	-	3,900	-
Total revenues	<u>547,299</u>	<u>2,415,431</u>	<u>64,520</u>
<b>EXPENDITURES</b>			
General government	21,476	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Human services	-	2,338,380	-
Culture/recreation	-	-	-
Court related	584,890	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>606,366</u>	<u>2,338,380</u>	<u>-</u>
Excess of revenues over (under) expenditures	(59,067)	77,051	64,520
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	(25,476)	(65,500)
Total other financing sources (uses)	<u>-</u>	<u>(25,476)</u>	<u>(65,500)</u>
Net changes in fund balances	(59,067)	51,575	(980)
Fund balances at beginning of year	<u>703,493</u>	<u>420,243</u>	<u>297,182</u>
Fund balances at end of year	<u>\$ 644,426</u>	<u>\$ 471,818</u>	<u>\$ 296,202</u>



**Special Revenue**

<b>Tree Ordinance Fines</b>	<b>Tourist Development</b>	<b>911 Surcharge</b>	<b>Drug Abuse</b>	<b>State Housing Initiatives Partnership</b>
\$ -	\$ 912,559	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	698,823	10,842	706,401
-	-	-	-	137,702
50,000	-	-	8,851	-
1,919	2,701	8,435	1,273	2,279
-	-	278	-	12,996
<u>51,919</u>	<u>915,260</u>	<u>707,536</u>	<u>20,966</u>	<u>859,378</u>
-	-	-	-	-
-	-	381,195	10,842	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	905,644
18,096	793,015	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>18,096</u>	<u>793,015</u>	<u>381,195</u>	<u>10,842</u>	<u>905,644</u>
33,823	122,245	326,341	10,124	(46,266)
-	-	-	-	-
-	-	(209,135)	-	(6,369)
-	-	(209,135)	-	(6,369)
33,823	122,245	117,206	10,124	(52,635)
<u>334,489</u>	<u>382,136</u>	<u>1,579,157</u>	<u>229,119</u>	<u>322,359</u>
<u>\$ 368,312</u>	<u>\$ 504,381</u>	<u>\$ 1,696,363</u>	<u>\$ 239,243</u>	<u>\$ 269,724</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, 2016**

	<b>Special Revenue</b>		
	<b>Metropolitan Planning Organization</b>	<b>Multi- Jurisdictional Law Enforcement</b>	<b>Native Uplands Land Acquisition</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-
Intergovernmental	1,058,346	-	-
Charges for services	-	-	-
Judgments, fines and forfeits	-	31,689	-
Interest	-	115	4,197
Miscellaneous	-	-	-
Total revenues	<u>1,058,346</u>	<u>31,804</u>	<u>4,197</u>
<b>EXPENDITURES</b>			
General government	853,710	-	-
Public safety	-	82,136	-
Physical environment	-	-	2,510
Transportation	-	-	-
Economic environment	-	-	-
Human services	-	-	-
Culture/recreation	-	-	113,868
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>853,710</u>	<u>82,136</u>	<u>116,378</u>
Excess of revenues over (under) expenditures	204,636	(50,332)	(112,181)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	297,074	-	-
Transfers out	(25,476)	(71,134)	-
Total other financing sources (uses)	<u>271,598</u>	<u>(71,134)</u>	<u>-</u>
Net changes in fund balances	476,234	(121,466)	(112,181)
Fund balances at beginning of year	<u>(426,554)</u>	<u>156,020</u>	<u>834,396</u>
Fund balances at end of year	<u>\$ 49,680</u>	<u>\$ 34,554</u>	<u>\$ 722,215</u>

Special Revenue				
Beach Restoration	CDBG Neighborhood Stabilization Program	Florida Boating Improvement Program	Library Bequests	Disabled Access Program
\$ 912,559	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
1,843,587	-	126,765	-	-
-	-	-	-	-
-	-	-	-	1,298
56,429	242	5,777	44	358
5,469	20,809	1,700	-	-
2,818,044	21,051	134,242	44	1,656
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,932	-	-	-
-	-	-	-	-
761,197	-	152,991	7,955	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
761,197	1,932	152,991	7,955	-
2,056,847	19,119	(18,749)	(7,911)	1,656
123,947	-	-	-	-
(12,739)	-	-	-	-
111,208	-	-	-	-
2,168,055	19,119	(18,749)	(7,911)	1,656
8,301,356	43,224	1,155,120	10,741	65,284
\$ 10,469,411	\$ 62,343	\$ 1,136,371	\$ 2,830	\$ 66,940

Continued

**Indian River County, Florida**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2016**

	Special Revenue		
	Federal/State Grants	Traffic Education Program	Land Acquisition
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-
Intergovernmental	795,558	-	15,000
Charges for services	-	-	-
Judgments, fines and forfeits	-	64,509	-
Interest	-	264	649
Miscellaneous	-	-	-
Total revenues	795,558	64,773	15,649
<b>EXPENDITURES</b>			
General government	-	-	-
Public safety	-	-	-
Physical environment	-	-	25,726
Transportation	-	60,000	-
Economic environment	-	-	-
Human services	795,558	-	-
Culture/recreation	-	-	-
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	795,558	60,000	25,726
Excess of revenues over (under) expenditures	-	4,773	(10,077)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	-	4,773	(10,077)
Fund balances at beginning of year	-	33,593	126,438
Fund balances at end of year	\$ -	\$ 38,366	\$ 116,361

**Special Revenue**

<b>East Gifford Stormwater</b>	<b>Vero Lakes Estates</b>	<b>Dodgertown Reserve</b>	<b>Clerk Special Revenue</b>	<b>Sheriff Special Revenue</b>
\$ 90	\$ 710	\$ -	\$ -	\$ -
927	245,735	-	-	-
-	-	125,000	-	207,981
-	-	-	403,411	223,590
-	-	-	159,500	77,090
114	4,002	-	3,173	-
-	-	-	-	388,748
<u>1,131</u>	<u>250,447</u>	<u>125,000</u>	<u>566,084</u>	<u>897,409</u>
-	-	-	463,753	-
-	-	-	-	1,616,757
-	-	-	-	-
-	735,233	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	171,687	-	-
-	-	-	159,119	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>735,233</u>	<u>171,687</u>	<u>622,872</u>	<u>1,616,757</u>
1,131	(484,786)	(46,687)	(56,788)	(719,348)
-	364,823	125,000	9,700	865,842
(50)	(3,991)	-	-	-
<u>(50)</u>	<u>360,832</u>	<u>125,000</u>	<u>9,700</u>	<u>865,842</u>
1,081	(123,954)	78,313	(47,088)	146,494
<u>20,248</u>	<u>849,610</u>	<u>102,510</u>	<u>2,182,151</u>	<u>1,540,714</u>
<u>\$ 21,329</u>	<u>\$ 725,656</u>	<u>\$ 180,823</u>	<u>\$ 2,135,063</u>	<u>\$ 1,687,208</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, 2016**

	<b>Special Revenue</b>		
	<b>Supervisor of Elections Special Revenue</b>	<b>Street Lighting Districts</b>	<b>CDBG NSP3 Grant</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ 3,335	\$ -
Permits, fees and special assessments	-	268,652	-
Intergovernmental	4,026	-	-
Charges for services	-	-	-
Judgments, fines and forfeits	-	-	-
Interest	-	3,015	105
Miscellaneous	-	2,440	38,528
Total revenues	<u>4,026</u>	<u>277,442</u>	<u>38,633</u>
<b>EXPENDITURES</b>			
General government	10,017	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	239,290	-
Economic environment	-	-	1,992
Human services	-	-	-
Culture/recreation	-	-	-
Court related	-	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>10,017</u>	<u>239,290</u>	<u>1,992</u>
Excess of revenues over (under) expenditures	(5,991)	38,152	36,641
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,463	-	-
Transfers out	-	(6,768)	-
Total other financing sources (uses)	<u>2,463</u>	<u>(6,768)</u>	<u>-</u>
Net changes in fund balances	(3,528)	31,384	36,641
Fund balances at beginning of year	<u>3,528</u>	<u>471,449</u>	<u>(5,725)</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 502,833</u>	<u>\$ 30,916</u>

<b>Debt Service</b>		
<b>Spring Training Facility Bonds</b>	<b>Land Acquisition Bonds</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 608,373	\$ 4,594,381	\$ 7,032,007
-	-	515,314
500,004	-	8,476,414
-	-	1,376,817
-	-	414,348
11,767	18,198	130,800
-	-	474,868
<u>1,120,144</u>	<u>4,612,579</u>	<u>18,420,568</u>
-	-	1,348,956
-	-	2,090,930
-	-	28,236
-	-	1,034,523
-	-	3,924
-	-	4,039,582
-	-	2,018,809
-	-	744,009
495,000	3,888,000	4,383,000
357,044	474,963	832,007
<u>852,044</u>	<u>4,362,963</u>	<u>16,523,976</u>
268,100	249,616	1,896,592
-	-	1,788,849
-	(102,981)	(529,619)
-	(102,981)	1,259,230
268,100	146,635	3,155,822
<u>1,946,854</u>	<u>967,599</u>	<u>22,646,734</u>
<u>\$ 2,214,954</u>	<u>\$ 1,114,234</u>	<u>\$ 25,802,556</u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Court Facilities**  
**For the Year Ended September 30, 2016**

	<u><b>Final Budget</b></u>	<u><b>Actual Amounts</b></u>	<u><b>Variance Positive (Negative)</b></u>
<b>REVENUES</b>			
Charges for services	\$ 481,524	\$ 543,234	\$ 61,710
Interest	2,000	4,065	2,065
Total revenues	<u>483,524</u>	<u>547,299</u>	<u>63,775</u>
<b>EXPENDITURES</b>			
General government	223,396	21,476	201,920
Court related	736,550	584,890	151,660
Total expenditures	<u>959,946</u>	<u>606,366</u>	<u>353,580</u>
Net change in fund balances	(476,422)	(59,067)	417,355
Fund balances at beginning of year	<u>476,422</u>	<u>703,493</u>	<u>227,071</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 644,426</u>	<u>\$ 644,426</u>



**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Section 8 Rental Assistance**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 2,441,896	\$ 2,384,081	\$ (57,815)
Charges for services	100,000	27,339	(72,661)
Interest	-	111	111
Miscellaneous	-	3,900	3,900
Total revenues	<u>2,541,896</u>	<u>2,415,431</u>	<u>(126,465)</u>
<b>EXPENDITURES</b>			
Human services	<u>2,546,511</u>	<u>2,338,380</u>	<u>208,131</u>
Total expenditures	<u>2,546,511</u>	<u>2,338,380</u>	<u>208,131</u>
Excess of revenues over (under) expenditures	(4,615)	77,051	81,666
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(25,476)</u>	<u>(25,476)</u>	<u>-</u>
Total other financing sources (uses)	<u>(25,476)</u>	<u>(25,476)</u>	<u>-</u>
Net change in fund balances	(30,091)	51,575	81,666
Fund balances at beginning of year	<u>30,091</u>	<u>420,243</u>	<u>390,152</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 471,818</u>	<u>\$ 471,818</u>

**Indian River County, Florida  
Budgetary Comparison Schedule  
Special Law Enforcement  
For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Charges for services	\$ -	\$ 41,541	\$ 41,541
Judgments, fines and forfeits	-	21,411	21,411
Interest	-	1,568	1,568
Total revenues	-	64,520	64,520
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(65,500)	(65,500)	-
Total other financing sources (uses)	(65,500)	(65,500)	-
Net change in fund balances	(65,500)	(980)	64,520
Fund balances at beginning of year	65,500	297,182	231,682
Fund balances at end of year	\$ -	\$ 296,202	\$ 296,202

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Tree Ordinance Fines**  
**For the Year Ended September 30, 2016**

	<u><b>Final Budget</b></u>	<u><b>Actual Amounts</b></u>	<u><b>Variance Positive (Negative)</b></u>
<b>REVENUES</b>			
Judgments, fines and forfeits	\$ -	\$ 50,000	\$ 50,000
Interest	-	1,919	1,919
Total revenues	<u>-</u>	<u>51,919</u>	<u>51,919</u>
<b>EXPENDITURES</b>			
Culture/recreation	<u>150,000</u>	<u>18,096</u>	<u>131,904</u>
Total expenditures	<u>150,000</u>	<u>18,096</u>	<u>131,904</u>
Net change in fund balances	(150,000)	33,823	183,823
Fund balances at beginning of year	<u>150,000</u>	<u>334,489</u>	<u>184,489</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 368,312</u></u>	<u><u>\$ 368,312</u></u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Tourist Development**  
**For the Year Ended September 30, 2016**

	<u><b>Final Budget</b></u>	<u><b>Actual Amounts</b></u>	<u><b>Variance Positive (Negative)</b></u>
<b>REVENUES</b>			
Taxes	\$ 769,500	\$ 912,559	\$ 143,059
Interest	1,900	2,701	801
Total revenues	<u>771,400</u>	<u>915,260</u>	<u>143,860</u>
<b>EXPENDITURES</b>			
Culture/recreation	<u>813,990</u>	<u>793,015</u>	<u>20,975</u>
Total expenditures	<u>813,990</u>	<u>793,015</u>	<u>20,975</u>
Net change in fund balances	(42,590)	122,245	164,835
Fund balances at beginning of year	<u>42,590</u>	<u>382,136</u>	<u>339,546</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 504,381</u></u>	<u><u>\$ 504,381</u></u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**911 Surcharge**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 741,000	\$ 698,823	\$ (42,177)
Interest	-	8,435	8,435
Miscellaneous	-	278	278
Total revenues	<u>741,000</u>	<u>707,536</u>	<u>(33,464)</u>
<b>EXPENDITURES</b>			
Public safety	700,635	381,195	319,440
Total expenditures	<u>700,635</u>	<u>381,195</u>	<u>319,440</u>
Excess of revenues over (under) expenditures	40,365	326,341	285,976
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(209,135)	(209,135)	-
Total other financing sources (uses)	<u>(209,135)</u>	<u>(209,135)</u>	<u>-</u>
Net change in fund balances	(168,770)	117,206	285,976
Fund balances at beginning of year	<u>168,770</u>	<u>1,579,157</u>	<u>1,410,387</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,696,363</u>	<u>\$ 1,696,363</u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Drug Abuse**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 10,842	\$ 10,842	\$ -
Judgments, fines and forfeits	-	8,851	8,851
Interest	-	1,273	1,273
Total revenues	<u>10,842</u>	<u>20,966</u>	<u>10,124</u>
<b>EXPENDITURES</b>			
Public safety	<u>10,842</u>	<u>10,842</u>	<u>-</u>
Total expenditures	<u>10,842</u>	<u>10,842</u>	<u>-</u>
Net change in fund balances	-	10,124	10,124
Fund balances at beginning of year	<u>-</u>	<u>229,119</u>	<u>229,119</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 239,243</u></u>	<u><u>\$ 239,243</u></u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**State Housing Initiatives Partnership**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 695,135	\$ 706,401	\$ 11,266
Charges for services	-	137,702	137,702
Interest	-	2,279	2,279
Miscellaneous	-	12,996	12,996
Total revenues	<u>695,135</u>	<u>859,378</u>	<u>164,243</u>
<b>EXPENDITURES</b>			
Human services	1,017,493	905,644	111,849
Total expenditures	<u>1,017,493</u>	<u>905,644</u>	<u>111,849</u>
Excess of revenues over (under) expenditures	(322,358)	(46,266)	276,092
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(6,369)	(6,369)	-
Total other financing sources (uses)	<u>(6,369)</u>	<u>(6,369)</u>	<u>-</u>
Net change in fund balances	(328,727)	(52,635)	276,092
Fund balances at beginning of year	328,727	322,359	(6,368)
Fund balances at end of year	<u>\$ -</u>	<u>\$ 269,724</u>	<u>\$ 269,724</u>

**Indian River County, Florida  
Budgetary Comparison Schedule  
Metropolitan Planning Organization  
For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 2,043,252	\$ 1,058,346	\$ (984,906)
Total revenues	<u>2,043,252</u>	<u>1,058,346</u>	<u>(984,906)</u>
<b>EXPENDITURES</b>			
General government	<u>2,495,557</u>	<u>853,710</u>	<u>1,641,847</u>
Total expenditures	<u>2,495,557</u>	<u>853,710</u>	<u>1,641,847</u>
Excess of revenues over (under) expenditures	(452,305)	204,636	656,941
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	297,074	297,074	-
Transfers out	<u>(25,476)</u>	<u>(25,476)</u>	<u>-</u>
Total other financing sources (uses)	<u>271,598</u>	<u>271,598</u>	<u>-</u>
Net change in fund balances	(180,707)	476,234	656,941
Fund balances at beginning of year	<u>180,707</u>	<u>(426,554)</u>	<u>(607,261)</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 49,680</u>	<u>\$ 49,680</u>



**Indian River County, Florida  
Budgetary Comparison Schedule  
Multi-Jurisdictional Law Enforcement  
For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Judgments, fines and forfeits	\$ 12,758	\$ 31,689	\$ 18,931
Interest	-	115	115
Total revenues	<u>12,758</u>	<u>31,804</u>	<u>19,046</u>
<b>EXPENDITURES</b>			
Public safety	<u>82,139</u>	<u>82,136</u>	<u>3</u>
Total expenditures	<u>82,139</u>	<u>82,136</u>	<u>3</u>
Excess of revenues over (under) expenditures	(69,381)	(50,332)	19,049
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(73,886)</u>	<u>(71,134)</u>	<u>2,752</u>
Total other financing sources (uses)	<u>(73,886)</u>	<u>(71,134)</u>	<u>2,752</u>
Net change in fund balances	(143,267)	(121,466)	21,801
Fund balances at beginning of year	<u>143,267</u>	<u>156,020</u>	<u>12,753</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 34,554</u></u>	<u><u>\$ 34,554</u></u>

**Indian River County, Florida  
Budgetary Comparison Schedule  
Native Uplands Land Acquisition  
For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Interest	\$ -	\$ 4,197	\$ 4,197
Total revenues	-	4,197	4,197
<b>EXPENDITURES</b>			
Physical environment	103,132	2,510	100,622
Culture/recreation	113,868	113,868	-
Total expenditures	217,000	116,378	100,622
Net change in fund balances	(217,000)	(112,181)	104,819
Fund balances at beginning of year	217,000	834,396	617,396
Fund balances at end of year	\$ -	\$ 722,215	\$ 722,215

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Beach Restoration**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Taxes	\$ 769,500	\$ 912,559	\$ 143,059
Intergovernmental	-	1,843,587	1,843,587
Interest	9,500	56,429	46,929
Miscellaneous	5,469	5,469	-
Total revenues	<u>784,469</u>	<u>2,818,044</u>	<u>2,033,575</u>
<b>EXPENDITURES</b>			
Culture/recreation	1,322,836	761,197	561,639
Total expenditures	<u>1,322,836</u>	<u>761,197</u>	<u>561,639</u>
Excess of revenues over (under) expenditures	(538,367)	2,056,847	2,595,214
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	123,947	123,947	-
Transfers out	(12,739)	(12,739)	-
Total other financing sources (uses)	<u>111,208</u>	<u>111,208</u>	<u>-</u>
Net change in fund balances	(427,159)	2,168,055	2,595,214
Fund balances at beginning of year	<u>427,159</u>	<u>8,301,356</u>	<u>7,874,197</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 10,469,411</u></u>	<u><u>\$ 10,469,411</u></u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**CDBG Neighborhood Stabilization Program**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Interest	\$ -	\$ 242	\$ 242
Miscellaneous	2,000	20,809	18,809
Total revenues	<u>2,000</u>	<u>21,051</u>	<u>19,051</u>
<b>EXPENDITURES</b>			
Economic environment	<u>2,000</u>	<u>1,932</u>	<u>68</u>
Total expenditures	<u>2,000</u>	<u>1,932</u>	<u>68</u>
Net change in fund balances	-	19,119	19,119
Fund balances at beginning of year	<u>-</u>	<u>43,224</u>	<u>43,224</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 62,343</u></u>	<u><u>\$ 62,343</u></u>

**Indian River County, Florida  
Budgetary Comparison Schedule  
Florida Boating Improvement Program  
For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 334,500	\$ 126,765	\$ (207,735)
Interest	-	5,777	5,777
Miscellaneous	-	1,700	1,700
Total revenues	<u>334,500</u>	<u>134,242</u>	<u>(200,258)</u>
<b>EXPENDITURES</b>			
Culture/recreation	<u>567,771</u>	<u>152,991</u>	<u>414,780</u>
Total expenditures	<u>567,771</u>	<u>152,991</u>	<u>414,780</u>
Net change in fund balances	(233,271)	(18,749)	214,522
Fund balances at beginning of year	<u>233,271</u>	<u>1,155,120</u>	<u>921,849</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,136,371</u></u>	<u><u>\$ 1,136,371</u></u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Library Bequests**  
**For the Year Ended September 30, 2016**

	<u><b>Final Budget</b></u>	<u><b>Actual Amounts</b></u>	<u><b>Variance Positive (Negative)</b></u>
<b>REVENUES</b>			
Interest	\$ -	\$ 44	\$ 44
Total revenues	<u>-</u>	<u>44</u>	<u>44</u>
<b>EXPENDITURES</b>			
Culture/recreation	<u>10,741</u>	<u>7,955</u>	<u>2,786</u>
Total expenditures	<u>10,741</u>	<u>7,955</u>	<u>2,786</u>
Net change in fund balances	(10,741)	(7,911)	2,830
Fund balances at beginning of year	<u>10,741</u>	<u>10,741</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 2,830</u></u>	<u><u>\$ 2,830</u></u>

**Indian River County, Florida  
Budgetary Comparison Schedule  
Disabled Access Program  
For the Year Ended September 30, 2016**

	<u><b>Final Budget</b></u>	<u><b>Actual Amounts</b></u>	<u><b>Variance Positive (Negative)</b></u>
<b>REVENUES</b>			
Judgments, fines and forfeits	\$ -	\$ 1,298	\$ 1,298
Interest	-	358	358
Total revenues	<u>-</u>	<u>1,656</u>	<u>1,656</u>
<b>EXPENDITURES</b>			
Human services	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Net change in fund balances	(20,000)	1,656	21,656
Fund balances at beginning of year	<u>20,000</u>	<u>65,284</u>	<u>45,284</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 66,940</u></u>	<u><u>\$ 66,940</u></u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Federal/State Grants**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 1,548,278	\$ 795,558	\$ (752,720)
Total revenues	<u>1,548,278</u>	<u>795,558</u>	<u>(752,720)</u>
<b>EXPENDITURES</b>			
Human services	<u>1,548,278</u>	<u>795,558</u>	<u>752,720</u>
Total expenditures	<u>1,548,278</u>	<u>795,558</u>	<u>752,720</u>
Net change in fund balances	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**Indian River County, Florida  
Budgetary Comparison Schedule  
Traffic Education Program  
For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Judgments, fines and forfeits	\$ 60,000	\$ 64,509	\$ 4,509
Interest	-	264	264
Total revenues	<u>60,000</u>	<u>64,773</u>	<u>4,773</u>
<b>EXPENDITURES</b>			
Transportation	<u>60,000</u>	<u>60,000</u>	-
Total expenditures	<u>60,000</u>	<u>60,000</u>	-
Net change in fund balances	-	4,773	4,773
Fund balances at beginning of year	<u>-</u>	<u>33,593</u>	<u>33,593</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 38,366</u></u>	<u><u>\$ 38,366</u></u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Land Acquisition**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 15,000	\$ 15,000
Interest	-	649	649
Total revenues	-	15,649	15,649
<b>EXPENDITURES</b>			
Physical environment	65,000	25,726	39,274
Total expenditures	65,000	25,726	39,274
Net change in fund balances	(65,000)	(10,077)	54,923
Fund balances at beginning of year	65,000	126,438	61,438
Fund balances at end of year	\$ -	\$ 116,361	\$ 116,361

**Indian River County, Florida  
Budgetary Comparison Schedule  
East Gifford Stormwater  
For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ 90	\$ 90
Permits, fees and special assessments	940	927	(13)
Interest	-	114	114
Total revenues	<u>940</u>	<u>1,131</u>	<u>191</u>
<b>EXPENDITURES</b>			
Transportation	19,883	-	19,883
Total expenditures	<u>19,883</u>	<u>-</u>	<u>19,883</u>
Excess of revenues over (under) expenditures	(18,943)	1,131	20,074
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(57)	(50)	7
Total other financing sources (uses)	<u>(57)</u>	<u>(50)</u>	<u>7</u>
Net change in fund balances	(19,000)	1,081	20,081
Fund balances at beginning of year	19,000	20,248	1,248
Fund balances at end of year	<u>\$ -</u>	<u>\$ 21,329</u>	<u>\$ 21,329</u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Vero Lakes Estates**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ 710	\$ 710
Permits, fees and special assessments	238,450	245,735	7,285
Interest	2,850	4,002	1,152
Total revenues	<u>241,300</u>	<u>250,447</u>	<u>9,147</u>
<b>EXPENDITURES</b>			
Transportation	974,064	735,233	238,831
Total expenditures	<u>974,064</u>	<u>735,233</u>	<u>238,831</u>
Excess of revenues over (under) expenditures	(732,764)	(484,786)	247,978
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	364,823	364,823
Transfers out	(4,488)	(3,991)	497
Total other financing sources (uses)	<u>(4,488)</u>	<u>360,832</u>	<u>365,320</u>
Net change in fund balances	(737,252)	(123,954)	613,298
Fund balances at beginning of year	<u>737,252</u>	<u>849,610</u>	<u>112,358</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 725,656</u>	<u>\$ 725,656</u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Dodgertown Reserve**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 125,000	\$ 125,000	\$ -
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>-</u>
<b>EXPENDITURES</b>			
Culture/recreation	<u>250,000</u>	<u>171,687</u>	<u>78,313</u>
Total expenditures	<u>250,000</u>	<u>171,687</u>	<u>78,313</u>
Excess of revenues over (under) expenditures	(125,000)	(46,687)	78,313
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Total other financing sources (uses)	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Net change in fund balances	-	78,313	78,313
Fund balances at beginning of year	<u>-</u>	<u>102,510</u>	<u>102,510</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 180,823</u>	<u>\$ 180,823</u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Clerk Special Revenue**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Charges for services	\$ 350,000	\$ 403,411	\$ 53,411
Judgments, fines and forfeits	200,000	159,500	(40,500)
Interest	3,950	3,173	(777)
Total revenues	<u>553,950</u>	<u>566,084</u>	<u>12,134</u>
<b>EXPENDITURES</b>			
General government	595,654	463,753	131,901
Court related	200,000	159,119	40,881
Total expenditures	<u>795,654</u>	<u>622,872</u>	<u>172,782</u>
Excess of revenues over (under) expenditures	(241,704)	(56,788)	184,916
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	20,750	9,700	(11,050)
Total other financing sources (uses)	<u>20,750</u>	<u>9,700</u>	<u>(11,050)</u>
Net change in fund balances	(220,954)	(47,088)	173,866
Fund balances at beginning of year	<u>220,954</u>	<u>2,182,151</u>	<u>1,961,197</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 2,135,063</u>	<u>\$ 2,135,063</u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Sheriff Special Revenue**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 207,981	\$ 207,981	\$ -
Charges for services	185,000	223,590	38,590
Judgments, fines and forfeits	70,000	77,090	7,090
Miscellaneous	342,521	388,748	46,227
Total revenues	<u>805,502</u>	<u>897,409</u>	<u>91,907</u>
<b>EXPENDITURES</b>			
Public safety	1,655,000	1,616,757	38,243
Total expenditures	<u>1,655,000</u>	<u>1,616,757</u>	<u>38,243</u>
Excess of revenues over (under) expenditures	(849,498)	(719,348)	130,150
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	849,498	865,842	16,344
Total other financing sources (uses)	<u>849,498</u>	<u>865,842</u>	<u>16,344</u>
Net change in fund balances	-	146,494	146,494
Fund balances at beginning of year	<u>-</u>	<u>1,540,714</u>	<u>1,540,714</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,687,208</u>	<u>\$ 1,687,208</u>

**Indian River County, Florida  
Budgetary Comparison Schedule  
Supervisor of Elections Special Revenue  
For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Intergovernmental	\$ 6,408	\$ 4,026	\$ (2,382)
Total revenues	<u>6,408</u>	<u>4,026</u>	<u>(2,382)</u>
<b>EXPENDITURES</b>			
General government	<u>10,017</u>	<u>10,017</u>	<u>-</u>
Total expenditures	<u>10,017</u>	<u>10,017</u>	<u>-</u>
Excess of revenues over (under) expenditures	(3,609)	(5,991)	(2,382)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>3,609</u>	<u>2,463</u>	<u>(1,146)</u>
Total other financing sources (uses)	<u>3,609</u>	<u>2,463</u>	<u>(1,146)</u>
Net change in fund balances	-	(3,528)	(3,528)
Fund balances at beginning of year	<u>-</u>	<u>3,528</u>	<u>3,528</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Street Lighting Districts**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ 3,335	\$ 3,335
Permits, fees and special assessments	264,660	268,652	3,992
Interest	1,023	3,015	1,992
Miscellaneous	2,318	2,440	122
Total revenues	<u>268,001</u>	<u>277,442</u>	<u>9,441</u>
<b>EXPENDITURES</b>			
Transportation	338,168	239,290	98,878
Total expenditures	<u>338,168</u>	<u>239,290</u>	<u>98,878</u>
Excess of revenues over (under) expenditures	(70,167)	38,152	108,319
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(8,125)	(6,768)	1,357
Total other financing sources (uses)	<u>(8,125)</u>	<u>(6,768)</u>	<u>1,357</u>
Net change in fund balances	(78,292)	31,384	109,676
Fund balances at beginning of year	<u>78,292</u>	<u>471,449</u>	<u>393,157</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 502,833</u>	<u>\$ 502,833</u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**CDBG NSP3 Grant**  
**For the Year Ended September 30, 2016**

	<u><b>Final Budget</b></u>	<u><b>Actual Amounts</b></u>	<u><b>Variance Positive (Negative)</b></u>
<b>REVENUES</b>			
Interest	\$ -	\$ 105	\$ 105
Miscellaneous	-	38,528	38,528
Total revenues	<u>-</u>	<u>38,633</u>	<u>38,633</u>
<b>EXPENDITURES</b>			
Economic environment	<u>5,000</u>	<u>1,992</u>	<u>3,008</u>
Total expenditures	<u>5,000</u>	<u>1,992</u>	<u>3,008</u>
Net change in fund balances	(5,000)	36,641	41,641
Fund balances at beginning of year	<u>5,000</u>	<u>(5,725)</u>	<u>(10,725)</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 30,916</u></u>	<u><u>\$ 30,916</u></u>

**Indian River County, Florida  
Budgetary Comparison Schedule  
Spring Training Facility Bonds  
For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Taxes	\$ 513,000	\$ 608,373	\$ 95,373
Intergovernmental	475,000	500,004	25,004
Interest	-	11,767	11,767
Total revenues	<u>988,000</u>	<u>1,120,144</u>	<u>132,144</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	495,000	495,000	-
Interest and other fiscal charges	493,000	357,044	135,956
Total expenditures	<u>988,000</u>	<u>852,044</u>	<u>135,956</u>
Net change in fund balances	-	268,100	268,100
Fund balances at beginning of year	<u>-</u>	<u>1,946,854</u>	<u>1,946,854</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 2,214,954</u></u>	<u><u>\$ 2,214,954</u></u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Land Acquisition Bonds**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Taxes	\$ 4,517,886	\$ 4,594,381	\$ 76,495
Interest	4,750	18,198	13,448
Total revenues	<u>4,522,636</u>	<u>4,612,579</u>	<u>89,943</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	3,888,000	3,888,000	-
Interest and other fiscal charges	484,614	474,963	9,651
Total expenditures	<u>4,372,614</u>	<u>4,362,963</u>	<u>9,651</u>
Excess of revenues over (under) expenditures	150,022	249,616	99,594
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(122,982)	(102,981)	20,001
Total other financing sources (uses)	<u>(122,982)</u>	<u>(102,981)</u>	<u>20,001</u>
Net change in fund balances	27,040	146,635	119,595
Fund balances at beginning of year	<u>(27,040)</u>	<u>967,599</u>	<u>994,639</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,114,234</u>	<u>\$ 1,114,234</u>

