

**Town of Indialantic, Florida**  
**FINANCIAL STATEMENTS**  
Year Ended September 30, 2021



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**Town of Indialantic, Florida**  
**Town Officials**  
**September 30, 2021**

Dave Berkman  
*Mayor*

Stuart Glass  
*Deputy Mayor*

Doug Wright  
Julie McKnight  
Simon Kemp  
*Council Members*

Paul R. Gougelman, III  
*Town Attorney*

Michael Casey  
*Town Manager*

Rebekah Raddon  
*Town Clerk*

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and Members of the Town Council  
of the Town of Indialantic, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Indialantic, Florida, (the "Town") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town'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.

### ***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 governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Indialantic, Florida, as of September 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof 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 management's discussion and analysis (pages 5 through 14) and the required supplementary information (pages 70 through 83) 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2022 on our consideration of the Town of Indialantic, 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 Town of Indialantic, Florida's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
June 13, 2022

## Town of Indialantic, Florida Management's Discussion and Analysis

As management of the Town of Indialantic, Florida, we offer readers of the Town of Indialantic, Florida's financial statements this narrative overview and analysis of the financial activities of the Town of Indialantic, Florida for the fiscal year ended September 30, 2021.

### Financial Highlights

- The assets of the Town of Indialantic, Florida exceeded its liabilities at the close of the most recent fiscal year by \$5,154,880 (net position). Of this amount, \$(840,167) (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,215,014 from previously stated net position.
- The Town's long term debt outstanding at September 30, 2021 was \$2,186,799.
- As of the close of the current fiscal year, the Town of Indialantic, Florida's governmental funds reported combined ending fund balances of \$2,813,803 a decrease of \$536,830 over the prior year. Approximately 33% of this total amount, \$939,214 is available for spending at the government's discretion (unassigned fund balance), and represents approximately 22% of total governmental fund expenditures, excluding capital outlay.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Indialantic, Florida's basic financial statements. The Town of Indialantic, Florida's basic financial statements is comprised of three components: 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 Town of Indialantic, Florida's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town of Indialantic, Florida's assets and liabilities, with the difference between the two 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 Town of Indialantic, Florida is improving or deteriorating.

The statement of activities presents information showing how the Town'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.

## Town of Indialantic, Florida Management's Discussion and Analysis

Both of the government-wide financial statements distinguish functions of the Town of Indialantic, Florida 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 Town of Indialantic, Florida include general government, public safety, recreation and physical environment. The business-type activities of the Town of Indialantic, Florida include Wavecrest Park and Indialantic (Nance) Park.

The government-wide financial statements can be found on pages 17-21 of this report.

***Fund financial statements.*** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Indialantic, Florida, 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 Town of Indialantic, Florida 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 financing 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 financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Indialantic, Florida maintains two 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, which is considered to be a major fund. Data from the other governmental fund is presented as a non-major fund.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

***Proprietary funds.*** The Town of Indialantic, Florida maintains two different types of proprietary funds. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The Town of Indialantic, Florida uses enterprise funds to account for its Wavecrest Park and for its Indialantic (Nance) Park.

## **Town of Indialantic, Florida Management's Discussion and Analysis**

Proprietary funds 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 Wavecrest Park and Indialantic (Nance) Park, which are both considered to be major funds of the Town of Indialantic, Florida.

The basic proprietary fund financial statements can be found on pages 26-29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Indialantic, Florida'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 30-31 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 33-68 of this report.

*Other information.* In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Indialantic, Florida's budgetary compliance and pension obligations. The Town of Indialantic, Florida 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.

Required supplementary information can be found on pages 70-83 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 Town of Indialantic, Florida, assets exceeded liabilities by \$5,154,880 at the close of the most recent fiscal year.



## Town of Indialantic, Florida Management's Discussion and Analysis

The following table reflects the condensed statement of net position:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current assets	\$3,960,923	\$3,784,895	\$360,855	\$107,774	\$4,321,778	\$3,892,669
Capital assets	5,808,255	4,945,743	99,608	85,878	5,907,863	5,031,621
Total assets	9,769,178	8,730,638	460,463	193,652	10,229,641	8,924,290
Deferred outflows	879,083	886,227	37,997	42,234	917,080	928,461
Noncurrent liabilities	3,838,362	4,721,659	100,991	109,950	3,939,353	4,462,341
Other liabilities	114,270	450,289	4,731	6,011	119,001	825,568
Total liabilities	3,952,632	5,171,948	105,722	115,961	4,058,354	5,287,909
Deferred inflow	1,903,882	605,355	29,605	19,621	1,933,487	624,976
Net position:						
Net investment						
In capital assets	5,808,255	4,828,289	99,608	85,878	5,907,863	4,914,167
Restricted	12,966	12,955	74,218	-	87,184	12,955
Unrestricted	(1,029,474)	(1,001,682)	189,307	14,426	(840,167)	(987,256)
Total net position	\$4,791,747	\$3,839,562	\$363,133	\$100,304	\$5,154,880	\$3,939,866

By far the largest portion of the Town of Indialantic, Florida's net position (115%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, furniture and fixtures and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town of Indialantic, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the Town of Indialantic, Florida's net position, \$12,966 and \$12,955 at September 30, 2021 and 2020, respectively, (both < 1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$(840,167) and \$(987,256) at September 30, 2021 and 2020, respectively, may be used/has been used to meet the government's ongoing obligations to citizens and creditors.

## Town of Indialantic, Florida Management's Discussion and Analysis

The following table shows condensed revenue and expense data:

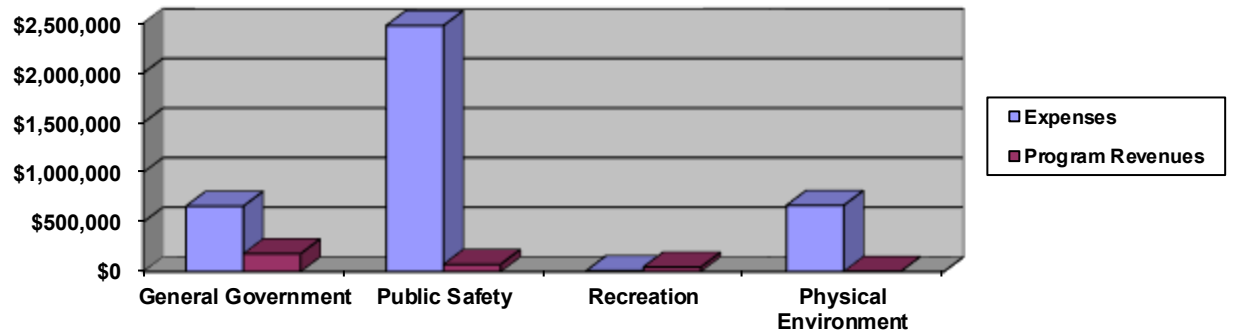
### Town of Indialantic, Florida's Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 181,903	\$ 185,993	\$ 597,015	\$ 358,860	\$ 778,918	\$ 544,853
Operating grants and contributions	29,961	71,421	-	-	29,961	71,421
Capital grants and contributions	93,188	2,622	-	-	93,188	2,622
General revenues	4,544,096	4,227,157	93,469	43,615	4,637,565	4,270,772
Total revenues	4,849,148	4,487,193	690,484	402,475	5,539,632	4,889,668
Expenses:						
General government	659,935	722,267	-	-	659,935	722,267
Public safety	2,478,160	2,492,523	-	-	2,478,160	2,492,523
Recreation	10,273	26,480	-	-	10,273	26,480
Physical environment	667,674	537,841	-	-	667,674	537,841
Interest on long term debt	80,921	90,126	-	-	80,921	90,126
Parks	-	-	427,655	385,462	427,655	385,462
Total expenses	3,896,963	3,869,237	427,655	385,462	4,324,618	4,254,699
Increase (decrease) in net position	952,185	617,956	262,829	17,013	1,215,014	634,969
Net position - beginning of year	3,839,562	3,221,606	100,304	83,291	3,939,866	3,304,897
Net position - ending	\$ 4,791,747	\$ 3,839,562	\$ 363,133	\$ 100,304	\$ 5,154,880	\$ 3,939,866

**Governmental activities.** Governmental activities increased the Town's net position by \$952,185, accounting for a 25% increase in the overall increase of the government's net position compared to an increase of \$617,956 in the prior year. Revenues from governmental activities increased \$361,955. Total expenses from governmental activities increased \$27,726 from the prior year.

## Town of Indialantic, Florida Management's Discussion and Analysis

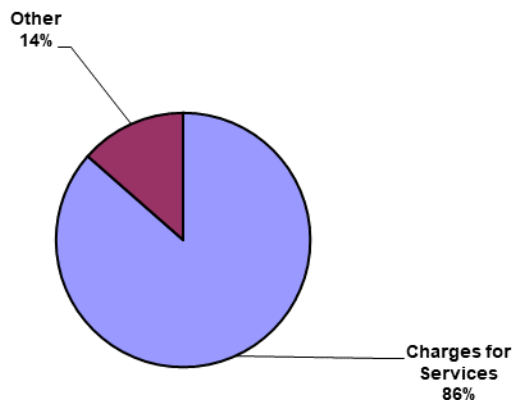
### Expenses and Program Revenues – Governmental Activities



## Town of Indialantic, Florida Management's Discussion and Analysis

**Business-type activities.** Business-type activities increased the Town of Indialantic, Florida's net position by \$262,829, compared to an increase of \$17,013 in the prior year. Total business-type revenue increased \$288,009. Total business-type expenses increased \$42,193.

**2021 Revenues by Source - Business-type Activities**



### Financial Analysis of the Government's Funds

As noted earlier, the Town of Indialantic, Florida uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town of Indialantic, Florida's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town of Indialantic, Florida's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Indialantic, Florida's governmental funds reported combined ending fund balances of \$2,813,803, a decrease of \$536,830 in comparison with the prior year. Approximately 45% of this total amount (\$1,255,514) constitutes unassigned/assigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$1,558,289) is restricted or committed to indicate that it is not available for new spending because it has already been restricted to law enforcement related activities (\$12,966) and debt service (\$203,711), and committed for maintenance of the sign at the entrance to Nance Park (\$1,000), fire truck (\$440,000), road resurfacing (\$358,286), employee benefits (\$63,720), physical environment (\$100,000), financial software (\$90,000) and hurricane debris removal & insurance deductible (\$288,606).

## Town of Indialantic, Florida Management's Discussion and Analysis

The General fund is the chief operating fund of the Town of Indialantic, Florida. At the end of the current fiscal year, unassigned fund balance of the General fund was \$939,214. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures, excluding capital outlay. Unassigned fund balance represents 24% of total General fund expenditures, excluding capital outlay.

The fund balance of the Town of Indialantic, Florida's General fund increased by \$377,359 during the current fiscal year, compared to a \$387,035 increase in the prior year. Total operating expenditures increased by \$361,754 from the prior year while total revenues increased by \$352,078 from the prior year resulting in an increase in fund balance in the current year.

**Proprietary funds.** The Town of Indialantic, Florida's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Wavecrest Park fund and Indialantic (Nance) Park fund at the end of the year amounted to \$189,307. The total net position of these funds increased \$262,829 in the current year compared to an increase of \$17,013 in the prior year. Total operating revenues increased by \$238,155 while expenses increased by \$42,193 and total nonoperating revenues increased by \$49,894 from the prior year.

**General Fund Budgetary Highlights.** Differences between the original budget and the final amended budget were primarily to budget the revenues and expenditures associated with increases in permits and fees, grants, and increases in intergovernmental revenues.

The Town's actual revenues were \$197,898 more than budgeted revenues.

The Town's actual expenditures were \$409,424 less than budgeted expenditures mainly because of actual physical environment and general government expenditures being less than budgeted by \$339,439. The general fund budget to actual can be found on page 81 of this report.

### Capital Asset and Debt Administration

**Capital assets.** The Town of Indialantic, Florida's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounted to \$5,907,863 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, fixtures, and other infrastructure items. The total increase in the Town of Indialantic, Florida's investment in capital assets for the current fiscal year was approximately 17%.

