



*City of Indian Rocks Beach, Florida*

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*for the*

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2018**



*Prepared by*

**City of Indian Rocks Beach**  
Finance Department

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**CITY OF INDIAN ROCKS BEACH, FLORIDA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

Year Ended September 30, 2018

***Prepared by the Finance Department***

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**CITY OF INDIAN ROCKS BEACH, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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**The City of Indian Rocks Beach, Florida  
City Officials**

**Elected Officials**

Mayor/Commissioner.....	Joanne “Cookie” Kennedy
Commissioner/Vice Mayor.....	Ed Hoofnagle
Commissioner.....	Phil Hanna
Commissioner.....	Nick Palomba
Commissioner.....	Phil Wrobel

**Financial Related Management**

City Manager.....	Brently Gregg Mims
City Clerk.....	Deanne Bulino O’Reilly
City Finance Director.....	Dan Carpenter
City Attorney.....	Randy Mora

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Administrative  
727/595-2517

March 18, 2019

Building/Planning & Zoning  
727/517-0404  
727/596-4759 (Fax)

Library  
727/596-1822

Public Services  
727/595-6889  
727/593-5137 (Fax)

The Honorable Commissioners,  
and Citizens of Indian Rocks Beach, Florida

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Indian Rocks Beach, Florida, for the fiscal year ended September 30, 2018, as mandated by both local ordinances and State Statutes. The Comprehensive Annual Financial Report was compiled by the Office of the City Finance Director, in close cooperation with the external auditor and associates, and represents the official report of the City's financial operations and condition to the citizens, City Commission, the financial community, and other persons interested in the financial affairs of the City of Indian Rocks Beach. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included. To maintain a reasonable basis for making these representations, management maintains an internal control structure that provides reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's accounting policies.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with the MD&A. The City of Indian Rocks Beach's MD&A can be found immediately following the report of the independent auditors.

The City of Indian Rocks Beach financial statements have been audited by Moore Stephens Lovelace, P.A., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the Fiscal Year ended September 30, 2018 are free of material misstatement. The audit involved examining evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the Fiscal Year

ended September 30, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented on page 1 of this report.

### **Profile of the Government**

The City of Indian Rocks Beach was incorporated on June 25, 1955 under the provisions of the Laws of Florida, Chapter 30852, and since that time, has operated under the same Charter. The City is an independent reporting entity as defined by the Governmental Accounting Standards Board (GASB). The City is a political subdivision of the State of Florida, located in Pinellas County, operating under a City Manager/City Commission form of government. The City is located on a barrier island on the southwest coast of the state and is approximately 0.865 square miles in area and is part of the Tampa Bay metropolitan area. Please visit [www.indian-rocks-beach.com](http://www.indian-rocks-beach.com) for more information about the City and for links to other sites within the area.

The City provides municipal services that include solid waste collection, community planning, building permitting, street repair and maintenance, drainage repair and maintenance, parks and library services. Pinellas County government provides potable water, sewer collection & treatment, solid waste disposal, and the jail/court systems while Pinellas Suncoast Fire and Rescue District provides fire and rescue services. The City contracts with the Pinellas County Sheriff's Office for law enforcement services.

The City operates under a commission-manager form of government. Policy-making and legislative authority are vested in the City Commission consisting of five members. The City Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's Manager, City Attorney and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for the day-to-day operations of the City, for appointing the heads of the various departments, and the hiring and supervision of all City employees. In addition, the City Manager is responsible for the supervision of the City Attorney and City Clerk. The City Commission is elected on a non-partisan basis and serves a two-year term.

The annual budget is the foundation for the City's financial planning and control systems. All City department heads are involved in the annual budget process. A Finance and Budget Review Committee, as established in the City Code of Ordinances, reviews the request for appropriation as submitted by the City Manager. The City Manager then presents this proposed budget to the City Commission for review in June of each year. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function and by department, and as the year progresses, budget to actual comparisons are provided to each department, as well as the City Commission.

### **Local Economy**

Increases in taxable home values over the past several years have been a key to the financial success of the City. In total, taxable home values have risen over \$300 million or 40% since the end of the recession in 2013. Going forward, taxable home values are projected to continue to increase in value within the City.

Highlights of local economy include low unemployment, strong tourism numbers, and historically low interest rates. For 2018 Pinellas County reported a record number of visitors to the area. The majority of commercial uses in the City focus around tourism, including dining, property rentals, and hotels.

### **Long-term Financial Planning**

Financial planning for the immediate and foreseeable future remains a key stabilizing factor for the City. The City Manager proposes and the City Commission adopts a five-year capital improvement plan, which is updated annually. Replacing and maintaining infrastructure throughout the City, including road, drainage, and parks facilities, remains a primary responsibility and challenge facing the City moving forward. Property tax projections are to be determined due to the uncertainty regarding recent and future tax reform initiatives and changes in the economy. Maintaining strong fund balances, the receipt of sufficient revenues and operating efficiencies all continue to be focal points of the City and its efforts to meet the service demands of residents.

### **Major Initiatives**

The City will continue to address the strategic needs for services and investing in its capital infrastructure. In total, over \$4.3 million in capital project funding is budgeted for fiscal year 2019. Major projects include:

- *\$450,000 Road milling, resurfacing & curbing;*
- *\$70,000 Historic Museum Renovations;*
- *\$70,000 Beach Access Improvements;*
- *\$3,644,650 Utility undergrounding on Gulf Blvd.*
- *\$80,000 City Park upgrades and improvements*

In an effort to maintain competitiveness in the labor marketplace and account for wage inflation, up to a 3% performance based adjustments have been adopted in the 2019 operating budget for all City employees.

### **Relevant Financial Policies**

It is the policy of the City Commission to maintain a General Fund reserve equal to six months of operating expenditures (50%) of the General Fund. This is the target that the unassigned fund balance should not fall below without establishing a replenishment plan. Funds in excess of these required reserves may be appropriated by the City Commission for specific capital improvement projects or other one-time needs. Funds are invested in a manner which provides the highest investment return with the maximum security, while meeting the daily cash flow demands of the City.

## **Internal and Budgetary Control**

A major emphasis is placed by the City on effective internal control in the City's accounting system. Internal control seeks to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that financial records are reliable for preparing financial statements and maintaining accountability for assets. In addition, the independent certified public accountants perform annual reviews as part of their examination of the financial statements.

Budgetary control is maintained at the department level by using comparisons to budgeted amounts before releasing purchase orders to vendors. Any increase or decrease in the total budget of a fund must be approved by the City Commission.

## **Award for Financial Reporting**

The City participates in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. This program encourages governments to prepare financial reports in accordance with standards which promote consistency, full disclosure and uniformity among all governmental entities. The Certificate of Achievement recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that conforms to rigorous program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City last received the award for its FY 2017 CAFR. The administration believes the current CAFR also conforms to all program requirements and will, therefore, be submitted to the GFOA to determine its eligibility for another certificate.

## **Acknowledgements**

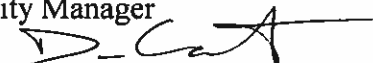
Preparation of this CAFR was made possible through the dedicated efforts of everyone in the Finance Department. We would like to thank all City department heads for their contribution to the audit process by ensuring the accuracy of accounting information recorded throughout the year.

We also wish to thank the members of the City Commission and citizens for their interest and support in planning and conducting proactive financial operations of the City in a responsive and progressive manner.

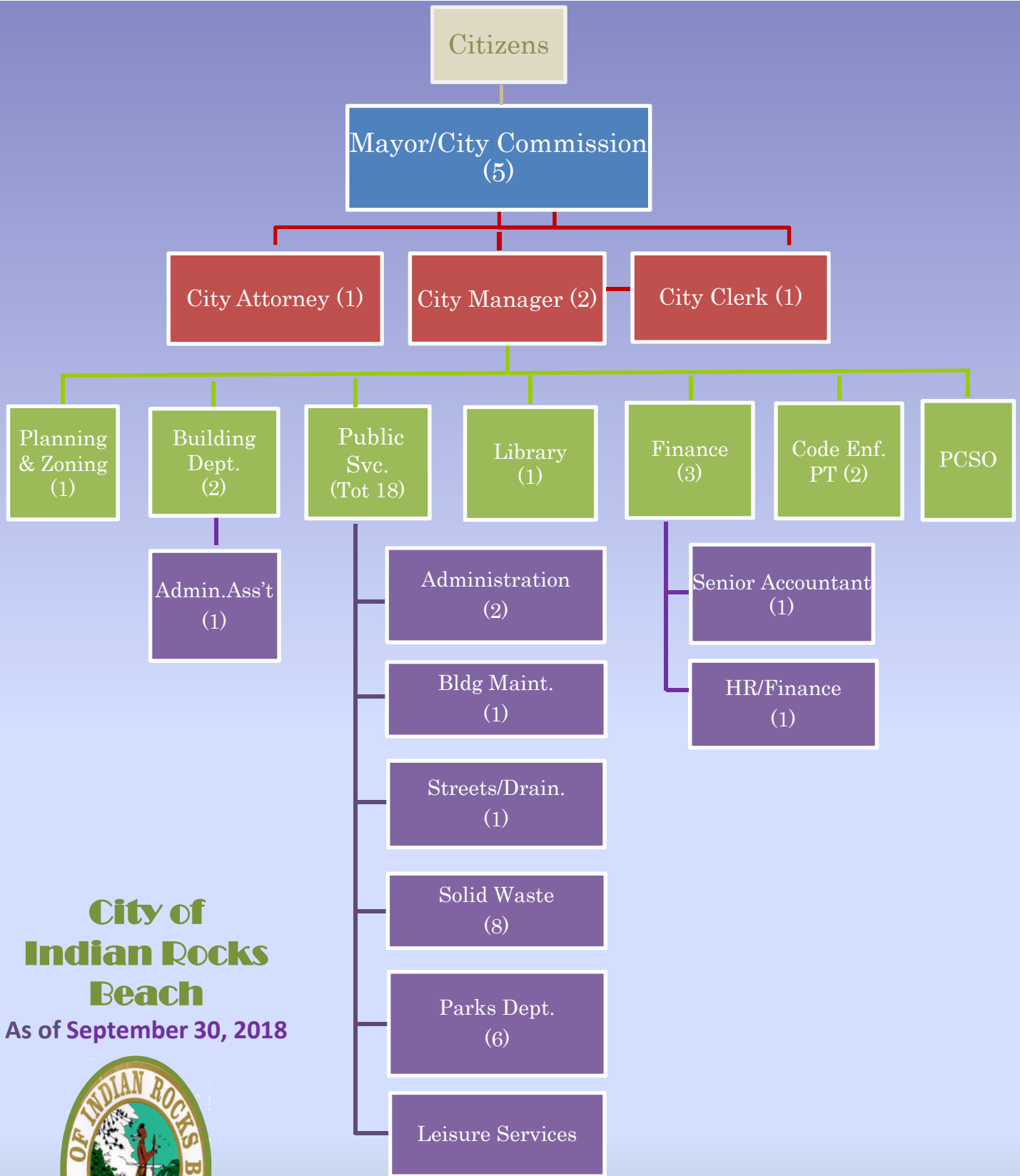
Respectfully Submitted,



Brently Gregg Mims,  
City Manager



Dan Carpenter  
City Finance Director



**City of  
Indian Rocks  
Beach**  
As of September 30, 2018



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Government Finance Officers Association

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

Presented to

**City of Indian Rocks Beach  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morvill*

Executive Director/CEO

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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the City Commission  
Indian Rocks Beach, 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 City of Indian Rocks Beach, Florida (the "City") as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City'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.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position, and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Mayor and  
Members of the City Commission  
Indian Rocks Beach, Florida

**INDEPENDENT AUDITOR'S REPORT**  
*(Concluded)*

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, the other supplemental information section, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The other supplemental information section is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019, on our consideration of the City'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 City's internal control over financial reporting and compliance.

  
**MOORE STEPHENS LOVELACE, P.A.**

Certified Public Accountants

Tampa, Florida  
March 18, 2019

**CITY OF INDIAN ROCKS BEACH, FLORIDA**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2018

The City of Indian Rocks Beach's (the "City") Management's Discussion and Analysis (the "MD&A") presents an overview of the City's financial activities for the fiscal year ended September 30, 2018. This document should be read in conjunction with the letter of transmittal in the introductory section, and the City's financial statements following the MD&A.

## **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2018 by \$19.5 million (net position). Of this amount, \$2.9 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- At September 30, 2018, the City's governmental funds reported combined ending fund balances of \$5.4 million, a decrease of \$.3 million in comparison with the prior year.
- At September 30, 2018, the unassigned fund balance for the General Fund was \$3.0 million, or 79% of total General Fund expenditures.
- Governmental funds revenues of \$5.9 million increased \$829 thousand, or 16% from the prior fiscal year, due largely to the receipt of intergovernmental revenues attributed to capital projects.

## **Overview of the Financial Statements**

This MD&A is intended to serve as an introduction to the City's basic financial statements which are 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*, which consist of the following two statements, are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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 City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during fiscal year 2018. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected but earned revenue and unused vacation leave).

Both of these financial statements distinguish functions of the City 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 City include general government, public safety, physical environment, transportation and culture/recreation. The business-type activities of the City include solid waste collection and disposal. The government-wide financial statements can be found immediately following the MD&A.

### **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 City, 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 City can be divided into two categories: governmental funds and proprietary 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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Sales Surtax Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the other supplemental information section of this report.

The City adopts an annual appropriated budget for its General Fund and all of the special revenue funds. Budgetary comparison schedules have been provided for the budgeted funds to demonstrate budgetary compliance. The basic governmental fund financial statements may be found immediately following the government-wide financial statements.

#### **Proprietary funds**

The City maintains two proprietary funds. These *enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the fiscal activities relating to sewer and solid waste disposal.

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 the Sewer Fund and the Solid Waste Disposal Fund, which are considered to be major funds of the City. The basic proprietary fund financial statements follow the governmental fund financial statements.

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

The notes to the financial statements 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 after the proprietary fund financial statements.

**Other information**

In addition to the basic financial statements and accompanying notes to the financial statements, *required supplementary information* is included which presents budgetary comparison schedules for the City's General Fund and the major special revenue funds. Required supplementary information can be found following the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented in the other supplemental information section of this report. Combined and individual fund budgetary comparison schedules can be found after the required supplementary information.

**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 City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19.5 million at the close of the fiscal year ended September 30, 2018. At the end of fiscal year 2018, the City continues to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

<b>City of Indian Rocks Beach, Florida</b>						
<b>Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Current and other assets	\$ 5,696,166	\$ 5,944,949	\$ 353,996	\$ 1,086,747	\$ 6,050,162	\$ 7,031,696
Capital Assets (Net)	13,677,764	12,836,327	555,434	691,939	14,233,198	13,528,266
Total Assets	19,373,930	18,781,276	909,430	1,778,686	20,283,360	20,559,962
Deferred outflows of resources	144,261	161,208	45,487	50,360	189,748	211,568
Current and other liabilities	276,577	240,743	41,169	124,203	317,746	364,946
Long-Term Liabilities	430,776	408,888	157,386	148,002	588,162	556,890
Total Liabilities	707,353	649,631	198,555	272,205	905,908	921,836
Deferred inflows of resources	67,005	69,076	27,625	28,220	94,630	97,296
Net Position:						
Net Investment in Capital Assets	13,677,764	12,836,327	555,434	691,939	14,233,198	13,528,266
Restricted	2,342,024	2,974,683	-	-	2,342,024	2,974,683
Unrestricted	2,724,045	2,412,767	173,303	836,682	2,897,348	3,249,449
Total Net Position	\$ 18,743,833	\$ 18,223,777	\$ 728,737	\$ 1,528,621	\$ 19,472,570	\$ 19,752,398

Of total net position, the City has \$14.2 million (73%) invested in *capital assets* (e.g., land, buildings, equipment and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The City has *restricted net position* of \$2.3 million for capital projects and special revenues. The remaining balance of *unrestricted net position* of \$2.9 million may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF INDIAN ROCKS BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – continued**  
September 30, 2018

<b>City of Indian Rocks Beach, Florida</b>						
<b>Change in Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 753,176	\$ 611,950	\$ 1,217,864	\$ 1,210,613	\$ 1,971,040	\$ 1,822,563
Operating Grants and Contributions	29,386	8,903	-	-	29,386	8,903
Capital Grants and Contributions	1,345,841	372,774	-	-	1,345,841	372,774
General Revenues:						
Property Taxes	2,033,059	1,827,453	-	-	2,033,059	1,827,453
Other Taxes	1,569,044	1,519,795	-	-	1,569,044	1,519,795
Other	180,348	741,045	-	-	180,348	741,045
<b>Total Revenues</b>	<b>5,910,854</b>	<b>5,081,920</b>	<b>1,217,864</b>	<b>1,210,613</b>	<b>7,128,718</b>	<b>6,292,533</b>
<b>EXPENSES</b>						
General Government	1,080,973	689,377	-	-	1,080,973	689,377
Public Safety	1,355,796	1,265,574	-	-	1,355,796	1,265,574
Physical Environment	1,492,383	161,293	-	-	1,492,383	161,293
Transportation	795,206	1,228,135	-	-	795,206	1,228,135
Culture/Recreation	1,167,609	899,885	-	-	1,167,609	899,885
Solid Waste Disposal	-	-	1,516,579	1,556,828	1,516,579	1,556,828
<b>Total Expenses</b>	<b>5,891,967</b>	<b>4,244,264</b>	<b>1,516,579</b>	<b>1,556,828</b>	<b>7,408,546</b>	<b>5,801,092</b>
Change in net position before transfers	18,887	837,656	(298,715)	(346,215)	(279,828)	491,441
Transfers	501,169	-	(501,169)	-	-	-
Change in Net Position	520,056	837,656	(799,884)	(346,215)	(279,828)	491,441
Net Position - Beginning	18,223,777	17,386,121	1,528,621	1,874,836	19,752,398	19,260,957
<b>Net Position - Ending</b>	<b>\$ 18,743,833</b>	<b>\$ 18,223,777</b>	<b>\$ 728,737</b>	<b>\$ 1,528,621</b>	<b>\$ 19,472,570</b>	<b>\$ 19,752,398</b>

**Governmental activities**

The Change in Net Position of the Governmental Activities of approximately \$520 thousand represented an decrease compared to prior year. This decrease resulted primarily from the major capital project to underground utilities along Gulf Boulevard. This project is completely reimbursed by funding from Pinellas County through interlocal government funding agreements.

