



TOWN OF INDIAN SHORES, FLORIDA

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2019

Saltmarsh, Cleaveland & Gund, P.A.
Certified Public Accountants

TOWN OF INDIAN SHORES, FLORIDA
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2019

Prepared by the
Department of Finance

TOWN OF INDIAN SHORES, FLORIDA
COUNCIL - MAYOR FORM OF GOVERNMENT
TOWN COUNCIL

Patrick C. Soranno, Mayor

Diantha Schear, Vice Mayor

William F. Smith, Councilor

Michael Petruccelli, Councilor

Michael Hackerson, Councilor

Town Clerk

Freddie Lozano

Director of Finance

Susan L. Scrogam, CMC, CBTO

Town Administrator

Bonnie Dhonau

Chief of Police

Richard Swann, Jr.

INTRODUCTORY SECTION

TOWN OF INDIAN SHORES, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

TABLE OF CONTENTS

INTRODUCTORY SECTION

Table of Contents i
Listing of Town of Indian Shores Officials 1

FINANCIAL SECTION

Independent Auditor’s Report 2
Management’s Discussion and Analysis 5

Basic Financial Statements

Government-Wide Financial Statements:
 Statement of Net Position 15
 Statement of Activities 16
Fund Financial Statements:
 Balance Sheet - Governmental Funds 17
 Reconciliation of the Balance Sheet to the Statement of
 Net Positions - Governmental Funds 18
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Funds 19
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds to the
 Statement of Activities - Governmental Funds 20
 Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Budget and Actual:
 General Fund 21
 Statement of Fiduciary Net Position - Fiduciary Fund 22
 Statement of Changes in Fiduciary Net Position - Fiduciary Fund 23
Notes to Financial Statements 24

TOWN OF INDIAN SHORES, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED)

Required Supplementary Information Other than MD&A

**Required Supplementary Information for Other Post Employment Benefits
Under GASB 75**

Schedule of Change in Total OPEB Liability and Related Ratios 75

Required Supplementary Information for Single Employer

Police Officers' Defined Benefit Pension Plan Under GASB 68

Schedules of Changes in Net Pension Liability 76
Schedule of Related Ratios. 77
Schedule of Contributions. 77
Notes to Schedule of Contributions 78
Schedule of Investment Returns 81

Combining and Individual Fund Financial Statements and Schedules

Non Major Governmental Fund:

Balance Sheet 82
Statement of Revenues, Expenditures and
Changes in Fund Balance 83

Special Revenue Fund:

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual 84

Capital Assets Used in the Operation of Governmental Funds:

Schedule by Source. 85
Schedule by Function and Activity. 86
Schedule of Changes by Function and Activity 87

TOWN OF INDIAN SHORES, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED)

STATISTICAL SECTION

Financial Trends

Changes in Net Position - Last Ten Fiscal Years	88
Net Position by Component - Last Ten Fiscal Years	90
Tax Revenues by Source - Governmental Activities - Last Ten Fiscal Years	91
Fund Balances - Governmental Funds - Last Ten Fiscal Years	92
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	93
General Governmental Expenditures by Function	94

Revenue Capacity

Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	95
Property Tax Rates - Direct and All Overlapping Governments (per \$1,000)	96
Principal Property Taxpayers	97
Property Levies and Collection	98

Debt Capacity

Ratios of Revenue Debt Outstanding - Last Ten Fiscal Years	99
Direct and Overlapping Governmental Activities Debt	100
Computation of Legal Debt Margin	101
Pledged Revenue Coverage - Last Ten Fiscal Years	102

Demographic and Economic Information

Demographic Statistics - Last Ten Fiscal Years	103
Principal Employers - Current Year and Nine Years Ago	104

TOWN OF INDIAN SHORES, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

TABLE OF CONTENTS

FINANCIAL SECTION (CONTINUED)

STATISTICAL SECTION (CONTINUED)

Operating Information

Full-Time Government Employees by Function - Last Ten Fiscal Years	105
Operating Indicators by Function - Last Ten Fiscal Years	106
Capital Asset Statistics by Function - Last Ten Fiscal.	107
Schedule of Insurance in Force	108

OTHER REPORTS:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed In Accordance with Government Auditing Standards	109
Management Letter	111
Attestation Report	114
Memorandum on Review of Internal Control Structure	115
Management Response	120

TOWN OF INDIAN SHORES, FLORIDA

LISTING OF TOWN OFFICIALS

ELECTED OFFICIALS

Mayor	Patrick C. Soranno
Vice Mayor	Diantha Schear
Councilor	William F. Smith
Councilor	Michael Petruccelli
Councilor	Michael Hackerson

APPOINTED OFFICIALS

Town Attorney	Regina Kardash
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DEPARTMENT DIRECTORS

Town Administrator	Bonnie Dhonau
Town Clerk	Freddie Lozano
Finance	Susan L. Scrogam, CMC, CBTO
Chief of Police	Richard Swann, Jr.

FINANCIAL SECTION

This section contains the following subsections:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Combining and Individual Financial Statements
and Schedules

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
and Town Council
Town of Indian Shores, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund, and the aggregate remaining fund information of the Town of Indian Shores, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The Honorable Mayor
and Town Council
Town of Indian Shores, Florida

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Indian Shores, Florida as of September 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-14 and the schedule of net pension liabilities, ratios for the Chapter 185 pension plan, contributions and investment returns for the Chapter 185 pension plan, the schedule of the Town's net pension liability and the schedule of change in total OPEB liability and related ratios 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 statement, 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.

The Honorable Mayor
and Town Council
Town of Indian Shores, Florida

Other Information

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

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

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

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Accounting Standards*, we have also issued our report dated September 11, 2020, on our consideration of the Town'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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Tampa, Florida
September 11, 2020

MANAGEMENT'S DISCUSSION
AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Indian Shores' discussion and analysis is designed to:

- (a) Assist the reader in focusing on the financial issues
- (b) Provide an overview of the Town's financial activity
- (c) Identify changes in the Town's financial position
- (d) Identify any material deviations from the financial plan (the approved budget)
- (e) Identify individual fund issues or concerns for the fiscal year ended September 30, 2019.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2019 the Town's assets exceeded its liabilities, resulting in *net* position of \$8,817,019. Of this amount, the *unrestricted net position* of \$4,031,234 can be used for any purpose that is approved by the Town Council.
- At September 30, 2019, the Town's governmental funds reported an ending fund balance of \$4,026,611 which is an *increase* of \$1,393,944 in comparison with the prior year. This increase is attributable primarily to the receipt of funding from Pinellas County and FDOT for Gulf Boulevard beautification as well as reimbursements from FEMA for damages incurred during Hurricane Irma.
- During the year, the Town's governmental activities program revenues were \$920,054 compared to expenses of \$3,794,837 which means that **only 24.24% of expenses were paid for with program revenues.**
- On September 30, 2019, unassigned fund balance for the General Fund was \$1,556,401.
- Governmental fund overall revenues increased over fiscal year 2019 with a reported increase of \$846,766 or 19.7%.
 - Ad Valorem increased by \$140,604 or 8.9%
 - Franchise Taxes increased by \$22,970 or 8.7%
 - Utility Taxes increased by \$31,610 or 8.1%
 - Permits increased by \$40,229 or 22.7%
 - Intergovernmental Revenues increased by \$546,379 or 45.7%
 - Charges for Services increased by \$45,993 or 7.7%
 - Fines, Interest & Miscellaneous Revenues increased by \$18,981 or 17.1%