Major capital asset additions of \$1,157,102 for governmental activities and \$30,510 for business-type activities during the current fiscal year included the following:

- The purchase of a truck for public works and a patrol car for the police department.
- The purchase of stormwater pipe replacements.
- The purchase of a new air conditioner for the council chambers.
- The reroofing of Town Hall.
- The purchase of new parking meters.

## Town of Indialantic, Florida Management's Discussion and Analysis

These increases were offset by depreciation expense \$294,590 for governmental activities and \$16,780 for business-type activities.

### Town of Indialantic, Florida's Capital Assets

	Governmental Activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,144,421	\$ 1,144,421	\$ -	\$ -	\$ 1,144,421	\$ 1,144,421
Construction in Progress	-	1,173,363	-	-	-	1,173,363
Buildings	218,154	239,970	-	-	218,154	239,970
Improvements other than buildings	296,685	159,494	58,454	71,590	355,139	231,084
Equipment	784,012	877,186	30,064	-	814,076	877,186
Furniture and fixtures	-	-	11,090	14,288	11,090	14,288
Infrastructure	3,364,983	1,351,309	-	-	3,364,983	1,351,309
Total	\$ 5,808,255	\$ 4,945,743	\$ 99,608	\$ 85,878	\$ 5,907,863	\$ 5,031,621

Additional information on the Town of Indialantic, Florida's capital assets can be found in Note 2.C. on page 49-50 of this report.

**Long-term debt.** The governing body of every municipality may borrow money, contract loans, and issue bonds, as defined in Florida State Statute 166.101, from time to time to finance the undertaking of any capital or any other project for the purpose permitted by the State Constitution and may pledge of the funds, credit, property and taxing power of the municipality for the payment of such debts and bonds. Florida has no legal debt limit.

During the year ended September 30, 2018, the Town held a referendum to approve the issuance of debt, supported by a debt millage rate of 1%, to replace the Town's stormwater infrastructure. The Town issued the \$3,000,000 Town of Indialantic, Florida Limited Ad Valorem Tax Note, series 2018 on October 26, 2018. The Town has completed several stormwater pipe replacement projects this past fiscal year with the bond funds.

Additional information on the Town of Indialantic, Florida's long-term debt can be found in Note 2.D. on page 51 of this report.

### Economic Factors and Next Year's Budgets and Rates

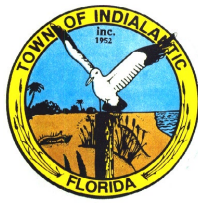
- The Town of Indialantic has grown over the years in the number of residences, residential structures and commercial establishments. Most of the construction activity today involves the redevelopment of residential properties. The rate of growth has fluctuated based on County economic conditions. The 2021 taxable value is reflected as \$479,167,895.
- The Town currently has 1,582 housing units.
- The April, 2021 population, as estimated by the Bureau of Economic and Business Research for the University of Florida was placed at 3,003.

## **Town of Indialantic, Florida Management's Discussion and Analysis**

- Numerous improvements were made to businesses and residences during the fiscal year ending September 30, 2021. Building permits were issued for 4 new single family residences as well as 3 multi-family buildings totaling 14 units. A permit was issued for an extensive remodel of the motel at 501 N Miramar Avenue.
- The fiscal year 2021 millage rate was 6.0923 and the fiscal year 2022 millage rate is 6.0923. The Town has retired all lease/purchase agreements and is focusing on providing General Fund reserve revenue committed to certain future expenses as well as budgeting monies to provide necessary funds for when expenses are projected.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town of Indialantic, Florida'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 the Office of the Finance Director, Town Hall, 216 Fifth Avenue, Indialantic, Florida, 32903.



## **TOWN OF INDIALANTIC, FLORIDA**

Basic Financial Statements



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**Town of Indianalantic, Florida**  
**Statement of Net Position**

	Primary Government		
<i>September 30, 2021</i>	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,669,938	\$ 375,000	\$ 3,044,938
Accounts receivables, net	124,637	18,132	142,769
Due from other governments	88,241	-	88,241
Internal accounts	32,277	(32,277)	-
Net pension asset	1,045,830	-	1,045,830
Capital assets (net of accumulated depreciation):			
Land	1,144,421	-	1,144,421
Buildings	218,154	-	218,154
Improvements other than buildings	296,685	58,454	355,139
Equipment	784,012	30,064	814,076
Furniture and fixtures	-	11,090	11,090
Infrastructure	3,364,983	-	3,364,983
Total assets	9,769,178	460,463	10,229,641
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - General employees pension	19,350	1,126	20,476
Deferred outflows - OPEB	550,425	36,871	587,296
Deferred outflows - Police & fire pension	309,308	-	309,308
Total deferred outflow of resources	879,083	37,997	917,080

*The accompanying notes are an integral part of this financial statement.*

	Primary Government		
<i>September 30, 2021</i>	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Accounts payable	23,086	920	24,006
Accrued payroll and related liabilities	53,678	903	54,581
Unearned revenue	-	2,908	2,908
Other liabilities	37,506	-	37,506
Long-term liabilities:			
Due within one year:			
Revenue bonds payable	281,530	-	281,530
OPEB liability	33,004	2,118	35,122
Compensated absences	69,305	4,386	73,691
Due in more than one year:			
Compensated absences	74,264	-	74,264
Revenue bonds payable	1,905,269	-	1,905,269
Net pension liability	282,661	16,456	299,117
OPEB liability	1,192,329	78,031	1,270,360
Total liabilities	3,952,632	105,722	4,058,354
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - Business tax receipts	18,455	-	18,455
Deferred inflows - Police & fire pension	1,413,318	-	1,413,318
Deferred inflows - General employees pension	197,265	11,485	208,750
Deferred inflows - OPEB	274,844	18,120	292,964
Total deferred inflows of resources	1,903,882	29,605	1,933,487
<b>NET POSITION</b>			
Investment in capital assets	5,808,255	99,608	5,907,863
Restricted for:			
Playground	-	74,218	74,218
Law enforcement	12,966	-	12,966
Unrestricted	(1,029,474)	189,307	(840,167)
Total net position	\$ 4,791,747	\$ 363,133	\$ 5,154,880

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**Town of Indianalantic, Florida**  
**Statement of Activities**

*Year ended September 30, 2021*

Program Revenues

Functions/Programs	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 659,935	\$ 163,082	\$ 18,223	\$ -
Public safety	2,478,160	18,821	11,738	43,140
Recreational	10,273	-	-	46,680
Physical environment	667,674	-	-	3,368
Interest on long term debt	80,921	-	-	-
Total governmental activities	3,896,963	181,903	29,961	93,188
Business-type activities:				
Parks	427,655	597,015	-	-
Total business-type activities	427,655	597,015	-	-
Total primary government	\$ 4,324,618	\$ 778,918	\$ 29,961	\$ 93,188

General revenues:

Property taxes

Public utility taxes

Franchise taxes

Shared revenues restricted for specific programs

Unrestricted investment earnings

Miscellaneous

Contributions

Gain on sale of capital assets

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

*The accompanying notes are an integral part of this financial statement.*

Net (Expense) Revenue and Changes in Net Position  
Primary Government

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Governmental Activities	Business-type Activities	Total
<hr/>		
\$ (478,630)	\$ -	\$ (478,630)
(2,404,461)	-	(2,404,461)
36,407	-	36,407
(664,306)	-	(664,306)
(80,921)	-	(80,921)
(3,591,911)	-	(3,591,911)
<hr/>		
-	169,360	169,360
-	169,360	169,360
<hr/>		
(3,591,911)	169,360	(3,422,551)
<hr/>		
3,066,730	-	3,066,730
755,501	-	755,501
264,767	-	264,767
268,749	-	268,749
303	23	326
188,046	16,115	204,161
-	74,218	74,218
-	3,113	3,113
4,544,096	93,469	4,637,565
952,185	262,829	1,215,014
3,839,562	100,304	3,939,866
\$ 4,791,747	\$ 363,133	\$ 5,154,880
<hr/>		

*The accompanying notes are an integral part of this financial statement.*

**Town of Indialantic, Florida**  
**Balance Sheet**  
**Governmental Funds**

<i>September 30, 2021</i>	General	Construction Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,453,261	\$ -	\$ 216,677	\$ 2,669,938
Accounts receivable, net	124,637	-	-	124,637
Due from other funds	32,277	-	-	32,277
Due from other governments	88,241	-	-	88,241
Total assets	\$ 2,698,416	\$ -	\$ 216,677	\$ 2,915,093
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 23,086	\$ -	\$ -	\$ 23,086
Accrued payroll and related liabilities	53,678	-	-	53,678
Other liabilities	6,071	-	-	6,071
Total liabilities	82,835	-	-	82,835
Deferred inflows of resources				
Deferred inflow - business tax receipts	18,455	-	-	18,455
Total deferred inflows of resources	18,455	-	-	18,455
Fund balances:				
Restricted for:				
Law enforcement	-	-	12,966	12,966
Debt Service	-	-	203,711	203,711
Committed for:				
Indialantic (Nance) park sign maintenance	1,000	-	-	1,000
Equipment purchase	440,000	-	-	440,000
Physical environment	100,000	-	-	100,000
Road resurfacing	358,286	-	-	358,286
Insurance	266,606	-	-	266,606
Employee benefits	63,720	-	-	63,720
Financial software	90,000	-	-	90,000
Debris removal	22,000	-	-	22,000
Assigned for subsequent years				
budget deficit	316,300	-	-	316,300
Unassigned	939,214	-	-	939,214
Total fund balances	2,597,126	-	216,677	2,813,803
Total liabilities, fund balances	\$ 2,698,416	\$ -	\$ 216,677	\$ 2,915,093

*The accompanying notes are an integral part of this financial statement.*

**Town of Indianalantic, Florida**

**Reconciliation of the Balance Sheet of the Governmental Funds to the  
Statement of Net Position**

*September 30, 2021*

Total fund balance of governmental funds	\$	<b>2,813,803</b>
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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.		<b>5,808,255</b>
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Deferred outflow of resources related to pensions and OPEB are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		<b>879,083</b>
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Deferred inflow of resources related to the pensions and OPEB are not recognized in governmental funds; however, they are recorded recorded in the statement of net position.		<b>(1,885,427)</b>
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Long-term liabilities, including net OPEB obligation, net pension liability liability and compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.

Net pension liability (asset)	\$ (763,169)	
Notes payable	2,186,799	
Compensated absences	143,569	
Other postemployment benefits	1,225,333	
Accrued interest	31,435	<b>(2,823,967)</b>

Net position of governmental activities	\$	<b>4,791,747</b>
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*The accompanying notes are an integral part of this financial statement.*



**Town of Indialantic, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**

		Construction	Nonmajor	Total
<i>Year ended September 30, 2021</i>	General	Fund	Funds	Governmental Funds
<b>Revenues</b>				
Taxes	\$ 3,439,421	\$ -	\$ 431,587	\$ 3,871,008
Permits and fees	151,665	-	-	151,665
Intergovernmental	604,409	-	-	604,409
Charges for services	5,790	-	-	5,790
Fines and forfeitures	27,927	-	-	27,927
Interest and other	186,457	593	1,299	188,349
Total revenues	4,415,669	593	432,886	4,849,148
<b>Expenditures</b>				
Current:				
General government	669,635	-	450	670,085
Public safety	2,627,976	-	-	2,627,976
Physical environment	563,108	-	-	563,108
Recreation	10,273	-	-	10,273
Capital outlay	167,318	990,245	-	1,157,563
Debt service:				
Principal retired	-	-	272,140	272,140
Interest	-	-	84,833	84,833
Total expenditures	4,038,310	990,245	357,423	5,385,978
Excess (deficiency) of revenue over (under) expenditures	377,359	(989,652)	75,463	(536,830)
Net change in fund balances	377,359	(989,652)	75,463	(536,830)
Fund balances, beginning of year	2,219,767	989,652	141,214	3,350,633
Fund balances, end of year	\$ 2,597,126	\$ -	\$ 216,677	\$ 2,813,803

*The accompanying notes are an integral part of this financial statement.*

**Town of Indian River, Florida**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities**

*Year ended September 30, 2021*

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Net change in fund balances - total governmental funds **\$ (536,830)**

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

Governmental funds report capital outlays 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	\$ 1,157,102	
Less: current year depreciation	<u>(294,590)</u>	<b>862,512</b>

The issuance of long-term debt (e.g., bonds, leases) provides current  
financial resources to governmental funds, while the repayment of the  
principal of long-term debt consumes the financial resources of govern-  
mental funds. Neither transaction, however, has any effect on net position.  
This is the net effect of these differences in the treatment of long-term  
debt and related items.