**Indian River County, Florida**  
**Budgetary Comparison Schedule**  
**Optional Sales Tax Capital Projects Fund**  
**For the Year Ended September 30, 2016**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Taxes	\$ 13,775,000	\$ 16,858,894	\$ 3,083,894
Permits, fees and special assessments	-	45	45
Intergovernmental	2,860,663	1,915,979	(944,684)
Interest	76,000	355,337	279,337
Miscellaneous	420,827	2,476,958	2,056,131
Total revenues	<u>17,132,490</u>	<u>21,607,213</u>	<u>4,474,723</u>
<b>EXPENDITURES</b>			
Capital projects	<u>52,166,262</u>	<u>13,329,391</u>	<u>38,836,871</u>
Total expenditures	<u>52,166,262</u>	<u>13,329,391</u>	<u>38,836,871</u>
Excess of revenues over (under) expenditures	<u>(35,033,772)</u>	<u>8,277,822</u>	<u>43,311,594</u>
<b>OTHER FINANCING USES</b>			
Transfers out	<u>(2,471,440)</u>	<u>(1,224,916)</u>	<u>1,246,524</u>
Total other financing uses	<u>(2,471,440)</u>	<u>(1,224,916)</u>	<u>1,246,524</u>
Net change in fund balances	(37,505,212)	7,052,906	44,558,118
Fund balances at beginning of year	<u>37,505,212</u>	<u>64,106,913</u>	<u>26,601,701</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 71,159,819</u>	<u>\$ 71,159,819</u>



## **INTERNAL SERVICE FUNDS**

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

**Indian River County, Florida**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**September 30, 2016**

	<b>Fleet Management</b>	<b>Self Insurance</b>	<b>Information Technology</b>	<b>Totals</b>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 360,260	\$ 25,545,955	\$ 788,363	\$ 26,694,578
Accounts receivable - net	122,428	46,849	-	169,277
Due from other funds	-	349,437	-	349,437
Due from other governments	37,024	2,625	-	39,649
Interest receivable	424	27,603	931	28,958
Inventories	162,059	-	-	162,059
Prepaid items	-	9,917,141	35,325	9,952,466
Total current assets	<u>682,195</u>	<u>35,889,610</u>	<u>824,619</u>	<u>37,396,424</u>
Non-current assets:				
Capital assets - depreciable	268,392	19,060	2,391,274	2,678,726
Capital assets - accumulated depreciation	(265,017)	(18,771)	(1,896,175)	(2,179,963)
Total non-current assets	<u>3,375</u>	<u>289</u>	<u>495,099</u>	<u>498,763</u>
Total assets	<u>685,570</u>	<u>35,889,899</u>	<u>1,319,718</u>	<u>37,895,187</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	<u>108,174</u>	<u>54,556</u>	<u>206,522</u>	<u>369,252</u>
<b>LIABILITIES</b>				
Current liabilities (payable from current assets):				
Accounts payable	169,970	62,753	41,101	273,824
Claims payable	-	3,624,891	-	3,624,891
Accrued compensated absences	32,255	13,035	35,446	80,736
Total current liabilities (payable from current assets)	<u>202,225</u>	<u>3,700,679</u>	<u>76,547</u>	<u>3,979,451</u>
Non-current liabilities:				
Accrued compensated absences	19,144	13,222	32,555	64,921
Claims payable	-	4,887,629	-	4,887,629
Net pension liability	275,354	139,653	519,371	934,378
Total non-current liabilities	<u>294,498</u>	<u>5,040,504</u>	<u>551,926</u>	<u>5,886,928</u>
Total liabilities	<u>496,723</u>	<u>8,741,183</u>	<u>628,473</u>	<u>9,866,379</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	<u>11,262</u>	<u>5,965</u>	<u>19,186</u>	<u>36,413</u>
<b>NET POSITION</b>				
Net investment in capital assets	3,375	289	495,099	498,763
Unrestricted	282,384	27,197,018	383,482	27,862,884
Total net position	<u>\$ 285,759</u>	<u>\$ 27,197,307</u>	<u>\$ 878,581</u>	<u>\$ 28,361,647</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, 2016**

	<u>Fleet Management</u>	<u>Self Insurance</u>	<u>Information Technology</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,500,716	\$ 19,847,595	\$ 912,446	\$ 23,260,757
Total revenues	<u>2,500,716</u>	<u>19,847,595</u>	<u>912,446</u>	<u>23,260,757</u>
<b>OPERATING EXPENSES</b>				
Personal services	420,369	1,921,961	893,989	3,236,319
Material, supplies, services and other operating	1,986,976	18,627,180	361,310	20,975,466
Depreciation	6,677	217	163,426	170,320
Total operating expenses	<u>2,414,022</u>	<u>20,549,358</u>	<u>1,418,725</u>	<u>24,382,105</u>
Operating income (loss)	86,694	(701,763)	(506,279)	(1,121,348)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	2,071	148,196	5,534	155,801
Total nonoperating revenues (expenses)	<u>2,071</u>	<u>148,196</u>	<u>5,534</u>	<u>155,801</u>
Income (loss) before transfers	88,765	(553,567)	(500,745)	(965,547)
Transfers in (out)	<u>(13,217)</u>	<u>6,019,568</u>	<u>(70,064)</u>	<u>5,936,287</u>
Change in net position	75,548	5,466,001	(570,809)	4,970,740
Total net position - beginning	<u>210,211</u>	<u>21,731,306</u>	<u>1,449,390</u>	<u>23,390,907</u>
Total net position - ending	<u>\$ 285,759</u>	<u>\$ 27,197,307</u>	<u>\$ 878,581</u>	<u>\$ 28,361,647</u>

**Indian River County, Florida**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended September 30, 2016**

	<u>Fleet Management</u>	<u>Self Insurance</u>	<u>Information Technology</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 2,457,907	\$ 19,667,146	\$ 912,446	\$ 23,037,499
Cash paid to suppliers for goods and services	(1,886,530)	(18,284,646)	(355,213)	(20,526,389)
Cash paid to employees for services	(403,294)	(10,909,288)	(849,014)	(12,161,596)
Net cash provided by (used in) operating activities	<u>168,083</u>	<u>(9,526,788)</u>	<u>(291,781)</u>	<u>(9,650,486)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers	(13,217)	6,019,568	(70,064)	5,936,287
Net cash provided by noncapital financing activities	<u>(13,217)</u>	<u>6,019,568</u>	<u>(70,064)</u>	<u>5,936,287</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	-	-	(253,948)	(253,948)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(253,948)</u>	<u>(253,948)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends on investments	1,786	139,293	5,575	146,654
Net cash provided by investing activities	<u>1,786</u>	<u>139,293</u>	<u>5,575</u>	<u>146,654</u>
Net increase (decrease) in cash and investments	156,652	(3,367,927)	(610,218)	(3,821,493)
Cash and investments at beginning of year	<u>203,608</u>	<u>28,913,882</u>	<u>1,398,581</u>	<u>30,516,071</u>
Cash and investments at end of year	<u>\$ 360,260</u>	<u>\$ 25,545,955</u>	<u>\$ 788,363</u>	<u>\$ 26,694,578</u>
Classified as:				
Current assets	<u>\$ 360,260</u>	<u>\$ 25,545,955</u>	<u>\$ 788,363</u>	<u>\$ 26,694,578</u>

**Indian River County, Florida**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended September 30, 2016**

	<u>Fleet Management</u>	<u>Self Insurance</u>	<u>Information Technology</u>	<u>Totals</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 86,694	\$ (701,763)	\$ (506,279)	\$ (1,121,348)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	6,677	217	163,426	170,320
(Increase) Decrease in assets:				
Accounts receivable	(41,484)	171,613	-	130,129
Due from other funds	-	(349,437)	-	(349,437)
Due from other governments	(1,325)	(2,625)	-	(3,950)
Inventories	(13,741)	-	-	(13,741)
Deposits	-	(8,961,491)	(2,191)	(8,963,682)
Increase (Decrease) in liabilities:				
Accounts payable	114,187	(30,975)	8,288	91,500
Claims payable	-	335,000	-	335,000
Net pension liability	12,856	6,454	24,787	44,097
Accrued compensated absences	4,219	6,219	20,188	30,626
Total adjustments	<u>81,389</u>	<u>(8,825,025)</u>	<u>214,498</u>	<u>(8,529,138)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 168,083</u>	<u>\$ (9,526,788)</u>	<u>\$ (291,781)</u>	<u>\$ (9,650,486)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Change in fair value of investments	\$ 589	\$ 38,377	\$ 1,294	\$ 40,260



## **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, 2016**

	<b>Balance October 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2016</b>
<b>ASSETS</b>				
Cash and investments	\$ 10,242,685	\$ 358,007,428	\$ 357,566,029	\$ 10,684,084
Total assets	<u>\$ 10,242,685</u>	<u>\$ 358,007,428</u>	<u>\$ 357,566,029</u>	<u>\$ 10,684,084</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 4,493,810	\$ 363,265,896	\$ 362,386,179	\$ 5,373,527
Other deposits held in escrow	5,748,875	26,920,130	27,358,448	5,310,557
Total liabilities	<u>\$ 10,242,685</u>	<u>\$ 390,186,026</u>	<u>\$ 389,744,627</u>	<u>\$ 10,684,084</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.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> (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.	<b>172-182</b>
<b>Revenue Capacity</b> (Schedules 6 - 9) These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	<b>183-187</b>
<b>Debt Capacity</b> (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.	<b>188-195</b>
<b>Demographic and Economic Information</b> (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.	<b>196-197</b>
<b>Operating Information</b> (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.	<b>198-209</b>
<b>Additional Bond Disclosures</b> (Schedules 21 - 25) These schedules provide information for required continuing disclosure for the water and sewer, golf course and spring training bonds.	<b>210-214</b>

### *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)

	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 374,501,758 (A)	\$ 445,541,175	\$ 461,709,848	\$ 480,243,738
Restricted	173,236,941 (B)	163,119,085	158,306,364	132,928,838
Unrestricted	<u>60,726,026 (B)</u>	<u>55,081,576</u>	<u>55,914,407</u>	<u>85,810,359</u>
Total governmental activities net position	<u>\$ 608,464,725</u>	<u>\$ 663,741,836</u>	<u>\$ 675,930,619</u>	<u>\$ 698,982,935</u>
Business-type activities				
Net investment in capital assets	\$ 174,540,682	\$ 206,069,196	\$ 223,273,040	\$ 223,375,337
Restricted	83,840,471	75,814,407	51,021,928	27,898,292
Unrestricted	<u>47,338,783</u>	<u>24,624,779</u>	<u>37,122,462</u>	<u>54,592,201</u>
Total business-type activities net position	<u>\$ 305,719,936</u>	<u>\$ 306,508,382</u>	<u>\$ 311,417,430</u>	<u>\$ 305,865,830</u>
Primary government				
Net investment in capital assets	\$ 549,042,440	\$ 651,610,371	\$ 684,982,888	\$ 703,619,075
Restricted	257,077,412	238,933,492	209,328,292	160,827,130
Unrestricted	<u>108,064,809</u>	<u>79,706,355</u>	<u>93,036,869</u>	<u>140,402,560</u>
Total primary government net position	<u>\$ 914,184,661</u>	<u>\$ 970,250,218</u>	<u>\$ 987,348,049</u>	<u>\$ 1,004,848,765</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.

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



<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 492,300,301	\$ 509,076,923	\$ 518,255,719	\$ 514,764,316	\$ 520,214,002	\$ 533,304,941
125,452,516	121,189,228	117,321,755	116,203,827	128,580,087	132,069,178
<u>84,860,897</u>	<u>76,523,757</u>	<u>71,830,421</u>	<u>72,873,567</u>	<u>7,158,887</u>	<u>5,985,180</u>
<u>\$ 702,613,714</u>	<u>\$ 706,789,908</u>	<u>\$ 707,407,895</u>	<u>\$ 703,841,710</u>	<u>\$ 655,952,976</u>	<u>\$ 671,359,299</u>
\$ 217,876,742	\$ 211,631,529	\$ 210,772,860	\$ 211,660,190	\$ 213,114,279	\$ 206,497,575
24,230,101	17,941,773	20,871,037	- (C)	-	-
<u>61,041,483</u>	<u>70,286,599</u>	<u>68,686,611</u>	<u>88,420,541</u>	<u>91,057,348</u>	<u>100,336,692</u>
<u>\$ 303,148,326</u>	<u>\$ 299,859,901</u>	<u>\$ 300,330,508</u>	<u>\$ 300,080,731</u>	<u>\$ 304,171,627</u>	<u>\$ 306,834,267</u>
\$ 710,177,043	\$ 720,708,452	\$ 729,028,579	\$ 726,424,506	\$ 733,328,281	\$ 739,802,516
149,682,617	139,131,001	138,192,792	116,203,827	128,580,087	132,069,178
<u>145,902,380</u>	<u>146,810,356</u>	<u>140,517,032</u>	<u>161,294,108</u>	<u>98,216,235</u>	<u>106,321,872</u>
<u>\$ 1,005,762,040</u>	<u>\$ 1,006,649,809</u>	<u>\$ 1,007,738,403</u>	<u>\$ 1,003,922,441</u>	<u>\$ 960,124,603</u>	<u>\$ 978,193,566</u>

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

	2007	2008	2009	2010
<b><u>Expenses</u></b>				
Governmental activities:				
General government	\$ 15,506,424	\$ 7,416,850	\$ 25,837,007	\$ 23,506,576
Public safety	42,050,455 (E)	70,973,212 (F)	71,221,082	68,235,492
Physical environment	34,998,512 (A)	27,974,837	813,580	1,405,690
Transportation	26,173,989	25,742,974	23,711,653	20,861,672
Economic environment	950,024	4,583,763 (G)	661,897	2,525,988
Human service	13,925,599	12,590,578	8,453,562	7,370,995
Cultural/recreation	31,196,252 (C)	9,510,029	24,559,117 (J)	16,009,122
Court related	6,870,466	7,265,471	6,765,203	6,251,773
Interest on long-term debt	3,220,907 (B)	2,764,803	2,906,802	2,714,422
Total governmental activities expenses	<u>174,892,628</u>	<u>168,822,517</u>	<u>164,929,903</u>	<u>148,881,730</u>
Business-type activities:				
Water and sewer	37,518,226	41,354,025 (H)	37,523,097	34,748,276
Solid waste	10,331,431	11,355,697	10,407,437	10,683,984
Golf course	3,084,837	2,775,497	2,937,141	2,715,607
Other	3,703,658	3,010,668	2,168,894	1,858,420
Total business-type activities expenses	<u>54,638,152</u>	<u>58,495,887</u>	<u>53,036,569</u>	<u>50,006,287</u>
Total primary government expenses	<u>\$ 229,530,780</u>	<u>\$ 227,318,404</u>	<u>\$ 217,966,472</u>	<u>\$ 198,888,017</u>
<b><u>Program Revenues</u></b>				
Governmental activities:				
Charges for services:				
General government	\$ 7,957,770	\$ 6,943,354	\$ 6,028,321	\$ 5,889,678
Public safety	5,728,644	5,754,082	5,884,118	5,267,209
Physical environment	1,447,553	972,865	636,219	21,006
Transportation	5,618,055	5,478,734	2,157,456 (K)	1,514,132 (K)
Human service	545,305	331,856	204,299	295,812
Cultural/recreation	2,425,679	1,730,471	1,322,785	1,328,225
Court related	2,800,680	2,971,093	2,375,430	545,967
Operating grants and contributions	25,561,608 (D)	15,227,659	11,077,388	15,772,265 (L)
Capital grants and contributions	13,441,915	29,165,641 (I)	15,032,731	7,016,429 (M)
Total governmental activities program revenues	<u>65,527,209</u>	<u>68,575,755</u>	<u>44,718,747</u>	<u>37,650,723</u>
Business-type activities:				
Charges for services:				
Water and sewer	27,541,849	27,876,971	26,957,649	27,738,920
Solid waste	11,946,566	10,758,812	9,713,883	8,972,136
Golf course	3,374,772	3,313,994	3,279,135	3,148,029
Other	3,250,585	2,726,888	1,572,693	1,612,870
Operating grants and contributions	72,828	217,751	1,194,994	-
Capital grants and contributions	9,729,371	10,802,859	3,748,585	1,713,074
Total business-type activities program revenues	<u>55,915,971</u>	<u>55,697,275</u>	<u>46,466,939</u>	<u>43,185,029</u>
Total primary government program revenues	<u>\$ 121,443,180</u>	<u>\$ 124,273,030</u>	<u>\$ 91,185,686</u>	<u>\$ 80,835,752</u>

Notes:

- (A) Environmentally sensitive lands purchased with bond proceeds.  
(B) Issued new Limited G.O.B. debt for \$48,600,000.  
(C) Completed sections of beach renourishment program.  
(D) Grants received for beach renourishment, environmental sensitive lands, and various road projects.  
(E) Includes adjustment for prior years' public safety expenses.  
(F) Includes full year impact of increase in personnel, raises, and the depreciation and operating cost of new jail.  
(G) Piper incentive of \$4 million.  
(H) Increase in operating costs due to maintenance projects.  
(I) Received \$16 million grant reimbursements for physical environment grants including beach restoration and stormwater.  
(J) Increase due to \$5 million contribution towards joint use library and increased depreciation for beach restoration projects.  
(K) Decrease due to reduced impact fees collections (slowdown in construction activity).  
(L) Received Neighborhood Stabilization Grant of \$2.6 million.  
(M) Contribution of \$4.2 million for Sector 3 beach renourishment from Sebastian Inlet District.  
(N) State Shared Revenues reclassified to operating grants and contributions.

2011	2012	2013	2014	2015	2016
\$ 21,324,680	\$ 19,069,181	\$ 20,637,750	\$ 22,968,835	\$ 24,732,636	\$ 27,472,414
67,393,943	66,456,674	66,178,467	66,954,956	66,364,113	77,587,638
1,353,074	2,424,109	1,858,307	1,031,710	1,636,749	1,457,248
22,300,819	23,629,799	26,286,998	23,577,720	25,992,461	28,221,515
2,056,453	1,986,091	2,550,157	1,084,204	421,057	427,227
7,762,962	7,749,253	6,818,023	7,136,042	7,352,777	7,790,430
16,484,242	18,089,432	19,369,326	16,610,269	17,011,188	14,713,304
5,774,032	5,635,245	5,835,184	6,360,814	6,677,054	7,077,295
2,526,114	2,350,241	2,087,204	1,944,229	1,013,527	938,123
<u>146,976,319</u>	<u>147,390,025</u>	<u>151,621,416</u>	<u>147,668,779</u>	<u>151,201,562</u>	<u>165,685,194</u>
33,818,640	34,246,967	33,815,749	35,821,287	35,223,882	35,420,291
10,370,476	10,659,004	10,405,143	10,801,408	11,708,383	12,714,713
2,537,665	2,451,603	2,537,525	2,588,424	2,498,397	2,605,612
1,623,862	1,487,515	1,547,815	1,833,528	7,085,190	2,724,650
<u>48,350,643</u>	<u>48,845,089</u>	<u>48,306,232</u>	<u>51,044,647</u>	<u>51,515,852</u>	<u>53,465,266</u>
<u>\$ 195,326,962</u>	<u>\$ 196,235,114</u>	<u>\$ 199,927,648</u>	<u>\$ 198,713,426</u>	<u>\$ 202,717,414</u>	<u>\$ 219,150,460</u>
\$ 5,845,567	\$ 5,304,385	\$ 5,482,814	\$ 5,895,424	\$ 6,641,363	\$ 7,192,821
6,076,085	5,852,093	6,625,924	8,025,849	6,457,584	8,244,224
24,204	20,923	5,900	20,970	-	9,153
2,090,194	2,345,186	2,768,107	3,365,961	4,273,591	4,508,637
346,689	358,279	213,485	211,294	277,279	165,041
1,340,550	1,397,660	1,765,912	1,883,347	1,941,993	2,405,951
501,980	414,356	1,301,135	3,592,298	3,308,235	2,394,385
7,926,832	8,230,411	26,921,514 (N)	22,229,254	24,872,734	24,587,446
1,937,488	7,053,494	6,681,421	7,521,538	11,671,085	5,969,099
<u>26,089,589</u>	<u>30,976,787</u>	<u>51,766,212</u>	<u>52,745,935</u>	<u>59,443,864</u>	<u>55,476,757</u>
27,842,092	28,361,246	28,522,667	29,565,901	30,089,101	31,089,758
9,221,396	9,582,955	9,998,410	10,272,415	11,455,302	13,345,745
3,163,062	3,216,471	3,072,332	3,080,960	3,235,879	3,230,630
1,588,934	1,735,713	2,018,104	2,417,724	2,958,488	3,406,022
-	-	-	-	-	-
<u>1,923,271</u>	<u>2,545,759</u>	<u>4,700,473</u>	<u>5,032,042</u>	<u>8,616,416</u>	<u>5,035,914</u>
<u>43,738,755</u>	<u>45,442,144</u>	<u>48,311,986</u>	<u>50,369,042</u>	<u>56,355,186</u>	<u>56,108,069</u>
<u>\$ 69,828,344</u>	<u>\$ 76,418,931</u>	<u>\$ 100,078,198</u>	<u>\$ 103,114,977</u>	<u>\$ 115,799,050</u>	<u>\$ 111,584,826</u>

Continued

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (109,365,419)	\$ (100,246,762)	\$ (120,211,156)	\$ (111,231,007)
Business-type activities	<u>1,277,819</u>	<u>(2,798,612)</u>	<u>(6,569,630)</u>	<u>(6,821,258)</u>
Total primary government net expenses	<u>\$ (108,087,600)</u>	<u>\$ (103,045,374)</u>	<u>\$ (126,780,786)</u>	<u>\$ (118,052,265)</u>
<b><u>General Revenues and Other Changes in Net Position</u></b>				
Governmental activities:				
Property taxes, levied for general purposes	\$ 92,592,309	\$ 92,483,561	\$ 87,265,989	\$ 78,670,463
Property taxes, levied for debt service	7,094,485	7,343,180	7,131,231	5,933,535
Sales and use taxes	20,738,502	20,088,899	19,292,179	19,022,728
Franchise fees	9,732,773	9,443,399	9,670,169	9,254,621
State shared revenues	12,368,421	11,596,227	11,227,450	17,487,653
Insurance recoveries	-	-	-	-
Interest earnings	16,004,890	10,347,019	5,747,573	2,079,873
Miscellaneous	1,583,343	2,170,033	2,018,901	2,061,415
Transfers	<u>(106,295)</u>	<u>2,051,555</u>	<u>(7,452,905)</u>	<u>(25,965)</u>
Total governmental activities	<u>160,008,428</u>	<u>155,523,873</u>	<u>134,900,587</u>	<u>134,484,323</u>
Business-type activities:				
State shared revenues	-	-	417,500	-
Interest earnings	9,209,517	5,553,239	3,685,805	1,173,512
Miscellaneous	134,656	85,374	7,893	70,181
Transfers	<u>106,295</u>	<u>(2,051,555)</u>	<u>7,452,905</u>	<u>25,965</u>
Total business-type activities	<u>9,450,468</u>	<u>3,587,058</u>	<u>11,564,103</u>	<u>1,269,658</u>
Total primary government	<u>\$ 169,458,896</u>	<u>\$ 159,110,931</u>	<u>\$ 146,464,690</u>	<u>\$ 135,753,981</u>
<b><u>Change in Net Position</u></b>				
Governmental activities	\$ 50,643,009	\$ 55,277,111	\$ 14,689,431	\$ 23,253,316
Business-type activities	<u>10,728,287</u>	<u>788,446</u>	<u>4,994,473</u>	<u>(5,551,600)</u>
<b>Total primary government change in net position</b>	<u>\$ 61,371,296</u>	<u>\$ 56,065,557</u>	<u>\$ 19,683,904</u>	<u>\$ 17,701,716</u>

Notes:

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

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ (120,886,730)	\$ (116,413,238)	\$ (99,855,204)	\$ (94,922,844)	\$ (91,757,698)	\$ (110,208,437)
<u>(4,611,888)</u>	<u>(3,402,945)</u>	<u>5,754</u>	<u>(675,605)</u>	<u>4,839,334</u>	<u>2,642,803</u>
\$ <u>(125,498,618)</u>	\$ <u>(119,816,183)</u>	\$ <u>(99,849,450)</u>	\$ <u>(95,598,449)</u>	\$ <u>(86,918,364)</u>	\$ <u>(107,565,634)</u>
\$ 69,856,750	\$ 64,753,566	\$ 62,305,177	\$ 67,985,321	\$ 71,825,109	\$ 80,100,810
5,600,767	5,574,183	4,664,885	4,730,556	4,795,927	4,594,381
19,261,033	20,144,820	21,035,360	21,860,958	23,549,042	24,387,340
8,730,861	8,620,401	8,818,952	9,310,711	9,180,652	9,273,567
17,328,867	17,908,806	- (B)	-	-	-
-	-	-	-	-	-
1,299,894	668,012	637,099	542,542	1,051,822	1,333,048
3,082,481	3,079,701	2,903,771	2,459,033	1,799,538	5,141,162
<u>(643,144)</u>	<u>(32,957)</u>	<u>-</u>	<u>(44,000)</u>	<u>(3,057,421)</u>	<u>784,452</u>
<u>124,517,509</u>	<u>120,716,532</u>	<u>100,365,244</u>	<u>106,845,121</u>	<u>109,144,669</u>	<u>125,614,760</u>
-	-	-	-	-	-
723,870 (A)	600,116	427,041	381,497	625,525	791,683
562,651	8,400	37,812	331	56,887	12,606
<u>643,144</u>	<u>32,957</u>	<u>-</u>	<u>44,000</u>	<u>3,057,421</u>	<u>(784,452)</u>
<u>1,929,665</u>	<u>641,473</u>	<u>464,853</u>	<u>425,828</u>	<u>3,739,833</u>	<u>19,837</u>
\$ <u>126,447,174</u>	\$ <u>121,358,005</u>	\$ <u>100,830,097</u>	\$ <u>107,270,949</u>	\$ <u>112,884,502</u>	\$ <u>125,634,597</u>
\$ 3,630,779	\$ 4,303,294	\$ 510,040	\$ 11,922,277	\$ 17,386,971	\$ 15,406,323
<u>(2,682,223)</u>	<u>(2,761,472)</u>	<u>470,607</u>	<u>(249,777)</u>	<u>8,579,167</u>	<u>2,662,640</u>
\$ <u>948,556</u>	\$ <u>1,541,822</u>	\$ <u>980,647</u>	\$ <u>11,672,500</u>	\$ <u>25,966,138</u>	\$ <u>18,068,963</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 (A)</u>
General Fund				
Reserved	\$ -	\$ 8,000,000	\$ 8,000,000	\$ N/A
Unreserved	<u>50,321,956</u>	<u>44,874,259</u>	<u>47,616,773</u>	<u>N/A</u>
Total general fund	<u>\$ 50,321,956</u>	<u>\$ 52,874,259</u>	<u>\$ 55,616,773</u>	<u>\$ N/A</u>
All other governmental funds				
Reserved	\$ 23,047,708	\$ 49,667,320	\$ 53,252,040	\$ N/A
Unreserved, reported in:				N/A
Special revenue funds	<u>149,564,925</u>	<u>96,950,614</u>	<u>91,600,421</u>	<u>N/A</u>
Total all other governmental funds	<u>\$ 172,612,633</u>	<u>\$ 146,617,934</u>	<u>\$ 144,852,461</u>	<u>\$ N/A</u>
Total governmental funds	<u>\$ 222,934,589</u>	<u>\$ 199,492,193</u>	<u>\$ 200,469,234</u>	<u>\$ N/A</u>
General Fund				
Nonspendable				\$ 162,760
Restricted				18,290
Committed				21,757,565
Assigned				1,415,000
Unassigned				<u>33,160,873</u>
Total general fund				<u>\$ 56,514,488</u>
All other governmental funds				
Nonspendable				\$ 2,316,373
Restricted				130,175,284
Committed				4,691,573
Assigned				9,471,022
Unassigned				<u>(1,184,722)</u>
Total all other governmental funds				<u>\$ 145,469,530</u>
Total governmental funds				<u>\$ 201,984,018</u>

Notes:

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

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

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

2011	2012	2013	2014	2015	2016
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
\$ 363,619	\$ 311,241	\$ 1,224,835	\$ 1,134,846	\$ 459,546	\$ 371,121
50,015	1,120,087	1,000,000	1,000,000	1,000,000	1,000,000
21,041,045	2,374,790 (B)	2,370,079	1,223,183	1,092,575	1,166,830
1,660,000	1,808,000	900,000	- (C)	-	-
<u>33,694,612</u>	<u>48,722,929 (B)</u>	<u>44,385,674</u>	<u>48,320,836</u>	<u>47,727,109</u>	<u>45,909,787</u>
\$ <u>56,809,291</u>	\$ <u>54,337,047</u>	\$ <u>49,880,588</u>	\$ <u>51,678,865</u>	\$ <u>50,279,230</u>	\$ <u>48,447,738</u>
\$ 814,858	\$ 557,128	\$ 50,788	\$ 39,337	\$ 69,907	\$ 121,906
125,082,370	116,379,943	112,523,743	112,266,321	120,531,318	127,285,732
4,661,146	1,483,393	1,481,312	1,492,929	1,504,391	1,401,530
10,013,457	11,288,602	8,964,238	8,139,695	7,139,358	7,118,688
<u>(354,995)</u>	<u>(202,971)</u>	<u>(339,223)</u>	<u>(201,587)</u>	<u>(439,479)</u>	<u>-</u>
\$ <u>140,216,836</u>	\$ <u>129,506,095</u>	\$ <u>122,680,858</u>	\$ <u>121,736,695</u>	\$ <u>128,805,495</u>	\$ <u>135,927,856</u>
\$ <u>197,026,127</u>	\$ <u>183,843,142</u>	\$ <u>172,561,446</u>	\$ <u>173,415,560</u>	\$ <u>179,084,725</u>	\$ <u>184,375,594</u>