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the *Statement of Net Position* and the *Statement of Activities* which presents information presenting how the Town's net position changed during the fiscal year; (2) Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund

financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds; and (3) Notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, using the *accrual basis of accounting*, which is similar to a private-sector business. There are two types of government-wide financial statements:

1. The *Statement of Net Position* presents information on all the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
2. The *Statement of Activities* presents information showing how the government's net position changed during fiscal year 2019. 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 taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, highways and streets, parking, and culture and recreation. Property Taxes, utility services taxes, gas taxes, and sales taxes, finance the majority of these services.

The government-wide financial statements include the Town itself (known as the primary government) and all activities of the governing agency.

The government-wide financial statements can be found on pages 15 – 16 of this report.

FUND FINANCIAL STATEMENTS

The accounts of the Town are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriated. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Town's funds are presented in separate fund financial statements. These funds are presented on a governmental fund financial statement. The Town's major funds are presented in separate columns on the fund financial statements. The definition of a major fund is one that meets certain criteria set-forth in GASB 34. The funds that do not meet the criteria of a major fund are

considered non-major funds and are combined into a single column on the fund financial statements.

GOVERNMENTAL FUNDS

Governmental fund financial statements are prepared on the modified accrual basis using current financial resources measurement focus. Under modified accrual basis, revenues are recognized when they become measurable and available as net current assets. The governmental fund statements provide a detailed short-term view of the Town general government operations and the information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's program.

The Town adopts an annual budget for the General Fund and a budgetary comparison statement has been provided for this fund to demonstrate budgetary compliance.

Proprietary funds financial statements are used to report the same functions presented as business-like activities in the government-wide financial statements on a full accrual basis and provide both long- and short-term financial information. The Town does not maintain a separate enterprise fund (one type of proprietary fund).

A *Fiduciary fund* is *not* included in the government-wide financial statements because the resources of those funds are not available to finance the Town's operation. The accounting used for fiduciary fund is similar to proprietary funds.

The basic fiduciary fund financial statement can be found on pages 22 and 23 of this report.

NOTES TO FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 – 74 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, including progress of funding pensions and other postemployment benefits (OPEB) to its employees.

The required supplementary information for the fiduciary fund's individual fund schedule information is reported on pages 76 – 81 of this report. The required supplementary information for OPEB is reported on page 75.

CAPITAL ASSETS

The capital assets of the Town are those assets that are used in the performance of Town functions. The Town continues to follow GASB Statement 34. Historically, a government's largest group of assets which includes land, building, improvements, machinery and equipment and infrastructure – i.e. roads, bridges, sidewalks curbs, and underground pipes - unless associated with a utility, have not been reported or depreciated in the Town's financial statements. The new statement

requires that these assets be valued and recorded within the governmental columns of the Governmental-wide Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, total assets exceeded total liabilities by \$8,817,019 at the close of fiscal year ended September 30, 2019. The Town uses capital assets to provide services to citizens; therefore, these assets are not available for future spending, because the Town has no intention of selling these assets to generate spendable assets (i.e., cash). The following table reflects the condensed Statement of Net Position.

Table 1		
Town of Indian Shores Florida		
Condensed Statement of Net Position ¹		
As of September 30		
	Total	
	Primary Government	
	2019	2018
Current and other Assets	\$ 4,366,762	\$ 3,828,771
Capital assets (net of Allowance)	9,326,681	9,835,421
Total Assets	13,693,443	12,664,192
Deferred Outflows of Resources	176,171	67,028
Current and other Liabilities	300,600	125,994
Compensated Absences	65,174	95,262
Long-Term Liabilities Outstanding:		
Due within one year	530,023	451,299
Due in more than one year	3,593,031	4,301,964
Total Liabilities	4,488,828	4,974,519
Deferred Inflows of Resources	563,767	302,371
Net Position:		
Net investment in capital assets	4,778,544	4,944,695
Restricted:		
Police Education	309	7,025
Police Equipment	6,932	6,933
Unrestricted	4,031,234	2,495,677
Total Net Position	\$ 8,817,019	\$ 7,454,330

¹For more detailed information, see Statement of Net Position on Page 15.

Of the Town's total net position, 45.7 % represents resources that are unrestricted on how they may be used with 0.1% being subject to external restrictions.

The remaining portion of the Town's net position, or 54.2%, represents its investment in capital assets (e. g. land, building, improvements and equipment), less any related outstanding debt used to acquire those assets. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position \$4,031,234 may be used to meet the government's ongoing obligations to citizens and creditors.

STATEMENT OF ACTIVITIES

The following table represents the revenues and expenses for the last two fiscal years:

<i>Table 2</i>		
Town of Indian Shores Florida		
Changes in Net Position		
For the Fiscal Year Ended September 30		
	Governmental Activities	
	2019	2018
REVENUES		
Program Revenues:		
Charge for Services	\$920,054	\$820,517
Total Program Revenues	920,054	820,517
General Revenues:		
Property Taxes	1,726,302	1,585,698
Franchise Fees	287,865	264,895
Utility Taxes	419,939	388,329
State Revenue Sharing	34,700	33,655
Half-Cent Sales Tax	96,717	95,879
Local Option Gas Tax	20,300	21,518
Local Option Sales Tax	199,799	190,354
Communications Services Tax	108,096	126,565
Other Taxes	1,275,928	722,975
Investment Income	31,776	13,959
Miscellaneous	36,050	46,416
Total General Revenues	4,237,472	3,490,243
EXPENSES		
General Government	1,354,679	998,723
Public Safety	1,348,321	1,599,130
Physical Environment	1,045,062	1,984,004
Culture and Recreation	46,775	44,861
Total Expenses	3,794,837	4,626,718
CHANGE IN NET POSITION		
Net Position - Beginning of year	7,454,330	7,770,288
Net Position - End of year	\$8,817,019	\$7,454,330

GOVERNMENTAL ACTIVITIES

Governmental Activities increased the Town's net position by \$1,362,689. Key elements of this change are as follows:

- Actual property tax revenue increased by \$140,604 or 8.9% compared to the prior year. A 7.13% increase in the existing property values and a millage rate of 1.8700 that was 5.16% above the Rolled-Back Rate of 1.7783.
- Governmental fund overall revenues increased over fiscal year 2019 with a reported increase of \$846,766 or 19.7%.
 - Ad Valorem increased by \$140,604 or 8.9%
 - Franchise Taxes increased by \$22,970 or 8.7%
 - Utility Taxes increased by \$31,610 or 8.1%
 - Permits increased by \$40,229 or 22.7%
 - Intergovernmental Revenues increased by \$546,379 or 45.7%
 - Charges for Services increased by \$45,993 or 7.7%
 - Fines, Interest & Miscellaneous Revenues increased by \$18,981 or 17.1%
- Local Option Sales Tax increased 5% or \$9,445 over the prior year. Utility Taxes increased 8.1% or \$31,610 with the Communications Services Tax decreasing (14.6%) or (\$18,469) over last year. The Utility Tax and 2.5% of the Communications Services Tax are utilized for the retirement of the long-term debt and interest for the placement of utilities underground within the Town.
- Program revenues increased \$99,537 primarily due to an increase in building permits and with small increases in fines assessed by the Town and an increase in charges for Police services.
- **Overall revenues increased 19.6% or \$846,766** in comparison with the prior year along with a **decrease of (18.0%) or (\$831,881) in program expenditures** in comparison with the prior year.