Repayment of principal of long-term debt	\$ 272,140	
Accrued interest on debt	<u>3,912</u>	<b>276,052</b>

Under the modified accrual basis of accounting used in governmental funds,  
expenditures are not recognized for transactions that are not normally paid  
with expendable available financial resources. In the statement of activities,  
however, which is presented on the accrual basis, expenses and liabilities  
are reported regardless of when the financial resources are available.

Compensated absences	\$ (4,912)	
Other postemployment benefits liability	(146,750)	
Net pension liability	<u>502,113</u>	<b>350,451</b>

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Change in net position of governmental activities	<b>\$</b>	<b>952,185</b>
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*The accompanying notes are an integral part of this financial statement.*

**Town of Indialantic, Florida**  
**Statement of Net Position – Proprietary Funds**

<i>September 30, 2021</i>	<b>Parks</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 375,000
Accounts receivable, net	18,132
Total current assets	393,132
Noncurrent assets:	
Capital assets:	
Property, plant and equipment	911,702
Less accumulated depreciation	(812,094)
Total capital assets, net of accumulated depreciation	99,608
Total noncurrent assets	99,608
<b>Total assets</b>	<b>492,740</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - OPEB	36,871
Deferred outflows - General employees pension	1,126
<b>Total deferred outflow of resources</b>	<b>37,997</b>
<b>LIABILITIES</b>	
Current liabilities (payable from current assets):	
Accounts payable	920
Accrued payroll and related liabilities	903
Accrued compensated absences	4,386
Unearned revenue	2,908
Net OPEB obligation, current	2,118
Due to other funds	32,277
Total current liabilities	43,512
Noncurrent liabilities:	
Net OPEB obligation	78,031
Net pension liability	16,456
Total noncurrent liabilities	94,487
<b>Total liabilities</b>	<b>137,999</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflow - General employees pension	11,485
Deferred inflows - OPEB	18,120
<b>Total deferred inflows of resources</b>	<b>29,605</b>
<b>NET POSITION</b>	
Net investment in capital assets	99,608
Restricted for playground	74,218
Unrestricted	189,307
<b>Total net position</b>	<b>\$ 363,133</b>

*The accompanying notes are an integral part of this financial statement.*

**Town of Indialantic, Florida**  
**Statement of Revenues, Expenses and Changes in Fund Net Position –**  
**Proprietary Funds**

**Business-type Activities - Enterprise Funds**

<i>Year ended September 30, 2021</i>	<b>Parks</b>
<b>Operating revenues:</b>	
Charges for services	\$ 511,355
Parking fines (net of bad debt of \$1,555)	85,660
Total operating revenues	597,015
<b>Operating expenses:</b>	
Salaries, wages and employee benefits	119,594
Contractual services	194,108
Insurance	8,540
Supplies	17,746
Depreciation	16,780
Repairs and maintenance	50,091
Utilities	14,002
Beach improvements	6,794
Total operating expenses	427,655
<b>Operating income</b>	<b>169,360</b>
<b>Nonoperating revenues:</b>	
Gain on sale of capital assets	3,113
Contributions	74,218
Miscellaneous revenue	16,115
Interest income	23
Total nonoperating revenues	93,469
<b>Change in net position</b>	<b>262,829</b>
<b>Net position, beginning of year</b>	<b>100,304</b>
<b>Net position, end of year</b>	<b>\$ 363,133</b>

*The accompanying notes are an integral part of this financial statement.*

**Town of Indialantic, Florida**  
**Statement of Cash Flows - Proprietary Funds**

*Year ended September 30, 2021*

**Parks**

**Cash flows from operating activities:**

Cash received from customers	\$ 511,355
Cash received from parking fines	79,788
Cash paid to suppliers	(292,890)
Cash paid to employees for services	(114,332)
Net cash provided by operating activities	<b>183,921</b>

**Cash flows from non-capital and related financing activities:**

Proceeds from sale of capital assets	3,113
Miscellaneous proceeds for capital assets - insurance proceeds	90,333
Net cash provided by non-capital and related financing activities	<b>93,446</b>

**Cash flows from capital and related financing activities:**

Acquisition of capital assets	(30,510)
Net cash used in capital and related financing activities	<b>(30,510)</b>

**Cash flows from investing activities:**

Interest income received	23
Net cash provided by investing activities	<b>23</b>

**Net increase in cash and cash equivalents** **246,880**

**Cash and cash equivalents, beginning of year** **128,120**

**Cash and cash equivalents, end of year** **\$ 375,000**

*The accompanying notes are an integral part of this financial statement.*

**Town of Indialantic, Florida**  
**Statement of Cash Flows - Proprietary Funds (Continued)**

**Business-type Activities - Enterprise Funds**

<i>Year ended September 30, 2021</i>	<b>Parks</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 511,355
Cash received from parking fines	79,788
Cash paid to suppliers	(292,890)
Cash paid to employees for services	(114,332)
Net cash provided by operating activities	<b>183,921</b>
<b>Cash flows from non-capital and related financing activities:</b>	
Proceeds from sale of capital assets	3,113
Miscellaneous proceeds for capital assets - insurance proceeds	90,333
Net cash provided by non-capital and related financing activities	<b>93,446</b>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(30,510)
Net cash used in capital and related financing activities	<b>(30,510)</b>
<b>Cash flows from investing activities:</b>	
Interest income received	23
Net cash provided by investing activities	<b>23</b>
<b>Net increase in cash and cash equivalents</b>	<b>246,880</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>128,120</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 375,000</b>

*The accompanying notes are an integral part of this financial statement.*

**Town of Indialantic, Florida**  
**Statement of Fiduciary Net Position - Pension Trust Funds**

<i>September 30, 2021</i>	Employee Pension Trust Funds
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 230,852
Interest receivable	16,007
Investments, at fair value	13,004,994
Total assets	13,251,853
<hr/>	
<b>LIABILITIES</b>	1,744
<hr/>	
<b>NET POSITION</b>	
Restricted for pension benefits	\$ 13,250,109
<hr/>	

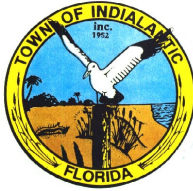
*The accompanying notes are an integral part of this financial statement.*

**Town of Indialantic, Florida**  
**Statement of Changes in Fiduciary Net Position - Pension Trust Funds**

<i>Year ended September 30, 2021</i>	<b>Employee Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
State	\$ 79,585
Employer	315,837
Employees	82,411
Total contributions	<b>477,833</b>
Investment income:	
Net increase in the fair value of investments	2,133,935
Less: investment related expenses	(30,062)
Interest and dividends	277,652
Total investment income	<b>2,381,525</b>
Total additions	<b>2,859,358</b>
<b>DEDUCTIONS</b>	
Benefits paid	568,723
Refunded contributions	262,166
Administrative expenses	37,925
Total deductions	<b>868,814</b>
<b>Change in net position</b>	<b>1,990,544</b>
<b>Net position, beginning of year</b>	<b>11,259,565</b>
<b>Net position, end of year</b>	<b>\$ 13,250,109</b>

*The accompanying notes are an integral part of this financial statement.*





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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Town of Indialantic, Florida (the “Town”) was created pursuant to Chapter 73-129, Laws of Florida, in 1952. The Town operates under a chartered Council-Manager form of government. The Town provides a wide range of services as directed by the Town Charter, including general government, public safety, police, fire, public improvements, recreation, planning and zoning and other related general and administrative services for approximately 2,800 residents.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governments.

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. No potential component units were found for which the above criteria required consideration in defining the government’s reporting entity.

**Excluded from the reporting entity**

The Indialantic Volunteer Fire Department, Inc. is a nonprofit corporation separate from the Town. This potential component unit is excluded from the reporting entity because the Town does not exert significant influence or control over the volunteer fire department, nor does it have the right to the surplus of the volunteer fire department.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis Of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses 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 and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

The *Construction Fund* is a capital projects fund used to account for expenditures of proceeds from debt issuance for the repair and maintenance of the Town's stormwater system.

The Town reports the following major proprietary fund:

The *Parks fund* accounts for operational and maintenance costs of Wavecrest Park and Indialantic (Nance) Park.

Additionally, the Town reports the following fund types:

The *pension trust funds* account for assets, liabilities, revenues and expenses of the pension plans of the Town's general employees, police officers and firefighters. The activities of these funds are subject to state mandatory regulations, local ordinances and the policies of the governing boards.

## Town of Indianalantic, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### C. Measurement Focus, Basis Of Accounting, and Financial Statement Presentation (continued)

The Town's nonmajor governmental funds consists of the *Special Investigative Trust Fund*, which accounts for revenues received per state forfeiture statutes that are used for police investigative expenses; and the *Debt Service Fund* which is used to account for the proceeds from a voter approved 1 mil ad-valorem tax, and payment of the related debt.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of both enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### D. Budgetary Information

As permitted by GASBC 2400, *Budgetary Reporting*, the Town has elected to disclose all budgetary information in the notes to the required supplementary information (RSI). Please refer to the accompanying notes to the RSI for the Town's budgetary information.

#### E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position Or Equity

##### 1. Cash and investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2021, were invested using the pooled investment concept. Interest earned was allocated to the various funds based on their average cash and investment balances.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position Or Equity (continued)**

**1. Cash and investments (continued)**

Investments are reported at fair value, with the exception of external investment pools which comply with the criteria set forth in Section 150: *Investments* of the GASB Codification and have elected to measure their investments at amortized cost. Accordingly, the fair value of the Town's position in the external investment pools having met these criteria is equal to the value of the pooled shares.

The investment of municipal funds is authorized by Florida Statutes which allows the Town to invest in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration, direct and indirect obligations of the United States Government, obligations of Federal Government agencies, time deposits or savings accounts of financial institutions under Federal and State regulation, and mutual funds that invest solely in obligations of the United States Government or its agencies.

Florida State Statutes Chapters 175 and 185 regulates the types of investments that may be held by the Police and Firefighters' Pension Trust Funds. The investment guidelines have been augmented by a Town ordinance that has adopted specific investment policies. Compliance with the policies and guidelines have been evaluated by the pension board.

**2. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported 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."

The Town is permitted by State law to levy taxes up to 10 mills on assessed valuation. The Indialantic Town Council levy for the fiscal year ended September 30, 2021 was 6.0923 mills, as approved by a unanimous vote. Additionally, a 1.0 mil is levied for voted bond debt service costs as discussed in Note 2D. Current tax collections for the Town were approximately 97% of the total tax levy.

As provided by law, the Brevard County Property Appraiser assesses all properties for ad valorem taxing purposes and the Brevard County Tax Collector collects and distributes all taxes. Ad valorem taxes are levied based on the property valuation as of January 1. The fiscal year for which ad valorem taxes are levied begins on October 1. Taxes are due beginning November 1, delinquent on April 1, and lien on May 30.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position Or Equity (continued)**

**2. Receivables and payables (continued)**

Property tax revenues are recognized in the fiscal year for which they are budgeted and also become due and payable. Virtually all unpaid taxes are collected via tax sale certificates sold on or prior to June 1; therefore, no material taxes are receivable at fiscal year-end.

All account and tax receivables are shown net of an allowance for uncollectibles. Accounts receivable in the Park fund are shown net of allowance for uncollectibles of \$8,000.

**3. Capital assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or Business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings	40 years
Improvements other than buildings	5 to 20 years
Infrastructure	25 to 40 years
Machinery and equipment	5 to 20 years
Vehicles	5 years

**4. Compensated absences**

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation is accrued when incurred in the government-wide and proprietary fund type financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position Or Equity (continued)**

**5. Unearned revenue**

Unearned revenue includes amounts collected before the revenue recognition criteria are met. The unearned items consist primarily of funds received that have not yet been expended for the required purpose.