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

	2007	2008	2009	2010
<b>Revenues</b>				
Taxes	\$ 130,158,069	\$ 130,158,069	\$ 113,689,399	\$ 103,626,726
Permits, fees, and special assessments	8,397,437	8,397,437	12,433,598	11,322,039
Intergovernmental	54,252,074	54,252,074	34,305,682	37,687,574
Charges for services	18,997,529	18,997,529	16,852,653	14,665,805
Judgments, fines and forfeits	2,403,093	2,403,093	1,792,517	852,012
Interest	15,777,318	15,777,318	5,721,869	2,061,385
Miscellaneous	3,495,610	3,495,610	2,489,532	2,383,493
<b>Total Revenues</b>	<u>233,481,130</u>	<u>233,481,130</u>	<u>187,285,250</u>	<u>172,599,034</u>
<b>Expenditures</b>				
Current:				
General government	24,815,255	24,815,255	22,566,113	20,894,116
Public safety	72,907,822	72,907,822	74,813,164	71,489,613
Physical environment	34,324,331	34,324,331	910,213	1,131,173
Transportation	49,503,680	49,503,680	38,111,512	27,497,907
Economic environment	968,227	968,227	653,547	2,520,339
Human service	13,862,463	13,862,463	8,621,760	7,267,406
Culture/recreation	23,751,173	23,751,173	15,450,688	18,453,642
Court related	6,649,724	6,649,724	6,620,830	6,214,831
Debt service:				
Principal	4,870,876	4,870,876	5,120,000	5,315,000
Interest and fiscal charges	3,255,767	3,255,767	2,948,758	2,758,138
Capital outlay	42,489,997	42,489,997	10,435,212	7,487,068
<b>Total Expenditures</b>	<u>277,399,315</u>	<u>277,399,315</u>	<u>186,251,797</u>	<u>171,029,233</u>
Excess of revenues over (under) expenditures	(43,918,185)	(43,918,185)	1,033,453	1,569,801
<b>Other Financing Sources (Uses)</b>				
Debt issuance	-	-	-	-
Issuance of refunding notes	-	-	-	-
Payments from capital leases	264,467	264,467	-	-
Transfers out	(19,736,023)	(19,736,023)	(14,366,145)	(17,057,014)
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	19,629,728	19,629,728	14,309,733	17,001,997
<b>Total other financing sources (uses)</b>	<u>158,172</u>	<u>158,172</u>	<u>(56,412)</u>	<u>(55,017)</u>
<b>Net change in fund balances</b>	<u>\$ (43,760,013)</u>	<u>\$ (43,760,013)</u>	<u>\$ 977,041</u>	<u>\$ 1,514,784</u>
Debt service as a percentage of noncapital expenditures	4.8%	4.8%	5.4%	5.6%

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

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

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

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



2011	2012	2013	2014	2015	2016
\$ 94,718,550	\$ 90,472,569	\$ 88,005,422	\$ 94,585,345	\$ 100,170,078	\$ 109,082,531
11,189,393	11,486,235	12,769,844	14,321,389	15,567,731	16,530,179
30,453,182	29,759,832	30,086,479	30,563,650	32,065,821	33,535,027
15,030,329	14,760,125	15,887,241	18,076,888	18,558,182	15,532,928
936,995	739,275	778,575	1,004,374	897,860	1,672,773
1,173,103	613,023	570,559	463,274	894,705	1,133,215
4,175,614	5,237,426	3,841,294	3,221,548	2,470,553	8,158,393
<u>157,677,166</u>	<u>153,068,485</u>	<u>151,939,414</u>	<u>162,236,468</u>	<u>170,624,930</u>	<u>185,645,046</u>
19,271,196	20,477,898	19,056,322	20,681,570	22,957,111	22,693,234
70,432,615	67,761,985	66,908,328	67,799,667	71,703,248	77,316,218
1,371,734	1,751,623	771,942	781,306	1,055,021	788,803
28,432,207	29,058,310	28,223,229	23,321,248	27,945,569	27,505,659
2,099,698	2,021,184	2,581,401	1,106,886	436,320	424,593
7,625,369	6,888,883	6,952,460	7,178,542	7,519,756	7,868,392
14,706,194	13,808,303	11,538,809	11,627,286	15,719,709	13,562,765
5,983,085	5,860,925	6,054,822	6,487,906	6,677,909	6,605,682
4,270,000	8,060,000 (A)	6,050,000 (B)	3,700,000	4,180,000	4,383,000
2,562,374	2,426,083	2,118,704	1,984,616	1,266,070	832,007
5,825,287	8,108,370	13,037,552	16,560,991	5,309,597 (D)	13,329,391
<u>162,579,759</u>	<u>166,223,564</u>	<u>163,293,569</u>	<u>161,230,018</u>	<u>164,770,310</u>	<u>175,309,744</u>
(4,902,593)	(13,155,079)	(11,354,155)	1,006,450	5,854,620	10,335,302
-	-	-	-	-	-
-	-	-	20,369,000	20,369,000 (C)	-
-	-	-	-	-	-
(8,918,267)	(11,622,984)	(12,540,187)	(10,244,980)	(11,354,519)	(17,375,606)
-	-	-	-	(20,340,959) (C)	-
8,862,969	11,595,078	12,504,699	10,092,644	11,141,023	12,331,173
(55,298)	(27,906)	(35,488)	20,216,664	(185,455)	(5,044,433)
<u>\$ (4,957,891)</u>	<u>\$ (13,182,985)</u>	<u>\$ (11,389,643)</u>	<u>\$ 21,223,114</u>	<u>\$ 5,669,165</u>	<u>\$ 5,290,869</u>
5.0%	7.6%	6.0%	4.3%	3.8%	3.6%

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

Schedule 5

<u>Fiscal Year</u>	<u>Property (A)</u>	<u>Sales &amp; Use</u>	<u>Tourist</u>	<u>Franchise (B)</u>	<u>Gasoline</u>	<u>Other</u>	<u>Total</u>
2007	\$ 99,686,794	\$ 14,549,834	\$ 1,449,083	\$ 9,732,773	\$ 3,482,514	\$ 1,257,071	\$ 119,915,640
2008	99,826,741	13,714,228	1,584,514	-	3,218,705	1,571,452	113,689,399
2009	94,397,220	13,023,095	1,294,163	-	3,369,962	1,604,959	103,626,726
2010	84,603,998	12,660,518	1,324,953	-	3,498,698	1,538,559	94,718,550
2011	75,457,517	12,942,483	1,487,060	-	3,346,362	1,485,128	90,472,569
2012	70,327,749	13,708,911	1,604,920	-	3,329,183	1,501,806	88,005,422
2013	66,970,062	14,422,829	1,743,283	-	3,303,751	1,565,497	94,585,345
2014	72,715,877	15,228,304	1,918,201	-	3,294,709	1,428,254	100,170,078
2015	76,621,036	16,190,352	2,267,101	-	3,672,972	1,418,617	109,082,531
2016	84,695,191	16,858,894	2,433,491	-	3,741,935	1,353,020	109,082,531

(A) The County 's primary source of revenue is property taxes, amounting to 78 percent of Governmental Funds tax revenues in 2016. 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
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
2014	16,832,196,339	697,294,522	17,529,490,861	4,670,052,667	12,859,438,194	4.3353
2015	17,855,660,837	696,658,855	18,552,319,692	5,150,260,231	13,402,059,461	4.4108
2016	19,941,465,452	698,630,083	20,640,095,535	6,338,690,254	14,301,405,281	4.4335

Source: Indian River County Property Appraiser; values are established as of January 1 of the previous calendar year, i.e., January 1, 2015 taxable values apply to the fiscal year ending September 30, 2016.

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**

	2007	2008	2009	2010
<b><u>County direct rate</u></b>				
General fund	3.1914	3.0202	3.0689	3.0892
Municipal service	1.1336	1.0835	1.0804	1.0774
Total direct rate (A)	4.3250	4.1037	4.1493	4.1666
County-wide district school board rate	7.4430	7.5380	7.0400	7.5960
<b><u>Other County-wide rates</u></b>				
Emergency Management Services District	1.7639	1.7201	1.7148	1.7148
Land acquisition bond	0.4108	0.4082	0.4220	0.3879
Total other County-wide rates	2.1747	2.1283	2.1368	2.1027
Total County-wide rate (B)	13.9427	13.7700	13.3261	13.8653
<b><u>City rates</u></b>				
Fellsmere	5.7500	4.4301	4.4300	4.4300
Indian River Shores	1.4730	1.3923	1.3923	1.3923
Sebastian	3.0519	2.9917	3.3456	3.3456
Orchid	0.4525	0.4494	0.4550	0.4550
Vero Beach	2.1425	1.9367	1.9367	1.9367
Average of cities rates	2.5740	2.2400	2.3119	2.3119
Other special district rates	1.4795	1.3817	1.5362	1.7515

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

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

Source: Indian River County Property Appraiser

2011	2012	2013	2014	2015	2016
3.0892	3.0892	3.0892	3.2620	3.3375	3.3602
1.0733	1.0733	1.0733	1.0733	1.0733	1.0733
4.1625	4.1625	4.1625	4.3353	4.4108	4.4335
8.2500	8.2440	8.3130	8.1160	7.9950	7.9550
1.7148	1.7148	1.7148	1.9799	1.9799	2.2551
0.4087	0.4364	0.3799	0.3788	0.3694	0.3315
2.1235	2.1512	2.0947	2.3587	2.3493	2.5866
14.5360	14.5577	14.5702	14.8100	14.7551	14.9751
4.4300	5.2455	5.4999	5.6190	5.5309	5.2756
1.4105	1.4731	1.4731	1.4731	1.6786	1.6786
3.3041	3.3041	3.7166	3.7166	3.8556	3.8556
0.4550	0.4550	0.5000	0.4864	0.5500	0.7000
1.9367	2.0336	2.0336	2.0336	2.0336	2.3800
2.3073	2.5023	2.6446	2.6657	2.7297	2.7780
1.7663	1.6856	1.6859	1.7128	1.7124	1.6993

Indian River County, Florida  
Principal Property Taxpayers (Unaudited)  
Year 2016 and Year 2007

Schedule 8

Taxpayer	2016			2007		
	Real Property Assessed Valuation	Rank	Percentages of Total Assessed Valuation	Real Property Assessed Valuation	Rank	Percentages of Total Assessed Valuation
Florida Power & Light	\$ 126,936,400	1	0.89%	\$ 107,980,290	1	0.61%
Disney Vacation Dev. Inc.	77,307,630	2	0.54	80,826,709	2	0.45
Windsor Properties	51,704,720	3	0.36	42,937,258	6	0.24
Johns Island Club Inc.	39,574,422	4	0.28	40,563,212	7	0.23
Bellsouth Communications	33,974,999	5	0.24	63,599,672	3	0.36
McGuire, Allen Robert Jr.	31,078,330	6	0.22	-	-	-
Health Care REIT	26,267,550	7	0.18	-	-	-
MHC Village Green	22,366,216	8	0.16	-	-	-
Vero Acquisition	22,206,200	9	0.16	-	-	-
Wells Fargo Bank	21,733,313	10	0.15	-	-	-
Indian River Mall Assoc., Inc.	-	-	-	56,688,230	4	0.32
ARC/DRCM Vero Beach FL, LLC	-	-	-	52,391,770	5	0.29
Adult Community Total Services	-	-	-	37,534,750	8	0.21
Wal-Mart	-	-	-	34,620,231	9	0.19
Fellsmere Joint Venture	-	-	-	30,287,490	10	0.17
Total Principal Property Taxpayers Real Property Assessed Valuation	\$ <u>453,149,780</u>		<u>3.18%</u>	\$ <u>547,429,612</u>		<u>3.07%</u>
Total County Taxable Valuation (from schedule 6)	\$ <u>14,301,405,281</u>			\$ <u>17,847,161,614</u>		

Source: Indian River County Property Appraiser

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

Schedule 9

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
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
2014	75,101,883	72,572,593	96.63	149,546	72,722,139	96.83
2015	79,309,078	76,537,192	96.50	91,754	76,628,946	96.62
2016	87,611,062	84,648,230	96.62	60,147	84,708,377	96.69

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 County 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)
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
2014	26,639,265	-	7,700,000	-	-	39,433,889
2015	23,594,000	-	7,230,000	-	-	28,252,234
2016	19,706,000	-	6,735,000	-	-	25,198,884

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

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

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

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

(D) Information not available.

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

Further information may be found in Note 12.

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



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	Total Primary Government	Percentage of Total Debt to Personal Income (E)		Debt Per Capita (E)
\$	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	1.05		581
	73,773,154	0.81		523
	59,076,234	0.59		412
	51,639,884	(D)		353

**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
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
2014	140,955	12,859,438,194	26,639,265	832,464	25,806,801	0.0020	183.0854
2015	143,326	13,402,059,461	23,594,000	967,599	22,626,401	0.0017	157.8667
2016	146,410	14,301,405,281	19,706,000	1,114,234	18,591,766	0.0013	126.9843

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

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

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

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

**Indian River County, Florida**  
Computation of Legal Debt Margin (Unaudited)  
September 30, 2016

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Schedule 12

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

**Indian River County, Florida**  
Direct and Overlapping Governmental Activities Debt (Unaudited)  
September 30, 2016

Schedule 13

Governmental Unit

	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Indian River County Limited General Obligation Refunding Note, Series 2015	\$ 19,706,000	100%	\$ 19,706,000
Revenue Bonds - Spring Training Facility - Series 2001	6,735,000	100	<u>6,735,000</u>
Total direct debt of County:			<u>26,441,000</u>
Other debt:			
Indian River County School District Certificates of Participation	122,397,927 (A)	100	<u>122,397,927</u>
Total overlapping debt:			<u>122,397,927</u>
Total direct and overlapping debt:			<u>\$ 148,838,927</u>

(A) Indian River County School District, as of June 30, 2016

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

	2007	2008	2009	2010
<u>Uniform Charges</u>				
Water sales	\$ 13,529,341	\$ 13,435,398	\$ 13,001,743	\$ 13,570,657
Wastewater sales	12,003,677	12,128,706	11,954,333	12,375,346
Other	<u>1,386,198</u>	<u>1,460,143</u>	<u>1,285,605</u>	<u>1,430,966</u>
Total uniform charges	26,919,216	27,024,247	26,241,681	27,376,969
Septage/Sludge	290,955	256,785	294,459	302,187
Surcharges	243,919	245,343	244,619	245,011
Interest earnings	6,576,873	3,650,480	2,110,031	686,776
1989/1990 Special assessments	21,138	112	413	438
1996 Special assessments	<u>268,883</u>	<u>220,754</u>	<u>184,272</u>	<u>151,316</u>
Gross revenues	34,320,984	31,397,721	29,075,475	28,762,697
Less: Direct expenses	<u>16,226,651</u>	<u>17,147,444</u>	<u>17,057,273</u>	<u>16,007,055</u>
Net revenues available for debt service	<u>\$ 18,094,333</u>	<u>\$ 14,250,277</u>	<u>\$ 12,018,202</u>	<u>\$ 12,755,642</u>
Annual debt service				
Principal	\$ 2,505,000	\$ 2,620,000	\$ 2,745,000	\$ 2,870,000
Interest	<u>3,041,150</u>	<u>2,922,950</u>	<u>2,047,513</u>	<u>2,510,910</u>
Total debt service payment	<u>\$ 5,546,150</u>	<u>\$ 5,542,950</u>	<u>\$ 4,792,513</u>	<u>\$ 5,380,910</u>
Debt service coverage	3.26x	2.57x	2.51x	2.37x

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	13,565,766	\$ 13,621,878	\$ 13,667,115	\$ 14,059,231	\$ 14,345,074	\$ 14,829,381
	12,203,750	12,515,394	12,546,429	12,879,006	13,116,393	13,498,090
	<u>1,639,985</u>	<u>1,727,411</u>	<u>1,763,426</u>	<u>2,025,378</u>	<u>2,005,106</u>	<u>2,068,865</u>
	27,409,501	27,864,683	27,976,970	28,963,615	29,466,573	30,396,336
	314,969	373,616	426,634	478,555	483,828	531,432
	245,245	246,298	246,363	242,073	98,163	-
	491,260	315,377	239,270	258,741	294,303	363,597
	8,718	-	-	-	-	-
	<u>93,513</u>	<u>75,037</u>	<u>69,757</u>	<u>22,091</u>	<u>30,872</u>	<u>31,915</u>
	28,563,206	28,875,011	28,958,994	29,965,075	30,373,739	31,323,280
	<u>15,404,503</u>	<u>15,657,085</u>	<u>15,217,294</u>	<u>16,040,433</u>	<u>16,129,860</u>	<u>18,064,619</u>
\$	<u><u>13,158,703</u></u>	<u><u>13,217,926</u></u>	<u><u>13,741,700</u></u>	<u><u>13,924,642</u></u>	<u><u>14,243,879</u></u>	<u><u>13,258,661</u></u>
\$	2,990,000	\$ 3,090,000	\$ 3,205,000	\$ 3,350,000	\$ 3,485,000	\$ 2,878,000
	<u>2,324,525</u>	<u>2,193,450</u>	<u>2,080,951</u>	<u>1,937,450</u>	<u>1,827,867</u>	<u>1,095,886</u>
\$	<u><u>5,314,525</u></u>	<u><u>5,283,450</u></u>	<u><u>5,285,951</u></u>	<u><u>5,287,450</u></u>	<u><u>5,312,867</u></u>	<u><u>3,973,886</u></u>
	2.48x	2.50x	2.60x	2.63x	2.68x	3.34x

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

Schedule 15

Year	Population (A)	Total Personal Income (B)	Per Capita Personal Income (B)	Unemployment Rate (C)
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	7,731,263,000	54,448	8.8
2014	140,955	9,139,920,000	63,140	7.9
2015	143,326	10,055,169,000	67,978	7.2
2016	146,410	(D)	(D)	6.7

**Sources:**

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

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

(C) Florida Agency for Workforce Innovation

(D) Information not available

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



**Indian River County, Florida**  
Principal Employers (Unaudited)  
Year 2016 and Year 2007

Schedule 16

Employer	2016	
	Number of Employees	Percentage of Total County Employment
School District of Indian River County	2,113	3.70%
Indian River County*	1,328	2.32
Indian River Medical Center	1,753	3.07
Publix Supermarkets	1,250	2.19
Piper Aircraft Inc.	750	1.31
Sebastian River Medical Center	698	1.22
Wal-Mart	693	1.21
John's Island	526	0.92
City of Vero Beach	424	0.74
Indian River Estates	350	0.61
Total	9,885	17.29%
Total County Employees	57,162	

Employer	2007	
	Number of Employees	Percentage of Total County Employment
School District of Indian River County	2,125	3.67%
Indian River County*	1,706	2.95
Indian River Medical Center	1,300	2.25
Piper Aircraft Inc.	1,029	1.78
Publix Supermarkets	950	1.64
City of Vero Beach	600	1.04
Sebastian River Medical Center	530	0.92
Hale Groves	500	0.85
Wal-Mart	449	0.78
John's Island	446	0.77
Total	9,635	16.65%
Total County Employees	57,856	

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

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

**Indian River County, Florida**

Building Permits (Unaudited)

Last Ten Fiscal Years

Fiscal Year	Indian River County				Municipalities		
	# of Permits	New Construction	# of Permits	Additions & Alterations	# of Permits	New Construction	
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	
2014	611	190,750,218	4,290	41,977,079	262	81,288,256	
2015	666	241,065,285	5,528	53,561,372	239	95,276,289	
2016	827	308,972,417	6,206	62,277,764	303	108,368,025	

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

palities			Countywide					
# of Permits		Additions & Alterations	# of Permits		New Construction	# of Permits		Additions & Alterations
3,712	\$	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
5,049		57,293,148	873		272,038,474	9,339		99,270,227
5,710		80,276,432	905		336,341,574	11,238		133,837,804
6,142		85,158,535	1,130		417,340,442	12,348		147,436,299

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

<b>Function/Program</b>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>General Government</b>				
Purchasing	2,753	2,520	2,463	1,970
Purchase orders issued				
<b>Public Safety</b>				
Fire rescue				
Vehicle rescue response	32,488 (A)	33,845	34,480	34,529
Fire code inspections	2,593	3,527	5,917	2,358
Advanced life support calls	7,537	5,862	9,085	9,751
Basic life support calls (transport only)	3,643	5,759	3,486	3,269
Sheriff				
Arrests	5,012	5,620	4,331	5,065
Violent crimes	338	353	340	310
Non-violent crimes	6,192	6,383	6,099	5,719
Total calls for service	126,490	129,389	138,998	154,480
Building department				
Construction permits issued	1,404	857	442	394
Estimated value of construction (millions)	\$ 280.1	\$ 222.2	\$ 97.7	\$ 83.0
<b>Physical Environment</b>				
Solid waste				
Waste stream tonnage received	295,977	239,296	207,344	201,561
Total recycled material (tons)	57,247	42,088	40,931	45,298
Utilities - water & sewer				
Number of water customers	41,101	42,000	42,972	43,723
Number of wastewater customers	24,666	25,000	25,192	25,205
Water ERUs	61,494	61,558	63,147	64,146
Wastewater ERUs	45,396	45,785	45,319	45,427
Water consumption (Average Daily Demand)	8,790,000	8,603,000	8,700,000	8,225,000

(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.

2011	2012	2013	2014	2015	2016
1,805	1,852	1,740	1,760	1,826	2,033
37,550	39,316	39,340	41,540	45,485	45,874
2,239	1,874	1,992	1,753	1,993	2,200
10,935	10,904	10,991	11,283	11,571	12,428
3,077	3,406	3,544	3,851	4,180	4,524
4,464	3,144	3,885	4,262	3,832	3,660
394	107	439	552	495	548
6,058	6,063	5,683	5,853	5,804	5,682
162,944	176,170	199,687	216,082	250,814	274,464
416	421	562	611	666	827
\$ 96.3	\$ 95.7	\$ 159.4	\$ 190.8	\$ 241.1	\$ 309.0
180,434	205,355	211,382	265,278	265,958	279,910
30,424	53,255	50,792	101,444	86,564	98,009
44,254	44,571	45,216	46,223	46,865	48,540
25,465	25,773	26,233	26,948	27,448	28,767
64,391	64,820	65,477	66,261	66,829	72,488
45,863	46,107	46,576	47,027	47,596	53,428
8,198,000	7,798,000	7,558,000	8,620,000	9,200,000	9,200,000

Continued

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

<b>Function/Program</b>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Transportation</b>				
Public works				
Projects under design	5	6	29	13
Projects awarded for construction	5	5	5	7
Construction projects completed	5	5	12	6
County engineering				
Roads designed	7	8	5	6
Miles of roads designed	3.50	6.00	5.00	6.00
Traffic engineering				
Site plans reviewed	520	332	423	271
<b>Culture/Recreation</b>				
Library				
Circulation (County-wide)	1,188,366	1,250,075	1,314,372	1,403,367
Recreation department				
Total beach park attendance	N/A	415,051	437,302	467,434
Athletic and event attendance	N/A	8,673	14,730	23,750
Aquatic centers attendance	90,503	90,475	89,787	87,107
Shooting range				
Safety/Registration cards issued	6,784	6,784	9,050	6,471
Golf course				
Rounds played	100,539	104,716	101,810	96,593
<b>Court Related</b>				
Law library				
Circulation	24,759	21,107	18,512	13,079

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

2011	2012	2013	2014	2015	2016
26	19	20	43	34	13
7	10	5	7	9	3
8	8	5	20	17	17
4	4	6	8	8	6
1.00	8.00	6.00	8.35	10.00	8.50
218	290	357	387	554	412
1,362,857	1,277,253	1,300,764	(B) 1,317,458	1,295,310	1,389,188
449,213	420,609	404,287	434,397	416,962	669,465
24,112	23,979	23,841	23,900	24,073	24,267
98,515	97,965	97,183	105,459	110,186	116,997
8,176	8,302	8,462	7,911	7,655	5,984
94,713	96,723	91,770	90,306	93,739	91,426
9,168	9,428	N/A	(B) N/A	N/A	N/A

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

	2007	2008	2009	2010
<b>General Government</b>				
Board of County Commissioners	10	11	10	10
County Attorney	7	7	7	6
Administration	3	3	3	2.72
Financial/Administrative Service	25.5	26.5	23	21.5
Comprehensive Planning	23	23	19	16
Other	62	49	44.5	36.5
Clerk of Circuit Court	118	116	99.5	98.5
Property Appraiser	50	45	40	40
Supervisor of Elections	12	12	9.5	9.5
Tax Collector	40	38	38	38
<b>Public Safety</b>				
Fire Department	232	241	240	246
Advanced Life Support				
Sheriff - Corrections	197	197	195	198
Sheriff - Court Service	29.5	29.5	29.5	29.5
Sheriff - Law Enforcement	301	301	301	301
Building Department	50	33	18	17
Other	12	12	10	9
<b>Physical Environment</b>				
Solid Waste	53	51	49	49
Utilities - water and sewer	139	130	128	118
Other	14	15	9	9
<b>Transportation</b>				
Road and Bridges	106	100	86.5	80
County Engineering	42	42	33	28
Traffic Engineering	26	24	21	21
Real Estate Acquisition	0	3	2	2.28
<b>Economic Environment</b>	6	4.5	3.5	3.5
<b>Human Services</b>	15	15	14.5	13
<b>Culture/Recreation</b>				
Libraries	52.5	50	45.5	47.5
Parks	42	41	39	37
Recreation Department	58.5	57.5	46	37.5
Coastal Engineering	3	3	3	2
Shooting Range	6	5.5	5.5	5.5
Golf Course	21.5	18	16.5	15.5
<b>Court Related</b>				
Law Library	1	1	1	1
<b>Total</b>	1,757.5	1,704.5	1,589.5	1,549.0

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.



2011	2012	2013	2014	2015	2016
10	8.5	9	9	9	9
6	6	6	6	6	6
2.35	2.35	2.35	2.35	2.35	2.35
19.85	19.85	19.35	20.85	21.85	22.85
14.32	15	15	14.5	14.5	14.5
34	34.75	33.9	33.4	33.4	33.4
98	96	98	93	93	85
36	35	35	36	36	39
8	8.5	8.5	9.5	9.5	9.5
38	38	44	45	47	47
244	243	243	243	244	265
207	163	163	163	163	168
29.5	27.5	27.5	27.5	27.5	34
301	303	303	303	303	278
15	14	15	18.5	21.5	25
6.68	6	4	4	4.5	5.5
10	9	9	9	10	10
112.5	112.5	113.5	116.5	118.5	120.5
8	8	7	8	8	10
77	77.25	77.1	78.1	78.1	79.1
27	26	24	24	26	26
20	20	19	19	20	21
1	1	1	1	1	1
2.5	2.5	2.5	2.5	2.5	2.5
13	13	12	12	12	12
46.5	42	41.5	41.5	42	42
34	28	28	28	28	28
33	33.3	32.3	32.8	38.3	38.3
2	2	2	2	2	2
5	5	5	5	5	5.5
15.5	15	13.5	13.5	13.5	13
1	1	1	1	1	1
1,478.0	1,416.0	1,415.0	1,422.5	1,442.0	1,456.0

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

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>General Government</b>				
Buildings and grounds				
Total square footage maintained	715,215	715,215	715,215	715,215
Number of facilities and sites maintained	47	47	47	47
Vehicles	17	17	15	15
General government				
Vehicles	37	28	27	26
Planning				
Vehicles	7	7	7	7
GIS				
Vehicles		1	1	1
<b>Public Safety</b>				
Fire department				
Vehicles	54	53	54	51
Fire stations	11	11	11	12
Advanced life support				
Vehicles	21	20	20	17
E911 Center				
Vehicles		1	1	1
Sheriff				
Vehicles	276	295	291	288
Building department				
Vehicles	22	13	9	9
<b>Physical Environment</b>				
Solid waste				
Vehicles	34	32	30	30
Telecommunications				
Vehicles		1	1	1
Ag Extension				
Vehicles	2	2	2	1
Utilities - Water and Sewer				
Vehicles	86	82	82	81
Water treatment plants	2	2	2	2
Wastewater treatment facilities	6	6	6	6
Water main - miles	769	780	819	845
Force main - miles	217	240	230	226
Gravity sewer lines - miles	259	261	262	269
<b>Transportation</b>				
Road and bridge				
Miles maintained (paved & unpaved)	617	625	628	636
Bridges maintained	78	78	78	78
Vehicles	68	65	65	64

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

2011	2012	2013	2014	2015	2016
715,215	720,215	720,215	720,215	720,215	760,801
47	48	48	48	48	49
15	15	15	16	15	15
31	31	30	30	28	26
7	6	5	6	6	6
1	1	1	1	1	1
51	51	46	47	58	60
12	12	12	12	12	13
18	18	19	19	17	19
1	1	1	1	1	1
298	295	274	293	282	323
9	9	9	10	16	25
1	1	1	1	2	2
1	1	1	1	1	1
1	1	1	1	1	1
81	85	79	80	81	81
2	2	2	2	2	2
6	6	6	6	6	6
839	843	847	852	857	859
229	223	225	225	221	223
271	270	273	269	268	267
636	638	650	650	650	653
75	75	71	72	72	72
67	67	64	64	67	63

Continued

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

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Transportation - continued:</b>				
Senior Resource Association				
Vehicles	25	23	25	32
Engineering				
Vehicles	12	17	16	16
Traffic engineering				
Traffic signals operated	132	133	133	137
Beacons operated	42	41	48	48
Vehicles	3	5	3	1
Traffic operations				
Vehicles	16	16	15	16
 <b>Human Services</b>				
Health department				
Vehicles	16	16	16	15
Animal Control				
Vehicles	7	7	7	7
Rental Assistance				
Vehicles	2	2	2	2
 <b>Culture/Recreation</b>				
Libraries				
Locations	2	2	2	3
Parks				
Number of neighborhood parks	12	12	12	12
Number of County parks	47	47	47	47
Acreage	4,014	4,014	4,014	4,014
Picnic shelters maintained	69	69	69	69
Boat ramps maintained	8	8	8	8
Vehicles	25	24	25	24
Recreation				
Vehicles	5	5	5	5
Shooting range				
Vehicles	1	1	1	1
Rifle range stations	29	29	29	29
Pistol range stations	35	35	35	35
Golf Course				
Holes maintained	36	36	36	36
Vehicles	2	2	2	2

2011	2012	2013	2014	2015	2016
34	34	38	35	35	39
16	13	13	13	14	13
137	137	150	150	150	160
53	46	45	45	43	47
1	1	1	1	1	1
18	18	19	21	20	22
15	17	17	17	17	9
7	7	7	6	6	6
2	2	2	2	2	3
3	3	3	3	3	3
12	12	10	10	11	12
47	47	40	37	37	37
4,014	4,014	4,014	3,429	3,429	3,429
69	69	69	69	69	69
8	8	8	8	8	8
25	24	22	23	20	20
5	5	5	5	7	6
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	1

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

Schedule 21

Fiscal Years  
2007-2016 \*

**WATER RATES**

Billing charges	\$ 1.29
Base facilities charges (per ERU)	
Single-family or commercial	7.76
Multi-family or manufactured home	6.60
Volume charge - per 1,000 gallons (per ERU)	
0-3,000 gallons	2.20
3,000-7,000 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

**SEWER RATES**

Billing charges	1.29
Base facility charge (per ERU)	
Single-family or commercial	14.58
Multi-family or manufactured home	12.40
Volume charge - per 1,000 gallons	
Single-family & manufactured home (1,000-12,000)	2.86
Multi-family & commercial (0-13,000)	2.86
Multi-family & commercial (>13,000)	4.29
Base facilities charge where capacity is reserved	
but lines are not yet available (per ERU)	
Single-family or commercial	7.29
Multi-family or manufactured home	6.20

\*The last change to the County's water and sewer rates occurred on October 1, 1999.

Source: Indian River County Utilities Department

**Indian River County, Florida**  
Water and Wastewater Customers (Unaudited)  
Last Ten Fiscal Years

Schedule 22

The number of County water and wastewater customers, expressed as the number of equivalent residential units (ERUs), for the years 2007 through 2016 as set forth below:

<u>Fiscal Year</u>	<u>Water ERUs</u>	<u>Wastewater ERUs</u>
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
2014	66,261	47,027
2015	66,829	47,596
2016	72,488	53,428

Source: Indian River County Utilities Department

**Indian River County, Florida**  
**Top 10 High Volume Customers of Utility Services (Unaudited)**  
**Fiscal Year 2016**

Schedule 23

Below is a table depicting the ten highest volume customers of the utility system for the fiscal year ended September 30, 2016:

Customer	Annual Water Volume (x 1,000 gals.)	Annual Wastewater Volume (x 1,000 gals.)
1. Vista Royale	29,541	29,541
2. Acts, Inc.	26,581	26,659
3. City of Fellsmere	-	24,531
4. IRC School Board	24,729	18,932
5. MHC Village Green LLC	22,218	22,218
6. IRC Facilities Management	19,414	19,414
7. Disney's Vero Beach Resort	17,215	17,215
8. NHC FI 1 LP/DBA Encore RV Park	16,987	16,987
9. Lakewood Village RO Association	15,211	15,211
10. Vista Gardens	14,225	14,225

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>	
2007	\$	1,159,803	\$	620,915	\$	1,780,718	(A)
2008		699,054		1,088,279		1,787,333	
2009		504,658		367,940		872,598	
2010		1,025,700		276,551		1,302,251	
2011		485,225		462,114		947,339	
2012		585,490		755,838		1,341,328	
2013		795,134		1,225,379		2,020,513	
2014		1,081,355		1,625,404		2,706,759	
2015		1,041,885		1,575,406		2,617,291	
2016		1,271,725		1,795,923		3,067,648	

(A) Large decrease in capacity charges due to construction slowdown.