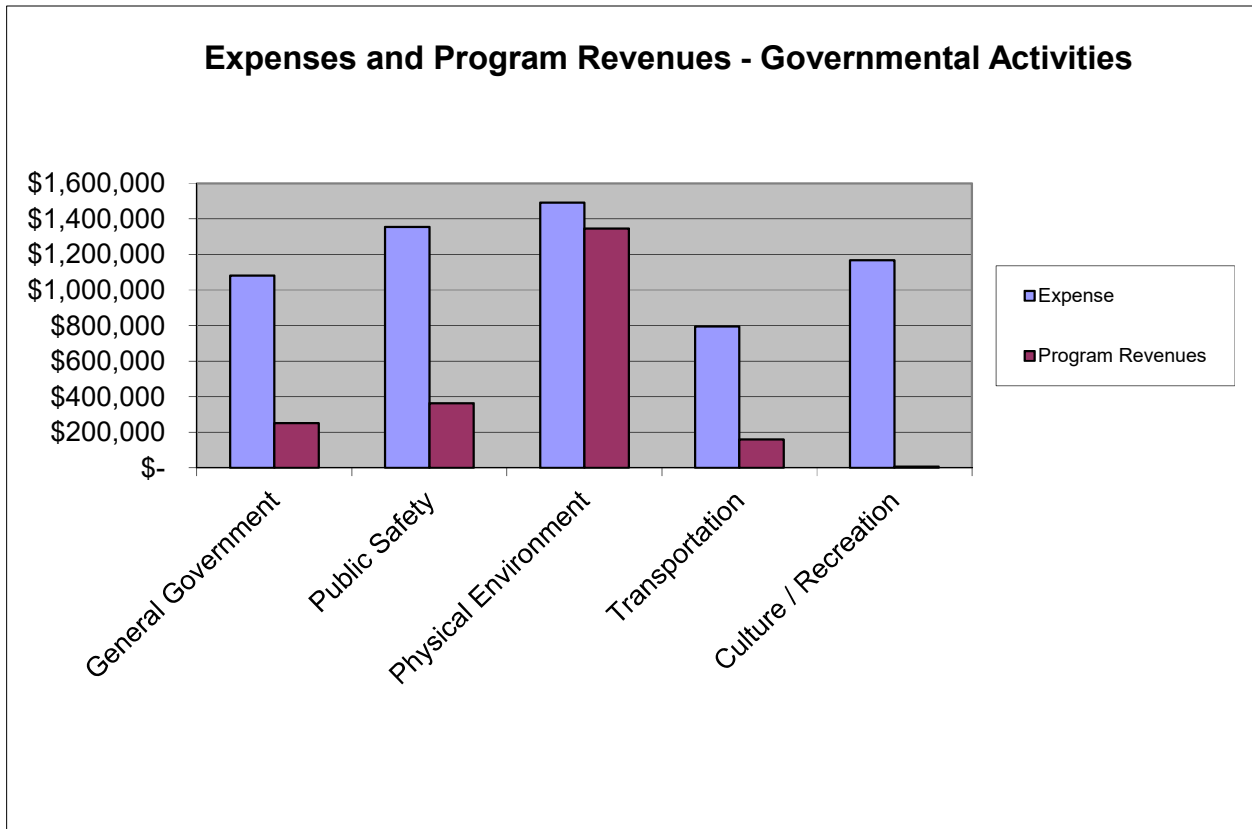
**Business-type activities**

The Change in Net Position of Business-type Activities of (\$800) thousand represented a decrease compared to prior fiscal year. The net position for the sewer operations fund was reduced by \$500 thousand as the final balance of sewer assets were reallocated under approved referendum towards capital projects funding and general fund unassigned reserve. In total, solid waste fund expenditures exceeded program or fee revenue in 2018. Unbudgeted expenditures over \$100 thousand relating to debris removal resulting from Hurricane IRMA contributed to the deficit for 2018, and subsequent reduction in net position for the solid waste fund.

**CITY OF INDIAN ROCKS BEACH, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – continued**  
 September 30, 2018

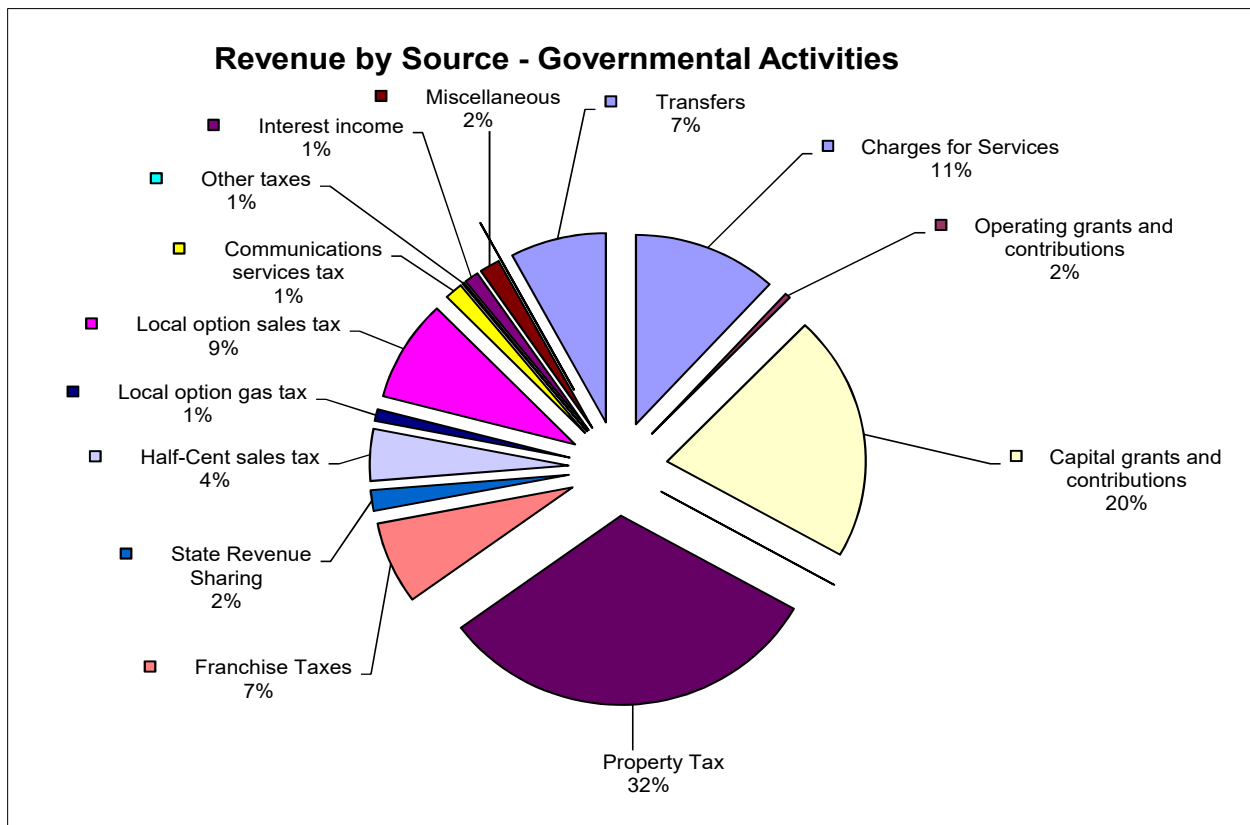
**Total and Net Cost of Governmental Activities**

Functions / Programs	Expenses				Net Cost of Services		
	2018	% of Total	2017	% Change	2018	2017	% Change
General Government	\$ 1,080,973	18%	\$ 689,377	56.8%	\$ (829,671)	\$ (496,887)	67.0%
Public Safety	1,355,796	24%	1,265,574	7.1%	(991,740)	(956,856)	3.6%
Physical Environment	1,492,383	25%	161,293	825.3%	(146,542)	161,888	-190.5%
Transportation	795,206	13%	1,228,135	-35.3%	(635,048)	(1,117,411)	-43.2%
Culture / Recreation	1,167,609	20%	899,835	29.8%	(1,160,563)	(841,371)	37.9%
	<u>\$ 5,891,967</u>	<u>100%</u>	<u>\$ 4,244,214</u>		<u>\$ (3,763,564)</u>	<u>\$ (3,250,637)</u>	



**Revenue by Source - Governmental Activities**

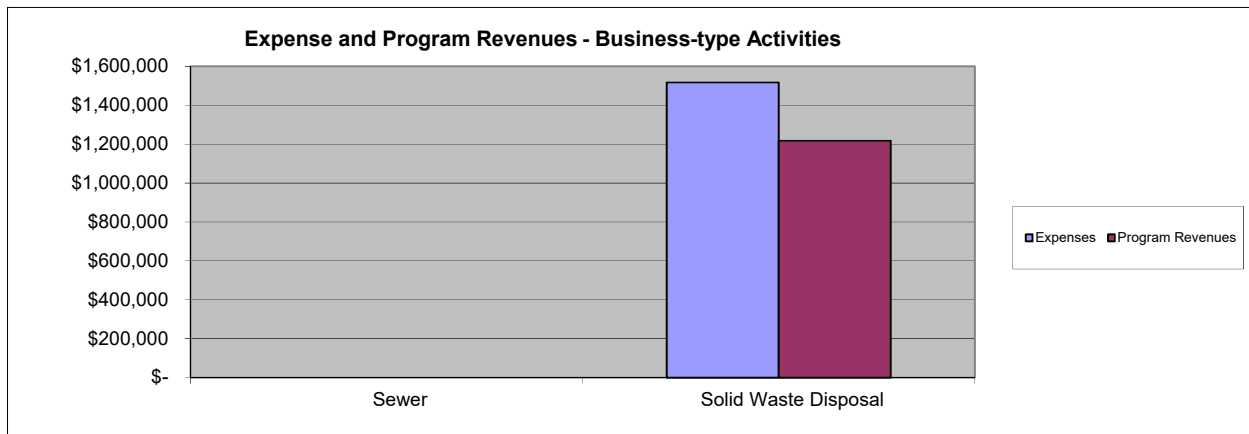
Description	2018	% of Total	2017	% of Total
<b>Program Revenues</b>				
Charges for Services	\$ 753,176	11%	\$ 611,950	12%
Operating grants and contributions	29,386	2%	8,903	0%
Capital grants and contributions	1,345,841	20%	372,774	7%
<b>General Revenues</b>				
Property Tax	2,033,059	32%	1,827,453	37%
Franchise Taxes	450,704	7%	426,621	8%
State Revenue Sharing	113,364	2%	109,089	2%
Half-Cent sales tax	283,566	4%	266,090	5%
Local option gas tax	63,331	1%	88,735	2%
Local option sales tax	554,362	9%	527,477	10%
Communications services tax	94,688	1%	92,468	2%
Other taxes	9,029	1%	9,315	0%
Interest income	74,584	1%	52,551	1%
Miscellaneous	105,764	2%	688,494	14%
Transfers	501,169	7%	-	0%
	<u>\$ 6,412,023</u>	<u>100%</u>	<u>\$ 5,081,920</u>	<u>100%</u>





**Expenses and Net Change in Net Position – Business-type Activities**

Functions / Programs	Expenses			Net Increase (Decrease) In Net Position		
	2018	2017	Change	2018	2017	Change
Sewer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Solid Waste Disposal	1,516,579	1,556,828	(40,249)	(799,884)	(346,215)	(453,669)
	<u>\$ 1,516,579</u>	<u>\$ 1,507,075</u>	<u>\$ (40,249)</u>	<u>\$ (799,884)</u>	<u>\$ (346,215)</u>	<u>\$ (453,669)</u>



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

	2018	% of Total	2017	% Change
Charges for Services	\$ 1,217,864	100.0%	\$ 1,210,613	0.6%

## **Financial Analysis of the City's Funds**

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

### **Governmental funds**

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

As of the end of fiscal year 2018, the City's governmental funds reported combined ending fund balances of \$5.4 million, a decrease of \$.3 million in comparison with the prior year. Unassigned fund balance is \$3.0 million and is available for spending, subject to regulatory, statutory and budgetary restrictions. The remainder of fund balance is not available for new spending because it has already been committed for: 1) capital projects (\$2.2 million), 2) emergencies (\$100 thousand), and 3) impact fee programs (\$115 thousand).

The General Fund is the chief operating fund of the City. At the end of fiscal year 2018, unassigned fund balance of the General Fund was \$3.0 million, while total fund balance was \$3.1 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 79% of the total General Fund expenditures. Total fund balance of the City's General Fund increased by \$326 thousand, or 12%, during the fiscal year. The increase in fund balance resulted from strong revenues and the transfer of sewer assets into reserves.

The Sales Surtax Fund is used to account for the receipts of a local option sales tax that is to be utilized for the City's capital projects. For the fiscal year 2018, the fund balance decreased by \$653 thousand. Local option sales tax revenues continue to increase year over year in amount with \$27 thousand, or 5.1%, more collected in 2018 over previous year collections. Capital expenditures for fiscal 2018 were allocated towards road milling and resurfacing, underground utility projects along Gulf Blvd., and park facility improvements. In total, over \$3.0 million of capital projects were completed in fiscal year 2018.

### **Enterprise funds**

The City's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. The City has two enterprise funds: the Sewer Fund and the Solid Waste Disposal Fund, both of which are major funds. Unrestricted net position of the enterprise funds, at the end of the year, was \$173 thousand.

The Solid Waste Disposal Fund is used to account for the City's solid waste disposal operations. For fiscal year 2018, the Solid Waste Disposal Fund decreased \$299 thousand in Net Position for the year. Solid waste user rates remained unchanged for fiscal 2018 due to positive fund balance reserves and efficient operations.

At year end 2018, the Sewer Fund had a Net Position balance of \$0. In fiscal year 2018, the City, through the commission approved budget process, transferred \$401 thousand in remaining sewer assets, including cash and equivalents, to the sales surtax fund. The remaining \$100 thousand sewer fund balance, committed for sewer emergencies, was uncommitted, and transferred to the unassigned general fund balance. This transfer was approved by the voters of the city under a referendum as required by City Charter. The Sewer Fund has been closed at the end of 2018 after these transfers.