**6. Long-term liabilities**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statement of net position.

**7. Defined Benefit Pension Plans**

The Town administers two single-employer, defined benefit pension plans: the Police Officers' and Firefighters' Retirement System and the General Employees' Pension Plan. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the two defined benefit pension plans and additions to/deductions from the two defined benefit pension plan's fiduciary net positions have been determined on the same basis as they are reported by the plans. For this purpose, contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due, and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the respective terms of the Town's two defined benefit pension plans.

**8. Other Post Employment Benefits**

The Town participates in a single employer defined benefit other post employment plan. The Town does not have a trust for the plan, and there is no actuarial determined contribution. The net liability or asset is determined in accordance with GASBC P52, *Other Post Employment Benefits*.

**9. Deferred outflows / inflows of resources**

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position Or Equity (continued)**

The deferred outflows and inflows are an aggregate of items related to pensions and other post-employment benefits (OPEB) as calculated in accordance with GASBC P20, *Pension Activities* and GASBC P52, *Other Post-Employment Benefits*.

**10. Fund equity**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Restricted Fund Balance – This portion of the fund balance will consist of those monies that have restrictions from external resource providers or imposed by law through constitutional provisions or enabling legislation placed on their use.

Committed Fund Balance – This portion of the fund balance will consist of those monies earmarked by Council through resolution that are intended to be used for a particular purpose.

Assigned Fund Balance – This portion of the fund balance for the General Fund consists of those monies budgeted to be spent during the following fiscal year as cash carry forward to cover the budget deficit, and encumbrances as approved by Town Council.

Unassigned Fund Balance – This portion of the fund balance for the General Fund will consist of those monies not specifically earmarked by Council for a particular project. Additionally, any revenue received in a fiscal year in excess of expenditures will automatically fall to unassigned fund balance. Council may also budget monies in the Town's annual fiscal year budget for this category.

The Town would typically use restricted fund balances first, followed by committed and assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**11. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from management's estimates.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position Or Equity (continued)**

**12. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 13, 2022. See Note 6 for relevant disclosure(s). No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**13. Recently issued and implemented accounting pronouncements**

The Governmental Accounting Standards Board has issued statements that will become effective in future years. The statements address:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirement of this Statement are effective for reporting periods beginning after June 15, 2021.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position Or Equity (continued)**

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position Or Equity (continued)**

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 13, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented.

Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

The Town is currently evaluating the effects that these statements will have on its financial statements.

**Note 2: DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At September 30, 2021, the Town's carrying amount of cash deposits was \$3,044,510 and the bank balance was \$3,120,901. In addition, the Town holds \$428 of petty cash.

As of September 30, 2021, \$250,000 of the Town's bank balances and all non-interest bearing accounts are covered by the Federal Depository Insurance Corporation (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Town pursuant to Section 280.08, Florida Statutes.

For the Fiduciary funds, the carrying amount was \$230,852 and the bank balance was \$230,852. \$229,106 of the cash balances in the Fiduciary funds are not held with a qualified public depository, or FDIC insured.

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (continued)**

The investing of public funds with the Florida State Board of Administration (SBA) - Local Government Surplus Funds Trust Fund ("Florida PRIME") is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2021, the Fiduciary Funds had \$17,568 invested in the pool. The fair value of the Town's position in the pool is equal to the value of the pooled shares.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in the notes to the financial statements.

As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the Town's access to 100 percent of their account value in the external investment pool.

Interest Rate Risk – The Town's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. This policy is pursuant to Florida State Statute 218.415(6).

Credit Risk – The Town's investment policy pursuant to Florida State Statute 218.415 permits for investments in the Local Government Surplus Trust Fund, Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, interest-bearing time deposits or savings accounts in qualified public depositories and direct obligations of the United States Treasury.

The allowable instruments in the General Employees' Pension Plan are outlined in the Town's written investment policy and include equities, common stocks, equity mutual funds, preferred stocks, convertible securities including debentures, international equities, real estate investment trusts, fixed income investments in individual bonds, fixed income mutual funds, government bonds, corporate bonds, mortgage-backed securities, asset-backed securities, certificates of deposits, commercial paper, and government secure zero coupon bonds. Common and preferred stock are to be listed on either the New York or American Stock Exchange. Fixed income investments containing marketable bonds must be rated "A" or better by Standard and Poor's at the time of purchase. No limitations are placed on investments in the United States Government Guaranteed Obligations. Commercial paper must have a rating of not less than A-1 by Standard and Poor's or P-1 by Moody's. Certificates of deposit may only be purchased from issuers with a quality rating of AA+ or better at the time of purchase.

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (continued)**

Investment in the Police Officers' and Firefighters' pension trust fund is limited by Florida State Statutes Chapters 175 and 185 and by investment policies adopted by the fund's Board of Trustees. The allowable instruments in the Police Officers' and Firefighters' Pension Plan include equities traded on a national exchange or electronic network, fixed income investments with a minimum rating of investment grade or higher as reported by a major credit rating service, money market funds with a minimum rating of A-1 by Standard and Poor's or P-1 by Moody's, and pooled funds which may include mutual funds, commingled funds and exchange-traded funds.

Foreign Currency Risk – The Town's pension trust funds contain investments in international stock mutual funds; however, all of the investments are denominated in U.S. dollars and are not exposed to foreign currency risk.

Custodial Credit Risk – The Town's investment policy pursuant to Florida State Statutes 218.415(18), requires securities, with the exception of certificates of deposit, to be held with a third party custodian; and all securities purchased by, and all collateral obtained by the Town should be properly designated as an asset of the Town. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposit maintained by book-entry at the issuing bank shall clearly identify the Town as the owner. As of September 30, 2021, the Town's investments were held with a third-party custodian as required by the Town's investment policies.

## Town of Indian River, Florida Notes to Financial Statements

### Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

#### A. Deposits and Investments (continued)

As of September 30, 2021, the Town had the following investments and effective duration presented in terms of years:

Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10	Rating	Agency
Pension trust funds:							
Stock mutual funds	\$ 7,517,755	\$ 7,517,755	\$ -	\$ -	\$ -	Not rated	-
Bond mutual funds	570,466	570,466	-	-	-	Not rated	-
Corporate Bonds	118,033	-	61,539	56,494	-	BBB	S&P
Corporate Bonds	63,421	-	27,857	35,564	-	A	S&P
Corporate Bonds	53,490	-	-	53,490	-	A+	S&P
Corporate Bonds	332,237	-	313,738	18,499	-	BBB+	S&P
Corporate Bonds	188,542	-	71,480	117,062	-	A-	S&P
Corporate Bonds	21,653	-	-	21,653	-	AA-	S&P
Corporate Bonds	22,734	-	10,395	12,339	-	Baa2	Moody's
Corporate Bonds	15,747	-	-	15,747	-	Baa3	Moody's
Corporate Bonds	118,699	-	41,303	-	77,396	Not rated	S&P
Municipal Obligations	10,155	-	10,155	-	-	A3	Moody's
Municipal Obligations	25,262	-	25,262	-	-	A+	S&P
Municipal Obligations	20,171	-	20,171	-	-	AA+	S&P
Municipal Obligations	10,062	-	-	10,062	-	AA	S&P
Municipal Obligations	15,354	-	-	15,354	-	AAA	S&P
Municipal Obligations	20,064	-	20,064	-	-	AA-	S&P
Municipal Obligations	9,735	-	-	9,735	-	A2	Moody's
Foreign Bonds	12,214	-	-	12,214	-	BBB	S&P
US treasury notes	218,144	-	25,695	192,449	-	Aaa	Moody's
American Core Realty	984,221	984,221	-	-	-	Not rated	-
Federal National							
Mortgage Association	299,521	-	19,054	7,722	272,745	Not rated	-
Government National							
Mortgage Association	145,209	-	13,474	-	131,735	Not rated	-
Federal Home Loan							
Mortgage Corp	220,034	-	10,894	-	209,140	Not rated	-
Florida Municipal Investment							
Trust Fund (FMiVT)	1,974,504	1,974,504	-	-	-	Not rated	-
Florida PRIME	17,568	17,568	-	-	-	AAAm	S&P
	\$ 13,004,994	\$ 11,064,514	\$ 671,080	\$ 578,383	\$ 691,017		

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (continued)**

**Fair Value**

GASB Codification Section 3100: *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Town of Indianalantic, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (continued)**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2021.

			Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs other than Quoted Prices (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value				
<b>Investments by fair value</b>					
Mutual funds	\$ 8,088,221	\$ 8,088,221	\$ -	\$ -	
Corporate bonds	934,555	-	934,555	-	
Foreign bonds	12,214	-	12,214	-	
Mortgage and asset backed	1,648,985	-	1,648,985	-	
Municipal obligations	110,803	-	110,803	-	
US Government obligations	218,144	218,144	-	-	
Total investments					
measured at fair value	\$ 11,012,922	\$ 8,306,365	\$ 2,706,557	\$ -	
<b>Investments measured at the Net Asset Value (NAV)</b>					
FMIT	\$ 1,974,504				
Total investments at NAV	1,974,504				
Investments at amortized cost	17,568				
Total investments	\$ 13,004,994				

*Mutual funds and US Government obligations:* Valued at quoted market prices.

*Corporate bonds, municipal obligations, and mortgage or asset backed securities:* Valued using a pricing service that uses matrix pricing when publicly traded pricing is not available.

*FMIT:* Valued using the total pool value multiplied by the Town's percentage ownership of the pool. The pool value is determined by using the quoted value of the underlying assets or similar assets. The pool is comprised of multiple different types of assets and consistent with GASB 150 *Investments* the pool is in and of itself a type of investment and the Town does not own or report the investments



**Town of Indialantic, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (continued)**

underlying the pool. The pool has no unfunded commitments, redemption notice period, or redemption frequency limitations.

**B. Interfund Transfers, Receivables and Payables**

All interfund receivables and payables within the primary government represent cash transfers for operating and capital purposes.

Interfund receivables and payables at September 30, 2021, are summarized as follows:

	Due from other funds	Due to other funds
Parks	\$ -	\$ 32,277
General fund	32,277	-
	<u>\$ 32,277</u>	<u>\$ 32,277</u>

**Town of Indianalantic, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets**

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,144,421	\$ -	\$ -	\$ -	\$ 1,144,421
Construction in Progress	1,173,363	536,450	-	(1,709,813)	-
Total capital assets, not being depreciated	2,317,784	536,450	-	(1,709,813)	1,144,421
Capital assets, being depreciated:					
Buildings	890,364	-	-	-	890,364
Improvements other than buildings	679,958	170,915	(17,089)	-	833,784
Equipment	2,230,501	74,350	(107,130)	(12,642)	2,185,079
Furniture	9,097	-	-	-	9,097
Infrastructure	1,584,145	375,387	-	1,709,813	3,669,345
Total capital assets being depreciated	5,394,065	620,652	(124,219)	1,697,171	7,587,669
Less accumulated depreciation for:					
Buildings	(650,394)	(21,816)	-	-	(672,210)
Improvements other than buildings	(520,464)	(33,724)	17,089	-	(537,099)
Equipment	(1,353,315)	(167,524)	107,130	12,642	(1,401,067)
Furniture	(9,097)	-	-	-	(9,097)
Infrastructure	(232,836)	(71,526)	-	-	(304,362)
Total accumulated depreciation	(2,766,106)	(294,590)	124,219	12,642	(2,923,835)
Total capital assets being depreciated, net	2,627,959	326,062	-	1,709,813	4,663,834
Governmental activities capital assets, net	\$ 4,945,743	\$ 862,512	\$ -	\$ -	\$ 5,808,255

**Town of Indian River, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (continued)**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, being depreciated:					
Improvements other than buildings	\$ 738,593	\$ -	\$ -	\$ -	\$ 738,593
Equipment	64,598	30,510	-	-	95,108
Fixtures	91,312		(25,953)	12,642	78,001
Total capital assets being depreciated	894,503	30,510	(25,953)	12,642	911,702
Less accumulated depreciation for:					
Improvements other than buildings	(667,004)	(13,135)	-	-	(680,139)
Equipment	(64,598)	(446)	-	-	(65,044)
Fixtures	(77,023)	(3,199)	25,953	(12,642)	(66,911)
Total accumulated depreciation	(808,625)	(16,780)	25,953	(12,642)	(812,094)
 Total capital assets, being depreciated, net	 85,878	 13,730	 -	 -	 99,608
Business-type activities capital assets, net	\$ 85,878	\$ 13,730	\$ -	\$ -	\$ 99,608

Depreciation expense was charged to functions/programs of the Town as follows:

<b>Governmental activities:</b>	
General government	\$ 31,562
Public safety	152,635
Public works	110,393
Total depreciation expense – governmental activities	\$ 294,590
 <b>Business-type activities:</b>	
Parks	\$ 16,780
Total depreciation expense – business-type activities	\$ 16,780

**Town of Indialantic, Florida**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Long-Term Debt**

Changes in Long-term Liabilities

On October 26, 2018 the Town entered into a loan agreement with a bank (direct borrowing) for the Town of Indialantic, Florida Limited Ad Valorem Tax Note, Series 2018 in the principal amount of \$3,000,000 with a fixed interest rate of 3.45%. The debt was approved by voter referendum and repayments are secured by a pledge of a 1 mil levy on property within the Town. The Note requires annual principal payments and bi-annual interest payments through maturity on May 1, 2028.