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

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<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>
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
2014	500,004	1,918,200	479,550	8,219,778
2015	500,004	2,267,100	566,774	8,684,772
2016	500,004	2,433,491	608,373	9,043,910

(A) A 4th cent was imposed effective February 1, 2001.

(B) This amount represents 100% of the half-cent sales tax received. Eighty-six percent of this amount is pledged to the payment of debt service on the Series 2001 bonds.

Refer to pledged revenue coverage in County Note 12.

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

March 7, 2017

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, 2016, 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 7, 2017.

### **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 7, 2017

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

**Report on the Financial Statements**

We have audited the financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the *Indian River County, Florida* (the "County"), as of and for the year ended September 30, 2016, and have issued our report thereon dated March 7, 2017.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance); and Chapter 10.550, *Rules of the Florida Auditor General*.

**Other Reports and Schedule**

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*; Independent Auditor's Report on Compliance with Each Major Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 7, 2017, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

## Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

## Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

## Other Matters

Section 10.554(1)(i)2., 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)3., 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## Purpose of this Letter

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

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

**INDEPENDENT ACCOUNTANTS' REPORT**

March 7, 2017

The Honorable Board of County Commissioners  
Indian River County, Florida

We have examined the compliance of *Indian River County, Florida* (the "County") with Sections 218.415, 28.35, 28.36, 365.172(10), 365.173(2)(d) and 61.181 Florida Statutes, during the year ended September 30, 2016. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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



INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS  
REQUIRED BY UNIFORM GUIDANCE AND CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

March 7, 2017

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 7, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state projects is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance)*, and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state projects is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Rehmann Robson LLC*



**Indian River County, Florida**  
**Schedule of Expenditures of Federal Awards and State Projects**  
**For the Fiscal Year Ended September 30, 2016**

<b>Federal/State Agency Pass-through Entity Federal Program/State Project</b>	<b>CFDA/ CSFA No.</b>	<b>Contract/ Grant No.</b>	<b>Expenditures</b>	<b>Transfers to Subrecipients</b>
<b>Department of Housing and Urban Development:</b>				
Direct Programs:				
Comm. Dev. Block Grant - Neighborhood Stabilization Pgm #3		B-11-UN-12-0022		
CDBG NSP #3 Program Income Expenditures	14.228	Program Income	\$ 1,992	
Indirect Programs:				
Passed through Florida Dept. of Economic Opportunity:				
Comm. Dev. Block Grant - Neighborhood Stabilization Program	14.228	10DB-4X-10-40-01-F13		
CDBG NSP Program Income Expenditures	14.228	Program Income	1,932	
Subtotal CFDA - 14.228			<u>3,924</u>	
Direct Programs:				
Shelter Plus Care	14.238	FL0380C4H091000	90,285	\$ 27,533
Subtotal CFDA - 14.238			<u>90,285</u>	<u>27,533</u>
Indirect Program:				
Passed through Florida Housing Finance Corporation:				
Tenant Based Rental Assistance	14.239	2013-210TBRA	103,516	
Tenant Based Rental Assistance	14.239	030-2016	101,602	
Subtotal CFDA - 14.239			<u>205,118</u>	
Direct Programs:				
Continuum of Care -				
Rental Assistance	14.267	FL0113L4H091402	94,272	6,599
Rental Assistance	14.267	FL0114L4H091407	40,578	4,700
Rental Assistance	14.267	FL0114L4H091508	19,412	
Homeless Management Information Systems	14.267	FL0116L4H091407	35,400	35,400
Rental Assistance	14.267	FL0119L4H091407	86,440	7,196
Rental Assistance	14.267	FL0119L4H091508	25,462	
Rental Assistance	14.267	FL0120L4H091407	114,177	10,517
Homeless Management Information Systems	14.267	FL0308L4H091406	24,821	24,821
Rental Assistance	14.267	FL0338C4H091401	67,152	4,100
Rental Assistance	14.267	FL0360C4H091405	65,387	6,089
Rental Assistance	14.267	FL0360C4H091506	16,699	
Homeless Management Information Systems	14.267	FL0418L4H091301	12,022	12,022
Homeless Management Information Systems	14.267	FL0418L4H091402	17,488	17,488
Rental Assistance	14.267	FL0440L4H091403	61,376	7,147
Rental Assistance	14.267	FL0440L4H091504	24,587	
Subtotal CFDA - 14.267			<u>705,273</u>	<u>136,079</u>
Direct Programs:				
Section 8 Housing Choice Vouchers	14.871	FL-132-VO-014 to 017	2,158,738	
<b>Total Department of Housing and Urban Development</b>			<u>3,163,338</u>	<u>163,612</u>
<b>Department of Justice:</b>				
Indirect Programs:				
Passed through Office of the Attorney General:				
Crime Victim Assistance Program	16.575	V007-14050	42,596	
Direct Programs:				
State Criminal Alien Assistance Program	16.606	2015-AP-BX-0017	45,022	
Bullet Proof Vest	16.607	2014-AP-BX-0791	15,809	
2015 Local Solicitation Justice Assistance Grant	16.738	2015-DJ-BX-1001	22,335	
Indirect Programs:				
Passed through Florida Department of Law Enforcement:				
Bryne Formula Grant Program				
Drug Enforcement Grant	16.738	2016-JAGC-INRI-3-H3-195	10,842	
Subtotal CFDA - 16.738			<u>33,177</u>	
<b>Total Department of Justice</b>			<u>136,604</u>	

**Indian River County, Florida**  
**Schedule of Expenditures of Federal Awards and State Projects**  
**For the Fiscal Year Ended September 30, 2016**

<b>Federal/State Agency Pass-through Entity Federal Program/State Project</b>	<b>CFDA/ CSFA No.</b>	<b>Contract/ Grant No.</b>	<b>Expenditures</b>	<b>Transfers to Subrecipients</b>
<b>Department of Transportation:</b>				
Indirect Programs:				
Passed through Florida Department of Transportation:				
LAP - Sidewalks 87th Street	20.205	ART06	\$ 1,011,228	
Metropolitan Planning Organization	20.205	AA080	360,328	
Metropolitan Planning Organization	20.205	G0B28	70,161	
Passed through University of Florida:				
Florida Safe Routes to School - 2016	20.205	BDV231	52,625	
Florida Safe Routes to School	20.205	G09E03	7,703	
Subtotal CFDA - 20.205			<u>1,502,045</u>	
Indirect Programs:				
Passed through Florida Department of Environmental Protection:				
Martin Luther King Trail	20.219	T14035	47,655	
<b>Total Highway Planning and Contruction Cluster</b>			<u>1,549,700</u>	
Indirect Programs:				
Passed through Florida Department of Transportation:				
Federal Transit Metropolitan Planning Grant	20.505	G0359	<u>79,124</u>	
Section 5311 Non-Urbanized Public Transit	20.509	ARQ46	<u>66,964</u>	\$ <u>66,964</u>
Florida Highway Safety Grant - <b>Total Highway Safety Cluster</b>	20.616	G0482	<u>43,640</u>	
Direct Programs:				
Federal Transit Formula Section 5309 Grant	20.500	FL-04-0182	<u>168,283</u>	<u>168,283</u>
Federal Transit Formula Section 5307 Grant	20.507	FL-2016-033-00	1,647,977	1,647,977
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X888	308,865	308,865
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X838	222,528	222,528
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X828	531,817	531,817
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X756	19,168	19,168
Federal Transit Formula Section 5307 Grant	20.507	FL-90-X739	8,197	8,197
Subtotal CFDA - 20.507			<u>2,738,552</u>	<u>2,738,552</u>
<b>Total Federal Transit Cluster</b>			<u>2,906,835</u>	<u>2,906,835</u>
<b>Total Department of Transportation</b>			<u>4,646,263</u>	<u>2,973,799</u>
<b>Elections Assistance Commission:</b>				
Indirect Programs:				
Passed through the Florida Dept of State				
Division of Elections				
Federal Elections Activties 2014/2015	90.401	N/A	<u>4,026</u>	
<b>Total Elections Assistance Commission</b>			<u>4,026</u>	

**Indian River County, Florida**  
**Schedule of Expenditures of Federal Awards and State Projects**  
**For the Fiscal Year Ended September 30, 2016**

<b>Federal/State Agency Pass-through Entity Federal Program/State Project</b>	<b>CFDA/ CSFA No.</b>	<b>Contract/ Grant No.</b>	<b>Expenditures</b>	<b>Transfers to Subrecipients</b>
<b>Department of Health and Human Services,</b>				
<b>Agency for Children and Families,</b>				
<b>Office of Child Support Enforcement:</b>				
Indirect Programs:				
Passed through Florida Department of Revenue:				
Sheriff Service of Notices	93.563	O0331	\$ 7,643	
Child Support Enforcement-Title IV D	93.563	COC31	377,757	
<b>Total Office of Child Support Enforcement</b>			<u>385,400</u>	
<b>Department of Homeland Security:</b>				
Indirect Programs:				
Passed through Division of Emergency Management:				
Community Emergency Response Team	97.042	16-CI-S9-10-40-02-324	3,392	
Emergency Management Performance Grant	97.042	16-FG-5A-10-40-01-097	16,224	
Emergency Management Performance Grant	97.042	17-FG-P9-10-40-01-104	25,790	
Subtotal CFDA - 97.042			<u>45,406</u>	
State Homeland Security	97.067	15-DS-P4-10-40-01-346	6,707	
Operation Stonegarden	97.067	15-DS-P9-10-40-02-404	36,330	
Operation Stonegarden	97.067	16-DS-U8-10-40-02-275	54,627	
Subtotal CFDA - 97.067			<u>97,664</u>	
<b>Total Department of Homeland Security</b>			<u>143,070</u>	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS:</b>			<u>\$ 8,478,701</u>	<u>\$ 3,137,411</u>

**Indian River County, Florida**  
**Schedule of Expenditures of Federal Awards and State Projects**  
**For the Fiscal Year Ended September 30, 2016**

<b>Federal/State Agency Pass-through Entity Federal Program/State Project</b>	<b>CFDA/ CSFA No.</b>	<b>Contract/ Grant No.</b>	<b>Expenditures</b>	<b>Transfers to Subrecipients</b>
<b><u>STATE OF FLORIDA</u></b>				
<b>Division of Emergency Management:</b>				
Direct Projects:				
Emergency Management Programs				
Emergency Management Preparedness and Assistance	31.063	17-BG-83-10-40-01-037	\$ 27,684	
Emergency Management Preparedness and Assistance	31.063	16-BG-83-10-40-01-030	94,099	
Subtotal CSFA - 31.063			<u>121,783</u>	
Hazardous Materials Analysis Grant	31.067	16-CP-11-10-40-01-174	3,503	
<b>Total Division of Emergency Management</b>			<u>125,286</u>	
<b>Department of Environmental Protection:</b>				
Direct Projects:				
Hurricane Sandy Beach Project	37.003	14IR2	65,536	
<b>Total Department of Environmental Protection</b>			<u>65,536</u>	
<b>Florida Housing Finance Corporation:</b>				
Direct Projects:				
State Housing Initiatives Partnership	40.901	N/A	912,013	
<b>Total Florida Housing Finance Corporation</b>			<u>912,013</u>	
<b>Department of State:</b>				
Direct Project:				
State Aid to Libraries	45.030	15-ST-23	98,318	
<b>Total Department of State</b>			<u>98,318</u>	
<b>Department of Transportation:</b>				
Direct Projects:				
Transportation Disadvantaged Planning Grant	55.002	G0C53	3,268	
Transportation Disadvantaged Planning Grant	55.002	G0231	17,646	
Subtotal CSFA - 55.002			<u>20,914</u>	
Commuter Assistance Grant	55.007	G0115	109,748	\$ 109,748
SCOP - Aviation Boulevard	55.009	ARU11	200,445	
SCOP - Old Dixie Highway	55.009	G0058	1,069,309	
SCOP - Old Dixie Highway	55.009	G0009	562,085	
Subtotal CSFA - 55.009			<u>1,831,839</u>	
Fl Public Transit Block Grant	55.010	ARQ56	443,000	443,000
FDOT Service Development Grant	55.012	AQG07	310,923	310,923
Transit Corridor Grant	55.013	ARE86	106,443	106,443
<b>Total Department of Transportation</b>			<u>2,822,867</u>	<u>970,114</u>

**Indian River County, Florida**  
**Schedule of Expenditures of Federal Awards and State Projects**  
**For the Fiscal Year Ended September 30, 2016**

<b>Federal/State Agency Pass-through Entity Federal Program/State Project</b>	<b>CFDA/ CSFA No.</b>	<b>Contract/ Grant No.</b>	<b>Expenditures</b>	<b>Transfers to Subrecipients</b>
<b><u>STATE OF FLORIDA - Continued</u></b>				
<b>Department of Health:</b>				
Direct Project:				
County Awards Grant-Emergency Medical Svc	64.005	C4031	\$ <u>41,823</u>	
<b>Department of Revenue:</b>				
Direct Project:				
Facilities for Retained Spring Training Franchise	73.016	N/A	<u>500,004</u>	
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE:</b>			\$ <u><u>4,565,847</u></u>	\$ <u><u>970,114</u></u>

**Indian River County, Florida**  
**Notes to Schedule of Expenditures of Federal Awards**  
**and State Projects**  
**For the Fiscal Year Ended September 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and presentation of the Single Audit Report of Indian River County, Florida, (the “County”) have been designed to conform to generally accepted accounting principles as applicable to governmental units, including the reporting and compliance requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**A. Reporting Entity**

The reporting entity consists of Indian River County, the primary government, and each of its component units. The County includes a Schedule of Expenditures of Federal Awards and State Projects in the Compliance Section.

**B. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. The Schedule of Expenditures of Federal Awards and State Projects is maintained on a modified accrual basis of accounting for governmental funds and a full accrual basis for proprietary funds, which is explained further in the notes to the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**C. Program Clusters**

The Uniform Guidance defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, similar programs deemed to be a cluster of programs are tested accordingly.

**D. Contingencies**

Grant revenue amounts received by the County are subject to audit and adjustment by the grantor agencies. Such audits may result in requests for reimbursement by the grantor agency. Any adjustments to grant funding are recorded in the year the adjustment occurs.

**E. Indirect Cost Rates**

In the absence of a negotiated federal indirect cost rate, the County has elected to use a de minimis rate of 10% of modified total direct costs.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE AND CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL***

March 7, 2017

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

**Report on Compliance for Each Major Federal Program and Major State Project**

We have audited the compliance of *Indian River County, Florida* (the "County") with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs or state projects for the year ended September 30, 2016. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Independent Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal Program and State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2016.

### Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

### *Purpose of this Report*

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

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



## INDIAN RIVER COUNTY, FLORIDA

### Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2016

#### SECTION I - SUMMARY OF AUDITORS' RESULTS

##### Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

           yes       X       no

Significant deficiency(ies) identified?

           yes       X       none reported

Noncompliance material to financial statements noted?

           yes       X       no

##### Federal Awards and State Projects

Internal control over major programs and projects:

Material weakness(es) identified?

           yes       X       no

Significant deficiency(ies) identified?

           yes       X       none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

           yes       X       no

Identification of major programs:

##### CFDA Number

20.205/20.219  
14.267

##### Name of Federal Program or Cluster

Highway Planing and Construction Cluster  
Continuum of Care Program

##### CSFA Number

31.063  
40.901  
55.010  
55.012  
73.016

##### Name of State Project

Emergency Management Program  
State Housing Initiatives Partnership Program (SHIP)  
Public Transit Block Grant Program  
Public Transit Service Development Program  
Facilities for New Professional Sports, Retained  
Professional Sports, or Retained Spring  
Training Franchise

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

\$      750,000       (Federal and State)

Auditee qualified as low-risk auditee?

      X       yes            no

INDIAN RIVER COUNTY, FLORIDA

**Schedule of Findings and Questioned Costs**

For the Year Ended September 30, 2016

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None noted.

**SECTION III - FEDERAL AWARD AND STATE PROJECT FINDINGS AND QUESTIONED COSTS**

None noted.

INDIAN RIVER COUNTY, FLORIDA

**Summary Schedule of Prior Audit Findings**

For the Year Ended September 30, 2016

None noted.

JEFFREY R. SMITH, CPA, CGFO, CGMA

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

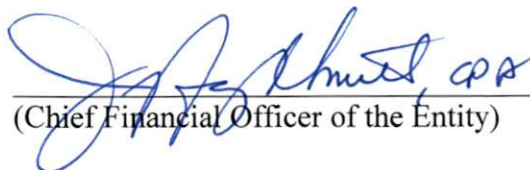


AFFIDAVIT

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

1. I am the Chief Financial Officer of Indian River County which is a local governmental entity of the State of Florida;
2. Indian River County adopted Ordinance No. **2005-015** on May 17, 2005 implementing eight new impact fee categories, plus revised transportation impact fees (9 total impact fee categories). The impact fees were subsequently amended as follows: on March 24, 2009 in Ordinance No. **2009-003**, on September 22, 2009 in Ordinance No. **2009-015**, and on March 16, 2010 in Ordinance No. **2010-002**. The result of these amendments was suspension of five of the nine original impact fees from April 1, 2009 through March 31, 2011. On March 15, 2011 in Ordinance No. **2011-002**, the impact fees were amended to suspend three of the nine original impact fees from April 1, 2011 through March 31, 2012. On March 13, 2012, Ordinance No. **2012-003** continued this suspension from April 1, 2012 through March 31, 2014. On March 11, 2014, Ordinance No. **2014-004** continued this suspension from April 1, 2014 through March 31, 2015. On April 22, 2014, Ordinance No. **2014-009** adopted new non-residential impact fee schedules. On October 14, 2014, Ordinance No. **2014-016** was adopted. That ordinance contained new impact fee schedules comprised of the non-residential impact fees adopted as part of Ordinance 2014-009 and new impact fees for residential uses. That ordinance also continued the suspensions of three impact fee categories pending further trend evaluation during the next scheduled impact fee methodological update.
3. Indian River County has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

  
(Chief Financial Officer of the Entity)

STATE OF FLORIDA, COUNTY OF INDIAN RIVER

SWORN TO AND SUBSCRIBED before me this 3<sup>rd</sup> day of March, 2017.

  
NOTARY PUBLIC

Print Name Misty L. Purse

Personally known ☒ or produced identification \_\_\_\_\_

Type of identification produced: N/A

My Commission Expires: January 11, 2018



## **BOARD OF COUNTY COMMISSIONERS**

**INDEPENDENT AUDITORS' REPORT**

March 7, 2017

The Honorable Board of County Commissioners  
Indian River County, Florida

**Report on the Financial Statements**

We have audited the accompanying fund financial statements of each major fund, and the aggregate remaining fund information of the *Indian River County, Florida Board of County Commissioners* (the "Board"), as of and for the year ended September 30, 2016, 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 from 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, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Reporting Entity*

As discussed in Note 1, the financial statements referred to above present only the *Indian River County, Florida Board of County Commissioners* and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2016, 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 7, 2017, on our consideration of the *Board of County Commissioner's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the *Board of County Commissioner's* internal control over financial reporting and compliance.

*Rehmann Lohman LLC*

**Indian River County, Florida**  
**Board of County Commissioners**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2016**

	General	Impact Fees	Secondary Roads Construction
<b>ASSETS</b>			
Cash and investments	\$ 43,516,057	\$ 14,548,056	\$ 12,911,668
Accounts receivable	489,139	-	-
Special assessments receivable	-	-	-
Due from other funds	378,414	-	-
Due from other governments	6,773,069	119,943	1,107,895
Interest receivable	29,165	9,055	7,505
Inventories	46,902	-	-
Prepaid items	69,839	-	-
Advances to other funds	150,925	-	-
Total assets	<u>\$ 51,453,510</u>	<u>\$ 14,677,054</u>	<u>\$ 14,027,068</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,767,676	\$ 24,947	\$ 1,374,524
Retainage payable	-	434,350	226,210
Due to other funds	-	-	-
Due to other governments	43,193	130,314	-
Unearned revenues	216,842	-	-
Other deposits	22,384	-	-
Total liabilities	<u>2,050,095</u>	<u>589,611</u>	<u>1,600,734</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - special assessments	-	-	-
Unavailable revenue - ambulance services	-	-	-
Unavailable revenue - state and federal grants	955,677	-	640,815
Total deferred inflows of resources	<u>955,677</u>	<u>-</u>	<u>640,815</u>
<b>FUND BALANCES</b>			
<b>Nonspendable:</b>			
Inventories	46,902	-	-
Prepaid items	69,839	-	-
Advances to other funds	150,925	-	-
<b>Restricted for:</b>			
Transportation/road improvements	-	9,184,228	11,783,966
Court-related costs and improvements	-	-	-
Housing assistance	-	-	-
Law enforcement/public safety	-	974,638	-
Fire/emergency services	-	762,066	-
Tourism-related activities	-	-	-
Beach renourishment	-	-	-
Boating related projects	-	-	-
Library services	-	858,338	-
Land acquisition	-	-	-
Stormwater, street lighting, and other special assessments	-	-	-
Debt service	-	-	-
Capital projects	-	1,180,827	-
Dodgertown repairs/improvements	-	-	-
Parks/recreational projects	1,000,000	1,127,346	-
<b>Committed to:</b>			
Economic incentives	1,081,907	-	-
Environmental conservation/preservation	-	-	-
Law enforcement/public safety	4,289	-	-
Parks/recreational projects	80,634	-	-
<b>Assigned to:</b>			
Transportation/road improvements	-	-	-
<b>Unassigned</b>	<u>46,013,242</u>	<u>-</u>	<u>1,553</u>
Total fund balances	<u>48,447,738</u>	<u>14,087,443</u>	<u>11,785,519</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 51,453,510</u>	<u>\$ 14,677,054</u>	<u>\$ 14,027,068</u>

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



<b>Transportation</b>	<b>Emergency Services District</b>	<b>Optional Sales Tax</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 7,349,315	\$ 6,659,468	\$ 70,467,632	\$ 21,984,515	\$ 177,436,711
172	1,358,443	-	1,601	1,849,355
191,624	-	-	-	191,624
-	-	-	-	378,414
250,965	339,643	2,105,186	619,701	11,316,402
155,750	4,274	38,954	12,031	256,734
-	-	-	-	46,902
11,700	40,331	-	8,446	130,316
-	-	-	-	150,925
<u>\$ 7,959,526</u>	<u>\$ 8,402,159</u>	<u>\$ 72,611,772</u>	<u>\$ 22,626,294</u>	<u>\$ 191,757,383</u>
\$ 590,661	\$ 982,995	\$ 759,981	\$ 502,356	\$ 6,003,140
-	-	407,462	46,951	1,114,973
-	-	-	13,000	13,000
-	-	-	-	173,507
1,750	-	-	-	218,592
-	-	-	-	22,384
<u>592,411</u>	<u>982,995</u>	<u>1,167,443</u>	<u>562,307</u>	<u>7,545,596</u>
343,265	-	-	-	343,265
-	1,350,495	-	-	1,350,495
-	-	284,510	83,702	1,964,704
<u>343,265</u>	<u>1,350,495</u>	<u>284,510</u>	<u>83,702</u>	<u>3,658,464</u>
-	-	-	-	46,902
11,700	40,331	-	8,446	130,316
-	-	-	-	150,925
-	-	-	42,480	21,010,674
-	-	-	644,426	644,426
-	-	-	833,555	833,555
-	-	-	2,371,668	3,346,306
-	6,028,338	-	-	6,790,404
-	-	-	504,381	504,381
-	-	-	10,469,411	10,469,411
-	-	-	1,136,371	1,136,371
-	-	-	2,830	861,168
-	-	-	116,361	116,361
-	-	-	1,249,818	1,249,818
-	-	-	3,329,188	3,329,188
-	-	71,159,819	-	72,340,646
-	-	-	180,823	180,823
-	-	-	-	2,127,346
-	-	-	-	1,081,907
-	-	-	1,090,527	1,090,527
-	-	-	-	4,289
-	-	-	-	80,634
7,012,150	-	-	-	7,012,150
-	-	-	-	46,014,795
<u>7,023,850</u>	<u>6,068,669</u>	<u>71,159,819</u>	<u>21,980,285</u>	<u>180,553,323</u>
<u>\$ 7,959,526</u>	<u>\$ 8,402,159</u>	<u>\$ 72,611,772</u>	<u>\$ 22,626,294</u>	<u>\$ 191,757,383</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, 2016**

	<b>General</b>	<b>Impact Fees</b>	<b>Secondary Roads Construction</b>
<b>REVENUES</b>			
Taxes	\$ 55,947,406	\$ -	\$ 3,741,935
Permits, fees and special assessments	9,533,523	6,261,663	91
Intergovernmental	18,163,755	158,631	1,373,212
Charges for services	1,928,800	-	-
Judgments, fines and forfeits	347,600	-	-
Interest	343,955	86,129	74,219
Miscellaneous	4,211,185	311,754	36,065
Total revenues	<u>90,476,224</u>	<u>6,818,177</u>	<u>5,225,522</u>
<b>EXPENDITURES</b>			
General government	10,845,302	192,022	-
Public safety	4,341,000	26,030	-
Physical environment	295,860	-	-
Transportation	4,724,438	3,718,740	6,438,954
Economic environment	420,669	-	-
Human services	3,828,810	-	-
Culture/recreation	8,743,746	2,800,210	-
Court related	187,875	-	-
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
Capital projects	-	-	-
Total expenditures	<u>33,387,700</u>	<u>6,737,002</u>	<u>6,438,954</u>
Excess of revenues over (under) expenditures	57,088,524	81,175	(1,213,432)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(12,725,457)	(6,369)	(681,005)
Transfers to constitutional officers	(46,194,559)	(180,112)	-
Total other financing sources (uses)	<u>(58,920,016)</u>	<u>(186,481)</u>	<u>(681,005)</u>
Net change in fund balances	(1,831,492)	(105,306)	(1,894,437)
Fund balances at beginning of year	<u>50,279,230</u>	<u>14,192,749</u>	<u>13,679,956</u>
Fund balances at end of year	<u>\$ 48,447,738</u>	<u>\$ 14,087,443</u>	<u>\$ 11,785,519</u>

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

<b>Transportation</b>	<b>Emergency Services District</b>	<b>Optional Sales Tax</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 25,502,289	\$ 16,858,894	\$ 7,032,007	\$ 109,082,531
219,543	-	45	515,314	16,530,179
3,147,607	103,773	1,915,979	8,264,407	33,127,364
93,623	6,409,097	-	749,816	9,181,336
-	4,500	-	177,758	529,858
47,203	76,523	355,337	127,627	1,110,993
549,742	32,550	2,476,958	86,120	7,704,374
4,057,718	32,128,732	21,607,213	16,953,049	177,266,635
312,571	-	-	875,186	12,225,081
-	32,080,896	-	474,173	36,922,099
464,707	-	-	28,236	788,803
11,589,004	-	-	1,034,523	27,505,659
-	-	-	3,924	424,593
-	-	-	4,039,582	7,868,392
-	-	-	2,018,809	13,562,765
-	-	-	584,890	772,765
-	-	-	4,383,000	4,383,000
-	-	-	832,007	832,007
-	-	13,329,391	-	13,329,391
12,366,282	32,080,896	13,329,391	14,274,330	118,614,555
(8,308,564)	47,836	8,277,822	2,678,719	58,652,080
9,199,769	-	-	910,844	10,110,613
(903,843)	(630,573)	(125,000)	(82,799)	(15,155,046)
-	(491,249)	(1,099,916)	(446,820)	(48,412,656)
8,295,926	(1,121,822)	(1,224,916)	381,225	(53,457,089)
(12,638)	(1,073,986)	7,052,906	3,059,944	5,194,991
7,036,488	7,142,655	64,106,913	18,920,341	175,358,332
<u>\$ 7,023,850</u>	<u>\$ 6,068,669</u>	<u>\$ 71,159,819</u>	<u>\$ 21,980,285</u>	<u>\$ 180,553,323</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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 55,216,397	\$ 55,216,397	\$ 55,947,406	\$ 731,009
Permits, fees and special assessments	8,627,900	8,627,900	9,533,523	905,623
Intergovernmental	11,681,200	17,033,348	18,163,755	1,130,407
Charges for services	1,356,571	1,433,813	1,928,800	494,987
Judgments, fines and forfeits	361,950	361,950	347,600	(14,350)
Interest	139,715	139,715	343,955	204,240
Miscellaneous	3,617,120	3,683,260	4,211,185	527,925
Total revenues	81,000,853	86,496,383	90,476,224	3,979,841
<b>EXPENDITURES</b>				
General government	10,353,907	11,584,335	10,845,302	739,033
Public safety	4,337,630	4,513,578	4,341,000	172,578
Physical environment	298,144	315,376	295,860	19,516
Transportation	750,000	6,113,992	4,724,438	1,389,554
Economic environment	411,520	437,003	420,669	16,334
Human services	3,937,003	3,997,892	3,828,810	169,082
Culture/recreation	8,727,616	9,344,787	8,743,746	601,041
Court related	194,715	200,113	187,875	12,238
Total expenditures	29,010,535	36,507,076	33,387,700	3,119,376
Excess of revenues over (under) expenditures	51,990,318	49,989,307	57,088,524	7,099,217
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(9,362,392)	(12,725,457)	(12,725,457)	-
Transfers to constitutional officers	(46,338,277)	(46,778,757)	(46,194,559)	584,198
Total other financing sources (uses)	(55,700,669)	(59,504,214)	(58,920,016)	584,198
Net change in fund balances	(3,710,351)	(9,514,907)	(1,831,492)	\$ 7,683,415
Fund balances at beginning of year	3,710,351	9,514,907	50,279,230	
Fund balances at end of year	\$ -	\$ -	\$ 48,447,738	