Function/Program Activities	2019	2018	Inc (Dec)	%
General Government	\$1,354,679	\$998,723	\$355,956	35.6%
Public Safety	\$1,348,321	\$1,599,130	(\$250,809)	-15.7%
Physical Environment	\$1,045,062	\$1,984,004	(\$938,942)	-47.3%
Culture & Recreation	\$46,775	\$44,861	\$1,914	4.3%
	\$3,794,837	\$4,626,718	(\$831,881)	-18.0%

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

GOVERNMENTAL FUNDS

The focus of the Town's governmental fund is to provide a detailed short-term view of the Town's general government operations. This information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's program. 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 2019, the Town's governmental funds reported ending fund balances of \$4,026,611 an increase of \$1,393,944 in comparison with the prior year. There was an increase in revenue of \$846,766 compared to the previous year and expenditures decreased by \$(1,104,349).

<u>INTERGOVERNMENTAL REVENUES</u>						
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Half-Cent Sales Tax	\$96,717	\$95,879	\$90,267	\$89,354	\$92,759	\$81,803
State Revenue Sharing	\$34,700	\$33,655	\$32,859	\$31,827	\$31,259	\$30,188
Local Option Gas Tax	\$20,300	\$21,518	\$24,943	\$24,731	\$24,195	\$23,295
1 Cent Surtax - LOST	\$199,799	\$190,354	\$178,788	\$174,366	\$178,937	\$142,068

100% of Utility taxes and 2.5% of the Communications Services Tax are utilized to fund the long-term debt payments for the undergrounding of utilities on Gulf Boulevard.

Unassigned fund balance is \$1,556,401 and is available for spending at the Town's discretion.

The remainder of the fund balance \$2,470,210 is non-spendable, restricted, committed or assigned, and not available for new spending and is detailed on page 58.

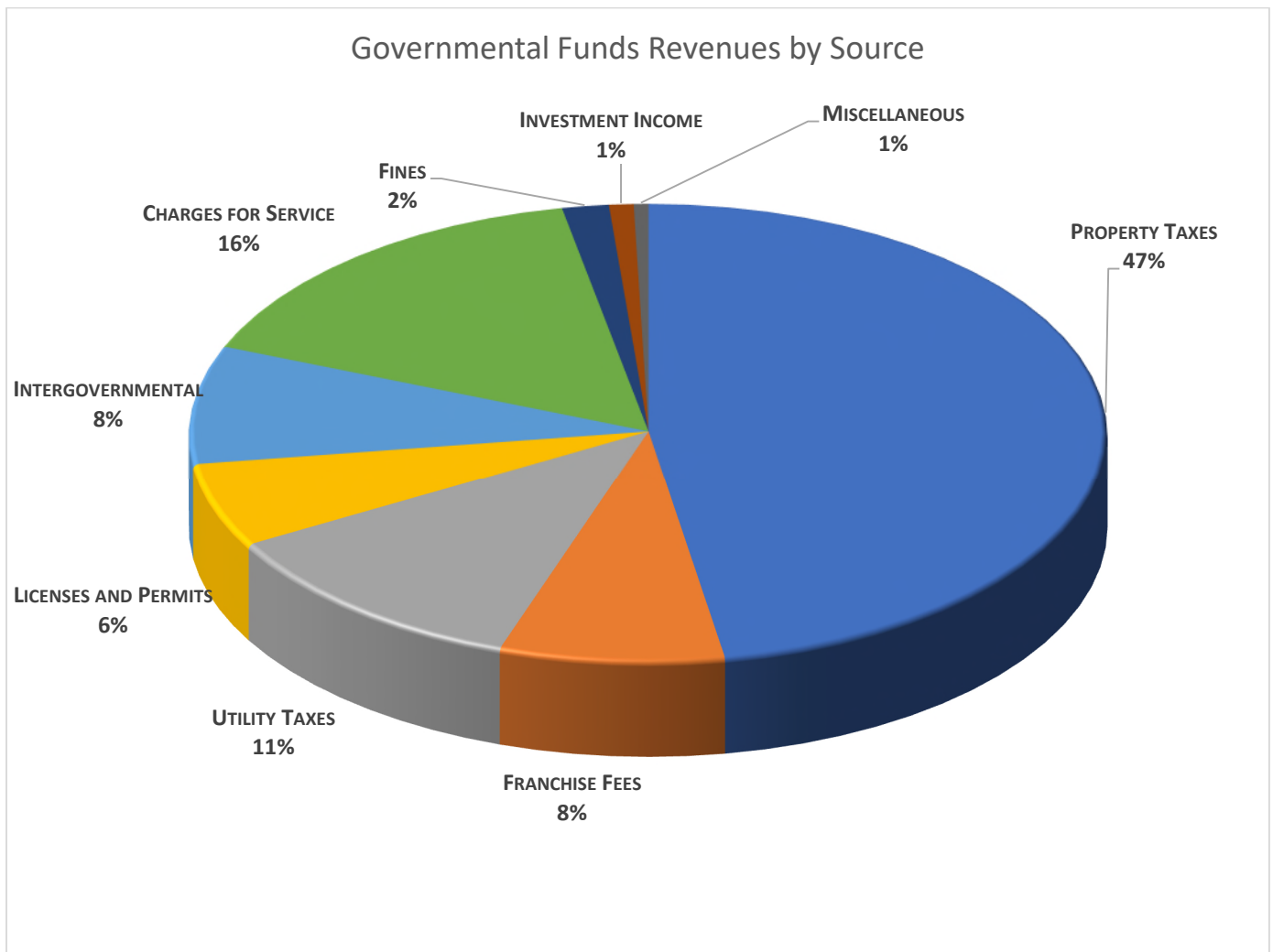
- The total governmental unassigned fund balance is 38.7% compared to total net position.