Information on pledged revenues and principal and interest payments are as follows:

	Amount of Issue	Future Principal and Interest	Current Pledged Revenue	Current Principal & Interest	Current Percentage of Revenue
Pledged Revenue					
Limited Ad-Valorem Tax Note					
Series 2018	\$ 3,000,000	\$ 2,498,805	\$ 431,587	\$ 356,975	83%

Annual debt service requirements to maturity for the Town's notes payable are as follows:

<i>September 30,</i>	Principal	Interest	Total
2022	\$ 281,530	\$ 75,445	\$ 356,975
2023	291,240	65,732	356,972
2024	301,290	55,684	356,974
2025	311,680	45,290	356,970
2026 - 2028	1,001,059	69,855	1,070,914
Totals	\$ 2,186,799	\$ 312,006	\$ 2,498,805

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 138,657	\$ 128,933	\$ (124,021)	\$ 143,569	\$ 69,305
Bonds payable	2,458,939	-	(272,140)	2,186,799	281,530
Governmental activity long-term liabilities	\$ 2,597,596	\$ 128,933	\$ (396,161)	\$ 2,330,368	\$ 350,835
<b>Business-type activities:</b>					
Compensated absences	\$ 3,966	\$ 5,298	\$ (4,878)	\$ 4,386	\$ 4,386
Business-type activity long-term liabilities	\$ 3,966	\$ 5,298	\$ (4,878)	\$ 3,966	\$ 4,386

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Risk Management**

The Town is exposed to various risks of loss, including, but not limited to theft, damage or destruction of its buildings, equipment, records, and monetary assets, and liability for personal injury, property damage and consequences of employee and public official actions. The Town participates in a non-assessable public risk pool to cover significant loss exposure. The pool maintains a loss reserve and purchases specific excess insurance, aggregate excess insurance and multiple loss coverage from commercial carriers and underwriters. Settled claims have not exceeded the coverage in any of the past three fiscal years and there has not been a reduction in coverage levels for the fiscal year ended September 30, 2021.

**Note 3: RETIREMENT PLANS**

All regular employees are covered by retirement plans. Police and fire employees are covered by the Police and Firefighters' Pension Plan, while the other employees are covered by the General Employees' Pension Plan. These are single employer, defined benefit pension plans. For the Police and Firefighters Pension Plan, stand-alone plan financial reports are not issued, and the plans are not included in the reports of any other public employee retirement system or entity. For the General Employees' Pension Plan, stand-alone financial reports are available from the administrative office: Retirement Department, Florida League of Cities, Inc. PO Box 1757, Tallahassee, FL 32302. Each Plan is administered through its own Board of Trustees.

**A. Summary Of Significant Accounting Policies (All Plans)**

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Investments are reported at fair value as described in footnote 2A.

**Town of Indian River, Florida**  
**Notes to Financial Statements**

**Note 3: RETIREMENT PLANS (Continued)**

**B. Employee Retirement Plans – Combining Fund Information**

The pension trust funds fiduciary net position activity as of September 30, 2021 was as follows:

	General Employees'	Police and Firefighters'	Total
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 230,852	\$ 230,852
Interest receivable	-	16,007	16,007
Investments, at fair value	1,974,504	11,030,490	13,004,994
Total assets	1,974,504	11,277,349	13,251,853
<b>Liabilities</b>	-	(1,744)	(1,744)
<b>Net position, restricted for pension benefits</b>	<b>\$ 1,974,504</b>	<b>\$ 11,275,605</b>	<b>\$ 13,250,109</b>

The Pension trust funds increase in fiduciary net position activity as of September 30, 2021 was as follows:

	General Employees'	Police and Firefighters'	Total
<b>Additions</b>			
Contributions:			
State	\$ -	\$ 79,585	\$ 79,585
Employer	115,634	200,203	315,837
Employees	35,840	46,571	82,411
Total contributions	151,474	326,359	477,833
Investment income:			
Net increase in fair value of investments	329,580	1,804,355	2,133,935
Less: investment related expense	-	(30,062)	(30,062)
Interest and dividends	-	277,652	277,652
Total investment income	329,580	2,051,945	2,381,525
Total additions	481,054	2,378,304	2,859,358
	General Employees'	Police and Firefighters'	Total
<b>Deductions</b>			
Benefits paid	132,148	436,575	568,723
Refunded contributions	4,010	258,156	262,166
Administrative expenses	12,710	25,215	37,925
Total deductions	148,868	719,946	868,814
<b>Change in net position</b>	<b>332,186</b>	<b>1,658,358</b>	<b>1,990,544</b>
<b>Net position, beginning of year</b>	<b>1,642,318</b>	<b>9,617,247</b>	<b>11,259,565</b>
<b>Net position, end of year</b>	<b>\$ 1,974,504</b>	<b>\$ 11,275,605</b>	<b>\$ 13,250,109</b>

**Note 3: RETIREMENT PLANS (Continued)**

**C. Detailed Notes on The Police and Firefighters' Pension Plan**

*Plan Administration:* The Police and Firefighters' Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- Two legal residents appointed by the Town Council;
- One Police Officer and one Firefighter elected by members of their respective departments;
- A fifth member elected by the other four and appointed Town Council.

*Contributions and Funding Policy:* The Town recognized as revenues and expenditures on-behalf payments relating to pension contributions for its Police and Firefighters' Pension Plan originating from the State of Florida. These contributions are funded by an excise tax upon certain casualty and property insurance companies on their gross receipts of premiums from policy holders.

Employees of the Police and Firefighters' Pension Plan are required to contribute 5% their eligible compensation as defined by their respective collective bargaining agreements and state statutes. If the remittance from the State and contributions from employees is less than estimated by the actuary, the Town contributes the amount necessary, over and above these contributions to meet Normal (current year's) Cost and fund the Unfunded Accrued (Past Service) Liability over 30 years. The contribution estimates calculated by the actuary are produced using an entry age actuarial cost method.

*Plan Membership:* As of October 1, 2021 plan membership of the Police and Firefighters' Pension plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	17
<b>Total Police and Firefighters' pension plan members</b>	<b>35</b>

**Note 3: RETIREMENT PLANS (Continued)**

**C. Detailed Notes on The Police and Firefighters' Pension Plan (continued)**

*Benefits provided:* The Police and Firefighters' Pension Plan provides retirement, termination and death benefits as outlined below.

**Retirement**

- Normal retirement at the earlier of age 55, or age 52 and 25 years of credited service with a benefit of 3% of average monthly earnings times credited service.
- Early retirement at age 50 and 10 years of credited service with a benefit of the amount accrued reduced by 3% for each year that early retirement precedes normal retirement.

**Disability**

- For a permanent service incurred disability where the participant is unable to perform their regular duties, 42% of average monthly earnings or accrued benefits, whichever is greater. For a non-service incurred disability where the participant is unable to perform their regular duties, 25% of average monthly earnings or accrued benefit, whichever is greater. The benefits are limited such that if the disability benefits received plus workers compensation and earned income exceed 100% of the average monthly earnings in effect on the date of disability, the disability benefits for the following year is reduced by the excess.
- Pre-retirement death benefit for a non-vested member consisting of a refund of member contributions without interest.
- Pre-retirement death benefit for a vested member consisting of an actuarial equivalent to a member's accrued benefit.

**Termination benefits**

- Less than 10 years of service, a refund of member contributions without interest.
- 10 years or more, accrued benefit payable at age 50 or later, on a partial actuarially reduced basis if to commence prior to age 55. The benefit is also payable to beneficiary of deceased vested member, or refund of member contributions without interest.

*Share plan:*

**Initial Crediting:** For the Firefighters, 50% of the Firefighters portion of the Excess State Monies Reserve in place as of June 5, 2016. No initial crediting applies for the Police portion.

**Annual Crediting:** 50% of annual Firefighter State Monies received by the Town in excess of \$46,370 shall be allocated equally to eligible participants. The Town may use up to \$88,282 in annual Police State Monies to reduce its funding obligation.

The Town and Police Membership will negotiate the details of applicable Share Plan allocations in the event that annual Police State Monies exceeds \$88,282.

**Investment earnings:** Eligible Share Accounts shall be credited or debited annually, based on the Plan's net-of-fees investment performance for the immediately preceding Plan Year.



**Town of Indianalantic, Florida**  
**Notes to Financial Statements**

**Note 3: RETIREMENT PLANS (Continued)**

**C. Detailed Notes on The Police and Firefighters' Pension Plan (continued)**

Expenses: Allocated annually in proportion to individual Share Account Balances as a percentage of total plan assets.

Vesting: 100% upon completion of ten years of Credited Service, unless eligible for payment of benefits upon termination of employment.

*Investment Policy and Target Allocation:* The following was the Board's adopted asset allocation policy, and expected long term expected real rate of return as of September 30, 2021:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50.0%	7.5%
International Equity	15.0%	8.5%
Domestic Fixed Income	20.0%	2.5%
Fixed Income (Non-Core)	2.5%	2.5%
Global Fixed Income	2.5%	3.5%
Real Estate	10.0%	4.5%
Total	100.0%	29.0%

*Concentration:* The Plans' did not hold investments in any one organization that represented 5 percent or more of the Pension Plans' fiduciary net position.

*Rate of return:* For the year ended September 30, 2021 the annual money-weighted rate of return on the Police and Fire Pension Plan investments, net of pension plan investment expense was 21.57%.

*Deferred retirement option program (DROP):* The Police and Firefighters' Pension Plan allows for a deferred retirement option program. The eligibility requirements matching normal retirement defined above; participation is limited to 60 months, or 39 years of service, whichever is earlier; and the rate of return is the actuarially asset rate of return applied to each September 30. The DROP balance at September 30, 2021 was \$468,154.

**Actuarial Assumptions**

*Net Pension Liability of the Sponsor:* The components of the Net Pension Liability of the Sponsor on September 30, 2021 were as follows:

Total Pension Liability	\$	10,229,775
Plan Fiduciary Net Position		11,275,605
Sponsor's Net Pension Liability (Asset)	\$	(1,045,830)

Plan fiduciary net position as a percentage of total pension liability 110.22%

**Note 3: RETIREMENT PLANS (Continued)**

**C. Detailed Notes on The Police and Firefighters' Pension Plan (continued)**

The total pension liability for the Police and Firefighters' Pension Plan was determined by an actuarial valuation as of October 1, 2020 using the following actuarial assumptions.

Inflation	2.50%
Salary increases	Service Based ranging 8% - 4%
Discount rate	6.90%
Investment rate of return	6.90%

Sensitivity of the pension discount rate used is as follows:

		1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Police and Firefighters' Pension				
Plan net pension liability (asset)	\$	68,250	\$ (1,045,830)	\$ (1,978,214)

*Measurement dates:* The measurement date used for the actuarial calculations is September 30, 2021. The measurement period was October 1, 2020 to September 30, 2021. The reporting period is October 1, 2020 through September 30, 2021.

*Mortality rates:* Established based on the following methods:

Healthy retiree lives – Female using PubS.H-2010 for Healthy Retirees, set forward one year.; males using PubS.H-2010 (Below Median) for Employees, set forward one year.

Healthy active lives – Females using PubS.H-2010 for Employees, set forward one year; males using PubS.H-2010 (Below Median) for Employees, set forward one year.