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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Permits, fees and special assessments	\$ 2,788,250	\$ 2,788,250	\$ 6,261,663	\$ 3,473,413
Intergovernmental	-	-	158,631	158,631
Interest	28,500	28,500	86,129	57,629
Miscellaneous	-	-	311,754	311,754
Total revenues	<u>2,816,750</u>	<u>2,816,750</u>	<u>6,818,177</u>	<u>4,001,427</u>
<b>EXPENDITURES</b>				
General government	217,234	619,664	192,022	427,642
Public safety	-	47,891	26,030	21,861
Transportation	6,027,000	8,310,717	3,718,740	4,591,977
Culture/recreation	900,000	3,873,785	2,800,210	1,073,575
Total expenditures	<u>7,144,234</u>	<u>12,852,057</u>	<u>6,737,002</u>	<u>6,115,055</u>
Excess of revenues under expenditures	(4,327,484)	(10,035,307)	81,175	10,116,482
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(6,369)	(6,369)	-
Transfers to constitutional officers	(100,000)	(780,112)	(180,112)	600,000
Total other financing sources (uses)	<u>(100,000)</u>	<u>(786,481)</u>	<u>(186,481)</u>	<u>600,000</u>
Net change in fund balances	(4,427,484)	(10,821,788)	(105,306)	<u>\$ 10,716,482</u>
Fund balances at beginning of year	<u>4,427,484</u>	<u>10,821,788</u>	<u>14,192,749</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,087,443</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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 3,268,000	\$ 3,268,000	\$ 3,741,935	\$ 473,935
Permits, fees and special assessments	-	57,170	91	(57,079)
Intergovernmental	-	2,206,710	1,373,212	(833,498)
Interest	19,000	19,000	74,219	55,219
Miscellaneous	-	20,000	36,065	16,065
Total revenues	<u>3,287,000</u>	<u>5,570,880</u>	<u>5,225,522</u>	<u>(345,358)</u>
<b>EXPENDITURES</b>				
Transportation	<u>4,434,128</u>	<u>10,566,513</u>	<u>6,438,954</u>	<u>4,127,559</u>
Total expenditures	<u>4,434,128</u>	<u>10,566,513</u>	<u>6,438,954</u>	<u>4,127,559</u>
Excess of revenues under expenditures	(1,147,128)	(4,995,633)	(1,213,432)	3,782,201
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(681,006)	(681,005)	1
Total other financing sources (uses)	-	(681,006)	(681,005)	1
Net change in fund balances	(1,147,128)	(5,676,639)	(1,894,437)	<u>\$ 3,782,202</u>
Fund balances at beginning of year	<u>1,147,128</u>	<u>5,676,639</u>	<u>13,679,956</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,785,519</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, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Permits, fees and special assessments	\$ 175,750	\$ 175,750	\$ 219,543	\$ 43,793
Intergovernmental	2,476,014	2,552,627	3,147,607	594,980
Charges for services	91,200	91,200	93,623	2,423
Interest	30,400	30,400	47,203	16,803
Miscellaneous	431,275	431,275	549,742	118,467
Total revenues	<u>3,204,639</u>	<u>3,281,252</u>	<u>4,057,718</u>	<u>776,466</u>
<b>EXPENDITURES</b>				
General government	286,692	329,438	312,571	16,867
Physical environment	599,831	788,844	464,707	324,137
Transportation	12,389,058	12,854,548	11,589,004	1,265,544
Total expenditures	<u>13,275,581</u>	<u>13,972,830</u>	<u>12,366,282</u>	<u>1,606,548</u>
Excess of revenues under expenditures	(10,070,942)	(10,691,578)	(8,308,564)	2,383,014
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,199,769	9,199,769	9,199,769	-
Transfers out	(107,667)	(903,843)	(903,843)	-
Total other financing sources (uses)	<u>9,092,102</u>	<u>8,295,926</u>	<u>8,295,926</u>	<u>-</u>
Net change in fund balances	(978,840)	(2,395,652)	(12,638)	<u>\$ 2,383,014</u>
Fund balances at beginning of year	<u>978,840</u>	<u>2,395,652</u>	<u>7,036,488</u>	
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,023,850</u>	

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

**Indian River County, Florida**  
**Board of County Commissioners**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**Emergency Services District Fund**  
**For the Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 25,209,922	\$ 25,209,922	\$ 25,502,289	\$ 292,367
Intergovernmental	45,125	74,434	103,773	29,339
Charges for services	5,174,952	5,174,952	6,409,097	1,234,145
Judgments, fines and forfeits	11,400	11,400	4,500	(6,900)
Interest	28,500	28,500	76,523	48,023
Miscellaneous	37,820	37,820	32,550	(5,270)
Total revenues	30,507,719	30,537,028	32,128,732	1,591,704
<b>EXPENDITURES</b>				
Public safety	30,711,290	37,061,374	32,080,896	4,980,478
Total expenditures	30,711,290	37,061,374	32,080,896	4,980,478
Excess of revenues under expenditures	(203,571)	(6,524,346)	47,836	6,572,182
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(630,573)	(630,573)	-
Transfers to constitutional officers	(494,569)	(510,341)	(491,249)	19,092
Total other financing sources (uses)	(494,569)	(1,140,914)	(1,121,822)	19,092
Net change in fund balances	(698,140)	(7,665,260)	(1,073,986)	\$ 6,591,274
Fund balances at beginning of year	698,140	7,665,260	7,142,655	
Fund balances at end of year	\$ -	\$ -	\$ 6,068,669	

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, 2016**

	<b>Enterprise Funds</b>					
	<b>Solid Waste Disposal District</b>	<b>Golf Course</b>	<b>County Utilities</b>	<b>County Building</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 13,325,869	\$ 10,275	\$ 43,400,684	\$ 6,649,154	\$ 63,385,982	\$ 26,694,578
Accounts receivable - net	99,011	-	2,451,958	-	2,550,969	169,277
Due from other governments	139,720	11,400	-	-	151,120	389,086
Interest receivable	20,435	341	554,532	7,762	583,070	28,958
Inventories	-	127,571	1,139,501	-	1,267,072	162,059
Prepaid items	-	-	19,805	35	19,840	9,952,466
Current restricted assets:						
Cash and investments	16,296,093	-	35,728,859	-	52,024,952	-
Total current assets	29,881,128	149,587	83,295,339	6,656,951	119,983,005	37,396,424
Non-current assets:						
Capital assets - non-depreciable	13,293,870	6,681,423	11,573,426	-	31,548,719	-
Capital assets - depreciable	31,794,449	3,420,390	429,969,106	680,283	465,864,228	2,678,726
Capital assets - accumulated depreciation	(12,640,764)	(1,830,481)	(252,114,279)	(342,999)	(266,928,523)	(2,179,963)
Non-current restricted assets:						
Special assessments receivable	-	-	463,810	-	463,810	-
Impact fees receivable	-	-	629,901	-	629,901	-
Liens receivable	-	-	5,072,949	-	5,072,949	-
Total non-current assets	32,447,555	8,271,332	195,594,913	337,284	236,651,084	498,763
Total assets	62,328,683	8,420,919	278,890,252	6,994,235	356,634,089	37,895,187
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions	166,720	134,913	2,003,184	425,689	2,730,506	369,252
Deferred amounts on refundings	-	-	1,212,035	-	1,212,035	-
Total deferred outflows of resources	166,720	134,913	3,215,219	425,689	3,942,541	369,252
<b>LIABILITIES</b>						
Current liabilities (payable from current assets):						
Accounts payable	1,270,367	111,995	1,846,537	163,782	3,392,681	273,824
Retainage payable	-	-	84,401	-	84,401	-
Due to other funds	-	365,414	-	-	365,414	-
Claims payable	-	-	-	-	-	3,624,891
Due to other governments	-	8,357	24,036	23,522	55,915	-
Other deposits	-	1,000	-	-	1,000	-
Unearned revenues	-	38,309	-	-	38,309	-
Accrued compensated absences	51,992	24,070	547,641	94,450	718,153	80,736
Total current liabilities (payable from current assets)	1,322,359	549,145	2,502,615	281,754	4,655,873	3,979,451
Current liabilities (payable from restricted assets):						
Accounts payable	-	-	25,706	-	25,706	-
Accrued interest payable	-	-	81,939	-	81,939	-
Notes payable	-	-	992,000	-	992,000	-
Bonds payable	-	-	2,000,000	-	2,000,000	-
Customer deposits	133,626	-	3,048,622	-	3,182,248	-
Total current liabilities (payable from restricted assets)	133,626	-	6,148,267	-	6,281,893	-
Total current liabilities	1,455,985	549,145	8,650,882	281,754	10,937,766	3,979,451
Non-current liabilities:						
Accrued compensated absences	-	47,039	143,256	3,245	193,540	64,921
Advance from other funds	-	150,925	-	-	150,925	-
Claims payable	-	-	-	-	-	4,887,629
Closure and maintenance costs payable	13,009,736	-	-	-	13,009,736	-
Net pension liability	410,143	351,077	5,180,743	1,014,936	6,956,899	934,378
Notes payable	-	-	5,206,000	-	5,206,000	-
Bonds payable - net of unamortized discount/premium	-	-	17,000,884	-	17,000,884	-
Total non-current liabilities	13,419,879	549,041	27,530,883	1,018,181	42,517,984	5,886,928
Total liabilities	14,875,864	1,098,186	36,181,765	1,299,935	53,455,750	9,866,379
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions	12,149	16,846	238,410	19,208	286,613	36,413
<b>NET POSITION</b>						
Net investment in capital assets	32,447,555	8,271,332	165,441,404	337,284	206,497,575	498,763
Unrestricted	15,159,835	(830,532)	80,243,892	5,763,497	100,336,692	27,862,884
Total net position	\$ 47,607,390	\$ 7,440,800	\$ 245,685,296	\$ 6,100,781	\$ 306,834,267	\$ 28,361,647

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, 2016**

	<b>Enterprise Funds</b>	
	<b>Solid Waste Disposal District</b>	<b>Golf Course</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 13,345,745	\$ 3,230,630
Charges for services pledged as security for revenue bonds	-	-
Total operating revenues	13,345,745	3,230,630
<b>OPERATING EXPENSES</b>		
Personal services	660,395	571,289
Material, supplies, services and other operating	10,978,915	1,864,433
Depreciation	1,075,403	152,480
Total operating expenses	12,714,713	2,588,202
Operating income (loss)	631,032	642,428
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	233,656	3,732
Interest income pledged as security for revenue bonds	-	-
Gain on disposal of equipment	150	25
Interest expense	-	(17,410)
Loss on disposal of equipment	-	-
Total nonoperating revenues (expenses)	233,806	(13,653)
Income (loss) before transfers and capital contributions	864,838	628,775
Capital contributions	-	-
Transfers	(63,694)	(19,108)
Change in net position	801,144	609,667
Total net position - beginning	46,806,246	6,831,133
Total net position - ending	\$ 47,607,390	\$ 7,440,800

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

<b>Enterprise Funds</b>			
<b>County Utilities</b>	<b>County Building</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ -	\$ 3,406,022	\$ 19,982,397	\$ 23,260,757
31,089,758	-	31,089,758	-
31,089,758	3,406,022	51,072,155	23,260,757
8,182,717	1,756,121	11,170,522	3,236,319
11,705,131	930,067	25,478,546	20,975,466
14,384,481	38,462	15,650,826	170,320
34,272,329	2,724,650	52,299,894	24,382,105
(3,182,571)	681,372	(1,227,739)	(1,121,348)
-	37,275	274,663	155,801
517,020	-	517,020	-
9,131	3,300	12,606	-
(1,094,748)	-	(1,112,158)	-
(53,214)	-	(53,214)	-
(621,811)	40,575	(361,083)	155,801
(3,804,382)	721,947	(1,588,822)	(965,547)
5,143,316	-	5,143,316	-
(668,925)	(140,127)	(891,854)	5,936,287
670,009	581,820	2,662,640	4,970,740
245,015,287	5,518,961	304,171,627	23,390,907
\$ 245,685,296	\$ 6,100,781	\$ 306,834,267	\$ 28,361,647

**Indian River County, Florida**  
**Board of County Commissioners**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2016**

	<b>Enterprise Funds</b>	
	<b>Solid Waste Disposal District</b>	<b>Golf Course</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 13,324,075	\$ 3,239,266
Cash paid to suppliers for goods and services	(9,666,689)	(1,862,813)
Cash paid to employees for services	(634,013)	(548,025)
Net cash provided by (used in) operating activities	<u>3,023,373</u>	<u>828,428</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers	(63,694)	(19,108)
Proceeds from advances from other funds	-	90,000
Payments on advances from other funds	-	(135,000)
Net cash provided by (used in) noncapital financing activities	<u>(63,694)</u>	<u>(64,108)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal payments - bonds/notes	-	-
Interest paid on long-term debt	-	(17,410)
Proceeds from advances from other funds	-	254,500
Payments on advances from other funds	-	(705,254)
Proceeds from sales of capital assets	150	25
Purchase of capital assets	(216,775)	(294,909)
Bond paying agent and arbitrage fees	-	-
Capital grants and contributions	-	-
Net cash provided by (used in) capital and related financing activities	<u>(216,625)</u>	<u>(763,048)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends on investments	<u>223,756</u>	<u>3,619</u>
Net cash provided by investing activities	<u>223,756</u>	<u>3,619</u>
Net increase (decrease) in cash and investments	2,966,810	4,891
Cash and investments at beginning of year	<u>26,655,152</u>	<u>5,384</u>
Cash and investments at end of year	<u>\$ 29,621,962</u>	<u>\$ 10,275</u>
Classified as:		
Current assets	\$ 13,325,869	\$ 10,275
Restricted assets	16,296,093	-
Totals	<u>\$ 29,621,962</u>	<u>\$ 10,275</u>

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

### Enterprise Funds

<u>County Utilities</u>	<u>County Building</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 32,153,668	\$ 3,406,022	\$ 52,123,031	\$ 23,037,499
(11,289,100)	(846,679)	(23,665,281)	(20,526,389)
(7,956,458)	(1,687,788)	(10,826,284)	(12,161,596)
<u>12,908,110</u>	<u>871,555</u>	<u>17,631,466</u>	<u>(9,650,486)</u>
(668,925)	(140,127)	(891,854)	5,936,287
-	-	90,000	-
-	-	(135,000)	-
<u>(668,925)</u>	<u>(140,127)</u>	<u>(936,854)</u>	<u>5,936,287</u>
(2,878,000)	-	(2,878,000)	-
(1,095,886)	-	(1,113,296)	-
-	-	254,500	-
-	-	(705,254)	-
9,131	3,300	12,606	-
(3,435,037)	(249,252)	(4,195,973)	(253,948)
(9,050)	-	(9,050)	-
3,067,648	-	3,067,648	-
<u>(4,341,194)</u>	<u>(245,952)</u>	<u>(5,566,819)</u>	<u>(253,948)</u>
484,431	33,724	745,530	146,654
<u>484,431</u>	<u>33,724</u>	<u>745,530</u>	<u>146,654</u>
8,382,422	519,200	11,873,323	(3,821,493)
70,747,121	6,129,954	103,537,611	30,516,071
<u>\$ 79,129,543</u>	<u>\$ 6,649,154</u>	<u>\$ 115,410,934</u>	<u>\$ 26,694,578</u>
\$ 43,400,684	\$ 6,649,154	\$ 63,385,982	\$ 26,694,578
35,728,859	-	52,024,952	-
<u>\$ 79,129,543</u>	<u>\$ 6,649,154</u>	<u>\$ 115,410,934</u>	<u>\$ 26,694,578</u>

Continued

**Indian River County, Florida**  
**Board of County Commissioners**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2016**

	<b>Enterprise Funds</b>	
	<b>Solid Waste Disposal District</b>	<b>Golf Course</b>
<b>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 631,032	\$ 642,428
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,075,403	152,480
(Increase) Decrease in assets:		
Accounts receivable	(130,345)	-
Due from other governments	110,175	(600)
Inventories	-	(32,655)
Liens receivable	-	-
Impact fees receivable	-	-
Special assessments receivable	-	-
Prepaid items	1,136	-
Increase (Decrease) in liabilities:		
Accounts payable	311,090	33,153
Due to other governments	-	1,722
Retainage payable	-	-
Customer deposits	(1,500)	-
Closure and maintenance costs payable	1,000,000	-
Net pension liability	20,360	15,741
Unearned revenues	-	8,636
Claims payable	-	-
Accrued compensated absences	6,022	7,523
Total adjustments	2,392,341	186,000
Net cash provided by (used in) operating activities	\$ 3,023,373	\$ 828,428
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Change in fair value of investments	\$ 28,411	\$ 474
Capital grants and contributions	\$ -	\$ -
Capital assets purchased through accounts payable	\$ 2,500	\$ 36,627

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

**Enterprise Funds**

<u>County Utilities</u>	<u>County Building</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ (3,182,571)	\$ 681,372	\$ (1,227,739)	\$ (1,121,348)
14,384,481	38,462	15,650,826	170,320
(64,593)	-	(194,938)	130,129
1,558,830	-	1,668,405	(353,387)
(264,310)	-	(296,965)	(13,741)
(744,502)	-	(744,502)	-
53,385	-	53,385	-
142,759	-	142,759	-
122,113	1,023	124,272	(8,963,682)
517,096	84,804	946,143	91,500
24,036	(2,439)	23,319	-
17,096	-	17,096	-
118,031	-	116,531	-
-	-	1,000,000	-
234,948	53,218	324,267	44,097
-	-	8,636	-
-	-	-	335,000
(8,689)	15,115	19,971	30,626
<u>16,090,681</u>	<u>190,183</u>	<u>18,859,205</u>	<u>(8,529,138)</u>
\$ <u>12,908,110</u>	\$ <u>871,555</u>	\$ <u>17,631,466</u>	\$ <u>(9,650,486)</u>

\$ 120,706	\$ 10,792	\$ 160,383	\$ 40,260
\$ 2,075,668	\$ -	\$ 2,075,668	\$ -
\$ 102,658	\$ -	\$ 141,785	\$ -

**Indian River County, Florida  
Board of County Commissioners  
Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2016**

	<u>Agency</u>	<u>Other Postemployment Benefits Trust</u>
<b>ASSETS</b>		
Cash	\$ 3,118,835	\$ 3,001,455
Investments, at fair value:		
Index funds	-	11,289,261
U.S. government securities funds	-	9,183,810
Primary money market fund	-	2,028,784
Total assets	<u>\$ 3,118,835</u>	<u>\$ 25,503,310</u>
<b>LIABILITIES</b>		
Due to other governments	496,563	-
Other deposits held in escrow	2,622,272	-
Total liabilities	<u>\$ 3,118,835</u>	<u>-</u>
<b>NET POSITION</b>		
Assets held in trust for other postemployment benefits		25,503,310
Total net position		<u>\$ 25,503,310</u>

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



**Indian River County, Florida**  
**Board of County Commissioners**  
**Statement of Changes in Fiduciary Net Position**  
**Other Post Employment Benefits Trust Fund**  
**For the Year Ended September 30, 2016**

**ADDITIONS**

Employer contributions	\$ 12,096,411
Investment income	1,053,296
Investment expense	<u>(2,025)</u>
Net investment income	<u>1,051,271</u>
Total additions	<u>13,147,682</u>

**DEDUCTIONS**

Benefits payments	<u>2,494,528</u>
Total deductions	<u>2,494,528</u>
Change in net position	10,653,154
Net position - beginning	<u>14,850,156</u>
Net position - ending	<u><u>\$ 25,503,310</u></u>

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



**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**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 (a) serves as the governing body of the legally separate organization and there is a financial burden/benefit relationship or management has operational responsibility of the organization, (b) the organization provides almost exclusive service or benefit to the primary government, or (c) total debt of the organization is repayable almost entirely from the resources of the primary government. Based on these criteria, management determined that the Solid Waste Disposal District and the Emergency Services District were the only organizations that should be included in the Board’s financial statements as blended component units.

**Blended Component Units**

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

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

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Fund Financial Statements**

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

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

See Note 15 for more information on the spending hierarchy of fund balances in the fund financial statements.

**Governmental Funds**

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

Under the current financial resources measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. The reported fund balance is considered to be a measure of available spendable resources. Governmental 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 15 for more information on the categories and descriptions of fund balances in the fund financial statements.

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**B. Fund Financial Statements – Continued**

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

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

Proprietary Funds

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

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

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

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Fund Financial Statements - Continued**

Fiduciary Funds

The fiduciary financial statements include financial information for the agency fund and the other postemployment benefits trust fund. The agency fund of the Board primarily represents assets held by the Board in a custodial capacity for other individuals or governments. The other postemployment benefits trust fund (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.

Governmental Major Funds

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

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

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

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

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

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

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Fund Financial Statements - Continued**

Proprietary Major Funds

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

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

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

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

Other Fund Types

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

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

Other Postemployment Benefits Trust Fund – The Other Postemployment Benefits Trust Fund 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 Investments**

Cash reported on the financial statements includes bank deposits, cash on hand, certificates of deposit, money market accounts, and all highly liquid investments with maturities of ninety days or less when purchased. Investments consist of U.S. Treasury Securities, U.S. Government Agency Securities, and the Florida Local Government Investment Trust Fund (FLGIT). Investments are reported at fair value based upon the average price obtained from three brokers/dealers. The FLGIT Fund 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.

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Cash and Investments - Continued**

The Board maintains a cash and investment pool that is available for use by all funds. Earnings for the pooled investments are allocated to the respective funds based on applicable cash participation by each fund. The investment pool is managed such that all participating funds have the ability to deposit and withdraw cash as if they were demand deposit accounts. Therefore, all balances representing participants' equity in the investment pools are classified as cash and investments for financial statement purposes. In addition, longer-term investments are held by several of the Board's funds and are, therefore, reported as current restricted cash and investments on these statements. When restricted and unrestricted resources are available, expenses are paid first from restricted resources.

**D. Allowance for Doubtful Accounts**

The Board provides an allowance for water and sewer and ambulance service accounts receivables that may become uncollectable. At September 30, 2016, the allowance for water and sewer was \$424,493 and for ambulance services was \$2,067,959. No other allowances for doubtful accounts are maintained since other accounts receivable are considered collectable as reported at September 30, 2016.

**E. Due from Other Governments**

This account represents funds due from State and Federal agencies for monthly revenue shares and grant reimbursements. It also includes excess fees due from the County's constitutional officers at September 30, 2016.

**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.



**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**H. Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, right-of-ways, water and sewer distribution systems, beach restoration, stormwater systems and similar items), and intangible assets (e.g. software, easements, and rights), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The Board defines capital assets as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are reported at estimated historical cost. Donated capital assets 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.

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

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

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**I. Capitalization of Interest**

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

**J. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Board has three items that qualify for reporting in these categories.

The first item is unavailable revenue, which arises under a modified accrual basis of accounting, and is reported as a deferred inflow of resources in the governmental funds balance sheet. The sources of the unavailable revenue are special assessments on road paving, ambulance service billings, and state and federal grant revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The second item is the deferred charge on refunding which is reported as a deferred outflow of resources on the Statement of Fund Net Position for the Proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding debt.

In addition to the above two deferred items, both deferred outflows and inflows related to pensions are calculated in accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*. These deferred resources appear on the Statement of Fund Net Position for Proprietary Funds. These deferred outflows and inflows are an aggregate of various pension items and will be recognized as adjustments to pension expense or net pension liability in future reporting years. Further information and detail on the composition of these items is discussed in Note 12.

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**K. Pensions/Net Pension Liability**

In the Statement of Fund Net Position for Proprietary Funds, net pension liability represents the Board's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. This proportionate amount represents a share of the present value of projected benefit payments to be provided through the cost-sharing pension plan to current active and inactive employees. The benefit payments are attributable to those employees past periods of service, less the amount of the cost-sharing pension plans' fiduciary net position.

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

**L. Change in Accounting Principles/New Accounting Pronouncement**

The Board implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. This statement addressed accounting and financial reporting issues related to fair value measurements. It also provided guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

**M. Unamortized Bond Discounts and Premiums**

Bond discounts and premiums associated with the issuance of Proprietary Fund revenue bonds are amortized over the life of the bonds according to the straight-line method. For financial reporting, unamortized bond discounts and premiums are netted against the applicable long-term debt. Refer to Note 9B for further information.

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**N. Landfill Closure Costs**

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

**O. Unearned Revenues**

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

**P. Accrued Compensated Absences**

The Board does not report compensated absences in the governmental fund statements since they are not current liabilities payable from available spendable resources. They are reported in the government-wide financial statements of the County. Proprietary fund types accrue compensated absences in the period they are earned.

**Q. Obligation for Bond Arbitrage Rebate**

Pursuant to Section 148(f) of the U.S. Internal Revenue Code, the Board must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The Board has no arbitrage liability outstanding as of September 30, 2016.

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**R. Budgets and Budgetary Accounting**

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

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

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 2 - CASH AND INVESTMENTS**

The Board maintains a cash and investment pool that is available for use by all funds except those whose cash and investments must be segregated due to bond covenants or other legal restrictions.

**A. Deposits**

At September 30, 2016, the carrying value of the Board's deposits was \$122,501,480 and the bank balance was \$123,843,159. 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". On February 2, 2016, the Board of County Commissioners updated its cash and investment policy to increase the limit on certificates of deposit from \$6.0 million to \$6.5 million.

**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, 2016, accrued interest for the Board's portfolio totaled \$249,411 and was allocated to the funds based on their average monthly balance for September. The remaining accrued interest is reflected in utilities and road paving assessments.

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 2 - CASH AND INVESTMENTS - Continued**

**C. Investments**

As of September 30, 2016, the Board had the following investments:

Investment Type	Fair Value	Weighted Average Maturity In Years	Portfolio Percentage	Credit Risks*
<u>Fixed Rate Debt Instruments:</u>				
U.S. Treasuries	\$ 82,039,092	0.87	40.99 %	N/A
U.S. Agencies:***				
Federal Farm Credit Bureau	13,988,773	1.63	6.99	AA+
Federal Home Loan Bank	26,640,150	1.16	13.31	AA+
Federal Home Loan Mortgage	40,952,383	0.98	20.46	AA+
Federal National Mortgage Assoc.	19,964,070	0.53	9.97	AA+
<u>Other Market Rate Investments:</u>				
Florida Local Government				AAAf and
Investment Trust Fund (FLGIT)	12,467,718	0.08	6.23	S-1**
<u>W&amp;S Sinking Fund Reserve:</u>				
U.S. Treasuries	4,107,392	0.96	2.05	N/A
Total Fair Value	\$ <u>200,159,578</u>		<u>100</u> %	
Weighted Average Maturity of Investments		<u>0.90</u>		

\* Ratings based upon Standard and Poor's

\*\*AAAf credit quality, S-1 Market Volatility

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

**Fair Value Measurement**

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

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 2 - CASH AND INVESTMENTS - Continued**

**C. Investments – Continued**

The Board had the following recurring fair value measurements as of September 30, 2016:

	Level 1	Level 2	Level 3	Total
U.S. Treasuries	\$ -	\$ 86,146,484	\$ -	\$ 86,146,484
U.S. Agencies	-	101,545,376	-	101,545,376
FLGIT	-	12,467,718	-	12,467,718
Total Investments	\$ -	\$ 200,159,578	\$ -	\$ 200,159,578

**Interest Rate Risk**

The Board's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. All investments must have stated maturities of ten (10) years or less and no more than 25% of the portfolio shall be invested in instruments with stated final maturities greater than five (5) years. The portfolio shall have securities with varying maturity and at least 10% of the portfolio shall be invested in readily available funds.

**Credit Risks**

Florida Statutes, Section 218.415 and the Board's investment policy limit investments to the following:

1. Direct obligations of the United States Treasury;
2. Any intergovernmental investment pool, with the exception of SBA pools, authorized pursuant to the Florida Interlocal Cooperation Act as provided in Florida Statute 163.01;
3. Florida Local Government Investment Trust 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;
7. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
8. Repurchase agreements with a term of one year or less collateralized by direct obligations of the United States Government which have maturities of three (3) years or less and a market value 103% or more of the repurchase amount.



**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 2 - CASH AND INVESTMENTS - Continued**

**C. Investments – Continued**

**Concentration Risk**

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

**Custodial Credit Risk**

The Board's investment policy pursuant to Section 218.415 (18), Florida Statutes, requires securities to be registered and held with a third party custodian. All securities purchased, as well as all collateral obtained, by the Board shall be held in the name of the Board. The securities must be held in an account separate and apart from the assets of the financial institution. As of September 30, 2016 the Board's investment portfolio in U.S. Treasuries, U.S. Agencies, and money market funds was held by The Bank of New York/Mellon. Additional investments include the Florida Local Government Investment Trust which was held by the Bank of New York/Mellon.

**D. OPEB Trust**

Funds are held in the name of the Indian River County OPEB Trust (IRCOT), an irrevocable trust, by a third party custodian, Bank of New York/Mellon. The contribution for the year ended September 30, 2016 was \$12,096,411. Cash balance in the Trust at September 30, 2016 was \$3,001,455. 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 investments. Asset allocations are divided between short term and long term investments. Short term asset allocations include cash and investments with maturities of 180 days or less. Long term asset allocations range from 0-60% for equities, 0-60% for fixed income securities, and 0-100% for cash and investments.

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**NOTE 2 - CASH AND INVESTMENTS - Continued**

**D. OPEB Trust - Continued**

As of September 30, 2016, the Indian River County OPEB Trust (IRCOT) had the following investments:

Investment Type	Fair Value	Weighted Average Maturity In Years	Portfolio Percentage
Vanguard 500 Index	\$ 5,086,893	N/A	22.60
Vanguard All World Ex-US	4,517,800	N/A	20.08
Vanguard Mid Cap Index	1,124,120	N/A	4.99
Vanguard Small Cap Index	560,448	N/A	2.49
Vanguard Short Term Treasury	6,734,605	2.30	29.93
Vanguard Intermediate Treasury	2,243,094	5.60	9.97
Vanguard Prime Money Market	2,028,784	0.14	9.02
Vanguard Federal Money Market	206,111	0.15	0.92
Total fair value	\$ <u>22,501,855</u>		<u>100.00</u> %

The Board has the following recurring fair value measurements for investments in the OPEB Trust as of September 30, 2016:

	Level 1	Level 2	Level 3	Total
Index funds	\$ 11,289,261	\$ -	\$ -	\$ 11,289,261
U.S. government securities funds	9,183,810	-	-	9,183,810
Money market fund	2,028,784	-	-	2,028,784
Total investments	\$ <u>22,501,855</u>	\$ -	\$ -	\$ <u>22,501,855</u>

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**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 2015-2016 fiscal year were levied in October 2015. All taxes are due and payable on November 1 or as soon as the assessments roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

**NOTE 4 – CAPITAL ASSETS**

**A. Governmental Fund Type Capital Assets**

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

	Land	Buildings And Improvements	Equipment	Intangibles	Infrastructure	Construction In Progress	Total
Balance 10/1/2015	\$ 133,663,011	\$ 212,833,991	\$ 38,863,637	\$ 3,751,845	\$ 385,665,017	\$ 50,343,335	\$ 825,120,836
Additions	113,868	18,003,113	4,893,393	616,141	30,588,334	22,517,040	76,731,889
Deletions	-	(958,576)	(2,195,323)	(28,833)	(452,928)	(49,151,965)	(52,787,625)
Balance 9/30/2016	<u>\$ 133,776,879</u>	<u>\$ 229,878,528</u>	<u>\$ 41,561,707</u>	<u>\$ 4,339,153</u>	<u>\$ 415,800,423</u>	<u>\$ 23,708,410</u>	<u>\$ 849,065,100</u>

Depreciation expense, which includes amortization expense on intangible assets, for governmental fund type capital assets is not reported in the financial statements of the Board. Depreciation expense is reported in the financial statements of the County. Please refer to the County Notes for a more detailed explanation of the County's policy on depreciation.