## General Fund Budgetary Highlights

The following table shows the differences between actual expenditures and the final budget for the General Fund:

<u>September 30, 2018</u>	<u>Actual Expenditures</u>	<u>Final Budget</u>	<u>Difference</u>
General Government	\$ 1,159,088	\$ 1,196,190	\$ (37,102)
Public Safety	1,351,739	1,329,520	22,219
Physical Environment	274,123	281,653	(7,530)
Transportation	185,354	212,052	(26,698)
Culture / Recreation	750,477	779,004	(28,527)
	<u>\$ 3,720,781</u>	<u>\$ 3,798,419</u>	<u>\$ (77,638)</u>

## Capital Assets and Debt Administration

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018 amounts to \$14.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, vehicles and construction in progress. The City's investment in capital assets increased \$.7 million or 5% for fiscal year 2018. The major capital asset events during the year included road milling and resurfacing, park facility upgrades and improvements.

### Capital Assets

	<u>Capital Assets</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 2,225,254	\$ 2,225,254	\$ -	\$ -	\$ 2,225,254	\$ 2,225,254
Buildings	2,576,836	1,590,615	79,675	79,675	2,656,511	1,670,290
Improvements Other than Buildings	16,446,125	13,876,547	-	-	16,446,125	13,876,547
Equipment	1,374,866	1,360,824	1,183,032	1,183,032	2,557,898	2,543,856
Construction in Progress	20,337	2,060,260	-	-	20,337	2,060,260
	22,643,418	21,113,500	1,262,707	1,262,707	23,906,125	22,376,207
Less: Accumulated Depreciation	<u>(8,965,654)</u>	<u>(8,277,173)</u>	<u>(707,273)</u>	<u>(570,768)</u>	<u>(9,672,927)</u>	<u>(8,847,941)</u>
Capital Assets, net	<u>\$ 13,677,764</u>	<u>\$ 12,836,327</u>	<u>\$ 555,434</u>	<u>\$ 691,939</u>	<u>\$ 14,233,198</u>	<u>\$ 13,528,266</u>

Additional information on the City's capital assets can be found in Note F of this report.

**Long-term Debt**

At the end of fiscal year 2018, the City had a compensated absences liability of \$98,640, and a liability for other postemployment benefits of \$71,930. Net Pension Liability totaled \$417,592 at the end of fiscal year 2018.

**Long-term Debt**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Compensated Absences	\$ 66,684	\$ 71,880	\$ 31,956	\$ 35,050	\$ 98,640	\$ 106,930
Other Postemployment Benefits	47,925	45,267	24,005	22,866	71,930	68,133
Net Pension Liability	316,167	313,304	101,425	100,601	417,592	413,905
	<u>\$ 430,776</u>	<u>\$ 430,451</u>	<u>\$ 157,386</u>	<u>\$ 158,517</u>	<u>\$ 588,162</u>	<u>\$ 588,968</u>

Additional information on the City's debt can be found in Note G of this report.

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

Factors considered in preparing the City's budget for fiscal year 2019 included:

- The adopted budget includes a 3.5% reduction to the previously approved mill levy rate of 1.9300 that was adopted and approved for 2018.
- Population remained unchanged at 4,373 in 2018 according to the U.S. Census Bureau.
- Full-time equivalent positions City-wide were approved at 27.5 for fiscal 2019, a reduction of one FTE over the previous year.
- The continued financial support through revenue sharing from Pinellas County local option sales tax revenues for under grounding utility construction along the southern portion of Gulf Boulevard.
- For the fifth straight year, the budget reflects a raise for all employees. For fiscal year 2019, all employees received up to a 3% performance based raise.
- Budgeted Solid Waste utility revenues for 2019 reflect an increase in solid waste user rates from the prior year for both residential and commercial customers. The rate increase is the first since 2008.

**Requests for Information**

This financial report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the City's Finance Department, (727-595-2517), 1507 Bay Palm Boulevard, Indian Rocks Beach, Florida 33785.

**City of Indian Rocks Beach, Florida**  
**Statement of Net Position**  
**September 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 5,505,689	\$ 126,652	\$ 5,632,341
Accounts receivable (net)	172,040	227,344	399,384
Prepaid items	18,437	-	18,437
Capital assets			
Land	2,225,254	-	2,225,254
Buildings	2,576,836	79,675	2,656,511
Improvements other than buildings	16,446,125	-	16,446,125
Equipment	1,374,866	1,183,032	2,557,898
Construction in progress	20,337	-	20,337
Less accumulated depreciation	(8,965,654)	(707,273)	(9,672,927)
Total assets	<u>19,373,930</u>	<u>909,430</u>	<u>20,283,360</u>
Deferred outflows of resources			
Deferred outflows related to pensions	144,261	45,487	189,748
Total deferred outflows of resources	<u>144,261</u>	<u>45,487</u>	<u>189,748</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	251,705	41,169	292,874
Due to other governments	587	-	587
Unearned revenue	24,285	-	24,285
Non-current liabilities:			
Due within one year			
Compensated absences payable	20,004	9,586	29,590
Due in more than one year			
Compensated absences payable	46,680	22,370	69,050
Other post employment benefits payable	47,925	24,005	71,930
Net pension liability	316,167	101,425	417,592
Total liabilities	<u>707,353</u>	<u>198,555</u>	<u>905,908</u>
Deferred inflows of resources			
Deferred inflows related to pensions	67,005	27,625	94,630
Total deferred inflows of resources	<u>67,005</u>	<u>27,625</u>	<u>94,630</u>
<b>Net Position</b>			
Net invested in capital assets	13,677,764	555,434	14,233,198
Restricted for:			
Transportation projects per Florida Statutes	100,454	-	100,454
Infrastructure projects per Florida Statutes	2,226,562	-	2,226,562
Recreation improvements per Florida Statutes	7,872	-	7,872
Development improvements per Florida Statutes	7,136	-	7,136
Unrestricted	2,724,045	173,303	2,897,348
Total net position	<u>\$ 18,743,833</u>	<u>\$ 728,737</u>	<u>\$ 19,472,570</u>

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

**City of Indian Rocks Beach, Florida**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2018**

<b>Function/Program</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Primary government:				
General government	\$ 1,080,973	\$ 251,302	\$ -	\$ -
Public safety	1,355,796	364,056	-	-
Physical environment	1,492,383	-	-	1,345,841
Transportation	795,206	130,772	29,386	
Culture and recreation	1,167,609	7,046	-	-
Total governmental activities	<u>5,891,967</u>	<u>753,176</u>	<u>29,386</u>	<u>1,345,841</u>
Business-type activities:				
Sewer	-	-	-	-
Solid waste disposal	1,516,579	1,217,864	-	-
Total business-type activities	<u>1,516,579</u>	<u>1,217,864</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 7,408,546</u>	<u>\$ 1,971,040</u>	<u>\$ 29,386</u>	<u>\$ 1,345,841</u>

General revenues:  
Property taxes  
Franchise taxes  
Unrestricted state revenue sharing  
Half-cent sales tax  
Local option gas tax  
Local option sales tax  
Communications services tax  
Other taxes  
Unrestricted investment earnings  
Miscellaneous revenues  
Transfers  
    Total general revenues,  
    and transfers  
Change in net position  
Net position - beginning  
Net position - ending

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

**City of Indian Rocks Beach, Florida**  
**Statement of Activities**  
**For the Fiscal Year Ended September 30, 2018**

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (829,671)	\$ -	\$ (829,671)
(991,740)	-	(991,740)
(146,542)	-	(146,542)
(635,048)	-	(635,048)
(1,160,563)	-	(1,160,563)
(3,763,564)	-	(3,763,564)
-	-	-
-	(298,715)	(298,715)
-	(298,715)	(298,715)
(3,763,564)	(298,715)	(4,062,279)
2,033,059	-	2,033,059
450,704	-	450,704
113,364	-	113,364
283,566	-	283,566
63,331	-	63,331
554,362	-	554,362
94,688	-	94,688
9,029	-	9,029
74,584	-	74,584
105,764	-	105,764
501,169	(501,169)	-
4,283,620	(501,169)	3,782,451
520,056	(799,884)	(279,828)
18,223,777	1,528,621	19,752,398
<u>\$ 18,743,833</u>	<u>\$ 728,737</u>	<u>\$ 19,472,570</u>

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

**City of Indian Rocks Beach, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2018**

	<b>General Fund</b>	<b>Sales Surtax Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 3,111,347	\$ 2,284,822	\$ 109,520	\$ 5,505,689
Accounts receivable (net of allowance for uncollectible accounts):				
Taxes	21,701	-	-	21,701
Franchise taxes	41,868	-	-	41,868
Accounts receivable other	13,336	-	-	13,336
Intergovernmental				
State	7,694	-	9,844	17,538
County	498	77,099	-	77,597
Prepaid items	18,437	-	-	18,437
Total assets	\$ 3,214,881	\$ 2,361,921	\$ 119,364	\$ 5,696,166
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts and contracts payable	\$ 77,882	\$ 135,359	\$ 3,902	\$ 217,143
Accrued liabilities	34,562	-	-	34,562
Due to other governments	587	-	-	587
Unearned revenue	24,285	-	-	24,285
Total liabilities	137,316	135,359	3,902	276,577
<b>Fund balances:</b>				
Nonspendable:				
Prepaid items	18,437	-	-	18,437
Restricted for:				
Impact fee programs	-	-	15,008	15,008
Capital projects	-	2,226,562	-	2,226,562
Transportation	-	-	100,454	100,454
Committed to:				
Emergencies	100,000	-	-	100,000
Assigned to:				
Unassigned	2,959,128	-	-	2,959,128
Total fund balances	3,077,565	2,226,562	115,462	5,419,589
Total liabilities and fund balances	\$ 3,214,881	\$ 2,361,921	\$ 119,364	\$ 5,696,166
Total governmental fund balance				\$ 5,419,589
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.				13,677,764
Long-term liabilities, including compensated absences, net pension liability and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the				(430,776)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in governmental funds.				
Deferred outflows of resources for pensions				144,261
Deferred inflows of resources for pensions				(67,005)
Net position of governmental activities				\$ 18,743,833

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



**City of Indian Rocks Beach, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended September 30, 2018**

	<u>General Fund</u>	<u>Sales Surtax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes				
Ad valorem	\$ 2,033,059	\$ -	\$ -	\$ 2,033,059
Franchise taxes	450,704	-	-	450,704
Utility taxes	94,688	-	-	94,688
Other taxes	292,595	554,362	63,331	910,288
Licenses and fees	404,133	-	-	404,133
Intergovernmental	142,750	1,345,841	-	1,488,591
Charges for services	339,999	-	-	339,999
Fines	9,044	-	-	9,044
Interest	74,524	60	-	74,584
Miscellaneous	105,764	-	-	105,764
Total revenues	<u>3,947,260</u>	<u>1,900,263</u>	<u>63,331</u>	<u>5,910,854</u>
<b>Expenditures</b>				
General government	1,159,088	506,786	-	1,665,874
Public safety	1,351,739	-	-	1,351,739
Physical environment	274,123	1,398,036	-	1,672,159
Transportation	185,354	563,680	43,156	792,190
Culture and recreation	750,477	485,764	-	1,236,241
Total expenditures	<u>3,720,781</u>	<u>2,954,266</u>	<u>43,156</u>	<u>6,718,203</u>
Excess of revenues over expenditures	<u>226,479</u>	<u>(1,054,003)</u>	<u>20,175</u>	<u>(807,349)</u>
Other financing sources (uses):				
Transfers in (out)	100,000	401,169	-	501,169
Total other financing sources (uses)	<u>100,000</u>	<u>401,169</u>	<u>-</u>	<u>501,169</u>
Net change in fund balances	326,479	(652,834)	20,175	(306,180)
Fund balances, beginning of year	<u>2,751,086</u>	<u>2,879,396</u>	<u>95,287</u>	<u>5,725,769</u>
Fund balances, end of year	<u>\$ 3,077,565</u>	<u>\$ 2,226,562</u>	<u>\$ 115,462</u>	<u>\$ 5,419,589</u>

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

**City of Indian Rocks Beach, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended September 30, 2018**

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

Net change in fund balances - total governmental funds	\$ (306,180)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$1,529,918) is more than depreciation (\$688,481)</p>	
	841,437
<p>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 financial resources are available. These adjustments are as follows:</p>	
Compensated absences	5,196
Other postemployment benefits	(2,658)
<p>Governmental funds report City pension contributions as expenditures. In the statement of activities, the cost of pension benefits earned net of contributions is reported as pension expense.</p>	
Difference between pension contributions and net pension expense	<u>(17,739)</u>
Change in net position of governmental activities	<u><u>\$ 520,056</u></u>

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

**City of Indian Rocks Beach, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2018**

	<b>Business-type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Sewer</b>	<b>Solid Waste Disposal</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 126,652	\$ 126,652
Accounts receivable (net of allowance for uncollectible accounts)	-	227,344	227,344
<b>Total current assets</b>	<b>-</b>	<b>353,996</b>	<b>353,996</b>
Noncurrent assets:			
Capital assets			
Buildings	-	79,675	79,675
Equipment	-	1,183,032	1,183,032
	-	1,262,707	1,262,707
Less accumulated depreciation	-	(707,273)	(707,273)
Total capital assets (net)	-	555,434	555,434
<b>Total noncurrent assets</b>	<b>-</b>	<b>555,434</b>	<b>555,434</b>
<b>Total assets</b>	<b>-</b>	<b>909,430</b>	<b>909,430</b>
Deferred outflows of resources			
Deferred outflows related to pension	-	45,487	45,487
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>45,487</b>	<b>45,487</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	-	28,474	28,474
Accrued liabilities	-	12,695	12,695
Compensated absences payable	-	9,586	9,586
<b>Total current liabilities</b>	<b>-</b>	<b>50,755</b>	<b>50,755</b>
Noncurrent liabilities:			
Compensated absences payable	-	22,370	22,370
Other postemployment benefits	-	24,005	24,005
Net pension liability	-	101,425	101,425
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>147,800</b>	<b>147,800</b>
<b>Total liabilities</b>	<b>-</b>	<b>198,555</b>	<b>198,555</b>
Deferred inflows of resources			
Deferred inflows related to pension	-	27,625	27,625
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>27,625</b>	<b>27,625</b>
<b>Net position</b>			
Net Invested in capital assets	-	555,434	555,434
Unrestricted	-	173,303	173,303
<b>Total net position</b>	<b>\$ -</b>	<b>\$ 728,737</b>	<b>\$ 728,737</b>

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

**City of Indian Rocks Beach, Florida**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2018**

	<b>Business-type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Sewer</b>	<b>Solid Waste Disposal</b>	<b>Total</b>
<b>Operating revenues</b>			
Charges for services	\$ -	\$ 1,214,641	\$ 1,214,641
Miscellaneous revenues	-	3,223	3,223
Total operating revenues	<u>-</u>	<u>1,217,864</u>	<u>1,217,864</u>
<b>Operating expenses</b>			
Personal services	-	605,978	605,978
Materials and supplies	-	214,362	214,362
Garbage and trash disposal	-	361,027	361,027
Overhead allocated charges	-	198,707	198,707
Depreciation	-	136,505	136,505
Total operating expenses	<u>-</u>	<u>1,516,579</u>	<u>1,516,579</u>
Operating income (loss)	<u>-</u>	<u>(298,715)</u>	<u>(298,715)</u>
Income (loss) before transfers	<u>-</u>	<u>(298,715)</u>	<u>(298,715)</u>
Transfers in/(out)	<u>(501,169)</u>	<u>-</u>	<u>(501,169)</u>
Change in net position	(501,169)	(298,715)	(799,884)
Total net position - beginning	<u>501,169</u>	<u>1,027,452</u>	<u>1,528,621</u>
Total net position - ending	<u>\$ -</u>	<u>\$ 728,737</u>	<u>\$ 728,737</u>

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

**City of Indian Rocks Beach, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2018**

	<b>Business-type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Sewer</b>	<b>Solid Waste Disposal</b>	<b>Total</b>
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ -	\$ 1,214,733	\$ 1,214,733
Payments to suppliers	-	(849,202)	(849,202)
Payments to employees	-	(600,244)	(600,244)
Net cash provided by operating activities	-	(234,713)	(234,713)
<b>Cash flows from noncapital financing activities</b>			
Transfers (out)	(501,169)	-	(501,169)
Net cash (used) by noncapital financing activities	(501,169)	-	(501,169)
Net increase/(decrease) in cash and cash equivalents	(501,169)	(234,713)	(735,882)
Cash and cash equivalents at beginning of year	501,169	361,365	862,534
Cash and cash equivalents at end of year	\$ -	\$ 126,652	\$ 126,652

*(continued)*

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

**City of Indian Rocks Beach, Florida**  
**Statement of Cash Flows - Continued**  
**Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2018**

	Business-type Activities		
	Enterprise Funds		
	Sewer	Solid Waste Disposal	Total
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>			
Operating income (loss)	\$ -	\$ (298,715)	\$ (298,715)
Depreciation	-	136,505	136,505
Change in assets and liabilities:			
Decrease in accounts receivable	-	(3,131)	(3,131)
Decrease in deferred outflows of resources	-	4,873	4,873
(Decrease) in accounts payable	-	(74,511)	(74,511)
Increase in accrued liabilities	-	1,992	1,992
Increase (decrease) in compensated absences	-	(3,094)	(3,094)
Increase (decrease) in other postemployment benefits	-	1,139	1,139
Increase in net pension liability	-	824	824
(Decrease) in deferred inflows of resources	-	(595)	(595)
Total adjustments	-	64,002	64,002
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ (234,713)</u>	<u>\$ (234,713)</u>

There are no noncash investing, capital, and financing activities.