Disabled lives – 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

*Actuarial experience:* The most recent actuarial experience study used to review the other significant assumptions was dated June 22, 2019.

*Assumption changes:* As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2019 actuarial valuation for special risk lives, with appropriate risk and collar adjustments made based on plan demographics. Additionally, the investment return assumption was lowered from 7.10% to 6.90% per year, net of investment -related expenses.

**Town of Indian River, Florida**  
**Notes to Financial Statements**

**Note 3: RETIREMENT PLANS (Continued)**

**C. Detailed Notes on The Police and Firefighters' Pension Plan (continued)**

Changes in net pension liability of the Police and Firefighters' Pension Plan for the year ended September 30, 2021 is as follows:

	Police & Fire Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2020	\$ 10,041,358	\$ 9,618,653	\$ 422,705
Changes for a Year:			
Service cost	203,482	-	203,482
Interest	702,628	-	702,628
Differences between expected and actual experience	(223,886)	-	(223,886)
Changes of assumptions	200,924	-	200,924
Contributions - employer	-	200,203	(200,203)
Contributions - State	-	79,585	(79,585)
Contributions - employee	-	46,571	(46,571)
Net investment income	-	2,050,539	(2,050,539)
Benefit payments, including refunds of employees contributions	(694,731)	(694,731)	-
Administrative expense	-	(25,215)	25,215
Net changes	188,417	1,656,952	(1,468,535)
Balances at September 30, 2021	\$ 10,229,775	\$ 11,275,605	\$ (1,045,830)

On September 30, 2021, the Town reported for the Firefighters Pension Plan deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,922	\$ 236,441
Changes of assumptions	251,386	-
Net difference between projected and actual earnings on pension plan investments	-	1,176,877
Total	\$ 309,308	\$ 1,413,318

**Town of Indianalantic, Florida**  
**Notes to Financial Statements**

**Note 3: RETIREMENT PLANS (Continued)**

**C. Detailed Notes on The Police and Firefighters' Pension Plan (continued)**

Other amounts reported as deferred outflows and inflows of resources related to Police and Firefighters' Pension Plan will be recognized in pension expense as follows:

Year ended September 30,	
2022	\$ (276,705)
2023	(209,463)
2024	(341,525)
2025	(276,317)
Total	\$ (1,104,010)

**D. Detailed Notes on the General Employees' Pension Plan**

*Plan Administration:* The General Employees' Pension Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- Two legal residents appointed by the Town Council;
- Two plan members elected by the membership;
- A fifth member elected by other four and appointed by Town Council.

*Contributions and Funding Policy:* Employees of the General Employees' Pension Plan are required to contribute 4.5% their pensionable earnings, defined as W-2 wages, and after June 30, 2011 with overtime limited to 300 hours per year and excluding payments for unused vacation. If the remittance from employee contributions is less than estimated by the actuary, the Town contributes the amount necessary, over and above these contributions to meet Normal (current year's) Cost and fund Unfunded Accrued (Past Service) Liability over 30 years. The contribution estimates calculated by the actuary are produced using an entry age actuarial cost method.

*Plan Membership:* As of October 1, 2021 plan membership of General Employees' Pension plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	8
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	17
Total General Employees' pension plan members	35

*Benefits provided:* The General Employees' Pension Plan provides retirement and death benefits as outlined below.

**Retirement**

- Normal retirement at the earlier of age 65 with at least 5 years of service with a benefit of 2% of average earnings times the years of service.

**Note 3: RETIREMENT PLANS (Continued)**

**D. Detailed Notes on the General Employees' Pension Plan (continued)**

- Early retirement at age 60 with at least 5 years of service with a benefit of 2% of average earnings times the years of service reduced by 1/15 for each year by which the early retirement date precedes age 65.

**Pre-retirement death benefit**

- Actuarial equivalent to the basic pension formula payable for 10 years certain (payable in equal shares to the participant's spouse, dependent children, or anyone who was receiving at least 50% of their support from the deceased participant)
- Return of accumulated employee contributions (payable to the beneficiary of a non-vested participant or of a vested participant who does not have a spouse, dependent children, or anyone who was receiving at least 50% of their support from the deceased participant)

*Form of payment* - Retirement benefits are paid as a single life annuity; actuarially equivalent 10-year certain and life annuity; actuarially equivalent joint and contingent annuity actuarially equivalent social security level income option; or any other actuarially equivalent form of payment approved by the Pension Board except for a single lump sum payment.

*Concentration:* The Plans' did not hold investments in any one organization that represented 5 percent or more of the Pension Plans' fiduciary net position.

*Rate of return:* For the year ended September 30, 2021 the annual money-weighted rate of return on the General Employees' Pension Plan investments, net of pension plan investment expense was 19.54%.

*Investment Policy and Target Allocation:* The following was the Board's adopted asset allocation policy, and expected long term expected real rate of return as of September 30, 2021:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Core bonds	15.0%	1.6%
Core plus	15.0%	2.1%
US large cap equity	34.0%	4.6%
US small cap equity	11.0%	5.5%
Non-US equity	15.0%	6.7%
Core real estate	10.0%	5.0%
Total or weighted arithmetic average		4.23%

**Town of Indianalantic, Florida**  
**Notes to Financial Statements**

**Note 3: RETIREMENT PLANS (Continued)**

**D. Detailed Notes on the General Employees' Pension Plan (continued)**

*Net Pension Liability of the Sponsor:* The components of the Net Pension Liability of the Sponsor (Town) on September 30, 2021 were as follows:

Total Pension Liability	\$	2,273,621
Plan Fiduciary Net Position		(1,974,504)
Sponsor's Net Pension Liability	\$	299,117

Plan fiduciary net position as a percentage of total pension liability	86.84%
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**Actuarial Assumptions**

The total pension liability for the General Employees' Pension Plan was determined by an actuarial valuation as of October 1, 2020 using the following actuarial assumptions.

Salary increases	4.00% per annum plus, for employees hired before October 1, 2005, a 5.00% (if age 50 or younger as of October 1, 2012) or 10.00% (if older than age 50 as of October 1, 2012) load to account for irregular sources of compensation
Discount rate	7.00%, 2.77% which is attributable to inflation
Investment rate of return	7.00%

Sensitivity of the pension discount rate used is as follows:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
General Employees' Pension Plan net pension liability	\$ 584,018	\$ 229,117	\$ 63,861

*Mortality rates:* Established based on the sex-distinct rates set forth in the PUB-2010 Headcount Weight Below Median Health Retiree Mortality Table, with full generational improvements in mortality using Scale MP-2018.

*Retirement* 10% of eligible employees are assumed to retire at each of ages 60 through 64 and 100% of eligible employees are assumed to retire at age 65; those employees who have attained age 65 as of the valuation date are not assumed to retire until one year after the valuation date.

*Other decrements:* Employees are assumed to terminate their employment due to other than retirement or death at rates ranging from 10% at age 20 to 13% at age 30, 15% at age 40, and 12% at age 50.

**Town of Indianalantic, Florida**  
**Notes to Financial Statements**

**Note 3: RETIREMENT PLANS (Continued)**

**D. Detailed Notes On The General Employees' Pension Plan (continued)**

*Marriage assumption:* 100% of non-retired participants are assumed to have an eligible beneficiary upon death prior to retirement.

*Form of payment:* All future retirees are assumed to select the single life annuity form of payment.

*Future contributions:* Contributions from the employer and employees are assumed to be made as legally required.

*Assumption changes:* Effective October 1, 2020, the mortality table changed from RP-2000 to PUB-2010.

Changes in net pension liability of the General Employees' Pension Plan for the year ended September 30, 2021 is as follows:

	General Employees' Plan Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2020	\$ 2,201,522	\$ 1,649,339	\$ 552,183
Changes for a Year:			
Service cost	56,755	-	56,755
Interest	153,435	115,543	37,892
Net investment income	-	207,016	(207,016)
Difference between expected and actual experience	20,012	-	20,012
Contributions - employer	-	115,634	(115,634)
Contributions - employee	-	35,840	(35,840)
Benefit payments, including refunds of employee contributions	(136,158)	(136,158)	-
Administrative expense	-	(12,710)	12,710
Assumption changes	(21,945)	-	(21,945)
Net changes	72,099	325,165	(253,066)
Balances at September 30, 2021	\$ 2,273,621	\$ 1,974,504	\$ 299,117

**Town of Indianalantic, Florida**  
**Notes to Financial Statements**

**Note 3: RETIREMENT PLANS (Continued)**

**D. Detailed Notes on the General Employees' Pension Plan (continued)**

On September 30, 2021, the Town reported the following deferred outflows and inflows of resources from the General Employees' Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption changes	\$ 648	\$ 16,912
Net difference between projected and actual earnings on pension plan investments	-	153,065
Demographic changes	19,828	38,773
<b>Total</b>	<b>\$ 20,476</b>	<b>\$ 208,750</b>

Other amounts reported as deferred outflows and inflows of resources related to General Employees' Pension Plan will be recognized in pension expense as follows:

Year ended September 30,	
2022	\$ (57,905)
2023	(48,319)
2024	(40,485)
2025	(41,565)
<b>Total</b>	<b>\$ (188,274)</b>

**Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

The Town follows Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria* (OPEB) of the GASB Codification, for certain postemployment health care benefits provided by the Town.

*Plan description:* The Town administers a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the Town is required to provide eligible retirees (as defined in the Town's pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees.

Employees and their dependents may elect to remain in the Plan upon retirement up to age 65. After age 65, the Town's insurance coverage becomes secondary to the retiree's Medicare insurance.



## Town of Indialantic, Florida Notes to Financial Statements

### Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Benefit provisions for the Plan were established by Town Council on April 3, 1996 and may only be amended by Town Council. The Town has not established a trust or agency fund for the Plan. All financial information related to the Plan is accounted for in the Town's basic financial statements and the Plan does not issue stand-alone financial reports.

*Funding policy:* The Town is funding the Plan on a pay-as-you-go basis. The Town requires retirees to pay 100% of the premiums for retirees and their dependents. There is an implied subsidy in the insurance premiums for the employees because the premium charged for retirees is the same as the premium charged for active employees, who are younger than retirees on average.

For the year ended September 30, 2021, the Town did not make any contributions to the Plan.

*Plan membership:* Plan membership as of September 30, 2021 was:

	Number of covered individuals
Inactive members currently receiving benefits	4
Inactive members entitled to but not yet receiving benefits	-
Active members	32
Total	36

### Actuarial Assumptions

The OPEB liability was determined based on the following assumptions and information:

Employer's reporting date:	September 30, 2021
Measurement date:	September 30, 2021
Valuation date:	October 1, 2020

Discount rate:	2.43%
Salary increases:	3.00%

The discount rate is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.

*Cost of living increases:* Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.

*Healthcare cost trend rate:* Increases in healthcare costs are assumed to be 7.00% for the 2020/21 fiscal year graded down by 0.50% per year to 5.00% for the 2024/25 and later fiscal years.

## Town of Indian River, Florida Notes to Financial Statements

### Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Implied subsidy: Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy has been assumed for the 2020/21 fiscal year based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates.

Mortality basis: Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general and public safety employees, with full generational improvements in mortality using Scale MP-2020.

Retirement: Retirement is assumed to occur at the earlier of age 52 with 25 years of service or at age 55 otherwise.

Other decrements: Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 4 rates were used for firefighters and police officers and Class 1 rates were used for all other employees).

Healthcare coverage elections: 50% of eligible employees are assumed to elect medical coverage for themselves upon retirement or disability; of those electing coverage, 90% of males and 80% of females are assumed to elect coverage for their spouses; coverage is assumed to end upon the attainment of age 65.

Life insurance election: All future retirees are assumed to elect \$5,000 of life insurance coverage for themselves for life.

Spouses and dependents: Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children.

COBRA: Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.

Changes: Since the prior measurement date, the discount rate was increased from 2.14% per annum to 2.43% per annum, the healthcare cost trend rates were increased from 6.00% for the 2020/21 fiscal year graded down to 5.00% to 7.00% for the 2020/21 fiscal year graded down to 5.00%, and the mortality improvement scale was updated from Scale MP-2017 to Scale MP-2020.