**B. Proprietary Fund Type Capital Assets**

**Enterprise Funds**

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

	Land	Buildings And Improvements	Equipment	Intangibles	Construction In Progress	Total
Balance 10/1/2015	\$ 21,556,248	\$ 450,213,827	\$ 15,857,628	\$ 2,808,717	\$ 1,855,942	\$ 492,292,362
Additions	-	4,027,193	1,596,743	166,336	2,511,181	8,301,453
Deletions	-	(193,174)	(925,550)	-	(2,062,144)	(3,180,868)
	<u>21,556,248</u>	<u>454,047,846</u>	<u>16,528,821</u>	<u>2,975,053</u>	<u>2,304,979</u>	<u>497,412,947</u>
Less:						
Accumulated Depreciation	-	(252,824,571)	(13,219,770)	(884,182)	-	(266,928,523)
Balance 9/30/2016	<u>\$ 21,556,248</u>	<u>\$ 201,223,275</u>	<u>\$ 3,309,051</u>	<u>\$ 2,090,871</u>	<u>\$ 2,304,979</u>	<u>\$ 230,484,424</u>

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**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 10/1/2015	\$ 2,837	\$ 940,960	\$ 1,599,871	\$ 2,543,668
Additions	-	127,654	126,293	253,947
Deletions	-	(118,889)	-	(118,889)
	2,837	949,725	1,726,164	2,678,726
Less: Accumulated Depreciation	(2,837)	(745,027)	(1,432,099)	(2,179,963)
Balance 9/30/2016	<u>\$ -</u>	<u>\$ 204,698</u>	<u>\$ 294,065</u>	<u>\$ 498,763</u>

**NOTE 5 – RESTRICTED CASH AND INVESTMENTS**

	Solid Waste Disposal District	County Utilities	Total
Sinking funds	\$ -	\$ 4,438,664	\$ 4,438,664
Renewal and replacement	3,152,731	3,485,928	6,638,659
Customer deposits	133,626	3,048,622	3,182,248
Capital construction	-	24,755,645	24,755,645
Closure and maintenance cost	13,009,736	-	13,009,736
Total	<u>\$ 16,296,093</u>	<u>\$ 35,728,859</u>	<u>\$ 52,024,952</u>

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**NOTE 6 - INTERFUND BALANCES**

Interfund balances at September 30, 2016, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 13,000
General Fund	Golf Course Enterprise Fund	365,414
		<u>\$ 378,414</u>

In September 2014, the General Fund loaned \$630,000 to the Golf Course Fund for a new irrigation system. In January 2016, the General Fund loaned \$254,500 to the Golf Course Fund to purchase new golf carts. In September 2016, the General Fund loaned the Golf Course Fund \$90,000 as a short-term cash loan to be repaid within the next twelve months. 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 2017. The remaining amount due from the Golf Course Fund is reported as an interfund advance. The amounts due from the Nonmajor Governmental Funds represent short-term cash loans that will be repaid within the next twelve months.

Interfund advance at September 30, 2016, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Golf Course Fund	<u>\$ 150,925</u>

This amount is considered a long-term advance between major funds expected to be paid in fiscal years 2018, 2019 and 2020. This amount has been presented as nonspendable on the General Fund Balance Sheet.

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**NOTE 7 - INTERFUND TRANSFERS**

Interfund transfers for the year ended September 30, 2016, consisted of the following:

	Transfers In:					
	Transportation Fund	Nonmajor Governmental Funds	Utilities Fund	Internal Service Funds	Total	
Transfers Out:						
General Fund	\$ 9,199,769	\$ 123,947	\$ -	\$ 3,401,741	\$ 12,725,457	
Impact Fees Fund	-	-	-	6,369	6,369	
Secondary Roads Construction Fund	-	661,897	-	19,108	681,005	
Transportation Fund	-	-	82,667	821,176	903,843	
Emergency Services District Fund	-	-	-	630,573	630,573	
Optional Sales Tax Fund	-	125,000	-	-	125,000	
Nonmajor Governmental Funds	-	-	-	82,799	82,799	
Solid Waste Disposal District Fund	-	-	-	63,694	63,694	
Golf Course Fund	-	-	-	19,108	19,108	
County Utilities Fund	-	-	-	751,592 (a)	751,592	
County Building Fund	-	-	-	140,127	140,127	
Total	\$ 9,199,769	\$ 910,844	\$ 82,667	\$ 5,936,287	\$ 16,129,567	
			(a)			

(a) Nets to \$668,925 reported as Transfers for the Utilities Fund

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**NOTE 7 - INTERFUND TRANSFERS - Continued**

Transfers are used for the following purposes: 1) use unrestricted general fund revenues to finance transportation activities which are accounted for in a special revenue fund, 2) use unrestricted general fund revenues for beach restoration activities which must be accounted for in another fund, 3) use unrestricted general fund revenues to offset a portion of salaries and benefits expenses for an employee accounted for in the health insurance fund, 4) use secondary roads construction fund revenues to offset portions of a road millings and bus transfer site projects, 5) use unrestricted stormwater revenues to offset Egret Marsh employee costs accounted for in the utilities fund, 6) use transportation fund revenues to offset vehicle maintenance costs accounted for in the fleet internal service fund, 7) use capital project fund revenues for improvements to the Historic Dodgertown facility, and 8) use governmental and proprietary fund revenues to offset an additional contribution to the OPEB trust made by the self insurance internal service fund.

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**NOTE 8 – ACCOUNTS PAYABLE**

Accounts payable at September 30, 2016, were as follows:

	Vendors	Salaries and Benefits	Total Accounts Payable
Governmental Funds:			
General	\$ 1,329,136	\$ 438,540	\$ 1,767,676
Impact Fees	21,395	3,552	24,947
Secondary Roads Construction	1,365,163	9,361	1,374,524
Transportation	296,817	293,844	590,661
Emergency Services	160,287	822,708	982,995
Optional Sales Tax	759,981	-	759,981
Other Governmental	471,580	30,776	502,356
Total Governmental Funds	<u>\$ 4,404,359</u>	<u>\$ 1,598,781</u>	<u>\$ 6,003,140</u>
Proprietary Funds:			
Payable from current assets:			
Solid Waste	\$ 1,247,370	\$ 22,997	\$ 1,270,367
Golf Course	93,025	18,970	111,995
Utilities	1,563,074	283,463	1,846,537
Building	102,140	61,642	163,782
Other Proprietary	219,595	54,229	273,824
Payable from restricted assets:			
Utilities	25,706	-	25,706
Total Proprietary Funds	<u>\$ 3,250,910</u>	<u>\$ 441,301</u>	<u>\$ 3,692,211</u>

Included in salaries and benefits payable is a liability to the Florida Retirement System (FRS) for pension contributions due. The amounts due to FRS at September 30, 2016 were \$193,207 for governmental funds and \$30,106 for proprietary funds.

The Board has not engaged in any short-term debt activity during fiscal year 2016 other than that listed in Note 6.



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**NOTE 9 - LONG-TERM LIABILITIES**

**A. Governmental Long-Term Debt**

Changes in Long-Term Liabilities

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Accrued Compensated Absences:	\$ 4,102,706	\$ 2,913,870	\$ 2,988,862	\$ 4,027,714
Bonds Payable:				
Limited General Obligation				
Bonds - 2006 Series	3,545,000	-	3,545,000	-
Spring Training Facility				
Revenue Bonds - 2001 Series	7,230,000	-	495,000	6,735,000
Total Bonds Payable	10,775,000	-	4,040,000	6,735,000
Notes Payable:				
Limited General Obligation				
Refunding - 2015 Series	20,049,000	-	343,000	19,706,000
Grand Total	\$ 34,926,706	\$ 2,913,870	\$ 7,371,862	\$ 30,468,714

Of the \$4,027,714 liability for accrued compensated absences, management estimates that \$2,685,312 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Board since they are not payable from available spendable resources. They are reported in the financial statements of the County.

The General Obligation 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 bond and note and the revenue bonds are made by debt service funds (refer to the Table of Contents for these debt service funds under the category: Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances of Nonmajor Governmental Funds).

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**NOTE 9 - LONG-TERM LIABILITIES – Continued**

**A. Governmental Long-Term Debt - Continued**

Annual Debt Service Payments

The annual debt service payments for bonds and notes outstanding at September 30, 2016, are as follows:

Fiscal Year Ending September 30	Spring Training Facility Revenue Bonds Series 2001		Limited General Obligation Refunding Note Series 2015	
	Principal	Interest	Principal	Interest
2017	\$ 520,000	\$ 344,050	\$ 4,053,000	\$ 327,119
2018	550,000	316,750	4,158,000	259,840
2019	585,000	287,875	4,227,000	190,817
2020	615,000	257,163	4,298,000	120,649
2021	650,000	224,875	2,970,000	49,302
2022-2026	1,695,000	793,000	-	-
2027-2031	2,120,000	324,750	-	-
Total	6,735,000	2,548,463	19,706,000	947,727
Less:				
Current portion	520,000	-	4,053,000	-
Total	<u>\$ 6,215,000</u>	<u>\$ 2,548,463</u>	<u>\$ 15,653,000</u>	<u>\$ 947,727</u>

Spring Training Facility Revenue Bonds

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

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

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

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**NOTE 9 - LONG-TERM LIABILITIES - Continued**

**A. Governmental Long-Term Debt – Continued**

Spring Training Facility Revenue Bonds - Continued

3. Eighty-six percent (86%) of the Local Government Half-Cent Sales Tax distributed to the Board, pursuant to Chapter 218, part VI, Florida Statutes.

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

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

The current principal and interest payments of \$852,044 represent 9.59 percent of total pledged revenues. All three pledged revenue sources totaled \$8,886,139 for the current fiscal year. The Board applied 100% of the state subsidy, 68% of the Fourth-Cent Tourist Tax, and none of the Half-Cent Sales Tax to the debt service payments. The total principal and interest remaining to be paid on the bonds is \$9,283,463.

*Bonds Issued* - At September 30, 2016, Spring Training Facility Revenue Bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2016
Spring Training Facility Revenue Bonds, 2001 Series	3.30%-5.25% 4/1 and 10/1	2031	\$ 16,810,000	<u>\$ 6,735,000</u>

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**NOTE 9 - LONG-TERM LIABILITIES - Continued**

**A. Governmental Long-Term Debt – Continued**

Spring Training Facility Revenue Bonds - Continued

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

Term Bonds due April 1, 2017

<u>Date</u>	<u>Principal Amount</u>
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

Limited General Obligation Refunding Note, Series 2015

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

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**NOTE 9 - LONG-TERM LIABILITIES - Continued**

**A. Governmental Long-Term Debt - Continued**

Limited General Obligation Refunding Note, Series 2015 - Continued

The aggregate difference in debt service between the 2015 note (\$28,959,008) and the 2006 bonds (\$30,315,331) was \$1,356,323. These amounts include the 7/1/2015 and 7/1/2016 principal and interest payments which were excluded in the refunding. The net economic gain was \$636,694 and is amortized over the life (72 months) of the new debt. The unamortized balance of \$481,942 is reflected as a deferred outflow of resources on the government-wide Statement of Net Position. This refinancing lowered the annual debt service by \$150,000.

*Pledge of revenues* – The principal and interest on the bonds are payable from the sole source of ad valorem taxes not exceeding ½ mil and having a maturity not exceeding fifteen years, which are levied by the County upon the taxable real and personal property of the County. The total tax revenue received was \$4,594,381 of which 100% is pledged for payment of this note and the 2006 bond. Total principal and interest paid on this note was \$675,813 and represents 15% of total pledged revenue.

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

**B. Proprietary Long-Term Debt**

Changes in Long-Term Liabilities

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Accrued Compensated Absences	\$ 1,006,753	\$ 924,282	\$ 873,685	\$ 1,057,350
Note Payable:				
Water & Sewer Refunding				
Note Series 2015	7,171,000	-	973,000	6,198,000
Bonds Payable:				
Water & Sewer Revenue				
Refunding Series 2009	19,525,000	-	1,905,000	17,620,000
Grand Total	\$ <u>27,702,753</u>	\$ <u>924,282</u>	\$ <u>3,751,685</u>	\$ <u>24,875,350</u>

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**NOTE 9 - LONG-TERM LIABILITIES - Continued**

**B. Proprietary Funds Long-Term Debt - Continued**

Annual Debt Service Payments

The annual debt service payments for bonds and notes outstanding at September 30, 2016 are as follows:

Fiscal Year Ending September 30	Water and Sewer Revenue Refunding Note Series 2015		Water and Sewer Revenue Refunding Bonds Series 2009	
	Principal	Interest	Principal	Interest
2017	\$ 992,000	\$ 102,267	\$ 2,000,000	\$ 881,000
2018	1,007,000	85,899	2,100,000	781,000
2019	1,025,000	69,284	2,205,000	676,000
2020	1,042,000	52,371	2,315,000	565,750
2021	1,058,000	35,178	2,430,000	450,000
2022-2024	1,074,000	17,721	6,570,000	596,500
Total	6,198,000	362,720	17,620,000	3,950,250
Less:				
Current portion	992,000	-	2,000,000	-
Add:				
Unamortized bond premium	-	-	1,380,884	-
Total	<u>\$ 5,206,000</u>	<u>\$ 362,720</u>	<u>\$ 17,000,884</u>	<u>\$ 3,950,250</u>

Water and Sewer Revenue Refunding Note, Series 2015

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

The aggregate difference in debt service between the Series 2005 bonds (\$18,866,875) and the Series 2015 note (\$7,653,356), cash contribution and September 1, 2016 principal and interest payment (\$9,162,642) is \$2,050,877. The net economic gain was \$583,991; which included the refinancing, accrued interest, and cash contribution. This lowered the annual debt service by \$1.2 million. The net economic gain is amortized over the 7 year life of the note. The unamortized balance of the deferred amount on the refunding at September 30, 2016 is \$493,611 and is reflected as a deferred outflow of resources on the Statement of Net Position.

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**NOTE 9 - LONG-TERM LIABILITIES - Continued**

**B. Proprietary Funds Long-Term Debt - Continued**

Water and Sewer Revenue Refunding Note, Series 2015 - Continued

*Pledge of Revenues* – The note is collateralized, for the remaining term of the note, by a pledge of all net revenues derived from the operation of the system, certain surcharges, and special assessments. Annual principal and interest payments of \$1,092,636 represent approximately eight percent of net revenues of \$13,258,661 of the utility system. The total principal and interest remaining to be paid on the 2015 note is \$6,560,720. Refer to Schedule 14 in the statistical section for further detail.

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

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

Water and Sewer Revenue Refunding Bonds, Series 2009

*Purpose* - The Series 2009 bonds were issued to refund and redeem on September 11, 2009, \$28,270,000 of the Board's outstanding Water and Sewer Revenue Bonds, Series 1993A. The refunding excluded debt service payments due September 1, 2010 and 2011.

The aggregate difference in debt service between the Series 1993A (\$80,434,415) and Series 2009 (\$78,755,772) is \$1,678,643. The net economic gain, which lowered average annual debt service by \$126,000, was \$1,368,427 and is amortized over the life of the bonds. The unamortized balance of the deferred amount on the refunding at September 30, 2016 is \$718,424 and is reflected as a deferred outflow of resources on the Statement of Net Position.

*Pledge of Revenues* – The revenue bonds are collateralized, for the remaining term of the bonds, by a pledge of all net revenues derived from the operation of the system, certain surcharges, and special assessments. The current principal and interest payments of \$2,881,000 represent approximately twenty-two percent of net revenues of \$13,258,661 of the utility system. The total principal and interest remaining to be paid on the bonds is \$21,570,250.

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

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**NOTE 9 - LONG-TERM LIABILITIES - Continued**

**B. Proprietary Funds Long Term Debt – Continued**

Water and Sewer Revenue Refunding Bonds, Series 2009 - Continued

*Bonds Issued* - At September 30, 2016, the revenue refunding bonds consisted of the following:

Description	Interest Rates and Date	Maturity	Issue	Outstanding at September 30, 2016
Water and Sewer	4-5%			
Revenue Refunding Bonds,	3/1 and 9/1	2024	\$ 26,370,000	\$ 17,620,000
Series 2009				

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



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**NOTE 10 - PROVISION FOR CLOSURE COSTS**

Current regulations of the U.S. Environmental Protection Agency (EPA) and the Florida Department of Environmental Protection (FDEP) require the Solid Waste Disposal District (SWDD) to place a final cover on closed landfill areas, and to maintain those areas for up to thirty years after closure. The SWDD annually obtains updated and revised estimates of total future closure and post-closure costs from its consulting engineers. The SWDD recognizes the expenses associated with the final closure and post-closure maintenance of the landfill areas over the active life of those areas. The provision for closure costs reported in the financial statements as operating expense represents the portion of these estimated future outlays which are allocable to the current year based on the amount of capacity used. The total unrecognized closure and post-closure costs are approximately \$2.9 million. These costs will be recognized in future periods as the remaining capacity is filled. The Board's policy is to fund 100% of the current year's allocation (based upon the consulting engineers' report) of both closure and post-closure care.

Required closure and post-closure sub-accounts:

	<u>Capacity Used</u>	<u>Estimated Closing</u>	<u>Amount</u>
<u>Closure Costs</u>			
Class I - Segment III, Cell I	33%	2020	\$ 9,301,947
Construction and Demolition	91%	2026	1,174,866
<u>Post-closure Costs</u>			
Class I - Segments I and II	N/A	N/A	2,338,435
Construction and Demolition	N/A	N/A	194,488
Total account balance at 9/30/16			\$ <u><u>13,009,736</u></u>

All amounts recognized are based on what it would cost to perform all closure and post-closure functions in current dollars. Actual costs may be different due to inflation, deflation, changes in technology, or changes in laws and regulations. The SWDD is required by FDEP to annually show proof of ability to finance closure and post-closure costs. The SWDD is making annual deposits to a closure and post-closure costs account to provide for the financing of future closure-related expenses. At September 30, 2016, \$12,467,718 was on deposit at the Florida Local Government Investment Trust and \$542,018 was on deposit in the Board's Operating account.

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

	<u>Balance 10/1/2015</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Balance 9/30/2016</u>
Closure and long-term care costs	\$ <u>12,009,736</u>	\$ <u>1,000,000</u>	\$ <u>-</u>	\$ <u><u>13,009,736</u></u>

Of the \$13,009,736 liability for closure and long-term care costs, management estimates that no funds will be due and payable within one year.

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**NOTE 11 – POLLUTION REMEDIATION**

In accordance with GASB Statement 49, Accounting and Financial Reporting for Pollution Remediation Obligations, a consultant evaluated two sites to assess pollution remediation liabilities. The consultant calculated for each site an expected value (EV) estimate for pollution remediation based on three plausible mitigation scenarios. An obligating event occurred at each of the following two sites requiring the Board (using the consultant's services) to attempt to accrue a liability for pollution remediation. The liability totaled \$2,445,100 at September 30, 2016 for the two sites. The pollution remediation obligation is an estimate and subject to changes resulting from price increases and reductions, technology, and changes in applicable laws or regulations. There are no estimated recoveries that would reduce the liability.

**Governmental Funds:**

1. *South Gifford Road closed landfill* – The nature of the pollution remediation obligation is chlorinated solvent contamination. The consultant will conduct monitoring, bioremediation and reporting with the FDEP. The amount of the estimated year end liability is \$2,440,000 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 \$5,100 and will be paid from the General Fund.

Total governmental funds liability: \$2,445,100

The Board does not report the liability for pollution remediation in the governmental fund statements since they are not current liabilities payable from available spendable resources. The liability is reported in the government-wide financial statements of the County.

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**NOTE 12 - RETIREMENT PLAN - Florida Retirement System (FRS)**

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

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

**Pension Plan**

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

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

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

Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service.

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**NOTE 12 - RETIREMENT PLAN - Florida Retirement System (FRS) - Continued**

**Pension Plan - Continued**

Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

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

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

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

*Contributions:* The State of Florida establishes contribution rates for participating employers and employees in section 121.71 Florida Statutes. Effective July 1, 2011, the FRS became a contributory plan for all members, except DROP participants, whereby members contribute 3% and employers pay a rate based upon each member's employment class. Classes and rates in effect at July 1, 2016 were: regular class 7.52%, special risk 22.57%, special risk administrative support 28.06%, senior management 21.77%, DROP 12.99%, and elected official class 42.47%. Included in these rates is a health insurance subsidy of 1.66%. Employer contributions to the FRS are based on a percentage of covered payroll that has been actuarially determined as an amount, when combined with the 3% employee contributions, is expected to finance the cost of benefits earned by employers during the year with an additional amount to finance any unfunded accrued liability.

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**NOTE 12 - RETIREMENT PLAN - Florida Retirement System (FRS) - Continued**

**Pension Plan - Continued**

The Board's actuarial contribution to FRS under the Pension Plan for the year ended September 30, 2016, was \$4,411,928. Employee contributions for September 30, 2016 were \$917,434. Both employer and employee contributions were equal to 100% of the required contribution for each year.

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to Pension Plan:* At September 30, 2016, the Division of Retirement calculated the Board's liability of \$43,723,982 for the FRS plan for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Board's proportionate share was 0.173164% for the FRS pension plan. This was an increase of 0.017176% from its proportionate share measured as of June 30, 2015.

For the year ended September 30, 2016, the Board's calculated total increase of actuarially determined pension expense was \$3,513,650. Of this amount, the Board recognized \$396,798 in the enterprise funds and \$54,024 in the internal service funds. In addition, the Board's calculated deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,347,845	\$ 407,100
Changes in assumptions	2,645,170	-
Net difference between projected and actual earnings on pension plan investments	11,302,116	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,041,338	1,262,252
Board contributions subsequent to the measurement date	1,258,099	-
Total	<u>\$ 20,594,568</u>	<u>\$ 1,669,352</u>

Deferred outflows related to pensions recognized by enterprise funds were \$2,730,506 and \$369,252 for internal service funds. Deferred inflows related to pensions recognized by the enterprise funds were \$286,613 and \$36,413 for the internal service funds.

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**NOTE 12 - RETIREMENT PLAN - Florida Retirement System (FRS) - Continued**

**Pension Plan - Continued**

The deferred outflows of resources related to pensions totaling \$1,258,099 resulting from Board contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30:</u>	<u>Amount</u> <u>Recognized</u>
2017	\$ 2,438,062
2018	2,438,062
2019	7,049,180
2020	4,805,456
2021	706,685
Thereafter	229,672
Total	<u>\$ 17,667,117</u>

*Actuarial Assumptions:* The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Valuation date:	July 1, 2016
Measurement date:	June 30, 2016
Discount rate:	7.60%
Long-term expected rate of return:	7.60%, net of pension plan investment expense, including inflation
Inflation:	2.60%
Salary increase:	3.25%, including inflation
Mortality:	Generational RP-2000 with Projections Scale BB
Actuarial cost method:	Individual Entry Age

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

The actuarial assumptions for demographic and economic assumptions were adjusted to those used in the previous valuation. Assumptions in the FRS actuarial study for funding purposes were also adjusted. These changes were approved by the 2016 FRS Actuarial Assumptions Conferences. The changes are explained as follows:

- The discount rate and long-term expected rate of return, net of investment expense were both reduced since the prior actuarial valuation by 0.05 percent from 7.65 percent to 7.60 percent to increase the likelihood that FRS will meet or exceed its assumed investment return in future years.

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**NOTE 12 - RETIREMENT PLAN - Florida Retirement System (FRS) - Continued**

**Pension Plan - Continued**

- The mortality assumption applied to active members was updated to better anticipate expected future experience.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.7%
Fixed Income	18%	4.7%	4.6%	4.6%
Global Equity	53%	8.1%	6.8%	17.2%
Real Estate (Property)	10%	6.4%	5.8%	12.0%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	11.1%
Total	100%			
Assumed inflation-mean			2.6%	1.9%

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**NOTE 12 - RETIREMENT PLAN - Florida Retirement System (FRS) - Continued**

**Pension Plan - Continued**

*Discount rate for Pension Plan:* The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Board's contributions will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the actuarially determined contribution is contributed in full each year. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

*Sensitivity of the Board's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the Pension Plan:* The following presents the Board's proportionate share of the NPL (net pension liability) of the pension plan calculated using the discount rate of 7.60%. Also presented is what the Board's proportionate share of the FRS plan NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% <u>Decrease (6.60%)</u>	Current Discount Rate (7.60%)	1% <u>Increase (8.60%)</u>
Board's proportionate share of NPL	\$80,498,810	\$43,723,982	\$13,113,793

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



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**NOTE 12 - RETIREMENT PLAN - Continued**

**Retiree Health Insurance Subsidy (HIS) Program**

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

*Benefits Provided:* For fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed. The payments are at least \$30 but not more than \$150 per month. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

*Contributions:* The HIS Program is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the HIS contribution rate was 1.66% for October 1, 2015 through September 30, 2016. There are no employee contributions required. The Board contributed 100% of its statutorily required contributions for the current and preceding three years. HIS contributions are deposited in a separate trust fund from which payments are authorized. The Board's actuarial contributions to the HIS Program totaled \$666,421 for the fiscal year ended September 30, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflow of Resources Related to HIS Program:* At September 30, 2016, the Division of Retirement calculated the Board's liability of \$14,890,663 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. At September 30, 2016, the Board's proportion share was 0.127767% for the HIS Program. This was an increase of 0.006% from its proportionate share measured as of June 30, 2015.

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**NOTE 12 - RETIREMENT PLAN - Continued**

**Retiree Health Insurance Subsidy (HIS) Program - Continued**

For the year ended September 30, 2016, the Board's calculated total actuarially determined pension expense of was \$794,188. Of this amount, the Board recognized \$89,770 in the enterprise funds and \$12,144 in the internal service funds. In addition, the Board's calculated deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 33,915
Changes in assumptions	2,336,724	-
Net difference between projected and actual earnings on pension plan investments	7,529	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	529,885	180,729
Board contributions subsequent to the measurement date	178,840	-
Total	<u>\$ 3,052,978</u>	<u>\$ 214,644</u>

The deferred outflows of resources related to HIS totaling \$178,840 resulting from Board contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to HIS Program will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30:</u>	<u>Amount Recognized</u>
2017	\$ 476,049
2018	476,049
2019	473,390
2020	473,390
2021	409,562
Thereafter	351,054
Total	<u>\$ 2,659,494</u>

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**NOTE 12 - RETIREMENT PLAN - Continued**

**Retiree Health Insurance Subsidy (HIS) Program - Continued**

*Actuarial Assumptions:* The total pension liability for the HIS Program in the July 1, 2016 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

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

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

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

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

*Sensitivity of the Board's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the HIS Program:* The following presents the Board's proportionate share of the NPL (net pension liability) of the HIS Program calculated using the discount rate of 2.85%. Also presented is what the Board's proportionate share of the HIS Program NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

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**NOTE 12 - RETIREMENT PLAN - Continued**

**Retiree Health Insurance Subsidy (HIS) Program - Continued**

	1% <u>Decrease (1.85%)</u>	Current Discount <u>Rate (2.85%)</u>	1% <u>Increase (3.85%)</u>
Board's proportionate share of NPL	\$ 17,082,973	\$14,890,663	\$ 13,071,165

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

**FRS Investment Plan**

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

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

**Indian River County, Florida**  
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**NOTE 12 - RETIREMENT PLAN - Continued**

**FRS Investment Plan - Continued**

*Benefits Provided, Continued:* For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over his/her account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Board.

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

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

*Contributions:* Cost of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of .04% of payroll and by forfeited benefits of Investment Plan members. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances to various approved investment choices.

Allocations to the investment member's accounts during the 2015-16 fiscal year were as follows: regular class 6.30%, special risk class 14.00%, senior management service class 7.67%, and elected officers' class 11.34%. This includes the employee contribution of 3%.

The Board's Investment Plan pension expense totaled \$586,613 for fiscal year ended September 30, 2016. Employee contributions totaled \$140,319 for the same period.

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**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)**

**A. Plan Description**

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

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

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

The implicit rate subsidy applies to health and life insurance coverage since the premiums charged are based upon a blending of younger active employees and older retired employees. Health insurance premiums, effective October 1, 2015 range from \$320 for single coverage Medicare participants to \$745 for family coverage. Life insurance is available to retirees at a flat rate of \$.50 per \$1,000 of coverage (to a maximum of \$20,000 until the age of 70). After 70, the maximum amount of life insurance is \$10,000.

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) - Continued**

**A. Plan Description - Continued**

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:

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

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

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

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

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

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) – Continued**

**A. Plan Description – Continued**

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

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

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

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

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

The average employer's contribution was \$2,237 per employee, approximately 4.9% of current payroll. Financial statements for the OPEB Trust are included in this report and can be found on pages 252-253. 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 109.

**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, 2016, the Board contributed \$12.1 million to the qualifying OPEB Trust. This contribution included \$9.0 million in additional contributions over and above the annual required contribution. Plan members receiving benefits contributed \$2.5 million, or approximately 81 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.



**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) – Continued**

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

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

	<b>FY 2015/2016</b>	<b>FY 2014/2015</b>	<b>FY 2013/2014</b>
Annual Required Contribution	\$ 3,096,411	\$ 2,977,075	\$ 2,835,072
Interest on Net OPEB Obligation (Asset)	(54,895)	(47,722)	(18,036)
Adjustment to Annual Required Contribution	86,643	72,521	24,230
<b>Annual OPEB Cost</b>	<b>3,128,159</b>	<b>3,001,874</b>	<b>2,841,266</b>
Contributions (net of adjustments)*	(11,948,249)	(3,121,416)	(3,336,027)
Change in Net OPEB Obligation	(8,820,090)	(119,542)	(494,761)
Net OPEB Obligation (Asset) – beginning of year	(914,909)	(795,367)	(300,606)
<b>Net OPEB Obligation (Asset) – end of year</b>	<b>\$ (9,734,999)</b>	<b>\$ (914,909)</b>	<b>\$ (795,367)</b>
<b>Percentage of Annual OPEB Cost Contributed</b>	<b>382 %</b>	<b>104 %</b>	<b>117 %</b>

\*Retiree adjustments are comprised of the actual amount withdrawn from the Trust plus premiums collected and less claims paid. For fiscal year 2016, these adjustments amounted to (\$148,162). For fiscal years 2015 and 2014, these adjustments totaled \$144,341 and (\$90,852) respectfully.

**D. Funded Status and Funding Progress**

As of October 1, 2015 (the most recent actuarial valuation date), the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 40,096,693
Less: Actuarial value of plan assets	<u>14,850,156</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 25,246,537</u>
Funded ratio	37.04%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 63,694,205
UAAL as a percentage of covered payroll	39.64%

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) - Continued**

**D. Funded Status and Funding Progress - Continued**

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 Board Notes to the Financial Statements (on page 109), 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 three actuarial valuations and seven years of funding data.

**E. Actuarial Methods and Assumptions**

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

The actuarial methods are:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll projected to grow 3.50% per year
Amortization period (closed)	12 years
Asset valuation method	Market value

The actuarial assumptions are:

Investment rate of return	6.0%	(net administrative expenses)
Projected annual salaries increase	4.0%-9.47%	(dependent on years of service and age)
Healthcare cost trend rate	7.0%	(decreasing over 25-year period to the ultimate value of 4.55%)
Inflation rate	2.50%	

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 14 - OPERATING LEASES**

The Board has entered into noncancelable operating leases, both as lessor and lessee. Lease terms vary from 1 to 99 years. Lease revenues totaled \$640,755 and lease expenditures totaled \$97,348 for the year ended September 30, 2016. 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>
2017	\$ 599,772
2018	595,067
2019	611,929
2020	629,382
2021	582,557
2022-2026	2,259,802
2027-2031	1,011,813
2032-2036	411,241
2037-2041	277,466
2042-2045	211,918
Total future minimum receipts:	<u>\$ 7,190,947</u>

The property being leased is reported in the financial statements of Board and has a cost of \$29,307,479, and a carrying value of \$19,589,213. Current year depreciation on property being leased was \$532,258.