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

**CITY OF INDIAN ROCKS BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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# CITY OF INDIAN ROCKS BEACH, FLORIDA

## Notes to the Financial Statements

September 30, 2018

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1. Reporting Entity

The City of Indian Rocks Beach, Florida, (the "City") located in Pinellas County, is a political subdivision of the State of Florida pursuant to Article VIII, Section 1(a), of the Constitution of the State of Florida. The City was incorporated on June 25, 1955 and since that time has operated under the same Charter. The City is approximately 0.865 square miles in area. The legislative branch of the City is composed of a five-member elected Commission. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed City Manager. With the exception of fire protection, the City is a full-service municipality providing its citizens with a full complement of municipal services. In addition, the City owns and operates one utility, a solid waste disposal system.

The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to governmental units. GAAP requires management to make use of estimates that affect reported amounts in the basic financial statements. Actual results could differ from those estimates. Based upon the application of the criteria, as set forth in Governmental Accounting Standards Board ("GASB") Statement Number 61, *The Financial Reporting Entity*, there are no potential component units or related organizations of the City. Following is a summary of the more significant policies of the City.

#### 2. Government-wide and Fund Financial Statements

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements report information on all activities of the primary government as a whole. As part of the consolidation process, all interfund activities are eliminated from these statements except for the residual amounts between governmental and business-type activities reported as "internal balances." On both statements, governmental and business-type activities are reported separately.

Net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, as presented in the Statement of Net Position, Net Position is subdivided into three categories: amounts net investment in capital assets; restricted net position; and unrestricted net position. Net Position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

The Statement of Activities presents a comparison between the direct and indirect expenses of a given function or segment and its program revenues and displays the extent to which each function or segment contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function or segment. Indirect expenses are costs the City has allocated to functions through various allocation methods.



## CITY OF INDIAN ROCKS BEACH, FLORIDA

Notes to the Financial Statements

September 30, 2018

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the City's governmental and proprietary funds. The focus of governmental and proprietary fund financial statements is on major funds. Therefore, major funds are reported as separate columns in the fund financial statements and nonmajor funds are aggregated and presented as a single column on each statement. The results of governmental fund accounting are converted to the government-wide presentation by reconciliation.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this are payments-in-lieu of taxes and other charges between the City's utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### **3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements, as well as the proprietary fund financial statements, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred. Property tax revenues are recognized 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.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available is defined as collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period, usually considered sixty (60) days.

The primary revenue sources for governmental funds are property taxes, public utility taxes, franchise fees, and sales and fuel taxes. Primary revenue sources associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenues, such as licenses and permits, charges for services, and miscellaneous revenues, are considered to be measurable and available only when payment is received.

Expenditures of governmental funds are generally recorded when a liability is incurred, as under accrual accounting. However, accumulated sick and vacation pay, prepaid insurance and similar items are recorded only when payment is due.

## CITY OF INDIAN ROCKS BEACH, FLORIDA

Notes to the Financial Statements

September 30, 2018

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues generally result from producing and delivering goods or providing services, such as waste disposal services, to the general public. Operating expenses for these operations include the costs of sales and services, administrative expenses, and depreciation. All revenues and expenses not meeting the definition of operating are reported as non-operating revenues and expenses.

Major funds are those whose revenues, expenditures and liabilities are at least ten (10%) percent of corresponding totals for all governmental or enterprise funds, and at least five (5%) percent of the aggregate amount for all governmental *and* enterprise funds for the same item.

The government reports the following major governmental funds:

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

**Sales Surtax Fund** - The Sales Surtax Fund accounts for the capital projects funded by the local option sales tax.

The government reports the following major proprietary funds:

**Sewer Fund** - The Sewer Fund accounts for the activities of the government's sewer system for provision of sewer services to the customers within designated service areas.

**Solid Waste Disposal Fund** - The Solid Waste Disposal Fund accounts for the activities of the government's solid waste disposal service to both commercial enterprises and residents.

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

#### 4. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly-liquid, short-term investments with original maturities of three months or less from the date of acquisition. The City maintains centralized checking accounts for all funds.

Cash equivalents include pooled investments with the Florida Surplus Asset Fund Trust. The Florida Surplus Asset Fund Trust ("SAFE") is a 2a7-like pool carried at amortized cost which approximates market. A 2a7-like pool is not registered with the Securities and Exchange Commission ("SEC") as an investment company but nevertheless, has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, these pools operate essentially as a money market fund.

## CITY OF INDIAN ROCKS BEACH, FLORIDA

Notes to the Financial Statements

September 30, 2018

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, cash equivalents include pooled investments with the Florida Cooperative Liquid Assets Securities System (FLCLASS), and Florida Fixed Income Trust (FLFIT), both of which are independent local government investment pools, designed to provide a safe and competitive investment alternative to Florida governmental entities. Both FLCLASS and FLFIT are rated 'AAAm' by S&P Global Ratings Services, the highest rating assigned to principal stability government investment pools.

#### 5. Investments

The City's investment activities are governed by Chapter 218.415, Florida Statutes. In accordance with this statute, the City may invest any surplus funds in (a) the Local Government Surplus Funds Trust Fund ("SBA"); (b) SEC registered money market funds with the highest credit quality rating from a nationally-recognized rating agency; (c) interest-bearing time deposits or savings accounts in qualified public depositories; and (d) direct obligations of the U.S. Treasury. Securities listed in (c) and (d) must be invested to provide sufficient liquidity to pay obligations as they become due. The City has adopted an investment policy, in compliance with Florida Statutes, to establish a formal policy on the investing of City funds.

Investments are stated at fair value. Changes in the fair value during the year are included in investment income or loss.

#### 6. Receivables and Payables

Activity between funds, representative of lending/borrowing arrangements outstanding at the end of the fiscal year, is referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (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."

Advances between funds, as reported in the fund financial statements, are offset by fund balance classifications or components in the applicable governmental funds to indicate that they are not available for appropriation and are non-spendable, restricted, committed, assigned or unassigned.

Trade receivables consist of account balances less than 180 days overdue. Account balances exceeding 180 days compromise the trade accounts receivable allowance for uncollectible.

#### 7. Prepayments and Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These amounts are offset by fund balance classifications or components which indicate that they do not constitute available resources.

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**8. Property and Equipment**

Capital assets, including land, buildings, improvements other than buildings, infrastructure (i.e., roads, bridges, sidewalks, and similar items) and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if constructed. Contributions or donations of capital assets received from federal, state or local sources are recorded as contributions when received and are stated at acquisition value.

Major additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized as projects are constructed. Interest is capitalized on projects during the construction period based upon average accumulated project expenditures. The costs of normal maintenance and repairs that do not improve or extend the life of the respective assets are not capitalized.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

<u>Asset Classification</u>	<u>Range of Lives</u>
Buildings	45 – 55 years
Improvements other than buildings	20 – 30 years
Machinery, equipment and other	5 – 15 years

**9. Compensated Absences**

**Annual Leave:**

The City permits employees to accumulate earned annual leave (vacation). Vacation is earned at 6.67 hours per month, not to exceed 80 hours or two work weeks (ten working days) per year for employees during their first five years. Employees with five full years of uninterrupted service receive ten hours per month, not to exceed 120 hours or three weeks (fifteen working days) per year. Annual leave may be accumulated from year to year up to a maximum accrual of 240 hours (thirty working days). An employee with a minimum of six months of continuous employment shall be compensated for all accrued unused annual leave hours at their basic straight-time, hourly rate upon separation from employment. In the event of an employee's death, all accumulated vacation will be paid to the employee's estate.

## CITY OF INDIAN ROCKS BEACH, FLORIDA

Notes to the Financial Statements

September 30, 2018

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as general long-term debt. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Accumulated compensated absences for annual leave are recorded as expense in the government-wide and proprietary funds when incurred. A liability for these amounts is reported in the governmental fund only if they have matured, for example, as a result of employee resignations and retirements.

#### **Sick Leave:**

Sick leave is earned at the rate of 3.08 hours per payroll period by full-time employees. Unused sick leave may be accumulated up to a maximum of 720 hours. Since sick leave is forfeited upon separation from City employment, no liability for sick leave has been recorded in these financial statements.

### **10. Deferred Outflows / Inflows of Resources**

In addition to assets and liabilities, the City reports the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure or expense) until that applicable time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that applicable time.

The City reports two items that qualify as deferred outflows of resources on its government-wide and proprietary statements of net position, deferred outflows contributions and deferred outflows for pensions. The deferred outflows contributions and deferred outflows for pensions are aggregates of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Both deferred outflows will be recognized as pension expense or a reduction of the net pension liability in future reporting years.

The City reports one item that qualifies as deferred inflows of resources on its government-wide and proprietary statements of net position, deferred inflows for pensions. The deferred inflows for pensions is an aggregate of items related to pensions as calculated under the same principles as deferred outflows for pensions, and will be recognized as a reduction to pension expense in future reporting years.

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**11. Net Pension Liability**

In the government-wide and proprietary statements, net pension liability represents the present value of projected benefit payments to be provided through the cost-sharing, defined-benefit pension plans to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension plans, and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The City allocated the net pension liability, deferred outflows for pensions, deferred inflows for pensions, and pension expense to funds and functions/activities based on their respective contributions made to the pension plans during the fiscal year.

**12. 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 type statement of net position.

**13. Fund Equity**

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: non-spendable, restricted, committed, assigned, and unassigned.

Non-spendable – This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments), or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Committed – This component comprises amounts which can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority, to include the City Charter, ordinances and resolutions, individually or in combination, to be construed as equally binding. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (City charter, ordinance or resolution) it employed to commit those amounts. At September 30, 2018, the City had a committed amount for emergencies of \$100,000. This commitment was established by the City Commission in City Ordinance No. 555, paragraph 1, 6/15/1994. The ordinance defines an “emergency” as a natural disaster such as a hurricane or tornado, declarations of such by the governor or president, or other sudden and unexpected occurrences causing extensive damage to the essential infrastructure of municipal operation or unanticipated costs to the community. In the event there are expenditures from this fund, the balance shall be replenished no later than the next fiscal year, as reflected in the passage of the next fiscal year budget. Funds within this commitment shall be used for an emergency as declared by at least three affirmative commissioner votes.

Assigned – This component consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the City Commission, City Manager or their designee.

Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

The nature and purpose of the classifications are explained on the face of the financial statement.

When both restricted and unrestricted (committed, assigned and unassigned) resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are available for use, it is the City’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component consists of net position that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

regulations of other governments) or by law through constitutional provisions or enabling legislation. The City would typically use restricted assets first, as appropriate opportunities arise, but may selectively defer the use of these funds.

Unrestricted – This component consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, and then unrestricted resources as they are needed. In the general fund, the City strives to maintain an unassigned fund balance of six months of operating expenditures (50%) of the general fund. This is the target that the unassigned fund balance should not fall below without establishing a replenishment plan.

**14. Revenues, Contributions, Expenditures, and Expenses**

The City’s accounting treatment and recognition policies for certain revenues, expenditures, and expenses having unique accounting requirements are as follows:

**Property taxes**

Property taxes are billed in November and attach as a lien on the property as of January 1 of each year. Taxes become delinquent on April 1, and tax certificates on all property on which taxes are delinquent are sold at the end of May of each year. Property taxes are fully collected prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable.

The tax levy of the City is established by the City Commission prior to October 1 of each year, and the Pinellas County Property Appraiser incorporates the City’s millage into the total tax levy, which includes the Pinellas County School Board tax requirements. The City is permitted by state law to levy taxes up to ten mills of assessed valuation exclusive of taxes levied for the payment of bonds. A mill levy of 1.9300 was approved for 2018.

All property is reassessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

All taxes are due and payable on November 1 of each year, or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at a rate of 4% in the month



**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest at 18% per year until the tax is either satisfied by seizure and sale of property, or by the five-year statute of limitations. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on property. After sale, tax certificates bear interest at 18% per year, or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years.

Due to the Pinellas County Tax Collector’s efficient system for selling tax certificates and remitting the proceeds to the City, any delinquent or uncollected property taxes at year-end are immaterial. The City’s tax calendar is as follows:

Valuation Date	January 1
Levy Date	November 1
Due Date	March 31, succeeding year
Lien Date	April 1, succeeding year

Administrative service charges

Administrative services are provided to the solid waste enterprise fund by various departments within the general fund. These charges are recorded as revenues in the general fund and as operating expenses in the fund being charged.

Grants

Operating and capital grants for both governmental and proprietary funds are recorded as receivables and revenues at the time reimbursable project costs are incurred. Grant revenues received in advance of meeting all eligibility criteria are deferred.

**B. BUDGETARY INFORMATION**

An annual budget is prepared for all funds of the City, which is effectively controlled through governing agreements and related City ordinances. The annual operating budgets are prepared on a basis consistent with accounting principles generally accepted in the United States. Annual budget appropriations lapse at the end of each fiscal year. Encumbrances outstanding at year-end are charged against the ensuing year’s budget and thus are not shown in budget-to-actual presentations, but are presented as an assigned fund balance.

The City follows the procedures set forth below in establishing the budgetary data reflected in the financial statements:

## CITY OF INDIAN ROCKS BEACH, FLORIDA

Notes to the Financial Statements

September 30, 2018

### B. BUDGETARY INFORMATION (CONTINUED)

Budget Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, special revenue funds, and the enterprise funds and are controlled on a fund and department level. On or before May 31 of each year, all departments of the City submit requests for appropriation to the Finance Officer so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current-year estimates and requested appropriations for the next fiscal year. All annual appropriations lapse at fiscal year-end. The proposed budget is presented by the City Manager to the City Commission for review on or before July 1. The City Commission holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and unassigned fund balances estimated as available by the Finance Officer.

Expenditures may not legally exceed budgeted appropriations at the fund level.

- Revenues are projected from rate structures, historical data, estimates and statistical trends available from City sources and outside agencies.
- Expenses are estimated on cost analyses, expected needs, and historical data produced by the finance and operating departments.

The final adoption of the City's budget complies with the "Truth in Millage" statute of Florida that mandates two public hearings prior to adoption of the ad valorem tax millage rate and the budget.

Prior to October 1 of each year, the public hearings are completed, and the Commission adopts the Final Budget and establishes the ad valorem tax millage rate.

### C. CASH AND INVESTMENTS

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly-liquid, short-term investments with original maturities of three months or less from the date of acquisition. The City maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents." In addition, investments in the SBA are held by the sales surtax fund.

#### 1. Deposits

As of September 30, 2018, the total carrying amount of cash deposits at a local financial institution was \$1,317,677. The City has complied with the requirements of the Florida Security for Public Deposits Act (the "Act") by maintaining its accounts at a qualified public depository, as provided by Chapter 280 of the Florida Statutes. Under the Act, qualified public depositories must deposit with the State Treasurer eligible collateral in such amounts as required by the Act. Therefore, all cash deposits held by banks can be classified as fully insured.

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**C. CASH AND INVESTMENTS (CONTINUED)**

**2. Investments**

The City's investment policy allows the City to invest surplus money in instruments provided by Florida Statute, Chapter 218.415. Those utilized by the City are:

- Certificates of deposit
- Florida Surplus Asset Fund Trust, FLSAFE LGIP
- Florida Cooperative Liquid Asset Securities System
- Florida Fixed Income Trust – Preferred Deposit Fund

Investments are categorized into the following four (4) categories of risk:

(1) *Interest Rate Risk* – To mitigate interest rate risk, the City's investment policy requires that the investment portfolio be structured with securities that maintain the greatest degree of liquidity and flexibility. The portfolio will maintain a structure with maturities staged to meet the City's obligations as they become due.