**Town of Indian River, Florida**  
**Notes to Financial Statements**

**Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

The components of the OPEB liability at September 30, 2021 were as follows:

Total OPEB liability	Fiduciary net position	OPEB liability	Funded percentage
\$ 1,305,482	\$ -	\$ 1,305,482	0%

The changes in the OPEB liability for the year ended September 30, 2021 were as follows:

	Total OPEB Liability	Fiduciary Net Position	OPEB Liability
Balance as of September 30, 2020	\$ 1,255,159	\$ -	\$ 1,255,159
Service cost	127,493	-	127,493
Interest	33,174	-	33,174
Demographic experience	(72,394)	-	(72,394)
Changes of assumptions	(2,828)	-	(2,828)
Benefit payments	(35,122)	-	(35,122)
Net changes	50,323	-	50,323
Balance as of September 30, 2021	\$ 1,305,482	\$ -	\$ 1,305,482

**Sensitivity of the OPEB Liability**

	1% decrease 1.43%	Discount rate 2.43%	1% increase 3.43%
OPEB liability	\$ 1,461,681	\$ 1,305,482	\$ 1,171,864

The following presents the Town's OPEB liability as if it were calculated using a trend rate that is one percentage-point lower or higher than the current trend rate

	1% decrease in trend rate (4.00% - 6.00%)	Current trend rate (5.00% - 7.00%)	1% increase in trend rate (6.00% - 8.00%)
OPEB liability	\$ 1,144,636	\$ 1,305,482	\$ 1,500,167

**Town of Indianalantic, Florida**  
**Notes to Financial Statements**

**Note 4: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Deferred Inflows and Outflows**

On September 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred inflows of resources
Prior year balance	\$ 661,170	\$ 260,992
Demographic experience	-	72,394
Amortization payments	(73,874)	(43,250)
Changes of assumptions	-	2,828
Balance as of September 30, 2021	\$ 587,296	\$ 292,964

The deferred outflows of resources related to OPEB will be recognized in the expense as follows:

<i>Fiscal year ending September 30,</i>	
2022	\$ 30,624
2023	30,624
2024	30,624
2025	30,624
2026	30,624
Thereafter	141,212
Total	\$ 294,332

**Note 5: UNCERTAINTY**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Town. The occurrence and extent of such an impact will depend on future developments, including: (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

**Note 6: SUBSEQUENT EVENTS**

On November 10, 2021, Town Council approved the Mikey Goodwin Playground and authorized the Town Manager to sign the contract, not to exceed \$154,460.

On April 5, 2022, Town Council approved the purchase of a fire engine from Sutphen Corporation for \$581,426 to be paid upon delivery using \$400,000 in reserves and \$181,426 from the Coronavirus and Local Recovery Funds (CSLFRF), a part of the American Rescue Plan Act (ARPA).

**Note 6: SUBSEQUENT EVENTS (continued)**

On April 5, 2022, Town Council approved the contract with Atlantic Development of Cocoa, Inc., for stormwater pipe repair and replacement at the 400 block of 12<sup>th</sup> Avenue at a cost of \$49,982 using funds from the Coronavirus and Local Recovery Funds (CSLFRF), a part of the American Rescue Plan Act (ARPA).



**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Town of Indian River, Florida**  
**Required Supplementary Pension Information - Schedules of Changes in**  
**Net Pension Liability and Related Ratios**

<i>As of September 30,</i>	General Employees		
<b>Total Pension Liability</b>	<b>2021</b>	2020	2019
Service cost	\$ 56,755	\$ 61,074	\$ 54,798
Interest	153,435	148,625	143,287
Differences between expected and actual experience	20,012	764	14,209
Change of assumptions	(21,945)	-	-
Benefit payments, including refunds of employee contributions	(136,158)	(136,714)	(141,949)
<b>Net change in total pension liability</b>	<b>72,099</b>	<b>73,749</b>	<b>70,345</b>
<b>Total pension liability beginning</b>	<b>2,201,522</b>	<b>2,127,773</b>	<b>2,057,428</b>
<b>Total pension liability ending (a)</b>	<b>\$ 2,273,621</b>	<b>\$ 2,201,522</b>	<b>\$ 2,127,773</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 115,634	\$ 132,452	\$ 116,013
Contributions - employee	35,840	33,639	30,012
Net investment income	322,559	101,292	77,258
Benefit payments, including refunds of employee contributions	(136,158)	(136,714)	(141,949)
Administrative expense	(12,710)	(11,935)	(12,100)
<b>Net change in plan fiduciary net position</b>	<b>325,165</b>	<b>118,734</b>	<b>69,234</b>
<b>Plan fiduciary net position beginning</b>	<b>1,649,339</b>	<b>1,530,605</b>	<b>1,461,371</b>
<b>Plan fiduciary net position ending (b)</b>	<b>\$ 1,974,504</b>	<b>\$ 1,649,339</b>	<b>\$ 1,530,605</b>
<b>Net pension liability ending (a) - (b)</b>	<b>\$ 299,117</b>	<b>\$ 552,183</b>	<b>\$ 597,168</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>86.84%</b>	<b>74.92%</b>	<b>71.93%</b>
<b>Covered payroll</b>	<b>\$ 661,429</b>	<b>\$ 679,934</b>	<b>\$ 588,668</b>
<b>Net pension liability as a percentage of employee payroll</b>	<b>45.22%</b>	<b>81.21%</b>	<b>101.44%</b>

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Town is presenting information for only the years for which information is available.

2018	2017	2016	2015	2014
\$ 57,917	\$ 54,693	\$ 72,396	\$ 43,196	\$ 43,047
137,723	119,657	126,017	119,143	112,836
(2,188)	101,513	(188,107)	(12,576)	-
-	69,353	3,150	-	-
(87,675)	(90,056)	(88,961)	(73,230)	(58,631)
105,777	255,160	(75,505)	76,533	97,252
1,951,651	1,696,491	1,771,996	1,695,463	1,598,211
\$ 2,057,428	\$ 1,951,651	\$ 1,696,491	\$ 1,771,996	\$ 1,695,463

\$ 89,870	\$ 72,405	\$ 56,400	\$ 57,449	\$ 81,212
26,889	26,148	26,715	25,271	25,503
100,762	160,185	38,332	(58,756)	73,325
(87,675)	(90,056)	(88,961)	(73,230)	(58,631)
(11,679)	(16,222)	(10,342)	(14,152)	(8,224)
118,167	152,460	22,144	(63,418)	113,185
1,343,204	1,190,744	1,168,600	1,232,018	1,118,833
\$ 1,461,371	\$ 1,343,204	\$ 1,190,744	\$ 1,168,600	\$ 1,232,018
\$ 596,057	\$ 608,447	\$ 505,747	\$ 603,396	\$ 463,445

71.03%	68.82%	70.19%	65.95%	72.67%
\$ 595,732	\$ 576,030	\$ 587,107	\$ 561,575	\$ 566,730
100.05%	105.63%	86.14%	107.45%	81.78%



**Town of Indialantic, Florida**  
**Required Supplementary Pension Information - Schedules of Changes in**  
**Net Pension Liability and Related Ratios**

*As of September 30,*

Police and Fire

<b>Total Pension Liability</b>		<b>2021</b>		<b>2020</b>		<b>2019</b>
Service cost	\$	<b>203,482</b>	\$	155,270	\$	182,276
Interest		<b>702,628</b>		689,589		698,598
Change in excess State money		-		-		-
Share plan allocation		-		-		-
Changes of benefit terms		-		-		(350)
Differences between expected and actual experience		<b>(223,886)</b>		115,842		(274,101)
Change of assumptions		<b>200,924</b>		153,384		96,003
Benefit payments, including refunds of employee contributions		<b>(694,731)</b>		(475,080)		(384,308)
<b>Net change in total pension liability</b>		<b>188,417</b>		639,005		318,118
<b>Total pension liability beginning</b>		<b>10,041,358</b>		9,402,353		9,084,235
<b>Total pension liability ending (a)</b>	\$	<b>10,229,775</b>	\$	10,041,358	\$	9,402,353

**Plan Fiduciary Net Position**

Contributions - employer	\$	<b>200,203</b>	\$	215,394	\$	207,043
Contributions - State		<b>79,585</b>		79,531		78,578
Contributions - employee		<b>46,571</b>		41,104		42,777
Net investment income		<b>2,050,539</b>		945,775		334,989
Benefit payments, including refunds of employee contributions		<b>(694,731)</b>		(475,080)		(384,308)
Administrative expense		<b>(25,215)</b>		(40,654)		(19,611)
<b>Net change in plan fiduciary net position</b>		<b>1,656,952</b>		766,070		259,468
<b>Plan fiduciary net position beginning</b>		<b>9,618,653</b>		8,852,583		8,593,115
<b>Plan fiduciary net position ending (b)</b>	\$	<b>11,275,605</b>	\$	9,618,653	\$	8,852,583

<b>Net pension (asset) liability ending (a) - (b)</b>	\$	<b>(1,045,830)</b>	\$	422,705	\$	549,770
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<b>Plan fiduciary net position as a percentage of the total pension liability</b>		<b>110.22%</b>		95.79%		94.15%
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<b>Covered payroll</b>	\$	<b>931,411</b>	\$	822,091	\$	855,538
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<b>Net pension (asset) liability as a percentage of employee payroll</b>		<b>-112.28%</b>		51.42%		64.26%
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Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Town is presenting information for only the years for which information is available.

	2018	2017	2016	2015	2014
\$	171,635	\$ 203,122	\$ 190,524	\$ 198,675	\$ 205,111
	669,565	644,419	599,460	584,298	544,792
	-	-	(560)	-	-
	-	-	280	-	-
	-	-	-	-	-
	(81,806)	(52,899)	4,594	(333,531)	-
	90,573	100,438	239,661	-	-
	(359,138)	(514,135)	(252,201)	(251,317)	(247,978)
	490,829	380,945	781,758	198,125	501,925
	8,593,406	8,212,461	7,430,703	7,232,578	6,730,653
\$	9,084,235	\$ 8,593,406	\$ 8,212,461	\$ 7,430,703	\$ 7,232,578

\$	166,440	\$ 144,560	\$ 159,935	\$ 146,371	\$ 202,293
	77,422	80,980	84,296	83,536	80,231
	44,946	46,650	47,618	48,565	50,759
	730,566	838,164	686,168	(36,265)	659,692
	(359,138)	(514,135)	(252,201)	(251,317)	(247,978)
	(24,489)	(30,288)	(18,713)	(38,051)	(20,071)
	635,747	565,931	707,103	(47,161)	724,926
	7,957,368	7,391,437	6,684,334	6,731,495	6,006,569
\$	8,593,115	\$ 7,957,368	\$ 7,391,437	\$ 6,684,334	\$ 6,731,495

\$	491,120	\$ 636,038	\$ 821,024	\$ 746,369	\$ 501,083
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	94.59%	92.60%	90.00%	89.96%	93.07%
\$	898,913	\$ 932,995	\$ 952,369	\$ 1,020,241	\$ 1,015,179
	54.63%	68.17%	86.21%	73.16%	49.36%

**Town of Indianalantic, Florida**  
**Required Supplementary Pension Information –**  
**Schedules of Contributions**

<i>As of September 30,</i>	General Employees		
	<b>2021</b>	2020	2019
Actuarially determined contribution	\$ <b>118,192</b>	\$ 129,894	\$ 116,013
Contributions in relation to the actuarially determined contributions	<b>115,634</b>	132,452	116,013
Contribution deficiency (excess)	\$ <b>2,558</b>	\$ (2,558)	\$ -
Covered payroll	<b>661,429</b>	679,934	588,668
Contributions as a percentage of covered payroll	<b>17.48%</b>	19.48%	19.71%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Town is presenting information for only the years for which information is available.