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 14 - OPERATING LEASES - Continued**

**B. Future Minimum Lease Payments**

The following is a schedule, by years, of minimum future rentals to be paid by the Board for various noncancelable operating leases as of September 30, 2016:

Year	Amount
2017	\$ 97,727
2018	44,432
2019	44,432
2020	1,500
2021	1,500
2022-2026	7,500
2027-2031	7,500
2032-2036	7,200
2037-2041	4,800
2042-2046	4,500
2047-2051	3,300
2052-2056	2,700
2057-2061	1,500
2062-2066	1,500
2067-2071	1,500
2072-2076	1,500
Total future minimum lease payments:	<u>\$ 233,091</u>

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 15 - FUND BALANCE**

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

**A. Categories**

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

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

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

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

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

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

**B. Fund Balance Policy**

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

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

**Indian River County, Florida**  
Board of County Commissioners  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 15 - FUND BALANCE – Continued**

**B. Fund Balance Policy - Continued**

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

At September 30, 2016, reserve amounts for those funds were:

	Disaster Relief	Budget Stabilization	Total
General Fund	\$ 5,800,000	\$ 5,800,000	\$ 11,600,000
Transportation Fund	800,000	800,000	1,600,000
Emergency Services District Fund	1,950,000	1,950,000	3,900,000
Total	<u>\$ 8,550,000</u>	<u>\$ 8,550,000</u>	<u>\$ 17,100,000</u>

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

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

**C. Spending Hierarchy**

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

**Indian River County, Florida**  
**Board of County Commissioners**  
**Notes To Financial Statements**  
**Year Ended September 30, 2016**

**NOTE 16 - RISK MANAGEMENT**

**General Liability, Property, Worker's Compensation and Medical**

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

	05/01/11 to 9/30/2013	10/01/13 to 9/30/2014	10/01/14 to 9/30/2015	10/01/15 to 9/30/2016
Worker's Compensation	\$ 350,000	\$ 500,000	\$ 750,000	\$ 650,000
General Liability	200,000	200,000	200,000	200,000
Auto Liability	200,000	200,000	200,000	200,000
Property Damage	200,000	200,000	200,000	200,000
Error or Omissions	200,000	200,000	200,000	200,000
Annual Aggregate	2,000,000	2,000,000	2,000,000	2,000,000
Liquor Liability	1,000,000	1,000,000	1,000,000	N/A

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 workers compensation reimbursements totaling \$49,222 in fiscal year 2016. The Board received three workers compensation reimbursements totaling \$409,914 in fiscal year 2015 and three in fiscal year 2014 totaling \$125,213.

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 claim reimbursements in excess of the \$250,000 limit for fiscal year 2016. In fiscal year 2015 there were four totaling \$382,635 and in fiscal year 2014 there were six totaling \$335,641.

**Indian River County, Florida**  
**Board of County Commissioners**  
**Notes To Financial Statements**  
**Year Ended September 30, 2016**

**NOTE 16 - RISK MANAGEMENT - Continued**

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

The claims liability of \$8,512,520 reported at September 30, 2016, 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, \$3,624,891 will be liquidated over the next twelve months. Changes in the fund's claims liability amount during the current and prior three fiscal years are as follows:

	Balance at Fiscal Year Beginning	Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2012-2013	\$ 8,074,000	\$ 14,396,726	\$ (14,396,726)	\$ 8,074,000
2013-2014	8,074,000	16,860,869	(16,708,324)	8,226,545
2014-2015	8,226,545	17,188,927	(17,237,952)	8,177,520
2015-2016	8,177,520	17,953,550	(17,618,550)	8,512,520

Included in the charges to other funds is an amount to fund future catastrophic losses not actuarially determined; and at September 30, 2016, unrestricted net position of \$27,197,018 has been designated for this purpose. The Board has elected to accrue the larger of the discounted liability or undiscounted liability. At September 30, 2016, the undiscounted liability was the greater of the two amounts. The discount rate used in the calculation was 2.0 percent.

**NOTE 17 - COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

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

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



**Indian River County, Florida**  
**Board of County Commissioners**  
**Notes To Financial Statements**  
**Year Ended September 30, 2016**

**NOTE 17 - COMMITMENTS AND CONTINGENCIES - Continued**

**B. Contracts and Other Commitments**

The Board has various contracts and commitments outstanding at September 30, 2016. 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 Old Dixie Highway resurfacing project, the 45th Street Beautification project, GO Line Bus hub, Fire Station# 14 construction, 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, Vero Lake Estates sidewalks, P25 radio system migration project, intersection improvements at 1st Street SW and 43rd Ave., and several sidewalk and road improvement projects throughout the County. In the Enterprise Funds, contracts are for the golf course maintenance, North R/O membrane replacement, aquifer wells rehabilitation project, and various other water and sewer projects.

A summary of these projects at September 30, 2016, is as follows:

	<u>Total Contract Price</u>	<u>Total Paid as of September 30, 2016</u>	<u>Remaining Balance at September 30, 2016</u>
General	\$ 857,767	\$ (488,074)	\$ 369,693
Special Revenue	16,469,534	(11,225,151)	5,244,383
Capital Projects	19,235,296	(14,360,036)	4,875,260
Enterprise	6,654,687	(2,054,855)	4,599,832
Total	<u>\$ 43,217,284</u>	<u>\$ (28,128,116)</u>	<u>\$ 15,089,168</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.

**NOTE 18 - SUBSEQUENT EVENTS**

The County was impacted by Hurricane Matthew in October 2016. The County has estimated \$15 million in expenses related to the hurricane and has applied for reimbursement from FEMA for these costs. The majority of the costs (\$13 million) are related to beach renourishment.

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 7, 2017

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 Commissioners* (the "Board"), as of and for the year ended September 30, 2016, which collectively comprise the Board's fund financial statements and have issued our report thereon dated March 7, 2017.

#### 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 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 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.

*Rehmann Lobson LLC*

**MANAGEMENT LETTER**

March 7, 2017

The Honorable Board of County Commissioners  
Indian River County, Florida**Report on the Financial Statements**

We have audited the financial statements of each major fund and the aggregate remaining fund information of the *Indian River County, Florida Board of County Commissioners* (the "Board"), as of and for the year ended September 30, 2016 and have issued our report thereon dated March 7, 2017.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

**Other Reports and Schedule**

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*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards, Section 601*, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 7, 2017, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

## Other Matters

Section 10.554(1)(i)2., 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)3., 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## Purpose of this Letter

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

*Rehmann Lohman LLC*

**INDEPENDENT ACCOUNTANTS' REPORT**

March 7, 2017

The Honorable Board of County Commissioners  
Indian River County, Florida

We have examined the compliance of *Indian River County, Florida Board of County Commissioners* (the "Board") with Sections 218.415, 365.172(10), and 365.173(2)(d) Florida Statutes, during the year ended September 30, 2016. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the Board's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Board's compliance with specified requirements.

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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



**CLERK OF THE CIRCUIT COURT AND  
COMPTROLLER**

**INDEPENDENT AUDITORS' REPORT**

March 7, 2017

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, 2016, 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 from 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, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Reporting Entity*

As discussed in Note 1, the financial statements referred to above present only the Indian River County, Florida Clerk of Court and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2016, 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 7, 2017, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

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, 2016**

	<u>General</u>	<u>Nonmajor Fund Special Revenue</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 305,568	\$ 2,059,668	\$ 2,365,236
Accounts receivable	77,530	-	77,530
Prepaid items	16,688	42,192	58,880
Due from other governments	89,245	1,170	90,415
Due from other funds	-	32,338	32,338
Total assets	<u>\$ 489,031</u>	<u>\$ 2,135,368</u>	<u>\$ 2,624,399</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 7,684	\$ 207	\$ 7,891
Due to other funds	32,338	-	32,338
Due to other governments	32,747	98	32,845
Other deposits held in escrow	101,667	-	101,667
Unearned revenues	314,595	-	314,595
Total liabilities	<u>489,031</u>	<u>305</u>	<u>489,336</u>
Fund Balances:			
Nonspendable:			
Prepaid items	16,688	42,192	58,880
Restricted for:			
Court-related costs and improvements	-	2,092,871	2,092,871
Unassigned	(16,688)	-	(16,688)
Total fund balances	<u>-</u>	<u>2,135,063</u>	<u>2,135,063</u>
Total liabilities fund balances	<u>\$ 489,031</u>	<u>\$ 2,135,368</u>	<u>\$ 2,624,399</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, 2016**

	<u>General</u>	<u>Nonmajor Fund Special Revenue</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Intergovernmental	\$ 195,656	\$ -	\$ 195,656
Charges for services	3,178,105	403,411	3,581,516
Judgments, fines and forfeits	906,325	159,500	1,065,825
Interest	7,684	3,173	10,857
Total revenues	<u>4,287,770</u>	<u>566,084</u>	<u>4,853,854</u>
<b>EXPENDITURES</b>			
General government	1,858,900	463,753	2,322,653
Court related	3,307,756	159,119	3,466,875
Total expenditures	<u>5,166,656</u>	<u>622,872</u>	<u>5,789,528</u>
Excess of revenues over (under) expenditures	<u>(878,886)</u>	<u>(56,788)</u>	<u>(935,674)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Board of County Commissioners	911,121	9,700	920,821
Transfer to Board of County Commissioners	(32,235)	-	(32,235)
Total other financing sources (uses)	<u>878,886</u>	<u>9,700</u>	<u>888,586</u>
Net change in fund balances	-	(47,088)	(47,088)
Fund balances at beginning of year	<u>-</u>	<u>2,182,151</u>	<u>2,182,151</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 2,135,063</u></u>	<u><u>\$ 2,135,063</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 Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2016**

	<b>Budgeted Amount</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Intergovernmental	\$ 141,839	\$ 141,839	\$ 195,656	\$ 53,817
Charges for services	4,011,600	4,113,144	3,178,105	(935,039)
Judgments, fines and forfeits	-	-	906,325	906,325
Interest	3,900	3,900	7,684	3,784
Miscellaneous	-	15,000	-	(15,000)
Total revenues	<u>4,157,339</u>	<u>4,273,883</u>	<u>4,287,770</u>	<u>13,887</u>
<b>EXPENDITURES</b>				
General government	1,566,740	1,882,808	1,858,900	23,908
Court related	3,458,940	3,302,196	3,307,756	(5,560)
Total expenditures	<u>5,025,680</u>	<u>5,185,004</u>	<u>5,166,656</u>	<u>18,348</u>
Excess of revenues over (under) expenditures	(868,341)	(911,121)	(878,886)	32,235
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Board of County Commissioners	900,001	911,121	911,121	-
Transfers out	(31,660)	-	-	-
Transfers to Board of County Commissioners	-	-	(32,235)	(32,235)
Total other financing sources (uses)	<u>868,341</u>	<u>911,121</u>	<u>878,886</u>	<u>(32,235)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances at beginning of year			<u>-</u>	
Fund balances at end of year			<u>\$ -</u>	

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

**Indian River County, Florida**  
**Clerk of the Circuit Court and Comptroller**  
**Statement of Fiduciary Net Position**  
**Agency Fund**  
**September 30, 2016**

**ASSETS**

Cash	\$ 3,595,959
Total assets	<u>\$ 3,595,959</u>

**LIABILITIES**

Due to other governments	\$ 939,235
Escrow deposits	<u>2,656,724</u>
Total liabilities	<u>\$ 3,595,959</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, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Clerk of the Circuit Court and Comptroller (Clerk) is a County agency and a local governmental entity pursuant to Article VIII, Section 1(d) of the Constitution of the State of Florida. For financial statement and reporting purposes, the Clerk does not meet the definition of a legally separate organization and is not considered to be a component unit. The Clerk is considered to be a part of the primary government of Indian River County.

Court-related expenditures are funded through filing fees, service charges, court costs and fines assessed to parties using the court system. Under 2013-44, Laws of Florida, revenue collected by the Clerk is retained by the County and remitted to the Florida Department of Revenue based upon various formulas determined by Florida Clerks of Court Operations Corporation. Non-court expenditures are funded by the Board of County Commissioners for both the finance and recording (board meeting recordings) departments. Additional non-court revenues include various fees assessed for the recording of documents, passports, marriage licenses and court reporter services. Both court and non-court operations are reported in these financial statements.

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

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

**A. Description of Funds**

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

Governmental Funds

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

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

Fiduciary Fund

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

**Indian River County, Florida**  
**Clerk of the Circuit Court and Comptroller**  
Notes To Financial Statements  
Year Ended September 30, 2016

**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) by June 1 of each year (for consolidation to the Florida Legislative Budget Commission by August 1). The budget relating to the requirements of the Clerk as Clerk to the Board of County Commissioners is prepared prior to May 1 and is reviewed, modified if required, and approved by the Board by October 1. Both budgets are adopted on a basis consistent with generally accepted accounting principles.

The budget legally adopted by the Clerk must be balanced; that is, the total of estimated receipts, including funding from the Board, shall equal the total estimated expenditures. Management is authorized to transfer budgeted amounts between objects and departments in any fund as long as management does not exceed the total appropriations of a fund.

**D. Cash**

Cash reported on the financial statements includes bank deposits, cash on hand, certificates of deposit, money market accounts, and all highly liquid investments with maturities of ninety days or less when purchased.

**E. Prepaid Items**

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

**F. Capital Assets**

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

**Indian River County, Florida**  
**Clerk of the Circuit Court and Comptroller**  
Notes To Financial Statements  
Year Ended September 30, 2016

**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 non-court operations (finance function and board meeting recordings) were funded by the Board of County Commissioners in the amount of \$911,121. In addition, the Board contributed \$9,700 to a special revenue fund for the purchase of software.

**I. Transfer Out**

In accordance with Florida Statutes, all non-court-related revenues in excess of expenditures as of year-end are owed to the Board of County Commissioners before November 1. A total of \$32,235 of excess fees was returned to the Board. This transfer is included in the amount reported as Due to Other Governments on the balance sheet.

**J. Fund Balance**

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



**Indian River County, Florida**  
**Clerk of the Circuit Court and Comptroller**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 2 - CASH**

**A. Deposits**

At September 30, 2016, the carrying value of the Clerk's deposits was \$5,961,195 and the bank balance was \$6,422,748. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer in accordance with Section 280.01, Florida Statutes, also known as the Florida Security for Public Deposits Act.

The Clerk's office follows the above state law (governing custodial credit risk) for cash deposits. Refer to the County-wide note on cash and investments for the definition of custodial credit risk.

**B. Deposit and Investment Policies**

The Clerk adopted a cash and investment policy on April 25, 2013 with the intent to match investment maturities with known cash needs and anticipated cash flow requirements. The policy was updated on April 24, 2014 to increase individual money market allocations from 35% to 40%.

**Interest Rate Risk**

The Clerk's cash and investment policy includes the following limits:

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

**Concentration Risk**

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

- No more than 10% or \$1 Million of the total portfolio may be placed in certificates of deposit with a Qualified Public Depository with any one financial institution,
- No more than 40% of the portfolio may be placed in any money market fund or intergovernmental investment pool.

**Custodial Credit Risk**

The Clerk's cash and investment policy pursuant to 218.415, Florida Statutes, requires securities to be held in the name of the Clerk and separately identified from the assets of the financial institution. All cash and money market accounts are listed under the name of the Indian River County Clerk of Circuit Court.

**Indian River County, Florida**  
**Clerk of the Circuit Court and Comptroller**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 2 - CASH AND CASH EQUIVALENTS**

**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.

**NOTE 3 – PENSION PLAN**

**Florida Retirement System**

*Plan Description:* The Clerk's employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system, administered by the Florida Department of Management Services (DMS). Benefit provisions are established and may be amended by state statute. A financial report is available from the DMS website at [www.dms.myflorida.com](http://www.dms.myflorida.com) or by mail at Florida Division of Retirement, PO Box 9000, Tallahassee, FL 32315-9000.

Effective July 1, 2011, the FRS became a contributory plan for all members, except DROP participants, whereby members contribute 3% and employers pay a rate based upon each member's employment class. Classes and rates in effect at July 1, 2016 were: regular class 7.52%, senior class 21.77%, DROP class 12.99%, and elected official class 42.47%. Included in these rates is a health insurance subsidy of 1.66%.

Employees elect participation in either the defined benefit plan (Pension Plan) or the defined contribution plan (Investment Plan). If the employee enrolled in the FRS Pension Plan prior to July 1, 2011, normal retirement is age 62 with 6 years of service or 30 years of service, regardless of age. If the employee enrolled in the FRS Pension Plan on or after July 1, 2011, normal retirement is age 65 with 8 years of service or 33 years of service, regardless of age.

**Indian River County, Florida**  
**Clerk of the Circuit Court and Comptroller**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 3 – PENSION PLAN - Continued**

**Florida Retirement System - Continued**

Under the Pension Plan, early retirement is available before reaching normal retirement age and will be subject to an early-retirement reduction of 5% for each year your age at retirement is under your normal retirement age. For those employees who elect participation in the Investment Plan rather than the Pension Plan, vesting occurs after one year of service. Participants have access to the full value of their vested account balance when they leave FRS employment, regardless of age. These participants receive a defined contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration.

*Benefits Provided:* Retirement benefits are determined by age, years of service, the average of the highest 5 or 8 fiscal years of pay, membership class and the payment option selected at retirement. For further information concerning the Florida Retirement System and contribution rates, please read the County-wide note on pension plans.

*Contributions:* Employer contributions to the FRS are based on a percentage of covered payroll that has been actuarially determined as an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

For the year ended September 30, 2016, the Clerk's actuarial contribution to FRS under the Pension Plan was \$278,042 and the HIS Program was \$56,804. Employee contributions for both plans were \$95,980. Both employer and employee contributions were equal to 100% of the required contribution for each year.

*Pension Liabilities:* At September 30, 2016, the Division of Retirement calculated the Clerk's liability of \$2,776,923 for the FRS plan and \$1,292,675 for the Health Insurance Subsidy (HIS) Program, for a total of \$4,069,598 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Clerk's proportion of the net pension liability was based on a projection of the Clerk's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2016, the Clerk's proportion was .010998% for the FRS pension plan and .011092% for the HIS Program.

*Discount Rate for Pension Plan:* The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Clerk's contributions will be made statutorily required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Indian River County, Florida**  
**Clerk of the Circuit Court and Comptroller**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 3 – PENSION PLAN - Continued**

**Florida Retirement System - Continued**

*Sensitivity of the Clerk's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the Pension Plan:* The following presents the Clerk's proportionate share of the NPL (net pension liability) of the pension plan calculated using the discount rate of 7.60%. Also presented is what the Clerk's proportionate share of the FRS plan NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease (6.60%)</u>	<u>Current Discount Rate (7.60%)</u>	<u>1% Increase (8.60%)</u>
Clerk's proportionate share of NPL	\$ 5,112,504	\$ 2,776,923	\$ 832,861

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

*Sensitivity of the Clerk's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the HIS Program:* The following presents the Clerk's proportionate share of the NPL (net pension liability) of the HIS Program calculated using the discount rate of 2.85%. Also presented is what the Clerk's proportionate share of the HIS Program NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease (1.85%)</u>	<u>Current Discount Rate (2.85%)</u>	<u>1% Increase (3.85%)</u>
Clerk's proportionate share of NPL	\$ 1,482,992	\$ 1,292,675	\$ 1,134,722

Refer to the County-wide note for actuarial assumptions (including the investment rate of return), pension liability on financial statements, and an explanation of pension expense components. The pension liability is not reported in the financial statements of the Clerk since they are not payable from available spendable resources. It is reported in the financial statements of the County by the fund which normally pays the personnel service costs of the employee.

**Indian River County, Florida**  
**Clerk of the Circuit Court and Comptroller**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS**

The Clerk participated in the Indian River County Other Postemployment Benefits Trust (IRCOT). The Clerk's 2016 annual contribution of \$127,291 was funded by: the Board of County Commissioners in the amount of \$20,301; non-court operations in the amount of \$13,975; court operations in the amount of \$80,703; and special revenue funds in the amount of \$12,312. 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 \$632,400. 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, 2016:

	Beginning Balance 10/01/15	Additions	Deletions	Ending Balance 9/30/16
Accrued Compensated Absences	<u>\$ 260,901</u>	<u>\$ 272,922</u>	<u>\$ 261,224</u>	<u>272,599</u>

Of the \$272,599 liability for accrued compensated absences, management estimates that \$75,000 will be due and payable within one year. The long-term liabilities are not reported in the financial statements of the Clerk since they are not payable from available spendable resources. They are reported in the financial statements of the County by the fund which normally pays the personnel service costs of the employee.

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

March 7, 2017

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, 2016, which collectively comprise the Clerk's fund financial statements and have issued our report thereon dated March 7, 2017.

#### Internal Control over Financial Reporting

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free 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 Clerk's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rehmann Lohman LLC*

**MANAGEMENT LETTER**

March 7, 2017

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

**Report on the Financial Statements**

We have audited the fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Clerk of Court* (the "Clerk"), as of and for the year ended September 30, 2016, which collectively comprise the Clerk's fund financial statements and have issued our report thereon dated March 7, 2017.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Florida Auditor General*.

**Other Reports and Schedule**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards, Section 601*, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 7, 2017, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.



## Other Matters

Section 10.554(1)(i)2., 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)3., 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## Purpose of this Letter

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

*Rehmann Lohman LLC*

**INDEPENDENT ACCOUNTANTS' REPORT**

March 7, 2017

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

We have examined the compliance of *Indian River County, Florida Clerk of Court and Comptroller* (the "Clerk") with Sections 218.415, 28.35, 28.36, and 61.181 Florida Statutes, during the year ended September 30, 2016. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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



## **PROPERTY APPRAISER**

**INDEPENDENT AUDITORS' REPORT**

March 7, 2017

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, 2016, 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 from 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, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Reporting Entity*

As discussed in Note 1, the financial statements referred to above present only the Indian River County, Florida Property Appraiser and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2016, 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 7, 2017 on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

*Rehmann Lobson LLC*

**Indian River County, Florida  
Property Appraiser  
Balance Sheet  
General Fund  
September 30, 2016**

**ASSETS**

Cash	\$ 282,715
Accounts receivable	3,385
Prepaid items	182
Total assets	<u>\$ 286,282</u>

**LIABILITIES AND FUND BALANCES**

Liabilities:

Accounts payable	\$ 80,823
Due to other governments	198,735
Other deposits	6,724
Total liabilities	<u>286,282</u>

Fund Balances:

Nonspendable:	
Prepaid items	182
Unassigned	<u>(182)</u>
Total fund balances	<u>-</u>

Total liabilities and fund balances	<u>\$ 286,282</u>
-------------------------------------	-------------------

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, 2016**

	<b>Budgeted Amount</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 3,477,094	\$ 3,477,508	\$ 3,477,979	\$ 471
Interest	-	-	929	929
Miscellaneous	-	-	7,029	7,029
Total revenues	<u>3,477,094</u>	<u>3,477,508</u>	<u>3,485,937</u>	<u>8,429</u>
<b>EXPENDITURES</b>				
General government	<u>3,477,094</u>	<u>3,477,508</u>	<u>3,306,289</u>	<u>171,219</u>
Total expenditures	<u>3,477,094</u>	<u>3,477,508</u>	<u>3,306,289</u>	<u>171,219</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>179,648</u>	<u>179,648</u>
<b>OTHER FINANCING USES</b>				
Transfers to Board of County Commissioners	<u>-</u>	<u>-</u>	<u>(179,648)</u>	<u>(179,648)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(179,648)</u>	<u>(179,648)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances at beginning of year			<u>-</u>	
Fund balances at end of year			<u>\$ -</u>	

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

**Indian River County, Florida**  
**Property Appraiser**  
Notes To Financial Statements  
Year Ended September 30, 2016

**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, 2016

**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 \$198,735 at September 30, 2016 and are included as due to other governments on the balance sheet. Of this amount, \$179,648 was owed to the Board of County Commissioners and is reported as Transfers to Board of County Commissioners on the Statement of Revenues, Expenditures and Changes in Fund Balances.

**G. Fund Balance**

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

**NOTE 2 - CASH**

**Deposits**

At September 30, 2016, the carrying amount of the Property Appraiser's deposits was \$282,715 and the bank balance was \$316,315. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer in accordance with Section 280.01, Florida Statutes, also known as the Florida Security for Public Deposits Act. The Property Appraiser adopted the Board of County Commissioners' investment policy. This policy requires the Property Appraiser's office to follow the above state law (governing custodial credit risk) for cash deposits. Refer to the County-wide note on cash and investments for the definition of custodial credit risk.

**Indian River County, Florida**  
**Property Appraiser**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 3 – PENSION PLAN**

**Florida Retirement System**

*Plan Description:* The Property Appraisers's employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system, administered by the Florida Department of Management Services (DMS). Benefit provisions are established and may be amended by state statute. A financial report is available from the DMS website at [www.dms.myflorida.com](http://www.dms.myflorida.com) or by mail at Florida Division of Retirement, PO Box 9000, Tallahassee, FL 32315-9000.

Effective July 1, 2011, the FRS became a contributory plan for all members, except DROP participants, whereby members contribute 3% and employers pay a rate based upon each member's employment class. Classes and rates in effect at July 1, 2016 were: regular class 7.52%, senior class 21.77%, DROP class 12.99%, and elected official class 42.47%. Included in these rates is a health insurance subsidy of 1.66%.

Employees elect participation in either the defined benefit plan (Pension Plan) or the defined contribution plan (Investment Plan). If the employee enrolled in the FRS prior to July 1, 2011, normal retirement is age 62 with 6 years of service or 30 years of service, regardless of age. If the employee enrolled in the FRS on or after July 1, 2011, normal retirement is age 65 with 8 years of service or 33 years of service, regardless of age.

Under the Pension Plan, early retirement is available before reaching normal retirement age and will be subject to an early-retirement reduction of 5% for each year your age at retirement is under your normal retirement age. For those employees who elect participation in the Investment Plan rather than the Pension Plan, vesting occurs after one year of service. Participants have access to the full value of their vested account balance when they leave FRS employment, regardless of age. These participants receive a defined contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration.

*Benefits Provided:* Retirement benefits are determined by age, years of service, the average of the highest 5 or 8 fiscal years of pay, membership class and the payment option selected at retirement. For further information concerning the Florida Retirement System and contribution rates, please read the County-wide note on pension plans.

*Contributions:* Employer contributions to the FRS are based on a percentage of covered payroll that has been actuarially determined as an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

For the year ended September 30, 2016, the Property Appraiser's actuarial contributions to FRS under the Pension Plan were \$174,897 and the HIS Program were \$33,853. Employee contributions were \$56,124. Both employer and employee contributions were equal to 100% of the required contribution for each year.

**Indian River County, Florida**  
**Property Appraiser**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 3 – PENSION PLAN - Continued**

**Florida Retirement System - Continued**

*Pension Liabilities:* At September 30, 2016, the Division of Retirement calculated the Property Appraiser's liability of \$1,722,855 for the FRS plan and \$771,943 for the Health Insurance Subsidy (HIS) Program, for a total of \$2,494,798 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Property Appraiser's proportion of the net pension liability was based on a projection of the Property Appraiser's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2016, the Property Appraiser's proportion was .006823% for the FRS pension plan and .006624% for the HIS Program.

*Discount Rate for Pension Plan:* The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Property Appraiser's contributions will be made statutorily required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Property Appraiser's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the Pension Plan:* The following presents the Property Appraiser's proportionate share of the NPL (net pension liability) of the pension plan calculated using the discount rate of 7.60%. Also presented is what the Property Appraiser's proportionate share of the FRS plan NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Property Appraiser 's proportionate share of NPL	\$ 3,171,893	\$ 1,722,855	\$ 516,722

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

**Indian River County, Florida**  
**Property Appraiser**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 3 – PENSION PLAN - Continued**

**Florida Retirement System - Continued**

*Sensitivity of the Property Appraiser's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the HIS Program:* The following presents the Property Appraiser's proportionate share of the NPL (net pension liability) of the HIS Program calculated using the discount rate of 2.85%. Also presented is what the Property Appraiser's proportionate share of the HIS Program NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Discount (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Property Appraiser's proportionate share of NPL	\$ 885,594	\$ 771,943	\$ 677,619

Refer to the County-wide note for actuarial assumptions (including the investment rate of return), pension liability on financial statements, and an explanation of pension expense components. The pension liability is not reported in the financial statements of the Property Appraiser since they are not payable from available spendable resources. It is reported in the financial statements of the County by the fund which normally pays the personnel service costs of the employee.

**NOTE 4 – OTHER POSTEMPLOYMENT BENEFITS**

The Property Appraiser participated in the Indian River County Other Post Employment Benefits Trust (IRCOT). The Property Appraiser's 2016 annual contribution of \$54,318 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.

**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 2016 at an annual cost of approximately \$285,234. Further details on the self-insurance program are discussed in the County-wide financial statements and County notes.

**Indian River County, Florida**  
**Property Appraiser**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 6 – LONG-TERM LIABILITIES**

**Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities is as follows:

	Beginning Balance <u>10/01/15</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>09/30/16</u>
Accrued Compensated Absences	<u>\$ 18,148</u>	<u>\$ 168,395</u>	<u>\$ 167,569</u>	<u>\$ 18,974</u>

Of the \$18,974 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.

**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 7, 2017

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, 2016, which comprises the Property Appraiser's fund financial statements, and have issued our report thereon dated March 7, 2017.

**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 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 Property Appraiser's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rehmann Loborn LLC*

## MANAGEMENT LETTER

March 7, 2017

The Honorable David Nolte  
Property Appraiser  
Indian River County, Florida

### Report on the Financial Statements

We have audited the fund financial statements of the major fund of the *Indian River County, Florida Property Appraiser* (the "Property Appraiser"), as of and for the year ended September 30, 2016, which comprises the Property Appraiser's fund financial statements and have issued our report thereon dated March 7, 2017.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

### Other Reports and Schedule

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 7, 2017, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address recommendations made in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.



## Other Matters

Section 10.554(1)(i)2., 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)3., 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## Purpose of this Letter

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

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

**INDEPENDENT ACCOUNTANTS' REPORT**

March 7, 2017

The Honorable David Nolte  
Property Appraiser  
Indian River County, Florida

We have examined the compliance of *Indian River County, Florida Property Appraiser* (the "Property Appraiser") with Section 218.415, Florida Statutes, during the year ended September 30, 2016. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence about the Property Appraiser's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Property Appraiser's compliance with specified requirements.

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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



**SHERIFF**

**INDEPENDENT AUDITORS' REPORT**

March 7, 2017

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, 2016, 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 from 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, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Reporting Entity*

As discussed in Note 1, the financial statements referred to above present only the Indian River County, Florida Sheriff and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2016, 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 7, 2017 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

*Rehmann Lobson LLC*

**Indian River County, Florida**  
**Sheriff**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2016**

	<b>General</b>	<b>Nonmajor Fund Special Revenue</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash	\$ 1,746,762	\$ 1,743,888	\$ 3,490,650
Accounts receivable - net	63,739	69,661	133,400
Inventories	48,762	19,237	67,999
Total assets	<u>\$ 1,859,263</u>	<u>\$ 1,832,786</u>	<u>\$ 3,692,049</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,452,747	\$ 72,110	\$ 1,524,857
Due to other governments	406,516	73,468	479,984
Total liabilities	<u>1,859,263</u>	<u>145,578</u>	<u>2,004,841</u>
Fund Balances:			
Nonspendable:			
Inventories	48,762	19,237	67,999
Restricted for:			
Law enforcement/public safety	-	1,250,430	1,250,430
Committed to:			
Law enforcement/public safety	-	311,003	311,003
Assigned to:			
Law enforcement/public safety	-	106,538	106,538
Unassigned	(48,762)	-	(48,762)
Total fund balances	<u>-</u>	<u>1,687,208</u>	<u>1,687,208</u>
Total liabilities and fund balances	<u>\$ 1,859,263</u>	<u>\$ 1,832,786</u>	<u>\$ 3,692,049</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, 2016**

	<b>General</b>	<b>Nonmajor Fund Special Revenue</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 207,981	\$ 207,981
Charges for services	-	223,590	223,590
Judgments, fines and forfeits	-	77,090	77,090
Miscellaneous	79,076	388,748	467,824
Total revenues	<u>79,076</u>	<u>897,409</u>	<u>976,485</u>
<b>EXPENDITURES</b>			
Public safety	38,777,362	1,616,757	40,394,119
Court related	2,366,042	-	2,366,042
Total expenditures	<u>41,143,404</u>	<u>1,616,757</u>	<u>42,760,161</u>
Excess of revenues over (under) expenditures	(41,064,328)	(719,348)	(41,783,676)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Board of County Commissioners	41,470,844	939,310	42,410,154
Transfers to Board of County Commissioners	(406,516)	(73,468)	(479,984)
Total other financing sources	<u>41,064,328</u>	<u>865,842</u>	<u>41,930,170</u>
Net change in fund balances	-	146,494	146,494
Fund balances at beginning of year	<u>-</u>	<u>1,540,714</u>	<u>1,540,714</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,687,208</u></u>	<u><u>\$ 1,687,208</u></u>

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

**Indian River County, Florida**  
**Sheriff**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 79,076	\$ 79,076	\$ -
Total revenues	-	79,076	79,076	-
<b>EXPENDITURES</b>				
Public safety	38,668,393	39,116,282	38,777,362	338,920
Court related	2,232,297	2,433,638	2,366,042	67,596
Total expenditures	40,900,690	41,549,920	41,143,404	406,516
Excess of revenues over (under) expenditures	(40,900,690)	(41,470,844)	(41,064,328)	406,516
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Board of County Commissioners	40,900,690	41,470,844	41,470,844	-
Transfers to Board of County Commissioners	-	-	(406,516)	(406,516)
Total other financing sources	40,900,690	41,470,844	41,064,328	(406,516)
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, 2016**

**ASSETS**

Cash	\$	31,561
Total assets	\$	<u>31,561</u>

**LIABILITIES**

Escrow deposits	\$	31,561
Total liabilities	\$	<u>31,561</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, 2016

**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, 2016

**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 8.

**E. Transfer Out**

In accordance with Florida Statutes, all general fund revenues in excess of expenditures as of year-end are owed to the Board of County Commissioners. The September 30, 2016 amount totaled \$406,516 and was reported as a transfer to the Board of County Commissioners at year end. This transfer is also reported as due to other governments on the balance sheet.