CALCULATION OF ALLOWABLE MAXIMUM MILLAGE

The rolled back rate is the rate that would generate approximately the same tax dollars as the previous year with the same properties (1.7783). During 2019 the Town was required to calculate and disclose the allowable Maximum Millage Levy Calculation. The current year rolled-back rate is allowed to be adjusted by the growth or loss in per capita Florida personal income that is certified by the Department of Revenue which was 1.0339%. The **majority vote** maximum millage rate allowed for the Town of Indian Shores was 2.2872. With a **two-thirds vote** the maximum millage rate allowed would have been 2.5159. **The Town Council approved a rate of 1.8700 per \$1,000 of valuation** which was 5.61% **more than** the rolled back rate of 1.7783.

For the Fiscal 2018/2019 year the maximum millage rate that can be levied will be calculated much the same as in FY 2017/2018 subject to any legislative changes.

The following chart shows the major sources of revenue by percentage. Most of the tax sources are not controllable by the Town, because State Statutes set the tax levies, but the Town has maintained a property tax millage well below the maximum 10 mill statutory rate.



GOVERNMENTAL FUNDS - BUDGETARY HIGHLIGHTS

There were no budget amendments to the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS - GOVERNMENTAL FUNDS

The Town's investment in capital assets for its governmental activities as of September 30, 2019 amounts to \$9,326,681 net of accumulated depreciation. This investment in capital assets includes land, building, improvements other than buildings, and equipment.

Town of Indian Shores, Florida
Capital Assets
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Land	\$ 827,462	\$ 827,462
Buildings	5,465,078	5,426,875
Improvements other than Buildings	9,733,995	9,720,202
Equipment	<u>865,672</u>	<u>821,605</u>
	16,892,207	16,796,144
Less Accumulated Depreciation	<u>(7,565,526)</u>	<u>(6,960,723)</u>
Totals	<u>\$ 9,326,681</u>	<u>\$ 9,835,421</u>

Additional information on the Town's capital assets can be found on pages 52 and 53 of this report.

LONG-TERM DEBT

At the end of Fiscal Year 2019, the Town had no outstanding general obligation bonds.

On February 15, 2005 the Town issued Revenue Bonds, Series 2005A through the Florida Municipal Loan Council in the amount of \$5,930,000 for the purpose of undergrounding utilities within the Town. This debt was subsequently refunded by Revenue Note, Series 2015.

Revenue Bonds - Principal \$ 3,470,787

During Fiscal Year 2018/2019 the Town paid \$206,937 towards retirement of Principal and with the retiring of the outstanding balance, interest expense has declined to \$126,067 for interest and fees paid semi-annually in February and August.

On September 27, 2012 the Town refinanced Municipal Revenue Bonds in the amount of \$1,820,000 that was utilized for the construction of a new Municipal Center. During Fiscal Year 2018/2019 the Town paid \$135,652 towards retirement of the Principal and \$34,482 for Interest payments. Debt payments are paid monthly and there is no pre-payment penalty after five-years from the date of issue.

Revenue Note - Principal \$ 881,740

The Town has recorded a liability for compensated absences in the amount of \$59,238.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the County at September 30, 2019 was 2.7 percent which represents a decrease of 10 percent from the prior year. The State rate of unemployment was 2.9 percent as of September 30, 2019.
- The Town of Indian Shores is primarily a residential community with less than 15.3 percent of properties currently claiming Homestead Exemption. The latest report shows 429 out of 2810 parcels.
- The Town of Indian Shores witnessed new construction costs at an estimated value of \$16,747,348 for the fiscal year ended September 2019. Permit Fees totaled over \$264,247 during this time. Due to new construction and increasing values, the Town is in good condition to raise sufficient tax revenue in FY2019 to meet projected expenditures without utilizing reserves. With new construction and increased issuances of Certificates of Occupancy and assessed values of real property continuing to increase well into 2020, the Town's ability to provide salary and benefit increases is likely.
- This financial report is designed to present users with a general overview of the Town's finances to all those interested in the government finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed:

Town's Finance Officer
19305 Gulf Boulevard
Indian Shores, Florida 33785
email: sscrogham@myindianshores.com.

BASIC FINANCIAL STATEMENTS

This section contains the following subsections:

Government-Wide Financial Statements

Statement of Net Position

Statement of Activities

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet - Governmental Funds

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

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities -
Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual:
General Fund

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position - Fiduciary Fund

Statement of Changes in Fiduciary Net Position - Fiduciary Fund

Notes to Financial Statements

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

ASSETS	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 1,882,748
Investments	1,099,171
Receivables (net of allowance for uncollectibles)	1,376,645
Prepaid items	8,198
Capital Assets:	
Land	827,462
Buildings	5,465,078
Improvements other than buildings	9,733,995
Equipment	865,672
Accumulated depreciation	<u>(7,565,526)</u>
Total Assets	<u>13,693,443</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension plan	176,171
LIABILITIES	
Accounts payable	274,977
Accrued payroll	65,174
Accrued interest payable	25,623
Noncurrent liabilities:	
Due within one year	530,023
Due in more than one year	<u>3,593,031</u>
Total Liabilities	<u>4,488,828</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pension plan	563,767
NET POSITION	
Net investment in capital assets	4,778,544
Restricted for:	
Police education	309
Police forfeiture	6,932
Unrestricted	<u>4,031,234</u>
Total Net Position	<u>\$ 8,817,019</u>

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Primary Government</u>
Function/Program Activities	
General government	\$ 1,354,679
Public Safety	1,348,321
Physical environment	1,045,062
Culture and recreation	<u>46,775</u>
Total program expenses	<u>3,794,837</u>
 Program Revenues:	
Charges for services	<u>920,054</u>
Total program revenues	<u>920,054</u>
 Net program expenses	2,874,783
 GENERAL REVENUES:	
Taxes:	
Property taxes	1,726,302
Franchise fees	287,865
Utility taxes	419,939
Intergovernmental Revenue:	
State revenue sharing	34,700
Half-cent sales tax	96,717
Local option gas tax	20,300
Local option sales tax	199,799
Communications tax	108,096
Other taxes	1,275,928
Investment income	31,776
Miscellaneous	<u>36,050</u>
Total General Revenues	<u>4,237,472</u>
 Change in net position	1,362,689
 Net Position - Beginning	<u>7,454,330</u>
 Net Position - Ending	<u>\$ 8,817,019</u>

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

ASSETS

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,754,310	\$ 100	\$ 128,338	\$ 1,882,748
Investments	1,099,171	-	-	1,099,171
Receivables (net of allowance for uncollectible accounts):				
Taxes:				
Franchise	29,137	-	-	29,137
Utility	51,041	-	-	51,041
Intergovernmental:				
State	40,651	624,645	-	665,296
County	-	626,157	5,014	631,171
Prepaid items	8,198	-	-	8,198
TOTAL ASSETS	\$ 2,982,508	\$ 1,250,902	\$ 133,352	\$ 4,366,762

LIABILITIES AND FUND BALANCE

LIABILITIES:				
Accounts payable	\$ 68,767	\$ 206,210	\$ -	\$ 274,977
Accrued payroll	65,174	-	-	65,174
TOTAL LIABILITIES	133,941	206,210	-	340,151
FUND BALANCE:				
Nonspendable	8,198	-	-	8,198
Restricted	7,241	1,044,692	133,352	1,185,285
Committed	95,198	-	-	95,198
Assigned	1,181,529	-	-	1,181,529
Unassigned	1,556,401	-	-	1,556,401
TOTAL FUND BALANCE	2,848,567	1,044,692	133,352	4,026,611
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,982,508	\$ 1,250,902	\$ 133,352	\$ 4,366,762

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

RECONCILIATION OF THE BALANCE SHEET
TO STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

Fund balances - total governmental funds \$ 4,026,611

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 governmental funds.