(2) *Credit Risk* – To mitigate credit risk, the City, in compliance with policy, primarily invests in U.S. Government securities and the State of Florida Local Government Surplus Trust Fund pool (the "Pool").

(3) *Custodial Risk* – To mitigate custodial risk, all cash and securities are held in accounts bearing the name of the City. Securities in such accounts, even though held in the "street name," are considered held in the name of the City.

(4) *Concentration of Credit Risk* – The City's investment policy requires that investments be diversified by security type and institution. No more than fifty (50%) percent of the City's funds will be invested with the same issuer, except direct obligations of the United States Treasury. No more than fifty (50%) percent of the City's funds will be invested through the same investment institution or dealer. No more than twenty (20%) percent of the City's funds will be invested beyond five (5) years in any security with the same maturity date.

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**C. CASH AND INVESTMENTS (CONTINUED)**

The following is a summary of the City's pooled investments at September 30, 2018:

	Credit Ratings	Fair Value	Maturity Less Than One Year
Florida Surplus Asset Fund Trust	AAAm	\$ 1,838,682	\$ 1,838,682
Florida Cooperative Liquid Asset Securities System	AAAm	430,784	430,784
Florida Fixed Income Trust - Preferred Deposit Fund	n/a	513,245	513,245
Bank United CD	n/a	999,333	666,333
City National bank of Florida	n/a	333,000	-
Valley National Bank/USAMERIBANK	n/a	333,000	-
Total Investments		<u>\$ 4,448,044</u>	<u>\$ 3,449,044</u>

The hierarchy of fair value investments does not apply to the above assets. There are no restrictions or limitations on withdrawals as it relates to the City's investments in external investment pools.

**D. RECEIVABLES**

The following is a detail listing of receivables for the City's individual major funds, including the applicable allowances for uncollectible accounts at September 30, 2018:

Description	General	Sales Surtax Fund	Solid Waste	Nonmajor Funds	Total
Accounts	\$ 13,336	\$ -	\$ 230,005	\$ -	\$ 243,341
Taxes	21,701	-	-	-	21,701
Franchise Fees	41,868	-	-	-	41,868
Intergovernmental	29,893	77,099	-	9,844	116,836
	<u>106,798</u>	<u>77,099</u>	<u>230,005</u>	<u>9,844</u>	<u>423,746</u>
Less: Allowance for Uncollectable	-	-	(2,661)	-	(2,661)
	<u>\$ 106,798</u>	<u>\$ 77,099</u>	<u>\$ 227,344</u>	<u>\$ 9,844</u>	<u>\$ 421,085</u>

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**E. INTERFUND RECEIVABLES AND PAYABLES**

During fiscal year 2018, interfund transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<b>Purpose</b>
General Fund	100,000	-	Closing of Sewer Fund
Sales Surtax Fund	401,169	-	Closing of Sewer Fund
Sewer Fund	-	501,169	Closing of Sewer Fund
	<u>\$ 501,169</u>	<u>\$ 501,169</u>	

Individual interfund receivables and payables at September 30, 2018 are:

*There were no interfund receivables and payables at September 30, 2018.*

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**F. CAPITAL ASSETS**

Governmental capital asset activity for the year ended September 30, 2018 was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance 9/30/2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 9/30/2018</b>
Capital Assets, Not Being Depreciated:				
Land	\$ 2,225,254	\$ -	\$ -	\$ 2,225,254
Construction In Progress	2,060,260	493,487	(2,533,410)	20,337
Total Capital Assets, Not Being Depreciated	<u>4,285,514</u>	<u>493,487</u>	<u>(2,533,410)</u>	<u>2,245,591</u>
Capital Assets, Being Depreciated:				
Buildings	1,590,615	986,221	-	2,576,836
Improvements Other Than Buildings	13,876,547	2,569,578	-	16,446,125
Equipment	1,360,824	52,142	(38,100)	1,374,866
Total Capital Assets Being Depreciated	<u>16,827,986</u>	<u>3,607,941</u>	<u>(38,100)</u>	<u>20,397,827</u>
Less Accumulated Depreciation For:				
Buildings	(807,183)	(67,897)	-	(875,080)
Improvements Other Than Buildings	(6,815,099)	(529,276)	-	(7,344,375)
Equipment	(654,891)	(91,308)	-	(746,199)
Total Accumulated Depreciation	<u>(8,277,173)</u>	<u>(688,481)</u>	<u>-</u>	<u>(8,965,654)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,550,813</u>	<u>2,919,460</u>	<u>(38,100)</u>	<u>11,432,173</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,836,327</u>	<u>\$ 3,412,947</u>	<u>\$ (2,571,510)</u>	<u>\$ 13,677,764</u>

Business-type capital asset activity for the year ended September 30, 2018, was as follows:

<b>Business-type Activities</b>	<b>Beginning Balance 9/30/2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 9/30/2018</b>
Capital Assets, Being Depreciated:				
Buildings	\$ 79,675	\$ -	\$ -	\$ 79,675
Equipment	1,183,032	-	-	1,183,032
Total Capital Assets Being Depreciated	<u>1,262,707</u>	<u>-</u>	<u>-</u>	<u>1,262,707</u>
Less Accumulated Depreciation For:				
Buildings	(1,992)	(1,992)	-	(3,984)
Equipment	(568,776)	(134,513)	-	(703,289)
Total Accumulated Depreciation	<u>(570,768)</u>	<u>(136,505)</u>	<u>-</u>	<u>(707,273)</u>
Total Capital Assets, Being Depreciated, Net	<u>691,939</u>	<u>(136,505)</u>	<u>-</u>	<u>555,434</u>
Total Business-type Activities, Net	<u>\$ 691,939</u>	<u>\$ (136,505)</u>	<u>\$ -</u>	<u>\$ 555,434</u>

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**F. CAPITAL ASSETS (CONTINUED)**

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

**Depreciation Expense By Function:**

**Governmental Activities:**

General Government	\$ 54,974
Public Safety	4,057
Physical Environment	329,839
Culture/Recreation	299,611
Total Governmental Activities	<u>\$ 688,481</u>

**Depreciation Expense By Function:**

**Business-type Activities:**

Sewer	\$ -
Solid Waste	136,505
	<u>\$ 136,505</u>

**G. LONG-TERM DEBT**

Schedule of Changes in Long-Term Debt

The City's long-term debt includes compensated absences and other postemployment benefits. The following is a schedule of changes in the City's long-term debt for the fiscal year ended September 30, 2018:

	<u>Balance</u> <u>9/30/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/18</u>	<u>Due Within</u> <u>One Year</u>	<u>Long-Term</u> <u>Portion</u>
<b>Governmental Activities:</b>						
Compensated Absences	\$ 71,880	\$ 6,740	\$ (11,936)	\$ 66,684	\$ 20,004	\$ 46,680
Other Postemployment Benefits	45,267	2,658	-	47,925	-	47,925
Net Pension Liability	313,304	2,863	-	316,167	-	316,167
	<u>\$430,451</u>	<u>\$ 12,261</u>	<u>\$ (11,936)</u>	<u>\$430,776</u>	<u>\$ 20,004</u>	<u>\$ 410,772</u>
<b>Business-type Activities:</b>						
Compensated Absences	\$ 35,050	\$ 3,970	\$ (7,064)	\$ 31,956	\$ 9,586	\$ 22,370
Other Postemployment Benefits	22,866	1,139	-	24,005	-	24,005
Net Pension Liability	100,601	824	-	101,425	-	101,425
	<u>\$158,517</u>	<u>\$ 5,933</u>	<u>\$ (7,064)</u>	<u>\$157,386</u>	<u>\$ 9,586</u>	<u>\$ 147,800</u>

General Fund revenues have been used in prior years to liquidate the liability for pension liabilities, compensated absences and other post-employment benefit obligations.

## CITY OF INDIAN ROCKS BEACH, FLORIDA

Notes to the Financial Statements

September 30, 2018

### H. RISK MANAGEMENT

In September 2000, the City entered into a contract with Public Risk Management of Florida (“PRM”) to provide insurance coverage, and became self-insured and a member of PRM, a risk-management pool and self-insurance association for public entities within the State of Florida. Coverage includes a deductible of \$1,000 per occurrence for all perils.

PRM is organized under an Interlocal Agreement with each member having a Board Member and Alternate Member on the PRM Board of Directors. Claims service is provided by Gallagher Bassett Services who provides claims services, to over 150 public entities in Florida. Included in the claims services is managed care through Genex for workers’ compensation. The City pays an annual premium to PRM for property, liability and workers’ compensation coverage. PRM provides a reinsurance program that consists of both specific excess and aggregate excess insurance, which offers financial security for its members.

The City has established an active Safety Committee (the “Committee”) and Safety Program (and has received a 3% discount on the workers’ compensation premium for the 2018 fiscal year). The Committee reviews any problems relating to safety and makes suggestions to improve safety practices. One employee maintains certification annually as a safety professional through the Safety Council of Pinellas County.

The City continues to carry commercial insurance for all other risks of loss, including health, wind, flood, and employee accident insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years. The City has not had any significant coverage reductions under these policies from the prior years.

### I. EMPLOYEES’ RETIREMENT PLANS

#### 1. Florida Retirement System

All of the City’s general employees hired before January 1, 1996 participate in the Florida Retirement System (“FRS”), a cost-sharing, defined-benefit, multiple-employer public employee retirement system.

The City of Indian Rocks Beach contributes to the FRS, which is administered by the Florida Department of Management Services, Division of Retirement. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 121 of the Florida Statutes, which may be amended by the Florida Legislature, assigns the authority to establish and amend benefit provisions to the Department of Management Services through the Division of Retirement. The FRS issues a publicly-available financial report that



**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**I. EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

includes financial statements and required supplementary information for FRS. That report may be obtained by writing to:

State of Florida  
 Division of Retirement  
 3639-C North Monroe Street  
 Tallahassee, Florida 32399-1560

The FRS funding policy provides for monthly employer contributions at actuarially-determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. The percentage level of payroll employer contribution rates, established by state law, is determined using the entry-age actuarial funding method. Future plan benefit changes, assumption changes, and methodology changes are amortized over 30 years, using level-dollar amounts. Except for gains reserved for rate stabilization, future actuarial gains and losses are amortized on a rolling 10% basis as a level-dollar amount.

Retirement benefits, and the City's contribution rate, are summarized as follows:

Membership Category	Retirement Benefit	Vesting	Contribution Rates Beginning July 1, 2018 (of covered payroll)
Regular	1.6% times years of service times average compensation (8 highest years) if age 65 or 33 years of service at any age.	After 8 years of creditable service.	Employer 8.26%  Employee 3.00%
Elected State, County and City Officers	1.6% times years of service times average compensation (8 highest years) if age 65 or 33 years of service at any age.	After 8 years of creditable service.	Employer 40.77%  Employee 3.00%
Senior Management	1.6% times years of service times average compensation (8 highest years) if age 65 or 33 years of service at any age.	After 8 years of creditable service.	Employer 24.06%  Employee 3.00%

The City's contributions include 1.66% for a post-retirement health insurance subsidy. FRS also provides disability and survivors' benefits. Benefits are established by Florida State Statute.

## CITY OF INDIAN ROCKS BEACH, FLORIDA

Notes to the Financial Statements

September 30, 2018

### I. EMPLOYEES' RETIREMENT PLANS (CONTINUED)

#### The Florida Retirement System

##### 1. *Plan Description, Membership and Plan Benefits, and Contribution Requirements*

###### Plan Description

Five active City employees hired prior to 1996 participate in the FRS, four in regular class membership and one in senior management class membership. All five FRS members are covered by the FRS, a cost-sharing, multiple-employer, defined-benefit pension plan. The FRS was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program ("DROP") under the defined-benefit plan, and amended in 2000 to provide a defined-contribution plan alternative to the defined-benefit plan for FRS members effective July 1, 2002. This integrated defined-contribution pension plan is the FRS Investment Plan ("INV"). Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy ("HIS") Program, a cost-sharing, multiple-employer, defined-benefit pension plan to assist retired members of any state-administered retirement system in paying the costs of health insurance.

The FRS and HIS are administered by the Florida Department of Management Services, Division of Retirement. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code. The Florida Legislature has the authority to establish and amend retirement legislation and related bills of significance to members of the FRS and HIS plans (including benefit terms and contribution rates). Passed bills are presented to the Governor of Florida and approved before they may be enacted into law.

The FRS and HIS financial information is included in the Florida Retirement System ("System") Pension Plan and Other State-Administered Systems' Comprehensive Annual Financial Report ("CAFR"). The System CAFR, including audited financial information to support the Schedules of Employer Allocations and Schedules of Pension Amounts by Employer, are available online at:

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

The System CAFR and actuarial reports may also be obtained by contacting the Division of Retirement by mail or phone at:

Department of Management Services  
Division of Retirement  
Bureau of Research and Member Contributions  
P.O. Box 9000

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**I. EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

Tallahassee, FL 32315-9000  
850-907-6500 or toll-free 844-377-1888

*Membership and Plan Benefits - FRS*

The FRS has two classes of membership applicable to the City, including regular class and senior management class. Employees enrolled in the FRS vested after six years of creditable service and are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. Retirees receive a lifetime pension benefit with joint and survivor payment options. The FRS provides retirement, disability, death benefits and annual cost-of-living adjustments. The FRS also includes an early retirement provision, but imposes a penalty for each year a member retires before the normal retirement date.

Benefits are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. As provided in Section 121.101 Florida Statutes, if the member's service credit was accrued before July 1, 2011, the annual cost of living adjustment is 3% per year. If the member has service credit on or after July 1, 2011, there is an individually calculated cost of living adjustment.

A DROP was established effective July 1, 1998, subject to provisions of Section 121.091, Florida Statutes. It permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with a FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

*Membership and Plan Benefits - HIS*

HIS membership is available to all members within the FRS and INV plans. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive HIS benefits, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**I. EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

Contribution Requirements

The contribution rates for FRS and HIS members are established, and may be amended, by the State of Florida. Employer contribution rates are actuarially recommended but set by the Legislature. These rates are a percentage of covered payroll. The FRS and HIS contribution rates were as follows:

FRS Class:	10/17 - 06/18	07/18 - 09/18
Regular	7.92%	8.26%
Senior Management	22.71%	24.06%
DROP	13.26%	14.03%

Employer rates include 1.66% from 10/17 - 09/18 for the HIS program. In addition, other than for the DROP, rates include .06% from 10/17 – 09/18 for administrative costs.

The City's contributions recognized during the fiscal year ended September 30, 2018 by the FRS and HIS were \$31,360 and \$4,669, respectively.

*2. FRS and HIS Rate of Return, Discount Rate Sensitivity and Significant Actuarial Assumptions*

Long-Term Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2018 the FRS Actuarial Assumption Conference reviewed assumptions by Milliman's Capital Markets Assumption team and Aon Hewitt Investment Consulting. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return
Cash	1.0%	2.9%
Fixed Income	18.0%	4.4%
Global Equity	54.0%	7.6%
Real Estate (Property)	11.0%	6.6%
Private Equity	10.0%	10.7%
Strategic Investments	6.0%	6.0%
	100.0%	

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**I. EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

The HIS is essentially funded on a pay-as-you-go basis and the depletion date is considered to be immediate. . As such, there is no assumption for a long-term expected rate of return on a portfolio, no assumptions for cash flows into and out of the plan, or assumed asset allocation.

*Discount Rate Sensitivity Analysis*

The following tables demonstrate the sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact if the discount rate was 1.0% higher or 1.0% lower than the current discount rate at June 30, 2018.

FRS Net Pension Liability (Asset)			HIS Net Pension Liability (Asset)		
Current Discount			Current Discount		
1% Decrease	Rate	1% Increase	1% Decrease	Rate	1% Increase
6.00%	7.00%	8.00%	2.87%	3.87%	4.87%
\$ 593,049	\$ 324,952	\$ 102,280	\$ 105,511	\$ 92,640	\$ 81,911

*Actuarial Methods and Assumptions*

Actuarial assumptions for both the FRS and HIS are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually and the HIS has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008 through June 30, 2013. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for the FRS was determined by an actuarial valuation as of July 1, 2018 and the HIS as of July 1, 2016 rolled forward to June 30, 2017 using the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables. Both the discount rate and long-term expected rate of return used for FRS investments is 7.00% a decrease from 7.10 in the prior year. The FRS fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS program uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% was used to determine its total pension liability (an increase from 3.58% in the prior year). In October 2018, the Actuarial Assumptions Conference adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index.