**F. Fund Balance**

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

**Indian River County, Florida**  
**Sheriff**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 2 - CASH**

**Deposits**

At September 30, 2016, the carrying amount of the Sheriff's deposits was \$3,522,211, and the bank balance was \$4,992,402. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer in accordance with Section 280.01, Florida Statutes, also known as the Florida Security for Public Deposits Act.

The Sheriff's office elected not to adopt a formal investment policy and selects the alternative investment guidelines as provided by Florida Statutes 218.415, subsection 17. Refer to the County-wide note on cash and investments for the definition of custodial credit risk.

**NOTE 3 – CAPITAL ASSETS**

Tangible personal property used by the Sheriff in operations is reported in the financial statements of the County. State law requires the Sheriff to account for all tangible property used by the Sheriff. A summary of changes in capital assets is as follows:

	Beginning Balance 10/01/15	Additions	Deletions	Ending Balance 09/30/16
Tangible Personal Property	<u>\$ 22,236,154</u>	<u>\$ 2,133,260</u>	<u>\$ 880,417</u>	<u>\$ 23,488,997</u>

Refer to the County-wide note on capital assets for capitalization threshold, depreciation methodology and useful lives.

**NOTE 4 - INVENTORIES**

Inventories are valued at cost, which approximates market, using the "first-in, first-out" method of accounting. The costs of inventory are recorded as an expenditure when consumed rather than when purchased. Inventory of the Sheriff represents law enforcement gear, miscellaneous clothing and store items.

**Indian River County, Florida**  
**Sheriff**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 5 – PENSION PLAN**

**Florida Retirement System**

*Plan Description:* The Sheriff's employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system, administered by the Florida Department of Management Services (DMS). Benefit provisions are established and may be amended by state statute. A financial report is available from the DMS website at [www.dms.myflorida.com](http://www.dms.myflorida.com) or by mail at Florida Division of Retirement, PO Box 9000, Tallahassee, FL 32315-9000.

Effective July 1, 2011, the FRS became a contributory plan for all members, except DROP participants, whereby members contribute 3% and employers pay a rate based upon each member's employment class. Classes and rates in effect at July 1, 2016 were: regular class 7.52%, special risk 22.57%, senior management class 21.77%, DROP class 12.99%, and elected official class 42.47%. Included in these rates is a health insurance subsidy of 1.66%.

Employees elect participation in either the defined benefit plan (Pension Plan) or the defined contribution plan (Investment Plan). If the employee enrolled in the FRS prior to July 1, 2011, normal retirement is age 62 with 6 years of service or 30 years of service, regardless of age. If the employee enrolled in the FRS on or after July 1, 2011, normal retirement is age 65 with 8 years of service or 33 years of service, regardless of age.

Under the Pension Plan, early retirement is available before reaching normal retirement age and will be subject to an early-retirement reduction of 5% for each year your age at retirement is under your normal retirement age. For those employees who elect participation in the Investment Plan rather than the Pension Plan, vesting occurs after one year of service. Participants have access to the full value of their vested account balance when they leave FRS employment, regardless of age. These participants receive a defined contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration.

*Benefits Provided:* Retirement benefits are determined by age, years of service, the average of the highest 5 or 8 fiscal years of pay, membership class and the payment option selected at retirement. For further information concerning the Florida Retirement System and contribution rates, please read the County-wide note on pension plans.

*Contributions:* Employer contributions to the FRS are based on a percentage of covered payroll that has been actuarially determined as an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

For the year ended September 30, 2016, the Sheriff's actuarial contributions to FRS under the Pension Plan were \$3,565,124 and the HIS Program were \$404,419. Employee contributions were \$647,863. Both employer and employee contributions were equal to 100% of the required contribution for each year.

**Indian River County, Florida**  
**Sheriff**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 5 – PENSION PLAN - Continued**

**Florida Retirement System - Continued**

*Pension Liabilities:* At September 30, 2016, the Division of Retirement calculated the Sheriff's liability of \$34,204,143 for the FRS plan and \$8,806,281 for the Health Insurance Subsidy (HIS) Program, for a total of \$43,010,424 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Sheriff's proportion of the net pension liability was based on a projection of the Sheriff's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2016, the Sheriff's proportion was .135462% for the FRS pension plan and .0755606% for the HIS Program.

*Discount Rate for Pension Plan:* The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Sheriff's contributions will be made statutorily required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Sheriff's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the Pension Plan:* The following presents the Sheriff's proportionate share of the NPL (net pension liability) of the pension plan calculated using the discount rate of 7.60%. Also presented is what the Sheriff's proportionate share of the FRS plan NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease (6.60%)</u>	<u>Current Discount Rate (7.60%)</u>	<u>1% Increase (8.60%)</u>
Sheriff's proportionate share of NPL	\$ 62,972,142	\$ 34,204,143	\$ 10,258,582

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

**Indian River County, Florida**  
**Sheriff**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 5 – PENSION PLAN - Continued**

**Florida Retirement System - Continued**

*Sensitivity of the Sheriff's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the HIS Program:* The following presents the Sheriff's proportionate share of the NPL (net pension liability) of the HIS Program calculated using the discount rate of 2.85%. Also presented is what the Sheriff's proportionate share of the HIS Program NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease (1.85%)</u>	<u>Current Discount Rate (2.85%)</u>	<u>1% Increase (3.85%)</u>
Sheriff's proportionate share of NPL	\$ 10,102,805	\$ 8,806,281	\$ 7,730,236

Refer to the County-wide note for actuarial assumptions (including the investment rate of return), pension liability on financial statements, and an explanation of pension expense components. The pension liability is not reported in the financial statements of the Sheriff since they are not payable from available spendable resources. It is reported in the financial statements of the County by the fund which normally pays the personnel service costs of the employee.

**NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS**

The Sheriff participated in the Indian River County Other Post Employment Benefits Trust (IRCOT). The Sheriff's 2016 annual contribution of \$1,106,926 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 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 2016 at an annual cost of approximately \$3,930,822. Further details on this self-insurance program are disclosed in the County-wide financial statements and County notes.

**Indian River County, Florida**  
**Sheriff**  
Notes To Financial Statements  
Year Ended September 30, 2016

**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, 2016:

	Beginning Balance 10/01/15	Additions	Deletions	Ending Balance 09/30/16
Accrued Compensated Absences	<u>\$ 6,474,761</u>	<u>\$ 3,833,381</u>	<u>\$ 3,932,317</u>	<u>\$ 6,375,825</u>

Of the \$6,375,825 liability for accrued compensated absences, management estimates that \$3,443,484 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 \$100,651 for the year ended September 30, 2016.

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>
2017	\$ 85,849
2018	25,615
2019	715
Total Future Minimum Lease Payments	<u>\$ 112,179</u>

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

Various suits and claims are currently pending against the Sheriff. It is impossible for the Sheriff to accurately quantify the exposure involved given the jury's latitude in assessing compensatory and punitive damages, and the court's latitude in awarding attorney's fees. The Sheriff intends to vigorously defend against these lawsuits and believes he has a good chance of prevailing on their merits. In the opinion of management and based on the advice of legal counsel, the ultimate disposition of these lawsuits will not have a material adverse effect on the financial position of the Sheriff.



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

March 7, 2017

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, 2016, which collectively comprise the Sheriff's fund financial statements and have issued our report thereon dated March 7, 2017.

### 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 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 Sheriff's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**MANAGEMENT LETTER**

March 7, 2017

The Honorable Deryl Loar  
Sheriff  
Indian River County, Florida**Report on the Financial Statements**

We have audited the fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Sheriff* (the "Sheriff"), as of and for the year ended September 30, 2016, which collectively comprise the Sheriff's fund financial statements and have issued our report thereon dated March 7, 2017.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

**Other Reports and Schedule**

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 7, 2017, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address recommendations made in the preceding annual financial audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

**Other Matters**

Section 10.554(1)(i)2., 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)3., 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

#### **Purpose of this Letter**

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

*Rehmann Lohman LLC*

## **SUPERVISOR OF ELECTIONS**

**INDEPENDENT AUDITORS' REPORT**

March 7, 2017

The Honorable Leslie Swan  
Supervisor of Elections  
Indian River County, Florida**Report on the Financial Statements**

We have audited the accompanying fund financial statements of 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, 2016, 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 from 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, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Reporting Entity*

As discussed in Note 1, the financial statements referred to above present only the Indian River County, Florida Supervisor of Elections and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2016, 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 7, 2017 on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

*Rehmann Lohman LLC*

**Indian River County, Florida**  
**Supervisor of Elections**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2016**

	<u>General</u>	<u>Nonmajor Fund Special Revenue</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 88,855	\$ 35,913	\$ 124,768
Prepaid items	5,080	-	5,080
Total assets	<u>\$ 93,935</u>	<u>\$ 35,913</u>	<u>\$ 129,848</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 49,901	\$ -	\$ 49,901
Due to other governments	44,034	-	44,034
Unearned revenues	-	35,913	35,913
Total liabilities	<u>93,935</u>	<u>35,913</u>	<u>129,848</u>
Fund Balances:			
Nonspendable:			
Prepaid items	5,080	-	5,080
Restricted for:			
Unassigned	<u>(5,080)</u>	<u>-</u>	<u>(5,080)</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 93,935</u>	<u>\$ 35,913</u>	<u>\$ 129,848</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, 2016**

	<u>General</u>	<u>Nonmajor Fund Special Revenue</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 4,026	\$ 4,026
Charges for services	6,215	-	6,215
Miscellaneous	58,174	-	58,174
Total revenues	<u>64,389</u>	<u>4,026</u>	<u>68,415</u>
<b>EXPENDITURES</b>			
General government	<u>1,257,164</u>	<u>10,017</u>	<u>1,267,181</u>
Total expenditures	<u>1,257,164</u>	<u>10,017</u>	<u>1,267,181</u>
Excess of revenues over (under) expenditures	(1,192,775)	(5,991)	(1,198,766)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Board of County Commissioners	1,239,272	-	1,239,272
Transfers from other funds	-	2,463	2,463
Transfers to Board of County Commissioners	(44,034)	-	(44,034)
Transfers to other funds	(2,463)	-	(2,463)
Total other financing sources (uses)	<u>1,192,775</u>	<u>2,463</u>	<u>1,195,238</u>
Net change in fund balances	-	(3,528)	(3,528)
Fund balances at beginning of year	<u>-</u>	<u>3,528</u>	<u>3,528</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2016**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 6,215	\$ 6,215
Miscellaneous	-	58,174	58,174	-
Total revenues	-	58,174	64,389	6,215
<b>EXPENDITURES</b>				
General government	1,235,663	1,293,837	1,257,164	36,673
Total expenditures	1,235,663	1,293,837	1,257,164	36,673
Excess of revenues over (under) expenditures	(1,235,663)	(1,235,663)	(1,192,775)	42,888
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Board of County Commissioners	1,239,272	1,239,272	1,239,272	-
Transfers to Board of County Commissioners	-	-	(44,034)	(44,034)
Transfers to other funds	(3,609)	(3,609)	(2,463)	1,146
Total other financing sources (uses)	1,235,663	1,235,663	1,192,775	(42,888)
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, 2016

**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, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Prepaid Items**

Deposits in the governmental funds represent prepayments for services that will be used in future periods. The Supervisor of Elections' policy is to record the expenditure for the services when they are used rather than when the cash is disbursed.

**E. Capital Assets**

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

**F. Unearned Revenues**

Unearned revenues reported on the Supervisor of Elections' balance sheet represent revenues which are available but not earned.

**G. Compensated Absences**

The Supervisor of Elections accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Supervisor of Elections does not, nor is 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 \$44,034 and was reported as a transfer to the Board of County Commissioners. These transfers are also reflected as due to other governments on the balance sheet.

**I. Fund Balance**

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

**Indian River County, Florida**  
**Supervisor of Elections**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 2 - CASH**

**Deposits**

At September 30, 2016, the carrying amount of the Supervisor of Elections' deposits was \$124,768, and the bank balance was \$191,267. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer in accordance with Section 280.01, Florida Statutes, also known as the Florida Security for Public Deposits Act.

The Supervisor of Elections has adopted the Board of County Commissioners' investment policy. This policy requires the Supervisor of Elections' office to follow the above state law (governing custodial credit risk) for cash deposits. Refer to the County-wide note on cash and investments for the definition of custodial credit risk.

**NOTE 3 – PENSION PLAN**

**Florida Retirement System**

*Plan Description:* The Supervisor of Elections' employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system, administered by the Florida Department of Management Services (DMS). Benefit provisions are established and may be amended by state statute. A financial report is available from the DMS website at [www.dms.myflorida.com](http://www.dms.myflorida.com) or by mail at Florida Division of Retirement, PO Box 9000, Tallahassee, FL 32315-9000.

Effective July 1, 2011, the FRS became a contributory plan for all members, except DROP participants, whereby members contribute 3% and employers pay a rate based upon each member's employment class. Classes and rates in effect at July 1, 2016 were: regular class 7.52%, senior class 21.77%, DROP class 12.99%, and elected official class 42.47%. Included in these rates is a health insurance subsidy of 1.66%.

Employees elect participation in either the defined benefit plan (Pension Plan) or the defined contribution plan (Investment Plan). If the employee enrolled in the FRS prior to July 1, 2011, normal retirement is age 62 with 6 years of service or 30 years of service, regardless of age. If the employee enrolled in the FRS on or after July 1, 2011, normal retirement is age 65 with 8 years of service or 33 years of service, regardless of age.

Under the Pension Plan, early retirement is available before reaching normal retirement age and will be subject to an early-retirement reduction of 5% for each year your age at retirement is under your normal retirement age. For those employees who elect participation in the Investment Plan rather than the Pension Plan, vesting occurs after one year of service. Participants have access to the full value of their vested account balance when they leave FRS employment, regardless of age. These participants receive a defined contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration.

**Indian River County, Florida**  
**Supervisor of Elections**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 3 – PENSION PLAN - Continued**

**Florida Retirement System - Continued**

*Benefits Provided:* Retirement benefits are determined by age, years of service, the average of the highest 5 or 8 fiscal years of pay, membership class and the payment option selected at retirement. For further information concerning the Florida Retirement System and contribution rates, please read the County-wide note on pension plans.

*Contributions:* Employer contributions to the FRS are based on a percentage of covered payroll that has been actuarially determined as an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

For the year ended September 30, 2016, the Supervisor of Elections' actuarial contribution to FRS under the Pension Plan were \$61,453 and the HIS Programs were \$7,892. Employee contributions were \$14,149. Both employer and employee contributions were equal to 100% of the required contribution for each year.

*Pension Liabilities:* At September 30, 2016, the Division of Retirement calculated the Supervisor of Elections' liability of \$640,314 for the FRS plan and \$178,994 for the Health Insurance Subsidy (HIS) Program, for a total of \$819,308 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Supervisor of Elections' proportion of the net pension liability was based on a projection of the Supervisor of Elections' long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2016, the Supervisor of Elections' proportion was .002536% for the FRS pension plan and .001536% for the HIS Program.

*Discount Rate for Pension Plan:* The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Supervisor of Elections' contributions will be made statutorily required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Indian River County, Florida**  
**Supervisor of Elections**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 3 – PENSION PLAN - Continued**

**Florida Retirement System - Continued**

*Sensitivity of the Supervisor of Elections's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the Pension Plan:* The following presents the Supervisor of Elections' proportionate share of the NPL (net pension liability) of the pension plan calculated using the discount rate of 7.60%. Also presented is what the Supervisor of Elections' proportionate share of the FRS plan NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Supervisor of Elections's proportionate share of NPL	\$ 1,178,861	\$ 640,314	\$ 192,044

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

*Sensitivity of the Supervisor of Elections's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the HIS Program:* The following presents the Supervisor of Elections' proportionate share of the NPL (net pension liability) of the HIS Program calculated using the discount rate of 2.85%. Also presented is what the Supervisor of Elections's proportionate share of the HIS Program NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Supervisor of Election's proportionate share of NPL	\$ 205,346	\$ 178,994	\$ 157,122

Refer to the County-wide note for actuarial assumptions (including the investment rate of return), pension liability on financial statements, and an explanation of pension expense components. The pension liability is not reported in the financial statements of the Supervisor of Elections since they are not payable from available spendable resources. It is reported in the financial statements of the County by the fund which normally pays the personnel service costs of the employee.

**Indian River County, Florida**  
**Supervisor of Elections**  
Notes To Financial Statements  
Year Ended September 30, 2016

**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 2016 annual contribution of \$14,814 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 2016 at an annual cost of approximately \$59,234.

**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, 2016:

	Beginning Balance 10/01/15	Additions	Deletions	Ending Balance 09/30/16
Accrued Compensated Absences	<u>\$ 18,417</u>	<u>\$ 28,590</u>	<u>\$ 21,984</u>	<u>\$ 25,023</u>

Of the \$25,023 liability for accrued compensated absences, management estimates that \$10,887 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, 2016

**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 \$6,672 for the year ended September 30, 2016.

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>
2017	<u>\$ 5,004</u>

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

March 7, 2017

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, 2016, which collectively comprise the Supervisor of Elections' fund financial statements and have issued our report thereon dated March 7, 2017.

***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 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 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 Lohman LLC". The signature is written in a cursive, flowing style.

## MANAGEMENT LETTER

March 7, 2017

The Honorable Leslie Swan  
Supervisor of Elections  
Indian River County, Florida

### Report on the Financial Statements

We have audited the fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Supervisor of Elections* (the "Supervisor of Elections), as of and for the year ended September 30, 2016, which collectively comprise the Supervisor of Elections' fund financial statements and have issued our report thereon dated March 7, 2017.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

### Other Reports and Schedule

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 7, 2017, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

## Other Matters

Section 10.554(1)(i)2., 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)3., 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Supervisor of Elections 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 Lohman LLC". The signature is written in a cursive, flowing style.



# **TAX COLLECTOR**

**INDEPENDENT AUDITORS' REPORT**

March 7, 2017

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, 2016, 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 from 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, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Reporting Entity*

As discussed in Note 1, the financial statements referred to above present only the Indian River County, Florida Tax Collector and do not purport to, and do not, present fairly the financial position of Indian River County, Florida as of September 30, 2016, 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 7, 2017 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

*Rehmann Lobson LLC*

**Indian River County, Florida  
Tax Collector  
Balance Sheet  
General Fund  
September 30, 2016**

**ASSETS**

Cash	\$ 3,148,612
Accounts receivable	203,758
Inventories	3,505
Prepaid items	29,238
Total assets	<u>\$ 3,385,113</u>

**LIABILITIES AND FUND BALANCES**

Liabilities:

Accounts payable	\$ 331,987
Due to other governments	3,003,325
Unearned revenues	49,478
Other deposits	323
Total liabilities	<u>3,385,113</u>

Fund Balances:

Nonspendable:	
Inventories	3,505
Prepaid items	29,238
Unassigned	<u>(32,743)</u>
Total fund balances	<u>-</u>

Total liabilities and fund balances	<u>\$ 3,385,113</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, 2016**

	<b>Budgeted Amount</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Charges for services	\$ 5,963,950	\$ 5,963,950	\$ 6,343,182	\$ 379,232
Interest	8,500	8,500	10,436	1,936
Total revenues	<u>5,972,450</u>	<u>5,972,450</u>	<u>6,353,618</u>	<u>381,168</u>
<b>EXPENDITURES</b>				
General government	<u>3,632,921</u>	<u>3,632,921</u>	<u>3,651,038</u>	<u>(18,117)</u>
Total expenditures	<u>3,632,921</u>	<u>3,632,921</u>	<u>3,651,038</u>	<u>(18,117)</u>
Excess of revenues over (under) expenditures	2,339,529	2,339,529	2,702,580	363,051
<b>OTHER FINANCING USES</b>				
Transfers to Board of County Commissioners	<u>(2,339,529)</u>	<u>(2,339,529)</u>	<u>(2,702,580)</u>	<u>(363,051)</u>
Total other financing uses	<u>(2,339,529)</u>	<u>(2,339,529)</u>	<u>(2,702,580)</u>	<u>(363,051)</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, 2016**

**ASSETS**

Cash	\$ 4,198,724
Total assets	<u>\$ 4,198,724</u>

**LIABILITIES**

Due to other governments	\$ 4,198,724
Total liabilities	<u>\$ 4,198,724</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, 2016

**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, 2016

**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**

Cash includes cash on hand, bank deposits, certificates of deposit, money market accounts, and short term investments with original maturities of ninety days or less from the date of acquisition.

**E. Prepaid Items**

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

**F. Capital Assets**

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

**G. Unearned Revenues**

Unearned revenues represent revenues which are available but not earned. The amount reported on the Tax Collector's balance sheet of \$49,478 represents prepaid vehicle registrations.

**H. Compensated Absences**

The Tax Collector accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Tax Collector does not, nor is 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.

**Indian River County, Florida**  
**Tax Collector**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**I. Transfer Out**

In accordance with Florida Statutes, all revenues in excess of expenditures as of year-end are owed to the Board of County Commissioners and other governments. These “excess fees” totaled \$3,003,325 at September 30, 2016 and are included as due to other governments on the balance sheet. Of this amount, \$2,702,580 was owed to the Board of County Commissioners and is reported as Transfers to Board of County Commissioners on the Statement of Revenues, Expenditures and Changes in Fund Balances.

**J. Fund Balance**

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

**NOTE 2 - CASH**

**A. Deposits**

All bank deposits and certificates of deposit with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer in accordance with Section 280.01, Florida Statutes, also known as the Florida Security for Public Deposits Act. At September 30, 2016, the carrying amount of the Tax Collector’s deposits was \$7,347,336 and the bank balance was \$7,343,977.

**B. Deposit and Investment Policy**

The Tax Collector last modified their investment and deposit policy in September 2016. This policy requires the Tax Collector’s office to follow the above state law (governing custodial credit risk) for deposits and Section 218.415, Florida Statutes. Refer to the County-wide note on cash and investments for the definition of custodial credit risk.

**Indian River County, Florida**  
**Tax Collector**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 2 - CASH - Continued**

**B. Deposit and Investment Policy - Continued**

**Concentration Risk**

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

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

**Interest Rate Risk**

The Tax Collector will attempt to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have maturities of no longer than twelve months and funds in excess of current operating needs may have maturities of no longer than twenty-four months.

**Credit Risk**

Florida Statutes authorize investments in certificates of deposit, savings accounts, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and direct obligations of the U.S. Treasury. At September 30, 2016 the Florida PRIME and the Florida Trust Day to Day Fund held a rating of AAAM.

**Custodial Credit Risk**

All investments are held in the name of the Tax Collector, by the Tax Collector, with the exception of the Florida Trust Day to Day Fund, which was held by UMB Bank, and the Florida PRIME which was held by BNY Mellon.



**Indian River County, Florida**  
**Tax Collector**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 3 - INVENTORIES**

Inventories are valued at cost, which approximates market, using the “first-in, first-out” method of accounting. The costs of general fund inventory are recorded as an expenditure when consumed rather than when purchased. Inventory of the Tax Collector, included in the general fund, represents postage.

**NOTE 4 – PENSION PLAN**

**Florida Retirement System**

*Plan Description:* The Tax Collector’s employees participate in the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system, administered by the Florida Department of Management Services (DMS). Benefit provisions are established and may be amended by state statute. A financial report is available from the DMS website at [www.dms.myflorida.com](http://www.dms.myflorida.com) or by mail at Florida Division of Retirement, PO Box 9000, Tallahassee, FL 32315-9000.

Effective July 1, 2011, the FRS became a contributory plan for all members, except DROP participants, whereby members contribute 3% and employers pay a rate based upon each member’s employment class. Classes and rates in effect at July 1, 2016 were: regular class 7.52%, senior class 21.77%, DROP class 12.99%, and elected official class 42.47%. Included in these rates is a health insurance subsidy of 1.66%.

Employees elect participation in either the defined benefit plan (Pension Plan) or the defined contribution plan (Investment Plan). If the employee enrolled in the FRS prior to July 1, 2011, normal retirement is age 62 with 6 years of service or 30 years of service, regardless of age. If the employee enrolled in the FRS on or after July 1, 2011, normal retirement is age 65 with 8 years of service or 33 years of service, regardless of age.

Under the Pension Plan, early retirement is available before reaching normal retirement age and will be subject to an early-retirement reduction of 5% for each year your age at retirement is under your normal retirement age. For those employees who elect participation in the Investment Plan rather than the Pension Plan, vesting occurs after one year of service. Participants have access to the full value of their vested account balance when they leave FRS employment, regardless of age. These participants receive a defined contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration.

*Benefits Provided:* Retirement benefits are determined by age, years of service, the average of the highest 5 or 8 fiscal years of pay, membership class and the payment option selected at retirement. For further information concerning the 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, 2016

**NOTE 4 – PENSION PLAN - Continued**

**Florida Retirement System - Continued**

*Contributions:* Employer contributions to the FRS are based on a percentage of covered payroll that has been actuarially determined as an amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

For the year ended September 30, 2016, the Tax Collector's actuarial contributions to FRS under the Pension Plan were \$169,463 and the HIS Program were \$29,088. Employee contributions were \$50,334. Both employer and employee contributions were equal to 100% of the required contribution for each year.

*Pension Liabilities:* At September 30, 2016, the Division of Retirement calculated the Tax Collector's liability of \$1,668,795 for the FRS plan and \$638,003 for the Health Insurance Subsidy (HIS) Program, for a total of \$2,306,798 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Tax Collector's proportion of the net pension liability was based on a projection of the Tax Collector's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2016, the Tax Collector's proportion was .006609% for the FRS pension plan and .005474% for the HIS Program.

*Discount Rate for Pension Plan:* The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Tax Collector's contributions will be made statutorily required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Indian River County, Florida**  
**Tax Collector**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 4 – PENSION PLAN - Continued**

**Florida Retirement System - Continued**

*Sensitivity of the Tax Collector's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the Pension Plan:* The following presents the Tax Collector's proportionate share of the NPL (net pension liability) of the pension plan calculated using the discount rate of 7.60%. Also presented is what the Tax Collector's proportionate share of the FRS plan NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease (6.60%)</u>	<u>Current Discount Rate (7.60%)</u>	<u>1% Increase (8.60%)</u>
Tax Collector's proportionate share of NPL	\$ 3,072,365	\$ 1,668,795	\$ 500,509

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

*Sensitivity of the Tax Collector's Proportionate Share of the Net Position Liability to Changes in the Discount Rate for the HIS Program:* The following presents the Tax Collector's proportionate share of the NPL (net pension liability) of the HIS Program calculated using the discount rate of 2.85%. Also presented is what the Tax Collector's proportionate share of the HIS Program NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease (1.85%)</u>	<u>Current Discount Rate (2.85%)</u>	<u>1% Increase (3.85%)</u>
Tax Collector's proportionate share of NPL	\$ 731,935	\$ 638,003	\$ 560,046

Refer to the County-wide note for actuarial assumptions (including the investment rate of return), pension liability on financial statements, and an explanation of pension expense components. The pension liability is not reported in the financial statements of the Tax Collector since they are not payable from available spendable resources. It is reported in the financial statements of the County by the fund which normally pays the personnel service costs of the employee.

**Indian River County, Florida**  
**Tax Collector**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 5 – OTHER POSTEMPLOYMENT BENEFITS**

The Tax Collector participated in the Indian River County Other Postemployment Benefits Trust (IRCOT). The Tax Collector paid their 2016 annual contribution of \$74,070 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 2016 at an annual cost of approximately \$250,188. Further details of this self-insurance program are discussed in the risk management note in the County-wide financial statements.

**NOTE 7 – LONG-TERM LIABILITIES**

**Changes in Long-Term Liabilities**

The following is a schedule of changes in long-term liabilities as of September 30, 2016:

	Beginning Balance 10/01/15	Additions	Deletions	Ending Balance 09/30/16
Accrued Compensated Absences	<u>\$ 110,551</u>	<u>\$ 32,416</u>	<u>\$ 17,777</u>	<u>\$ 125,190</u>

Of the \$125,190 liability for accrued compensated absences, management estimates that \$16,235 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.

**Indian River County, Florida**  
**Tax Collector**  
Notes To Financial Statements  
Year Ended September 30, 2016

**NOTE 8 – OPERATING LEASES**

The Tax Collector has entered into noncancelable operating leases as lessee for office space and office equipment. Lease expenditures totaled \$116,252 for the fiscal year ended September 30, 2016.

The following is a schedule by years of minimum future rentals to be paid by the Tax Collector for noncancelable operating leases as of September 30:

<u>Year</u>	<u>Amount</u>
2017	\$ 119,724
2018	65,284
2019	64,820
2020	66,765
2021	51,192
Total future minimum lease payments	<u>\$ 367,785</u>

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

March 7, 2017

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, 2016, which collectively comprise the Tax Collector's fund financial statements and have issued our report thereon dated March 7, 2017.

### Internal Control over Financial Reporting

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tax Collector's financial statements are free 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

The Honorable Carole Jean Jordan  
Tax Collector  
March 7, 2017  
Page 2

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.

*Rehmann Lohman LLC*

## MANAGEMENT LETTER

March 7, 2017

The Honorable Carole Jean Jordan  
Tax Collector  
Indian River County, Florida

### Report on the Financial Statements

We have audited the fund financial statements of the major fund and the aggregate remaining fund information of the *Indian River County, Florida Tax Collector* (the "Tax Collector"), as of and for the year ended September 30, 2016, which collectively comprise the Tax Collector's fund financial statements and have issued our report thereon dated March 7, 2017.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

### Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards, Section 601*, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 7, 2017, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.



## Other Matters

Section 10.554(1)(i)2., 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)3., 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## Purpose of this Letter

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

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

**INDEPENDENT ACCOUNTANTS' REPORT**

March 7, 2017

The Honorable Carole Jean Jordan  
Tax Collector  
Indian River County, Florida

We have examined the compliance of *Indian River County, Florida Tax Collector* (the "Tax Collector") with Section 218.415, Florida Statutes, during the year ended September 30, 2016. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on a test basis, evidence about the Tax Collector's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