2018		2017		2016		2015		2014
\$	89,870	\$	72,405	\$	56,400	\$	57,449	\$ 81,212
89,870		72,405		56,400		57,449		81,212
\$	-	\$	-	\$	-	\$	-	\$ -
\$ 595,732		\$ 576,030		\$ 587,107		\$ 561,575		\$ 566,730
15.09%		12.57%		9.61%		10.23%		14.33%

**Town of Indialantic, Florida**  
**Required Supplementary Pension Information –**  
**Schedules of Contributions**

<i>As of September 30,</i>		Police and Fire		
		<b>2021</b>	2020	2019
Actuarially determined contribution	\$	<b>225,308</b>	\$ 219,663	\$ 227,402
Contributions in relation to the actuarially determined contributions		<b>279,788</b>	294,925	285,621
Contribution deficiency (excess)	\$	<b>(54,480)</b>	\$ (75,262)	\$ (58,219)
Covered payroll	\$	<b>931,411</b>	\$ 822,091	\$ 855,538
Contributions as a percentage of covered payroll		<b>30.04%</b>	35.87%	33.38%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Town is presenting information for only the years for which information is available.

2018	2017	2016	2015	2014
\$ 204,593	\$ 211,697	\$ 239,616	\$ 229,907	\$ 282,524
243,862	225,540	244,231	229,907	286,120
\$ (39,269)	\$ (13,843)	\$ (4,615)	\$ -	\$ (3,596)
\$ 898,913	\$ 932,995	\$ 952,369	\$ 1,020,241	\$ 1,015,179
27.13%	24.17%	25.64%	22.53%	28.18%

## Town of Indialantic, Florida Required Supplementary Pension Information – Notes to Schedule

### Notes to Schedule

Valuation Date: 10/01/2020 for General and 10/01/2020 for Police and Firefighters' pension plan

Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported for General pension and two years prior to the end of the fiscal year in which contributions are reported for Police and Firefighters' pension.

Methods and assumptions used to determine contribution rates:

General Employees' Pension Plan		Police and Firefighters' Pension Plan										
Funding Method:	Frozen Initial Liability Cost Method (utilizing entry normal cost method)	Entry Age Normal Actuarial Cost Method.										
Amortization Method:	Level Dollar, Normal, Closed.	Unfunded Actuarial Accrued Liability (UAAL)										
Remaining Amortization Period:	Up to 30 years	Up to 20 years										
Actuarial Asset Methodology:	The actuarial value of assets is equal to the prior year actuarial value of assets increased by a four-year average of the market value returns.	The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.										
Inflation:	2.77% per year.	2.5% per year.										
Salary Increases:	4.00% per annum plus, for employees hired before October 1, 2005, a 5.00% (if age 50 or younger as of October 1, 2012) or 10.00% (if older than age 50 as of October 1, 2012) load to account for irregular sources of compensation	<table><tr><td><u>Service</u></td><td><u>Rate</u></td></tr><tr><td>0</td><td>8.00%</td></tr><tr><td>1-4</td><td>5.00%</td></tr><tr><td>5-14</td><td>4.50%</td></tr><tr><td>15+</td><td>4.00%</td></tr></table>	<u>Service</u>	<u>Rate</u>	0	8.00%	1-4	5.00%	5-14	4.50%	15+	4.00%
<u>Service</u>	<u>Rate</u>											
0	8.00%											
1-4	5.00%											
5-14	4.50%											
15+	4.00%											
Final Year Salary Load:	Not applicable	Years until Normal Retirement as of 10/01/2012: Less than 5 years - 15%; At least 5, less than 10 years - 10%; 10 or more years - 5%. Not withstanding the above, the load assumption is 0% for Members with Credited Service after September 30, 2012.										
Interest Rate:	7% per year compounded annually, net of investment related expenses.	6.90% per year compounded annually, net of investment related expenses.										
Retirement Age:	10% of eligible employees are assumed to retire at each of ages 60 through 64 and 100% of eligible employees are assumed to retire at age 65; those employees who have attained age 65 as of the valuation date are not assumed to retire until one year after the valuation date.	Earlier of: 1) age 55 or 2) age 52 and the completion of 25 years of Credited Service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.										

## Town of Indialantic, Florida

### Required Supplementary Pension Information – Notes to Schedule

**Early Retirement Rate:** Age 60 with at least 5 years of credited service, with a monthly accrued benefit payable at the normal retirement age, or monthly accrued benefit reduced by 1/15 for each year by which the participant's early retirement age precedes age 65.

Commencing with the earliest Early Retirement Age (50) and 10 years of credited service. Members are assumed to retire with an immediate subsidized benefit at the rate of 3% per year.

**Mortality** Sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Healthy Retiree Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year.

**Healthy Active Lives:**  
 Female: PubS.H-2010 for Employees, set forward one year.  
 Male: PubS.H-2010 (Below Median) for Employees, set forward one year  
**Disabled Lives:**  
 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.  
**Healthy Retiree Lives:**  
 Female: PubS.H-2010 for Healthy Retirees, set forward one year.  
 Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.  
**Beneficiary Lives:**  
 Female: PubG.H-2010 (Below Median) for Healthy Retirees.  
 Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year

Termination rates	Percentage Terminating During the Year General Employees' Pension Plan	Years of service	Percentage Terminating During the Year Police and Firefighters' Pension Plan
Age			
20	10%	0	17.0%
30	13.0%	1-2	10.0%
40	15.0%	3-14	5.0%
50	12.0%	15+	0.0%

**Disability rates**

It is assumed that 90% of disablements for Firefighters and 75% of disablements for Police officers are line-of-duty related

Age	General Employees' Pension Plan	Police and Firefighters' Pension Plan
	Not applicable	
20		0.09%
25		0.09%
30		0.12%
35		0.15%
40		0.21%
45		0.30%
50		0.54%
55		1.08%
60		2.70%
65		6.66%



**Town of Indialantic, Florida**

**Required Supplementary Pension Information – Schedule of Investment Returns**

		General Employees							
September 30,		<b>2021</b>	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return									
Net of Investment Expense		<b>19.54%</b>	6.58%	4.23%	3.71%	13.50%	3.30%	-4.76%	6.54%

		Police & Fire							
September 30,		<b>2021</b>	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return									
Net of Investment Expense		<b>21.57%</b>	10.84%	3.92%	9.27%	11.64%	10.26%	-0.54%	11.06%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Town is presenting information for only the years for which information is available.

**Town of Indian River, Florida**  
**Required Supplementary Information**  
**Schedule of Changes in OPEB Liability and Related Ratios**

<i>September 30,</i>	<b>2021</b>	2020	2019
<b>Total OPEB liability - beginning</b>	<b>\$ 1,255,159</b>	\$ 520,943	\$ 574,750
Changes due to:			
Service cost	<b>127,493</b>	94,974	36,757
Interest	<b>33,174</b>	12,867	21,684
Demographic experience	<b>(72,394)</b>	(79,227)	(56,573)
Changes of assumptions	<b>(2,828)</b>	735,044	(43,978)
Benefit payments	<b>(35,122)</b>	(29,442)	(11,697)
Net changes in total OPEB liability	<b>50,323</b>	734,216	(53,807)
<b>Total OPEB liability - ending (a)</b>	<b>\$ 1,305,482</b>	\$ 1,255,159	\$ 520,943
<b>Plan fiduciary net position</b>			
Net changes in plan fiduciary net position	<b>\$ -</b>	\$ -	\$ -
Plan fiduciary net position - beginning	-	-	-
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ -</b>	\$ -	\$ -
<b>OPEB liability - ending (a) - (b)</b>	<b>\$ 1,305,482</b>	\$ 1,255,159	\$ 520,943
Covered-employee payroll for the measurement period	<b>\$ 1,623,494</b>	\$ 1,424,546	\$ 1,364,403
OPEB Liability as a percentage of covered-employee payroll	<b>80.41%</b>	88.11%	38.18%

**Notes:**

<sup>(1)</sup> The Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Pensions*, in 2019. The employer must eventually disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

<sup>(2)</sup> The Town does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASBS No. 75 to pay related benefits.

<sup>(3)</sup> There were no changes in benefit terms.

<sup>(4)</sup> There is no actuarial determined contribution to the OPEB plan.

**Town of Indian River, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual - General Fund**

<i>Year ended September 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 3,573,481	\$ 3,573,481	\$ 3,439,421	\$ (134,060)
Permits and fees	96,000	96,000	151,665	55,665
Intergovernmental	253,201	322,410	604,409	281,999
Charges for services	1,300	1,300	5,790	4,490
Fines and forfeitures	23,500	23,500	27,927	4,427
Interest and other	169,607	201,080	186,457	(14,623)
Total revenues	4,117,089	4,217,771	4,415,669	197,898
<b>Expenditures</b>				
Current:				
General government	773,966	734,066	669,635	64,431
Public safety	2,563,730	2,668,868	2,627,976	40,892
Physical environment	781,109	838,116	563,108	275,008
Recreation	30,600	32,700	10,273	22,427
Capital outlay	173,984	173,984	167,318	6,666
Total expenditures	4,323,389	4,447,734	4,038,310	409,424
<b>Excess of revenues over expenditures</b>	(206,300)	(229,963)	377,359	607,322
<b>Fund balances, beginning of year</b>	2,219,767	2,219,767	2,219,767	-
<b>Fund balances, end of year</b>	\$ 2,013,467	\$ 1,989,804	\$ 2,597,126	\$ 607,322

**Town of Indialantic, Florida**  
**Notes to Required Supplementary Information**  
**September 30, 2021**

**A. BUDGETARY INFORMATION**

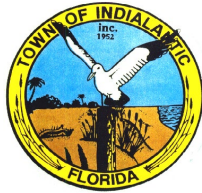
The Town Council adopts an annual budget resolution for all governmental funds prior to September 30 for the next ensuing fiscal year. All budgets are prepared on a modified accrual basis, which is consistent with generally accepted accounting principles.

Budgetary control is legally maintained at the department level. Budget transfer authority is provided to the Town Manager within departments in a fund as long as the total budget of the department is not increased.

Procedures followed by the Town in establishing budgeting data reflected in the financial statements are as follows:

1. The Departments prepare their budget requests and submit them to the Town Manager prior to June 30th of each year.
2. The Town Manager prepares a proposed budget and submits it to the Budget and Finance Committee during the month of July. The operating budget includes proposed expenditures and the means of financing them.
3. The Budget and Finance Committee meets during the month of July to review the proposed budget and make recommendations to the Council.
4. The Town Manager submits the proposed budget to the Town Council on or before August 1st of each year.
5. A public hearing on the proposed budget is held at a regular Council meeting prior to the start of the fiscal year.
6. Prior to October 1<sup>st</sup>, the budget is legally enacted by the adoption of a Resolution.
7. In April of each year, the Town Manager reviews the adopted budget and makes necessary adjustments, which are submitted to the Town Council for their approval.
8. Formal budgeting integration is employed as a management control device during the year for the general and special revenue funds.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general and special revenue funds. Encumbrances outstanding at year end are reported as unassigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. The subsequent year's appropriations provide authority to complete these transactions. There were no encumbrances outstanding at year end.



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**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***

Honorable Mayor and Members of Town Council  
Town of Indialantic, 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 the Town of Indialantic, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Indialantic, Florida's basic financial statements, and have issued our report thereon dated June 13, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Indialantic, Florida's internal control over financial reporting (internal control) as a basis for designing 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 Town of Indialantic, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Indialantic, Florida'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 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 Town of Indialantic, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity'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.

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
June 13, 2022

## **INDEPENDENT AUDITORS' MANAGEMENT LETTER**

Honorable Mayor and Members of Town Council  
Town of Indialantic, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the Town of Indialantic, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 13, 2022.

### **Auditors' Responsibility**

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 and Chapter 10.550, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated June 13, 2022, 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 the findings and recommendations made in the preceding annual financial audit report as noted below:

MW 2020-001 Review	Status: Corrected
MW 2020-002 Retainage and accounts payable	Status: Corrected
SD 2020-003 Revenue	Status: Corrected
SD 2020-004 Interfund accounts	Status: Corrected



## **Official Title and Legal Authority**

Section 10.554(l)(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. The legal authority for the Town of Indialantic, Florida is disclosed in the footnotes. The Town of Indialantic has no component units.

## **Financial Condition and Management**

Section 10.554(l)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town of Indialantic, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town of Indialantic, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not 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 Council members and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Rigg & Ingram, L.L.C.*

Melbourne, Florida

June 13, 2022

## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

To the Honorable Mayor and Members of Town Council  
Town of Indialantic, Florida

We have examined the Town of Indialantic, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021.

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

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida

June 13, 2022