Governmental capital assets	\$ 16,892,207	
Less accumulated depreciation	<u>(7,565,526)</u>	
		9,326,681

Deferred outflows of resources related to pension plans 176,171

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Other postemployment benefits payable	(75,564)	
Accrued interest payable	(25,623)	
2012 Revenue note payable	(881,740)	
2015 Revenue note payable	(3,470,787)	
Vehicle leases payable	(195,610)	
Net pension liability (asset)	559,885	
Compensated absences	<u>(59,238)</u>	
		(4,148,677)

Deferred inflows of resources related to pension plans (563,767)

Net position of governmental activities \$ 8,817,019

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Capital Improvements Fund	Other Governmental Fund	Total
REVENUES:				
Taxes:				
Ad valorem	\$ 1,726,302	\$ -	\$ -	\$ 1,726,302
Franchise taxes	287,865	-	-	287,865
Utility taxes	419,939	-	-	419,939
Licenses and permits	217,548	-	-	217,548
Intergovernmental	304,018	1,403,254	28,268	1,735,540
Charges for services	579,536	-	62,517	642,053
Fines	60,453	-	-	60,453
Interest	31,776	-	-	31,776
Miscellaneous	19,051	-	-	19,051
	3,646,488	1,403,254	90,785	5,140,527
TOTAL REVENUES				
EXPENDITURES:				
Current:				
General government	1,001,537	264,985	-	1,266,522
Public safety	1,443,763	109,932	-	1,553,695
Physical environment	326,115	13,291	93,456	432,862
Culture and recreation	5,382	-	-	5,382
Debt service:				
Principal	-	342,589	-	342,589
Interest	-	163,155	-	163,155
	2,776,797	893,952	93,456	3,764,205
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	869,691	509,302	(2,671)	1,376,322
OTHER FINANCING SOURCES (USES):				
Proceeds from insurance	9,432	-	-	9,432
Proceeds from sale of equipment	8,190	-	-	8,190
Transfers in	-	418,294	43,817	462,111
Transfers (out)	(462,111)	-	-	(462,111)
	(444,489)	418,294	43,817	17,622
TOTAL OTHER FINANCING SOURCES (USES)				
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	425,202	927,596	41,146	1,393,944
FUND BALANCE, OCTOBER 1	2,423,365	117,096	92,206	2,632,667
FUND BALANCE, SEPTEMBER 30	\$ 2,848,567	\$ 1,044,692	\$ 133,352	\$ 4,026,611

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds \$ 1,393,944

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

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 161,941	
Less current year depreciation	<u>(669,991)</u>	
		(508,050)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in Other Post Employment Benefits	(11,193)	
Change in compensated absences	10,051	
Principal payment on 2012 revenue note	135,652	
Principal payment on 2015 revenue note	206,937	
Change in accrued interest expense	(538)	
Loss on disposal of equipment	(623)	
Change in net pension liability (asset)	<u>136,509</u>	
		<u>476,795</u>

Change in net position of governmental activities \$ 1,362,689

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Revenues:	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
Taxes:				
Ad valorem	\$ 1,734,419	\$ 1,734,419	\$ 1,726,302	\$ (8,117)
Franchise taxes	224,400	224,400	287,865	63,465
Utility tax	393,400	393,400	419,939	26,539
Licenses and permits	91,000	91,000	217,548	126,548
Intergovernmental	251,939	251,939	304,018	52,079
Charges for services	553,637	553,637	579,536	25,899
Fines	39,150	39,150	60,453	21,303
Interest	8,000	8,000	31,776	23,776
Miscellaneous	12,750	12,750	19,051	6,301
Total Revenues	3,308,695	3,308,695	3,646,488	337,793
Expenditures:				
Current:				
General Government:				
Legislative	74,816	74,816	60,563	14,253
Financial and administrative	883,548	883,548	814,823	68,725
Facilities maintenance	128,001	128,001	126,151	1,850
	1,086,365	1,086,365	1,001,537	84,828
Public Safety:				
Police	1,328,692	1,328,692	1,258,124	70,568
Protective inspections	229,951	229,951	185,639	44,312
	1,558,643	1,558,643	1,443,763	114,880
Physical Environment:				
Public Service	347,571	347,571	326,115	21,456
	347,571	347,571	326,115	21,456
Culture and Recreation:				
Library	6,150	6,150	5,382	768
	6,150	6,150	5,382	768
Total Expenditures	2,998,729	2,998,729	2,776,797	221,932
Excess of Revenues Over (Under) Expenditures	309,966	309,966	869,691	559,725
Other Financing Sources (Uses):				
Proceeds from insurance	12,500	12,500	9,432	(3,068)
Proceeds from sale of equipment	11,800	11,800	8,190	(3,610)
Transfer in - Road and Bridge Fund	83,820	83,820		(83,820)
Transfer in - Capital Improvements Fund	124,426	124,426		(124,426)
Transfer (out) - Road and Bridge Fund	(43,817)	(43,817)	(43,817)	-
Transfer (out) - Capital Improvements Fund	(498,700)	(498,700)	(418,294)	80,406
Total Other Financing Sources (Uses)	(309,971)	(309,971)	(444,489)	(134,518)
Net Change in Fund Balance	(5)	(5)	425,202	425,207
Fund Balance, Beginning of Year	2,423,365	2,423,365	2,423,365	-
Fund Balance, End of Year	\$ 2,423,360	\$ 2,423,360	\$ 2,848,567	\$ 425,207

See Notes to Financial Statements

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

SEPTEMBER 30, 2019

Assets

	<u>Public Safety Pension Fund</u>
Receivables:	
Employer contributions	\$ 25,266
Participant contributions	115
State excise tax rebate	17,707
Investment income	<u>6,624</u>
Total receivables	49,712
Investments at fair value:	
Government obligations	26,639
Corporate obligations	708,595
Municipal bonds	58,985
Domestic stock	2,399,949
Foreign stock	168,879
Temporary investments	<u>324,483</u>
Total investments	<u>3,687,530</u>
Total assets	3,737,242

Liabilities

Accounts payable	<u>12,031</u>
Net position restricted for pension benefits	\$ <u><u>3,725,211</u></u>

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Public Safety Pension Fund</u>
ADDITIONS:	
Contributions:	
Employer	\$ 113,757
Plan members	<u>32,006</u>
Total Contributions	145,763
Intergovernmental revenue:	
State excise tax rebate	17,707
Investment earnings:	
Interest/dividends	77,411
Net appreciation (depreciation) in fair value of investments	<u>202,537</u>
Investment earnings	279,948
Less investment expenses	<u>32,704</u>
Net investment earnings	<u>247,244</u>
Total additions	410,714
DEDUCTIONS:	
Benefits	
Age and service	151,905
Disability	43,627
Refund of contributions	20,000
Administrative expenses	<u>34,571</u>
Total deductions	<u>250,103</u>
Net increase in net position	160,611
Net position restricted for pension benefits:	
Beginning of year	<u>3,564,600</u>
End of year	<u>\$ 3,725,211</u>

See Notes to Financial Statements.