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**I. EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**Net Pension Liability, Deferred Outflows/Inflows of Resources, and Pension Expense for City Defined Benefit Pension Plans**

*1. Proportionate Share of FRS and HIS Plans*

Employers participating in the FRS and HIS were provided pension allocation schedules for use in recording their proportionate share of the FRS and HIS collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense at measurement date June 30, 2018 in accordance with GASB Statements No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of Statement No. 68*. The underlying financial information used to prepare the pension allocation schedules was based on the same basis as mentioned previously and on an actuarial valuation as of July 1, 2018 for the FRS or roll forward from the July 1, 2018 for the HIS. The City's proportionate share was calculated using retirement contributions for employees that were members of the FRS and HIS during the measurement year ended June 30, 2018. The aggregate employer contribution amounts in the pension allocation schedules agree to the total employer contribution amounts reported in the System CAFR.

At September 30, 2018, the City reported a net pension liability of \$417,592 for its proportionate share of the collective net pension liability of the FRS and HIS. The following table presents information on the City's proportionate share of the FRS and HIS:

	FRS		HIS		City Total
Proportionate Share of Net Pension Liability at June 30, 2018	\$ 324,951	\$	92,640	\$	417,591
City's proportion at June 30, 2018	0.00001079		0.00000875		
City's proportion at June 30, 2017	0.00001080		0.00000882		
Change in proportion during current year	-0.00000002		-0.00000007		

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**I. EMPLOYEES' RETIREMENT PLANS (Continued)**

*2. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions*

For the year ended September 30, 2018, the City recognized pension expense of \$24,898 related to the FRS, and \$(5,058) related to the HIS. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS		City Total
	Def Outfl	Def Infl	Def Outfl	Def Infl	Deferred Outflows / (Deferred Inflows)
Differences between expected and actual experience	\$ 27,528	\$ (999)	\$ 1,418	\$ (157)	\$ 28,946 (1,157)
Changes of assumptions	106,178	-	10,303	(9,795)	116,481 (9,795)
Net difference between projected and actual investment earnings	-	(25,106)	56	-	56 (25,106)
Changes in proportion	30,319	(40,068)	5,223	(18,504)	35,542 (58,572)
City contributions subsequent to the measurement date	7,675		1,048		8,723
Total Deferred Outflows	\$ 171,700		\$ 18,048		189,748
Total Deferred (Inflows)		\$ (66,174)		\$ (28,456)	\$ (94,630)

Deferred outflows of resources of \$8,723 are reported by the City for employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Reporting Year Ending June 30,	FRS		HIS	City Total
				Deferred Outflows / (Deferred Inflows)
2019	\$ 42,107	\$ (3,009)		\$ 39,099
2020	19,141	(3,013)		16,128
2021	236	(3,545)		(3,310)
2022	20,768	(787)		19,980
2023	13,738	(601)		13,136
Thereafter	1,862	(501)		1,361
Totals	97,851	(11,456)		86,395

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**I. EMPLOYEES' RETIREMENT PLANS (Continued)**

*3. Payables to the Pension Plans*

Included in the amounts reported as accrued liabilities is \$0 payable to the Florida Retirement System. The amount is for required contributions based on September 2018 payroll not remitted to the plans until October 2018, and is reported in the General Fund. The amount includes required employer contributions for the FRS and HIS plans.

Deferred Retirement Option Program:

The FRS DROP is available to a member when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to 60 months. During DROP participation, the member's retirement benefits accumulate in the FRS Trust Fund and earn monthly interest equivalent to an annual rate of 6.5% (1.3% for members who enter DROP on or after 07/01/2011). The member must cease employment after a maximum of 60 months, must satisfy the termination requirements for retirement, and is subject to re-employment restrictions thereafter. The member's DROP accumulation may be paid out as a lump-sum payment, a rollover, or a combination partial lump-sum payment and rollover. Employers must pay contributions at a rate of 14.03% of salary for all DROP participants. FRS also provides disability and survivors' benefits.

The contribution requirements of employers are established and may be amended by the Division of Retirement. The City's contributions, and its required contributions for the three years ended September 30, 2018 are summarized as follows:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
2018	\$ 36,029	\$ 36,029	100%
2017	\$ 32,522	\$ 32,522	100%
2016	\$ 30,573	\$ 30,573	100%

**General Employees' Defined Contribution Plan**

The City provides retirement benefits for all of its full-time employees hired after January 1, 1996 through a non-contributory, defined-contribution plan administered by the ICMA Retirement Corporation under their prototype Profit-Sharing Plan and Trust Agreement. In a defined-contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after three months of employment. The Plan requires that the City contribute 10% of all participants' earnings. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. City contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the City's current-period contribution requirement. Plan provisions and contribution requirements are established and may be amended by the City Commission. The Plan does not issue a stand-alone financial report and is not included in any other retirement system or entity's financial report.



**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**I. EMPLOYEES' RETIREMENT PLANS (Continued)**

The total payroll in fiscal year 2018 was \$1,305,901. The City's contributions were calculated using the participants' salary amount of \$1,132,394. The City made the required 10% contributions (net of forfeitures) for the current year and previous two years, as follows:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
2018	\$ 113,239	\$ 113,239	100%
2017	107,531	107,531	100%
2016	106,307	106,307	100%

**J. OTHER POSTEMPLOYMENT BENEFITS**

*Plan Description:*

The City's Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical insurance coverage as a participant in the City's plan.

Plan Membership as of October 1, 2017:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	0
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	<u>24</u>
	<u>24</u>

*Benefits Provided:*

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the City are eligible to receive postemployment health care benefits. All retiree and dependent coverage is at the expense of the retiree. Medicare eligible retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

**Total OPEB Liability**

The measurement date is September 30, 2018.

The measurement period for the OPEB expense was October 1, 2017 to September 30, 2018. The reporting period is October 1, 2017 through September 30, 2018.

The Sponsor's Total OPEB Liability was measured as of September 30, 2018.

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**J. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

*Actuarial Assumptions:*

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2017 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.18%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA.

*Discount Rate:*

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.18%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

*OPEB Expense:*

For the year ended September 30, 2018, the Sponsor will recognize OPEB Expense of \$10,373.

**Changes in Total OPEB Liability**

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ending October 1, 2017	\$68,133
Changes for a Year:	
Service Cost	8,359
Interest	2,716
Changes of Assumptions	(3,502)
Benefit Payments	(3,776)
Net Changes	3,797
Reporting Period Ending September 30, 2018	\$71,930

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**J. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Changes of assumptions reflect a change in the discount rate from 3.64% for the fiscal year ending September 30, 2017 to 4.18% for the fiscal year ending September 30, 2018.

*Sensitivity of the Total OPEB Liability to changes in the Discount Rate:*

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 3.18%	Current Discount Rate 4.18%	1% Increase 5.18%
Total OPEB Liability (Asset)	\$ 78,611	\$ 71,930	\$ 66,035

*Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates:*

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.00% - 7.50%	Healthcare Cost Trend Rates 4.00% - 8.50%	1% Increase 5.00% - 9.50%
Total OPEB Liability (Asset)	\$ 65,062	\$ 71,930	\$ 79,789

**SCHEDULE OF CHANGES IN THE SPONSOR'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

**Total OPEB Liability**

Service Cost	8,359
Interest	2,716
Changes of Assumptions	(3,502)
Benefit Payments	<u>(3,776)</u>
Net Change in Total OPEB Liability	3,797
Total OPEB Liability - Beginning	<u>68,133</u>
Total OPEB Liability - Ending	<u>\$ 71,930</u>

Covered Employee Payroll	\$ 1,214,184
Total OPEB Liability as a percentage of Covered Employee Payroll	5.92%

**CITY OF INDIAN ROCKS BEACH, FLORIDA**

Notes to the Financial Statements

September 30, 2018

**J. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Notes to Schedule:**

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2018:	4.18%
Fiscal Year Ending September 30, 2017:	3.64%

**K. COMMITMENTS AND CONTINGENCIES**

1. **Litigation**

At September 30, 2018, there were no lawsuits or legal claims pending against the City of Indian Rocks Beach.

2. **Commitments**

The City annually contracts with the Sheriff of Pinellas County, Florida, for law enforcement services. The cost of these services for the fiscal year ended September 30, 2018 was \$1,006,495.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

Budgetary Comparison Schedules (GAAP BASIS):

- General Fund

Schedule of Changes in Total OPEB Liability

Schedules of Proportionate Share of Net Pension Liability

Schedules of Contributions

**City of Indian Rocks Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget vs. Actual**  
**General Fund**  
**For the Fiscal Year Ended September 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Ad valorem	\$ 2,049,170	\$ 2,049,170	\$ 2,033,059	\$ (16,111)
Franchise fees	457,260	457,260	450,704	(6,556)
Other taxes	371,540	371,540	387,283	15,743
Licenses and fees	301,510	301,510	404,133	102,623
Intergovernmental	111,180	111,180	142,750	31,570
Charges for services	198,710	198,710	339,999	141,289
Fines	17,500	17,500	9,044	(8,456)
Interest	35,000	35,000	74,524	39,524
Miscellaneous	158,750	158,750	105,764	(52,986)
Total revenues	<u>3,700,620</u>	<u>3,700,620</u>	<u>3,947,260</u>	<u>246,640</u>
<b>Expenditures</b>				
Current:				
General government:				
City commission	50,340	51,540	47,842	(3,698)
City manager	217,160	217,160	223,290	6,130
Finance	334,410	334,410	322,200	(12,210)
City attorney	68,900	68,900	77,734	8,834
City clerk	155,520	155,520	143,816	(11,704)
City planning	40,450	40,450	50,895	10,445
Central services	328,210	328,210	293,311	(34,899)
Public safety:				
Law enforcement	1,009,920	1,009,920	1,006,495	(3,425)
Community development	319,600	319,600	345,244	25,644
Physical environment:				
Stormwater	124,280	124,280	112,877	(11,403)
Other maintenance	101,560	157,373	161,246	3,873
Transportation:				
Streets and drainage	209,900	212,052	185,354	(26,698)
Culture and recreation:				
Parks and recreation	730,100	779,004	750,477	(28,527)
Total expenditures	<u>3,690,350</u>	<u>3,798,419</u>	<u>3,720,781</u>	<u>(77,638)</u>
Revenues over (under) expenditures	10,270	(97,799)	226,479	324,278
<b>Other financing sources/(uses)</b>				
Transfer-in (out)	100,000	100,000	100,000	-
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balances	110,270	2,201	326,479	324,278
Fund balance, beginning of year	<u>2,937,340</u>	<u>2,937,340</u>	<u>2,751,086</u>	<u>(186,254)</u>
Fund balance, end of year	<u>\$ 3,047,610</u>	<u>\$ 2,939,541</u>	<u>\$ 3,077,565</u>	<u>\$ 138,024</u>

**Notes to Schedule:**

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). There is no difference between GAAP and the budgetary basis of accounting.

**City of Indian Rocks Beach, Florida**  
**Schedule of Changes in Total OPEB Liability**  
**September 30, 2018**

Reporting Period Ending	9/30/2018
Measurement Date	9/30/2018
<b>Total OPEB Liability</b>	
Service Cost	8,359
Interest	2,716
Changes of Assumptions	(3,502)
Benefit Payments	(3,776)
Net Change in Total OPEB Liability	<u>3,797</u>
Total OPEB Liability - Beginning	68,133
Total OPEB Liability - Ending	<u><u>\$ 71,930</u></u>
<b>Covered Employee Payroll</b>	\$1,214,184
<b>Total OPEB Liability as a percentage of Covered Employee Payroll</b>	5.92%

*Notes to Schedule*

(1) Plan Assets

- No Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits

*Other Items:*

This information is required for ten years. However, only one year of information is available.



**City of Indian Rocks Beach, Florida**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Florida Retirement System (FRS)**  
**Last 10 Fiscal Years\***

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's proportion of the net pension liability (asset)	0.0010788%	0.0010804%	0.0009654%	0.0010696%	0.0016320%
City's proportionate share of the net pension liability (asset)	\$ 324,952	\$ 319,691	\$ 243,771	\$ 138,159	\$ 99,577
City's covered payroll	\$ 285,882	\$ 281,179	\$ 251,465	\$ 269,051	\$ 366,930
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	113.67%	113.70%	96.94%	51.35%	27.14%
Plan fiduciary net position as a percentage of the total pension liability (Note 2)	84.26%	83.89%	84.88%	92.00%	96.09%

\* The amounts presented for each fiscal year were determined as of 6/30.

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

**Note 2:** The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the Plan's Comprehensive Annual Financial Report.

**City of Indian Rocks Beach, Florida**  
**Schedule of Proportionate Share of Net Pension Liability**  
**Health Insurance Subsidy (HIS)**  
**Last 10 Fiscal Years\***

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City's proportion of the net pension liability (asset)	0.0008753%	0.0008821%	0.0008146%	0.0008868%	0.0012350%
City's proportionate share of the net pension liability (asset)	\$ 92,640	\$ 94,323	\$ 94,935	\$ 90,444	\$ 115,474
City's covered payroll	\$ 285,882	\$ 281,179	\$ 251,465	\$ 269,051	\$ 366,930
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	32.40%	33.55%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability (Note 2)	2.15%	1.64%	0.97%	0.50%	0.99%

\* The amounts presented for each fiscal year were determined as of 6/30.

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

**Note 2:** The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the Plan's Comprehensive Annual Financial Report.

**Note 3:** The Plan's discount rate decreased from 3.80% to 2.85% in 2016.

**City of Indian Rocks Beach, Florida  
Schedule of Contributions  
Florida Retirement System (FRS)  
Last 10 Fiscal Years\***

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 31,360	\$ 27,925	\$ 26,069	\$ 20,505	\$ 36,058
Contributions in relation to the contractually required contribution	\$ (31,360)	\$ (27,925)	\$ (26,069)	\$ (20,505)	\$ (36,058)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 281,161	\$ 276,883	\$ 264,336	\$ 229,833	\$ 367,356
Contributions as a percentage of covered payroll	11.15%	10.09%	9.86%	8.92%	9.82%

\* The amounts presented for each fiscal year were determined as of 6/30.

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

**City of Indian Rocks Beach, Florida  
Schedule of Contributions  
Health Insurance Subsidy (HIS)  
Last 10 Fiscal Years\***

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 4,669	\$ 4,597	\$ 4,389	\$ 3,133	\$ 4,272
Contributions in relation to the contractually required contribution	\$ (4,669)	\$ (4,597)	\$ (4,389)	\$ (3,133)	\$ (4,272)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 281,161	\$ 276,883	\$ 264,336	\$ 229,833	\$ 367,356
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.36%	1.16%

\* The amounts presented for each fiscal year were determined as of 6/30.

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

## **OTHER SUPPLEMENTAL INFORMATION**

### Major Capital Projects Fund Budgetary Comparison Schedule (GAAP BASIS):

- Sales Surtax Fund

To account for receipt and expenditure of the City's portion of the Local Option Infrastructure Surtax levied by Pinellas County for a ten year period. These funds are to be used for acquisition or construction of infrastructure assets.

### Nonmajor Governmental Funds:

- Combining Financial Statements for All Nonmajor Governmental Funds and Individual Budgetary Comparison Schedules (GAAP BASIS) for All Budgeted Nonmajor Governmental Funds

**City of Indian Rocks Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget vs. Actual**  
**Sales Surtax Fund**  
**For the Fiscal Year Ended September 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Other taxes	\$ 424,000	\$ 424,000	\$ 554,362	\$ 130,362
Intergovernmental	3,770,180	3,770,180	1,345,841	(2,424,339)
Interest	-	-	60	60
Total revenues	<u>4,194,180</u>	<u>4,194,180</u>	<u>1,900,263</u>	<u>(2,293,917)</u>
<b>Expenditures</b>				
Current:				
General government	615,000	615,000	506,786	(108,214)
Physical environment	4,075,180	4,075,180	1,398,036	(2,677,144)
Transportation	500,000	500,000	563,680	63,680
Culture and recreation	408,000	408,000	485,764	77,764
Total expenditures	<u>5,598,180</u>	<u>5,598,180</u>	<u>2,954,266</u>	<u>(2,643,914)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,404,000)</u>	<u>(1,404,000)</u>	<u>(1,054,003)</u>	<u>349,997</u>
<b>Other financing sources</b>				
Transfer in	401,170	401,170	401,169	(1)
Net change in fund balance	(1,002,830)	(1,002,830)	(652,834)	349,996
Fund balance, beginning of year	2,027,601	2,027,601	2,879,396	851,795
Fund balance, end of year	<u>\$ 1,024,771</u>	<u>\$ 1,024,771</u>	<u>\$ 2,226,562</u>	<u>\$ 1,201,791</u>

**Note to Schedule:**

The budget for the Sales Surtax Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). There is no difference between GAAP and the budgetary basis of accounting.