NOTES TO
FINANCIAL STATEMENTS

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies

The Town of Indian Shores (Town) maintains its accounting records in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below:

Reporting Entity - The Town is a political subdivision of the State of Florida, located in Pinellas County in the southwest central portion of the State. The Town was incorporated in 1949. In accordance with the Florida Statutes of 1941, the Town was established pursuant to a special election held on September 16, 1949. The Town's Charter was revised in 1985 and is the same Charter under which the Town currently operates. The Town is approximately .385 square miles in land area. The Town is a full service municipality providing its citizens with a full complement of municipal services except for fire protection.

In evaluating how to define the Town of Indian Shores, Florida (the primary government), for financial reporting purposes, management has considered all potential component units. The decision as to the inclusion of a component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14.

This governmental accounting standard requires that this financial statement present the Town of Indian Shores (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The policemen's pension fund is included in these financial statements as a pension trust fund.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. **Summary of Significant Accounting Policies (Continued)**

Policemen's Pension Fund - The Town's police officers participate in the Policemen's Pension Plan. The Plan functions for the benefit of these employees and is governed by a five-member pension board. Two police officers, two Town residents and a fifth member elected by the other four members constitute the pension board. The Town and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The Town is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels.

Complete financial statements of the above pension fund can be obtained from:

Town of Indian Shores
Director of Finance and Personnel
19305 Gulf Boulevard
Indian Shores, Florida 33785

The Pinellas Suncoast Fire & Rescue District (PSFRD) provides services within the Town of Indian Shores, but has not been included in the reporting entity because it does not meet the criteria necessary to be a component unit. The PSFRD elects its own governing Board, sets its own fee for services schedule and is completely independent of the Town of Indian Shores.

Government-Wide and Fund Financial Statements - As discussed more fully in Note 2 the Town has adopted the provisions of GASB Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from fiduciary funds.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

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

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

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the same page or the page following each statement, which briefly explains the adjustments necessary to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

The Town's fiduciary funds are presented in the fund financial statements by type (pension). Since by definition these assets are being held for the benefit of a third-party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation -

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

The *Capital Improvements Fund* accounts for the capital projects funded by the infrastructure sales surtax.

The Town reports the following nonmajor governmental fund:

The *Road and Bridge Fund* is a Special Revenue Fund that accounts for repair and maintenance projects funded by the County.

Additionally, the Town reports the following fund type:

The *Pension Trust Fund* account for the activities of the Public Safety System, which accumulates resources for pension benefit payments to qualified public safety employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's administrative function and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

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

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

Establishment/Elimination of Funds

No funds were established or eliminated during the fiscal year ended September 30, 2019.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position/Equity:

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

The Town's investment policy is to maintain funds in investments which yield the highest possible efficiency and return within the limitations established by Florida Statutes, Chapter 218.415. Provisions of those statutes authorize the Town to invest in:

- a) Florida State Board of Administration Local Government Pooled Investment Fund.
- b) Bonds, notes or other obligations of the United States or for which the credit of the United States is pledged for the payment thereof.
- c) Interest-bearing time deposits, savings accounts or collective investment funds in banks or savings and loan associations organized under the laws of the United States.
- d) Obligations of the federal farm credit banks and the Federal Home Loan Mortgage Corporation.
- e) Obligations of the Federal National Mortgage Association and the Government National Mortgage Association.

Investments in fixed income securities are stated at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Investments held by the Town's pension trust fund are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

The Domestic and Foreign Stocks, Corporate Bonds, Municipal and U.S. Government Obligations and Temporary Investment Funds are assets of the Policemen's Pension Trust Fund (Plan) and are reported at fair value. These securities are held by the Plan's agent in the Plan's name. The Temporary Investment funds are open end funds and are not subject to categorization.

The ICMA Investment Fund is an asset of the Employees' Pension Trust Fund and is reported at fair value. The ICMA Investment Fund is an open-end fund and provides management of commingled retirement plan funds for the defined contribution plan administered by the ICMA Retirement Corporation. The Retirement Corporation administers qualified money purchase pension plans for state and local governments and instrumentalities.

Receivables and payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All tax, accounts and intergovernmental receivables are shown net of an allowance for uncollectible.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Property Taxes - Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector.

The tax levy of the Town is established by the Town Council prior to October 1 of each year and the Pinellas County Property Appraiser incorporates the Town's milage into the total tax levy, which includes the Pinellas County School Board tax requirements. The Town is permitted by state law to levy taxes up to ten mills of assessed valuation, exclusive of taxes levied for the payment of bonds. The 2019 millage rate assessed by the Town was 1.8700.

All property is reassessed according to its fair market value 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 the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest at 18% per year. 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.

Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Because of the Pinellas County Tax Collector's Office efficient system for selling tax certificates and remitting the proceeds to the Town any delinquent or uncollected property taxes at year end are immaterial. The Town'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

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, if any, during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	45-55
Building improvements	20-30
Public domain infrastructure	45-55
Machinery and equipment	5-15

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Long-term Obligations - 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 assets.

Net Position - Net position of the government-wide fund represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets net of accumulated depreciation and the outstanding balance on any borrowing spent for acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Council or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Nature and Purpose of Classifications of Fund Equity - In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by

- a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or
- b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances.

Amounts that can only be used for specific purposes pursuant to constraints imposed by the Town Council through a resolution are classified as committed fund balances. Amounts that are constrained by the Town's intent to be used for specific purposes but are not either restricted nor committed are classified as assigned fund balances. Assignments are made by the Town management. Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the governmental funds.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Fund Balance/ Net Position Policy

The Town hereby establishes and will maintain Fund Balance/Net Position, as defined herein, in accordance with Governmental Accounting and Financial Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund Balance shall be composed of non-spendable, restricted, committed, assigned and unassigned amounts.

A Fund Balance Policy/Net Position is adopted in order to secure and maintain investment-grade credit ratings, meet seasonal shortfalls in cash flow, and reduce susceptibility to emergency or unanticipated expenditures and/or revenue shortfalls. Fund balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing ones, or enhance the financial position of the Town, in accordance with policies established by the Town Council.

This Fund Balance/Net Position Policy establishes:

- a. Fund balance policy for the General Fund;
- b. The method of budgeting the amount of estimated unrestricted fund balance (also known as estimated beginning fund balance) available for appropriation during the annual budget adoption process (prior to the actual, audited fund balance being known) and what actions may need to be taken if the actual fund balance is significantly different than the budgeted fund balance; and
- c. Establish the spending order of fund balances.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. **Summary of Significant Accounting Policies (Continued)**

RESTRICTED

Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation will be budgeted and reported in specific revenue funds, capital project funds or debt service funds.

COMMITTED

This component may be made for such purposes including, but not limited to: a) major maintenance and repair projects; b) meeting future obligations resulting from a natural disaster; c) accumulating resources pursuant to stabilization arrangements; d) establishing reserves for disasters; and/or e) for setting aside amounts for specific projects.

ASSIGNED

This component may be: a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues.

Assigned fund balance shall reflect management's intended use of resources as set forth in the annual budget (and any amendments thereto). Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

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.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

UNASSIGNED (Continued)

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

NON-SPENDABLE

This component is established to report items that are not expected to be converted to cash such as inventory and pre-paid items; items not currently in cash form such as long-term amounts of loans and notes receivable as well as property acquired for resale; and, items legally or contractually required to be maintained intact such as the corpus (or principle) of a permanent fund.

MINIMUM LEVEL OF UNASSIGNED FUND BALANCE

Unassigned fund balance is the residual classification for general fund and represents fund balance that has not been restricted, committed or assigned by specific purposes within the general fund.

If, after the annual audit, prior or committed or assigned fund balance causes the unassigned fund balance to fall below 30% of general fund operating expenditures, the Town Administrator will also advise Town Council in order for the necessary action to be taken to restore the unassigned fund balance to 30% of General Fund operating expenditures.

The Town Administrator will prepare and submit a plan for committed and/or assigned fund balance reduction, expenditure reductions and/or revenue increases to Town Council. The Town shall take action necessary to restore the unassigned fund balance to acceptable levels within two years.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Accrued Leave - Regular, full-time, permanent employees (general employees) earn vacation, sick leave, holidays starting with the first day of employment. Part-time and temporary employees do not earn or accrue any vacation, sick leave or any other leave, except as may be approved by the Town Council.

Vacation Leave:

Vacation leave is earned based on years of fully completed service as follows:

<u>Leave Earned</u> <u>Years of Completed Service</u>	<u>Per Biweekly Pay Period</u>
Less than 5	4 hours
At least 5 but less than 10	5 hours
At least 10 but less than 15	6 hours
At least 15 but less than 20	7 hours
20 years and over	8 hours

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

The Town Administrator, Town Clerk, Director of Finance and Personnel, and all other Department Heads earn vacation leave at the rate of six (6) hours per bi-weekly period, or in accordance with the appropriate rate based on length of service, whichever is greater.

A maximum of two hundred forty hours or thirty working days may be carried over from one fiscal year to the next. An employee who has served six months or more may take vacation leave. Every eligible full-time employee is required to take at least sixty-four hours of vacation leave within each fiscal year. At the end of the fiscal year or when an employee is to be terminated without prejudice, the employee may (contingent upon the approval of the Department Head, Town Administrator, Town Clerk, and Director of Finance and Personnel), take all, or any portion, of his accrued vacation leave subject to the following limitations. Leaves by Department Heads must be approved by the Director of Finance and Personnel. Any vacation leave by a Department Head which will contribute to exceeding one hundred twenty hours taken within a period of ninety consecutive calendar days requires the approval of the appropriate Town committee responsible to the Town Council for that department (responsible committee). However, if an employee is being terminated without prejudice, the one hundred twenty hour limitation does not apply.

An employee who terminates employment "without prejudice" is paid for any unused vacation leave accumulated to the time of termination. An employee who does not perform satisfactorily in accordance with the Town's standards will be terminated "with prejudice." Any employees terminated with prejudice may lose all accrued vacation leave. Each case will be reviewed by the responsible committee.

Sick Leave:

Sick leave is earned based on length of completed, fully compensated service as follows:

<u>Years of Completed Service</u>	<u>Leave Earned</u> <u>Per Biweekly Pay Period</u>
Less than 15	4 hours = 13 Working Days/Year
15 years and over	6 hours = 18 Working Days/Year

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

The Town Administrator, Town Clerk, Director of Finance and Personnel and all other Administrators shall earn sick leave at the rate of six (6) hours per bi-weekly period.

An employee who does not use all of his or her accrued sick leave by the end of the twenty-sixth (26th) bi-weekly period in any fiscal year may carry forward to the next fiscal year up to eight hundred (800) hours of unused sick leave, plus one year's sick leave for potential use to allow them to remain at the 800 hours level for cash-out purposes.

Any employee who separates employment from the Town other than for cause and who, at the time of separation has 800 accrued hours of sick leave, will be paid for one hundred and forty (140) hours.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Vested or accumulated accrued 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 accrued leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

Deferred Outflows of Resources/Deferred Inflows of Resources -Government Accounting Standards Board (GASB) Concept Statement No. 4, "Elements of Financial Statements", introduced two new elements of the financial statements in addition to Assets, Liabilities and Net Assets (changed to Net Position) which are:

Deferred Outflows of Resources is a consumption of net assets by the government that is applicable to a future reporting period.

Deferred Inflows of Resources is an acquisition of net assets by the government that is applicable to a future reporting period.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Government Accounting Standards Board (GASB) Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” provide financial reporting guidance for Deferred Outflows of Resources and Deferred Inflows of Resources and also identifies Net Position (replacing Net Assets) as the residual of all the elements (Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflow of Resources) presented in a statement of financial position.

Government Accounting Standards Board (GASB) Statement No. 65, “Items Previously Reported as Assets and Liabilities” establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflow of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The Town has the following items that qualify for reporting in this category:

- A. Pension contributions after measurement date. These contributions are deferred and recognized in the following fiscal year.
- B. Difference in projected and actual earning on pension assets - This difference is deferred and amortized over a closed five year period.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. **Summary of Significant Accounting Policies (Continued)**

Net Position:

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is presented in three components - net investment in capital assets, restricted and unrestricted.

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. This component does not include the portion of debt attributable to the unspent proceeds.

Restricted - This component consists of net position that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or law or regulations of other governments) or by law through constitutional provisions or enabling legislation.

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

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

Fund Balance:

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town 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 - nonspendable, restricted, committed, assigned and unassigned.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Subsequent Events - Management has adopted the provisions set forth in GASB Statement No. 56, *Subsequent Events*, and considered subsequent events through September 11, 2020.

On January 20, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Town's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Town is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

2. Stewardship, Compliance, and Accountability

Budget Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund 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 Town 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.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

2. **Stewardship, Compliance, and Accountability (Continued)**

The proposed budget is presented by the Town staff to the Town Council for review on or before August 31. The Town Council 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 reserves estimated as available by the Finance Officer or the revenue estimates must be changed by an affirmative vote of a majority of the Town Council.