## **CITY OF INDIAN ROCKS BEACH, FLORIDA NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds account for revenues from specific taxes or other earmarked revenue sources which, by law are designated to finance particular functions or activities of government. The City has the following nonmajor special revenue funds:

#### **Local Option Gas Surtax Fund**

To account for the receipt of a local gas tax that is to be used for the City's capital projects.

#### **Transportation Impact Fee Fund**

To account for the receipt and expenditure of transportation impact fees, as levied by the City. This fund is also used to collect for and disburse to the County its share of transportation impact fees.

#### **Recreation Impact Fee Fund**

To account for the receipt and expenditure of recreation impact fees as levied by the City. The funds collected are used exclusively for the purpose of additional recreation space, the reconstruction or refurbishing of existing recreation areas, or the purchase of recreation equipment.

#### **Developmental Impact Fee Fund**

To account for the receipt and expenditure of developmental impact fees as levied by the City. The funds collected are to be specifically allocated for the payment of expenditures for construction of roads, utilities, sidewalks, curbs, drainage, seawalls, installation of streetlights, and any other activity which is not directly related to the City's sanitary sewage system.

**City of Indian Rocks Beach, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2018**

	<b>Special Revenue</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>Local Option Gas Surtax</b>	<b>Transportation Impact Fees</b>	<b>Recreation Impact Fees</b>	<b>Developmental Impact Fees</b>	
<b>Assets</b>					
Cash and cash equivalents	\$ 82,648	\$ 11,864	\$ 7,872	\$ 7,136	\$ 109,520
Due from other governments					
Intergovernmental	9,844	-	-	-	9,844
Total assets	<u>\$ 92,492</u>	<u>\$ 11,864</u>	<u>\$ 7,872</u>	<u>\$ 7,136</u>	<u>\$ 119,364</u>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable	\$ 3,902	\$ -	\$ -	\$ -	\$ 3,902
Total liabilities	<u>3,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,902</u>
Fund balances:					
Restricted for:					
Impact fee programs	-		7,872	7,136	15,008
Transportation	88,590	11,864	-	-	100,454
Total fund balances	<u>88,590</u>	<u>11,864</u>	<u>7,872</u>	<u>7,136</u>	<u>115,462</u>
Total liabilities and fund balances	<u>\$ 92,492</u>	<u>\$ 11,864</u>	<u>\$ 7,872</u>	<u>\$ 7,136</u>	<u>\$ 119,364</u>

**City of Indian Rocks Beach, Florida**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2018**

	<b>Special Revenue</b>				<b>Total Non- major Governmental Funds</b>
	<b>Local Option Gas Surtax</b>	<b>Transportation Impact Fees</b>	<b>Recreation Impact Fees</b>	<b>Developmental Impact Fees</b>	
<b>Revenues</b>					
Other taxes	\$ 63,331	\$ -	\$ -	\$ -	\$ 63,331
Total revenues	<u>63,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,331</u>
<b>Expenditures</b>					
Transportation	43,156	-	-	-	43,156
Total expenditures	<u>43,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,156</u>
Excess of revenues over expenditures	<u>20,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,175</u>
Net change in fund balance	20,175	-	-	-	20,175
Fund balances, beginning of year	<u>68,415</u>	<u>11,864</u>	<u>7,872</u>	<u>7,136</u>	<u>95,287</u>
Fund balances, end of year	<u>\$ 88,590</u>	<u>\$ 11,864</u>	<u>\$ 7,872</u>	<u>\$ 7,136</u>	<u>\$ 115,462</u>

**City of Indian Rocks Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget vs. Actual**  
**Local Option Gas Surtax Fund**  
**For the Fiscal Year Ended September 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Other taxes	\$ 73,260	\$ 73,260	\$ 63,331	\$ (9,929)
Total revenues	73,260	73,260	63,331	(9,929)
<b>Expenditures</b>				
Transportation	55,000	50,000	43,156	6,884
Total expenditures	55,000	50,000	43,156	6,844
Excess of revenues over expenditures	18,260	18,260	20,175	1,915
Net change in fund balance	18,260	18,260	20,175	1,915
Fund balance, beginning of year	55,252	55,252	68,415	13,163
Fund balance, end of year	\$ 73,512	\$ 73,512	\$ 88,590	\$ 15,078

**Note to schedule:**

The budget for the Local Option Gas Surtax Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). There is no difference between GAAP and the budgetary basis of accounting.



**City of Indian Rocks Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget vs. Actual**  
**Transportation Impact Fee Fund**  
**For the Fiscal Year Ended September 30, 2018**

	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>			
Transportation impact fees	\$ 40,000	\$ -	\$ (40,000)
Total revenues	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>
<b>Expenditures</b>			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	40,000	-	(40,000)
Fund balance, beginning of year	<u>(31,976)</u>	<u>11,864</u>	<u>43,840</u>
Fund balance, end of year	<u><u>\$ 8,024</u></u>	<u><u>\$ 11,864</u></u>	<u><u>\$ 3,840</u></u>

**Note to schedule:**

The budget for the Transportation Impact Fee Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). There is no difference between GAAP and the budgetary basis of accounting.

**City of Indian Rocks Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget vs. Actual**  
**Recreation Impact Fee Fund**  
**For the Fiscal Year Ended September 30, 2018**

	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>			
Recreation impact fees	\$ 1,000	\$ -	\$ (1,000)
Total revenues	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<b>Expenditures</b>			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,000	-	(1,000)
Fund balance, beginning of year	<u>3,872</u>	<u>7,872</u>	<u>4,000</u>
Fund balance, end of year	<u><u>\$ 4,872</u></u>	<u><u>\$ 7,872</u></u>	<u><u>\$ 3,000</u></u>

**Note to schedule:**

The budget for the Recreation Impact Fee Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). There is no difference between GAAP and the budgetary basis of accounting.

**City of Indian Rocks Beach, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget vs.**  
**Actual Developmental Impact Fee Fund**  
**For the Fiscal Year Ended September 30, 2018**

	Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>			
Developmental impact fees	\$ 2,000	\$ -	\$ (2,000)
Total revenues	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
<b>Expenditures</b>			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	2,000	-	(2,000)
Fund balance, beginning of year	<u>4,136</u>	<u>7,136</u>	<u>3,000</u>
Fund balance, end of year	<u><u>\$ 6,136</u></u>	<u><u>\$ 7,136</u></u>	<u><u>\$ 1,000</u></u>

**Note to schedule:**

The budget for the Developmental Impact Fee Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). There is no difference between GAAP and the budgetary basis of accounting.

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**City of Indian Rocks Beach, Florida**  
**Statistical Section**  
**September 30, 2018**

This part of the City of Indian Rocks Beach, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

	<b>PAGE</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time .....	70
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax .....	75
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future .....	76
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place .....	81
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs .....	83

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

Schedule 1  
City of Indian Rocks Beach, Florida

**NET POSITION BY COMPONENT**  
*(accrual basis of accounting)*

	2011	2012	2013	2014	2015	2016	2017	2018
<b>Last Eight Fiscal Years</b>								
<b><u>Governmental activities</u></b>								
Invested in capital assets, net of related debt	\$ 7,771,923	\$ 8,410,669	\$ 8,735,245	\$ 8,431,195	\$ 8,934,989	\$ 10,871,053	\$ 12,836,327	\$ 13,677,764
Restricted	836,097	455,310	315,391	681,649	3,655,044	2,540,930	2,974,683	2,342,024
Unrestricted	2,403,667	2,352,700	2,185,457	2,276,082	3,724,728	3,974,138	2,412,767	2,724,045
Total governmental activities net position	<u>\$ 11,011,687</u>	<u>\$ 11,218,679</u>	<u>\$ 11,236,093</u>	<u>\$ 11,388,926</u>	<u>\$ 16,314,761</u>	<u>\$ 17,386,121</u>	<u>\$ 18,223,777</u>	<u>\$ 18,743,833</u>
<b><u>Business-type activities</u></b>								
Invested in capital assets, net of related debt	\$ 2,433,491	\$ 2,804,653	\$ 2,724,294	\$ 2,896,483	\$ 411,206	\$ 533,859	\$ 691,939	\$ 555,433
Unrestricted	2,090,721	2,645,397	2,910,533	3,248,704	1,634,621	1,340,977	836,682	173,304
Total business-type activities net position	<u>\$ 4,524,212</u>	<u>\$ 5,450,050</u>	<u>\$ 5,634,827</u>	<u>\$ 6,145,187</u>	<u>\$ 2,045,827</u>	<u>\$ 1,874,836</u>	<u>\$ 1,528,621</u>	<u>\$ 728,737</u>
<b><u>Primary government</u></b>								
Invested in capital assets, net of related debt	\$ 10,205,414	\$ 11,215,322	\$ 11,459,539	\$ 11,327,678	\$ 9,346,195	\$ 11,404,912	\$ 13,528,266	\$ 14,233,197
Restricted	836,097	455,310	315,391	681,649	3,655,044	2,540,930	2,974,683	2,342,024
Unrestricted	4,494,388	4,998,097	5,095,990	5,524,786	5,359,349	5,315,115	3,249,449	2,897,349
Total primary government net position	<u>\$ 15,535,899</u>	<u>\$ 16,668,729</u>	<u>\$ 16,870,920</u>	<u>\$ 17,534,113</u>	<u>\$ 18,360,588</u>	<u>\$ 19,260,957</u>	<u>\$ 19,752,398</u>	<u>\$ 19,472,570</u>

Schedule 2  
City of Indian Rocks Beach, Florida

**CHANGES IN NET POSITION**  
(accrual basis of accounting)

Last Eight Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>								
Governmental activities:								
General government	\$ 1,101,720	\$ 1,050,277	\$ 593,479	\$ 1,113,943	\$ 1,012,307	\$ 1,031,977	\$ 669,377	\$ 1,080,973
Public safety	979,519	749,127	1,106,389	1,111,628	1,226,629	1,172,316	1,265,574	1,355,796
Physical environment	393,308	742,965	814,073	438,968	491,731	376,869	161,293	1,492,383
Transportation	179,685	233,601	213,531	186,082	232,956	842,723	1,228,135	795,206
Culture/recreation	668,134	594,885	728,857	691,594	815,416	1,015,131	889,885	1,167,609
Total governmental activities expenses	3,322,366	3,370,855	3,456,329	3,542,215	3,779,039	4,439,016	4,244,264	5,891,967
Business-type activities:								
Sewer	1,289,079	1,436,438	1,841,847	1,647,800	-	-	-	-
Solid Waste	1,081,317	1,107,137	1,273,283	1,210,598	1,216,712	1,394,631	1,507,075	1,516,579
Total business-type activities expenses	2,370,396	2,543,575	3,115,130	2,858,398	1,216,712	1,394,631	1,507,075	1,516,579
Total primary government expenses	5,692,762	5,914,430	6,571,459	6,400,613	4,995,751	5,833,647	5,751,339	7,408,546
<b>Program revenues</b>								
Governmental activities:								
Charges for services								
General government	261,087	248,008	268,098	267,139	190,483	205,439	192,490	251,302
Public safety	191,150	184,942	216,449	332,689	334,180	352,032	308,718	364,056
Other	55,987	72,441	67,031	84,685	140,856	97,422	110,742	137,818
Operating grants and contributions	1,956	5,647	14,184	5,156	7,059	4,256	8,903	29,386
Capital grants and contributions	-	275,496	127,928	-	375,130	264,431	372,774	1,345,841
Total governmental activities program revenues	510,180	786,534	693,690	689,669	1,047,708	923,580	993,627	2,128,403
Business-type activities:								
Charges for services								
Sewer	2,020,565	2,056,279	2,083,944	2,107,341	4,006	-	-	-
Solid Waste Disposal	1,397,212	1,413,134	1,215,963	1,261,417	1,211,283	1,223,640	1,210,613	1,217,864
Operating grants and contributions	3,962	-	-	-	-	-	-	-
Total business-type activities program revenues	3,421,739	3,469,413	3,299,907	3,368,758	1,215,289	1,223,640	1,210,613	1,217,864
Total primary government program revenues	3,931,919	4,255,947	3,993,597	4,058,427	2,262,997	2,147,220	2,204,240	3,346,267
<b>Net (expense) / revenue</b>								
Governmental activities	(2,812,186)	(2,584,321)	(2,762,639)	(2,852,546)	(2,731,331)	(3,515,436)	(3,250,637)	(3,763,564)
Business-type activities	1,051,343	925,838	184,777	510,360	(1,423)	(170,991)	(296,462)	(298,715)
Total primary government net expense	(1,760,843)	(1,658,483)	(2,577,862)	(2,342,186)	(2,732,754)	(3,686,427)	(3,547,099)	(4,062,279)

Continued next page

Schedule 2  
City of Indian Rocks Beach, Florida

CHANGES IN NET POSITION - Continued

(accrual basis of accounting)  
Last Eight Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018
<b>General revenues and other changes in net position</b>								
Governmental activities:								
Property taxes	\$ 1,562,977	\$ 1,444,099	\$ 1,433,488	\$ 1,539,661	\$ 1,617,785	\$ 1,728,283	\$ 1,827,453	\$ 2,033,059
Franchise fees	431,781	413,429	397,988	434,540	444,758	424,728	426,621	450,704
Unrestricted state revenue sharing	110,224	102,990	101,276	101,550	103,194	104,570	109,089	113,364
Half-cent sales tax	254,008	216,495	225,705	237,599	252,682	262,547	266,090	283,566
Local option gas tax	66,284	69,385	70,694	99,204	121,204	273,310	88,735	63,331
Local option sales tax	379,039	399,963	422,643	449,883	484,918	512,331	527,477	554,362
Communications services tax	105,235	100,070	96,878	94,245	94,155	92,360	92,468	94,688
Other taxes	8,596	10,618	9,220	9,720	10,200	9,509	9,315	9,029
Unrestricted investment earnings	7,824	7,575	219	1,794	10,778	33,875	52,551	74,584
Miscellaneous revenues	50,800	26,669	21,942	37,183	1,128,357	497,357	688,494	105,764
Transfers in (out)	-	-	-	-	3,593,940	-	-	501,169
Extraordinary item - Gain from fire	-	-	-	-	-	647,926	-	-
Total governmental activities	2,976,768	2,791,313	2,780,053	3,005,379	7,861,971	4,586,796	4,088,293	4,283,620
Business-type activities:								
Unrestricted investment earnings	-	-	-	-	-	-	-	-
Loss on disposal of assets	-	-	-	-	(429,273)	-	(49,753)	-
Transfers in (out)	-	-	-	-	(3,593,940)	-	-	(501,169)
Total business-type activities	-	-	-	-	(4,023,213)	-	(49,753)	(501,169)
Total primary government	2,976,768	2,791,313	2,780,053	3,005,379	3,838,758	4,586,796	4,038,540	3,782,451
<b>Change in net position</b>								
Governmental activities	164,582	206,992	17,414	152,833	5,130,640	1,071,360	837,656	520,056
Business-type activities	1,051,343	925,838	184,777	510,360	(4,024,636)	(170,991)	(346,215)	(799,884)
Total change in net position	\$ 1,215,925	\$ 1,132,830	\$ 202,191	\$ 663,193	\$ 1,106,004	\$ 900,369	\$ 491,441	\$ (279,828)



Schedule 3  
City of Indian Rocks Beach, Florida

**FUND BALANCES, GOVERNMENTAL FUNDS**  
*(modified accrual basis of accounting)*

Last Eight Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018
<b>General fund</b>								
Nonspendable	\$ 817,517	\$ 407,119	\$ -	\$ 294	\$ 1,116	\$ 810	\$ 23,294	\$ 18,437
Committed	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Assigned	5,169	5,169	-	-	-	-	-	-
Unassigned	1,541,159	1,897,716	2,158,038	2,249,568	4,004,554	4,276,070	2,627,792	2,959,128
Total general fund	\$ 2,463,845	\$ 2,410,004	\$ 2,258,038	\$ 2,349,862	\$ 4,105,670	\$ 4,376,880	\$ 2,751,086	\$ 3,077,565
<b>All other governmental funds</b>								
Restricted for:								
Impact fee programs	81,692	61,771	59,309	76,780	158,984	165,008	15,008	15,008
Transportation	23,655	2,412	36,434	67,431	101,520	184,976	80,279	100,454
Capital projects	730,750	391,127	219,648	537,438	3,294,540	2,090,946	2,879,396	2,226,562
governmental funds	\$ 836,097	\$ 455,310	\$ 315,391	\$ 681,649	\$ 3,555,044	\$ 2,440,930	\$ 2,974,683	\$ 2,342,024
Total fund balances	\$ 3,299,942	\$ 2,865,314	\$ 2,573,429	\$ 3,031,511	\$ 7,660,714	\$ 6,817,810	\$ 5,725,769	\$ 5,419,589

Schedule 4  
City of Indian Rocks Beach, Florida

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
*(modified accrual basis of accounting)*

Last Eight Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>								
Taxes	\$ 2,807,920	\$ 2,654,079	\$ 2,656,616	\$ 2,864,852	\$ 2,975,702	\$ 3,103,020	\$ 3,223,319	\$ 3,488,739
Licenses and permits	202,995	204,204	241,469	276,134	350,113	367,010	326,249	404,133
Impact fees	-	-	-	76,780	102,204	200,048	14,840	-
Intergovernmental revenues	112,180	384,133	243,388	106,706	485,383	373,257	490,765	1,488,591
Charges for services	279,803	284,888	299,515	320,427	246,349	170,870	269,231	339,999
Fines	25,426	16,299	10,594	11,172	16,853	19,591	16,470	9,044
Investment income	7,824	7,575	219	1,794	10,778	33,875	52,551	74,584
Miscellaneous revenues	50,800	26,669	21,942	37,183	1,128,357	199,315	688,494	105,764
Total revenues	<u>3,486,948</u>	<u>3,577,847</u>	<u>3,473,743</u>	<u>3,695,048</u>	<u>5,315,739</u>	<u>4,466,986</u>	<u>5,081,919</u>	<u>5,910,854</u>
<b>Expenditures</b>								
General government	1,069,963	1,087,318	1,323,488	1,191,917	1,195,972	1,136,139	1,558,605	1,665,874
Public safety	977,022	985,648	1,103,063	1,107,473	1,238,531	1,169,659	1,261,051	1,351,739
Physical environment	428,047	729,197	564,998	258,374	430,132	2,219,425	1,228,399	1,672,159
Transportation	179,685	233,601	213,531	186,082	234,739	841,480	1,225,056	792,190
Culture/Recreation	576,306	976,711	560,548	493,120	1,181,102	986,578	900,849	1,236,241
Total expenditures	<u>3,231,023</u>	<u>4,012,475</u>	<u>3,765,628</u>	<u>3,236,966</u>	<u>4,280,476</u>	<u>6,353,281</u>	<u>6,173,960</u>	<u>6,718,203</u>
Excess of revenues over (under) expenditures	255,925	(434,628)	(291,885)	458,082	1,035,263	(1,886,295)	(1,092,041)	(807,349)
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	3,593,940	147,000	1,650,000	501,169
Transfers (out)	-	-	-	-	-	(147,000)	(1,650,000)	-
Extraordinary item - insurance proceeds	-	-	-	-	-	1,043,390	-	-
Total other fin. sources (uses)	-	-	-	-	<u>3,593,940</u>	<u>1,043,390</u>	<u>-</u>	<u>501,169</u>
Net change in fund balances	\$ 255,925	\$ (434,628)	\$ (291,885)	\$ 458,082	\$ 4,629,203	\$ (842,905)	\$ (1,092,041)	\$ (306,180)
Debt service as a percentage of non-capital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Schedule 5  
City of Indian Rocks Beach, Florida**

**ASSESSED VALUE OF TAXABLE PROPERTY**

**Last Ten Fiscal Years**

*(dollar amounts are expressed in thousands)*

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Taxable Assessed Value</b>	<b>Annual Percentage Change in Assessed Value</b>	<b>Total Direct Tax Rate (1) (Mills)</b>
2009	\$ 1,078,151	\$ 10,521	\$ 1,088,672	-9.3%	1.4695
2010	907,718	11,700	919,418	-15.5%	2.0000
2011	795,292	10,813	806,105	-12.3%	2.0000
2012	738,602	7,504	746,106	-7.4%	2.0000
2013	732,458	7,723	740,181	-0.8%	2.0000
2014	769,571	7,976	777,547	5.0%	2.0000
2015	827,427	8,021	835,448	7.4%	2.0000
2016	885,051	8,380	893,431	6.9%	2.0000
2017	972,371	8,173	980,544	9.8%	1.9300
2018	1,079,891	10,705	1,090,596	11.2%	1.9300

(1) Tax rates are per \$1,000 of assessed valuation.

(2) The basis of assessed value required by the state is 100% of actual value.

**Source:** Pinellas County Property Appraiser's Office.

**Schedule 6  
City of Indian Rocks Beach, Florida**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES (Mills)**

**Last Ten Fiscal Years**

*(Per \$1,000 of Assessed Taxable Value)*

Fiscal Year	City of Indian Rocks Beach	Pinellas County		Other	Total
		Government	School Board		
2009	1.4695	4.8730	8.0610	2.6984	17.1019
2010	2.0000	4.8730	8.3460	2.6539	19.3424
2011	2.0000	4.8730	8.3400	2.5843	17.7973
2012	2.0000	4.8730	8.3850	2.8201	18.0780
2013	2.0000	5.0727	8.3020	2.9497	18.3244
2014	2.0000	5.2755	8.0600	3.0044	18.3399
2015	2.0000	5.3377	7.8410	2.9262	18.1049
2016	2.0000	5.3377	7.7700	2.9092	18.0169
2017	1.9300	5.3377	7.3180	2.9106	17.4963
2018	1.9300	5.2755	7.0090	2.9755	17.1900

**Source:** Pinellas County Tax Collector's Office.

**Schedule 7  
City of Indian Rocks Beach, Florida**

**PRINCIPAL PROPERTY TAXPAYERS**

**Current Year and Ten Years Ago**

		September 30, 2018			September 30, 2009		
		Taxable	Percent of Total Taxable		Taxable	Percent of Total Taxable	
Hotel	Gulfcoast Marina LTD	\$ 12,141,804	1.24%	1	\$ 11,108,900	0.93%	1
Condos	CR Clearwater LLC	\$ 6,643,828	0.68%	2			
Condos	Harbourside Villas Inc	\$ 4,920,000	0.50%	3			
Condos	Orion Beach Development LLC	\$ 4,807,477	0.49%	4	\$ 5,067,700	0.42%	4
Condos	Cameron Cove Resort	\$ 3,536,346	0.36%	5	\$ 5,550,200	0.46%	3
Condos	1900 1st LLC	\$ 3,475,000	0.35%	6			
Rental Units	David Wilkerson	\$ 3,224,641	0.33%	7	\$ 3,526,708	0.38%	10
Condos	Beach Trail Group LLC	\$ 3,052,400	0.31%	8			
Condos	Brendan O'Carroll	\$ 2,634,318	0.27%	9			
Restaurant	Crabby Bill's Seafood Inc	\$ 2,218,000	0.23%	10			
	Totals	\$ 46,653,814	4.76%		\$ 25,253,508	2.19%	

**Source:** Pinellas County Property Appraiser's Office.

**Schedule 8  
City of Indian Rocks Beach, Florida**

**PROPERTY TAX LEVIES AND COLLECTIONS**

**Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Collections for the Fiscal Year of the Levy		Collections for Previous Years of Levy	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percentage of Levy
2009	\$ 2,114,018	\$ 2,054,982	97.2%	\$ -	\$ 2,054,982	97.2%
2010	1,780,532	1,725,545	96.9%	-	1,725,545	96.9%
2011	1,614,686	1,562,977	96.8%	-	1,562,977	96.8%
2012	1,481,363	1,444,099	97.5%	-	1,444,099	97.5%
2013	1,485,615	1,433,488	96.5%	-	1,433,488	96.5%
2014	1,556,018	1,504,390	96.7%	35,271 *	1,539,661	98.9%
2015	1,671,824	1,616,600	96.7%	1,185	1,617,785	96.8%
2016	1,789,711	1,725,711	96.4%	2,572	1,728,283	96.6%
2017	1,892,450	1,827,256	96.6%	197	1,827,453	96.6%
2018	2,108,284	2,031,629	96.4%	1,430	2,033,059	96.4%

Notes: \* Collections for Previous Years of Levy calculations started in FY 2014

Source: Pinellas County Tax Collector's Office.

**Schedule 9**  
**City of Indian Rocks Beach, Florida**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Governmental Activities Long-term Note Payable</b>	<b>Total Primary Government</b>	<b>Indian Rocks Beach Personal Income</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2009	\$ -	\$ -	\$ 197,764,152	0.00%	\$ -
2010	-	-	201,917,199	0.00%	-
2011	-	-	162,283,324	0.00%	-
2012	-	-	172,597,932	0.00%	-
2013	-	-	178,165,251	0.00%	-
2014	-	-	184,280,993	0.00%	-
2015	-	-	193,022,775	0.00%	-
2016	-	-	204,846,626	0.00%	-
2017	-	-	211,126,845	0.00%	-
2018	-	-	238,201,100	0.00%	-

**Sources:** Population data from University of Florida, Bureau of Economic and Business Research  
 Data for personal income not available before 2002 or after 2005; therefore, was calculated based on CPI increase.

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**Debt limitation :** There are no legal debt limits for Florida municipalities.

**Schedule 10  
City of Indian Rocks Beach, Florida**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**September 30, 2018**

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<u><b>Taxing District</b></u>	<u><b>Net General Obligation Outstanding</b></u>	<u><b>Percentage Applicable to City Taxpayers (1)</b></u>	<u><b>Amount Applicable to City Taxpayers</b></u>
Pinellas County School Board	\$ 6,808,627	1.33%	\$ 90,828
Pinellas County Government	<u>10,077,595</u>	1.33%	<u>134,437</u>
Total Overlapping Debt	16,886,222		225,266

**(1)** Based on the City's total taxable assessed value as a percentage of Pinellas County's total taxable assessed value. The City is not responsible for the debt of the School Board. However, in the event of default, the taxpayers would be required to pay off the debt.

**Source:** Pinellas County School Board and Pinellas County Government.



**Schedule 11  
City of Indian Rocks Beach, Florida**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2009	5255	\$ 37,634	\$ 197,764,152	11.2%
2010	5211	38,748	201,917,199	11.6%
2011	4102	39,562	162,283,324	10.7%
2012	4113	41,964	172,597,932	7.9%
2013	4179	42,635	178,165,251	6.2%
2014	4250	43,360	184,280,993	6.2%
2015	4203	45,925	193,022,775	5.7%
2016	4373	46,844	204,846,626	5.0%
2017	4380	48,202	211,126,845	3.7%
2018	4430	53,770	238,201,100	4.3%

- Sources:**
- (1) The U.S. Census reported 5100 and 4100 for the years 2000 and 2010 respectively. The population numbers shown here reflect projections provided by the University of Florida.
  - (2) Bureau of Economic and Demographic Research. U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System. The actual per capita personal income is for Pinellas County. The per capita figures are calculated by dividing total personal income (from sch.9) by population.
  - (3) Florida Agency for Workforce Innovation, Labor Market Statistics, Local Area Unemployment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

**Schedule 12  
City of Indian Rocks Beach, Florida**

**PRINCIPAL EMPLOYERS**

**Current Year and Seven Years Ago**

<u>Employer</u>	<u>September 30, 2018</u>			<u>September 30, 2011</u>		
	<u>Employees</u>	<u>Percent of Total City Employment (1)</u>	<u>Rank</u>	<u>Employees</u>	<u>Percent of Total City Employment(1)</u>	<u>Rank</u>
Crabby Bill's Seafood	185	19.5%	1	110	12.2%	1
Holiday Inn Harbourside	163	17.2%	2	110	12.2%	1
Guppy's on the Beach	68	7.2%	3	53	5.9%	3
JD's Restaurant	56	5.9%	4	42	4.7%	5
Slyce	55	5.8%	5	25	2.8%	9
PJ's Oyster bar	48	5.1%	6	45	5.0%	4
Century 21 Beggins	37	3.9%	7	35	3.9%	6
Keegan's	33	3.5%	8	27	3.0%	8
City of Indian Rocks Beach	29	3.1%	9	32	3.6%	7
Plumlee Realty	24	2.5%	10	17	1.9%	10
Total	<u>698</u>	<u>73.47%</u>		<u>496</u>	<u>55.11%</u>	

**Source:** Phone survey.

**(1)** Total employed estimated at 950 employees within the City.

Schedule 13

City of Indian Rocks Beach, Florida

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUND**

Last Ten Fiscal Years

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<b>General Fund</b>										
Administration	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.00	3.00	3.00
Finance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Community Dev/mt.	3.63	3.63	3.63	3.63	3.63	3.63	4.13	4.00	4.00	4.00
Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Services	12.00	12.00	10.67	10.67	10.67	10.67	10.67	10.00	10.00	10.00
Sub-total	23.13	22.88	21.55	21.55	21.55	21.55	22.05	21.00	21.00	21.00
<b>Sewer Fund</b>	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
<b>Solid Waste Fund</b>	9.00	9.00	9.00	9.00	9.00	9.00	8.00	8.00	8.00	8.00
<b>TOTAL</b>	<u>33.13</u>	<u>32.88</u>	<u>31.55</u>	<u>31.55</u>	<u>31.55</u>	<u>31.55</u>	<u>30.05</u>	<u>29.00</u>	<u>29.00</u>	<u>29.00</u>

Source: City of Indian Rocks Beach Finance Department

Schedule 14  
City of Indian Rocks Beach, Florida

**OPERATING INDICATORS BY FUNCTION / PROGRAM**

	Last Ten Fiscal Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b><u>Building Inspections</u></b>										
Building permits issued (a)	612	638	710	736	706	788	779	846	928	1,024
<b><u>Public Works - Streets Division</u></b>										
Streets resurfaced (miles)	0	2	0	2	0	0	0	0	0	0
Streets new surface (miles)	0	0	0	0	0	0	1	1	1	1

(a) Separate permits were issued for each trade

**Source:** Various City Departments

Schedule 15  
City of Indian Rocks Beach, Florida

**CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM**

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b><u>Public Safety</u></b>										
Fire stations	1	1	1	1	1	1	1	1	1	1
Police stations	1	1	1	1	1	1	1	1	1	1
<b><u>Parks and Recreation</u></b>										
Park acreage	41	41	41	41	41	41	41	41	41	41
Number of community parks	9	9	9	9	9	9	9	9	9	9
<b><u>Wastewater</u></b>										
Sanitary sewers (miles)	22	22	22	22	22	22	22	22	22	22

**Source:** Various City Departments.



Certified Public Accountants

**INDEPENDENT AUDITOR’S 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 the City Commission  
Indian Rocks Beach, 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 basic financial statements, as listed in the table of contents, of the City of Indian Rocks Beach, Florida (the “City”) as of and for the year ended September 30, 2018, and have issued our report thereon dated March 18, 2019.

**Internal Control over Financial Reporting**

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be 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.

Honorable Mayor and  
Members of the City Commission  
Indian Rocks Beach, Florida

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the City in a separate letter dated March 18, 2019.

### **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.



**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Tampa, Florida  
March 18, 2019



## INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and  
Members of the City Commission  
Indian Rocks Beach, Florida

We have examined the compliance of the City of Indian Rocks Beach, Florida (the "City") with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance 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 City complied with those requirements. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2018.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Tampa, Florida  
March 18, 2019





## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and  
Members of the City Commission  
Indian Rocks Beach, Florida

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

We have audited the basic financial statements of the City of Indian Rocks Beach, Florida (the "City") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 18, 2019.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

### **Other Reporting Requirements**

We have also issued our Independent Auditor's 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* 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 these reports, which are dated March 18, 2019, 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. In connection with the preceding audit, there were no findings or recommendations.

### **Official Title and Legal Authority**

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

### **Financial Condition and Management**

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

Honorable Mayor and  
Members of the City Commission  
Indian Rocks Beach, Florida

**Financial Condition and Management (Continued)**

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City'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 address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. 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 that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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, the Mayor, City Commission, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Tampa, Florida  
March 18, 2019