Expenditures may not legally exceed budgeted appropriations at the departmental level. During the year one supplementary appropriation was necessary to cover personal services for the police department.

Encumbrances accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

3. **Cash and Cash Equivalents**

The Town 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 are separately held by several of the Town's funds.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

4. Deposits

At year-end the carrying amount of the Town's deposits was \$1,882,748 and the bank balance was \$1,990,352. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Security for Public Deposits Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default.

5. Investments

The Town's investments are categorized as insured or registered or for which the securities are held by the Town or its agent in the Town's name. Investments that are not evidenced by securities that exist in physical or book-entry form include investments in open-ended mutual funds and pools managed by other governments.

Investments held by Town:	<u>Fair Value</u>	<u>Bond Rating</u>	<u>Weighted Average Duration in Years</u>
Florida Cooperative Liquid			
Asset Securities System	\$ 58,614	N/A	N/A
FMIVT Portfolio	1,040,557	N/A	N/A
Investments held by Pension Trust Fund:			
Domestic Stock	2,399,949	N/A	N/A
Corporate Obligations	708,595	AA	3.81
Municipal Bonds	58,985	AA	2.74
Government Obligations	26,639	N/A	N/A
Foreign Stock	168,879	N/A	N/A
Temporary Investments	<u>324,483</u>	AA	N/A
Total investments	<u>\$ 4,786,701</u>		

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

5. Investments (Continued)

Interest Rate Risk - The Town manages its exposure to fair value losses arising from increasing interest rates through its adopted investment policies. The Town limits the effective duration of its investment portfolio through the adoption of nationally recognized risk measure bench marks.

Credit Risk - Consistent with state law the Town's investment guidelines limit its fixed income investments to a quality rating of 'A' or equivalent as rated by one or more recognized bond rating service at the time of purchase. Fixed income investments which are downgraded to 'BAA' or equivalent must be liquidated within a reasonable period of time not to exceed twelve months. Fixed income investments which are downgraded below 'BAA' shall be liquidated immediately.

The common stocks, corporate obligations, and temporary investment funds are assets of the Policemen's Pension Fund held by the Fund's agent in the Funds name. Accrued interest is not shown under a separate balance sheet account for the investment in the Florida Local Government Pooled Investment Fund as it is carried at fair value.

Policemen's Pension Fund

The Board for the Policemen's Pension Fund has adopted an Investment Policy that is in accordance with Chapter 185 of the Florida Statutes.

Investments in foreign securities are denominated in United States currency.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

6. Investment Measurement at Fair Value

Fair Value Hierarchy

The accounting standards break down the fair value hierarchy into three levels based on how observable the inputs are that make up the valuation. The most observable inputs are classified as Level 1 where the unobservable inputs are classified as Level 3.

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

As a general rule, any asset that has a daily closing price and is actively traded will be classified as a Level 1 input.

Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in active markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

As a general rule, if an asset or liability does not fall into the requirements of a Level 1 or Level 3 input, it would default to Level 2. With Level 2 inputs, there is usually data that can be easily obtained to support the valuation, even though it is not as easily obtained as a Level 1 input would be.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

6. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

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

As a general rule, Level 3 inputs are those that are difficult to obtain on a regular basis and require verification from an outside party, such as an auditor or an appraisal, to validate the valuation.

Net asset value (NAV) is a common measurement of fair value for Level 1, Level 2, and Level 3 investments. A fund's NAV is simply its assets less its liabilities, and is often reported as a per share amount for fair value measurement purposes. The Plan would multiply the NAV per share owned to arrive at fair value. Level 1 investment in funds such as mutual funds report at a daily NAV per share and are actively traded. NAV also comes in to play for Level 2 and 3 investments. As a matter of convenience (or referred to in accounting literature as a "practical expedient"), a Plan can use the NAV per share for investments in a nongovernmental entity that does not have a readily determined fair value, such as an alternative investment. Investments measured at NAV as a practical expedient would be excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund's reported NAV as a matter of convenience.

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following total recurring fair value measurements as of September 30, 2019 and 2018:

- *Debt securities* - Debt securities classified in Level 1 or Level 2 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used by International Data Pricing and Reference Data, LLC to value securities based on the securities' relationship to benchmark quoted prices.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

6. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

- *Mutual funds* - The rationale for inclusion in Level 1 or Level 2 points to the unobservable inputs involved in mutual fund pricing. Mutual funds do not trade using bid and ask, as with ETF's or common stock. Instead, the prices are determined by the net asset value of the underlying investments at the close of business for the next day's open. The underlying assets themselves may include a variety of Level 1 and Level 2 securities and some may be valued using matrix pricing which interpolates the price of a security based on the price of similar securities.
- *Fixed income funds* - Valued using pricing models maximizing the use of observable input for similar securities. This includes basing value on yield currently available on comparable securities of issues with similar credit ratings.
- *Equity funds* - Valued at market prices for similar assets in active markets.
- *Common stock* - Valued at quoted market prices for identical assets in active markets.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

6. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

		Fair Value Measurements Using		
	September 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Government obligations	\$ 26,639	\$ -	\$ 26,639	-
Corporate obligations	708,595	-	708,595	-
Municipal bonds	58,985	-	58,985	-
Domestic stocks	2,399,949	2,399,949	-	-
Foreign stock	168,879	168,879	-	-
Temporary investments	324,483	324,483	-	-
Florida Cooperative Liquid Assets Securities System	58,614	-	58,614	-
FMIVT portfolio	<u>1,040,557</u>	-	<u>1,040,557</u>	-
Total investment measured by fair value level	<u>\$ 4,786,701</u>	<u>\$ 2,893,311</u>	<u>\$ 1,893,390</u>	<u>\$ -</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

7. Receivables

Receivables at September 30, 2019, consist of the following:

	<u>General Fund</u>	<u>Pension Trust Fund</u>	<u>Capital Improvement Fund</u>	<u>Road and Bridge Fund</u>	<u>Total</u>
Receivables:					
Taxes	\$ 80,178	\$ -	\$ -	\$ -	\$ 80,178
Accounts	-	32,005	-	-	32,005
Intergovernmental	<u>40,651</u>	<u>17,707</u>	<u>1,250,802</u>	<u>5,014</u>	<u>1,314,174</u>
Gross receivables	120,829	49,712	1,250,802	5,014	1,426,357
Less: Allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 120,829</u>	<u>\$ 49,712</u>	<u>\$ 1,250,802</u>	<u>\$ 5,014</u>	<u>\$ 1,426,357</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

8. Capital Assets

Capital assets activity for the year ended September 30, 2019 was as follows:

<u>Governmental activities:</u>	<u>Balance October 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2019</u>
Capital assets, not being depreciated:				
Land	\$ 827,462	\$ -	\$ -	\$ 827,462
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	827,462	-	-	827,462
Capital assets, being depreciated:				
Buildings	5,426,875	38,203	-	5,465,078
Improvements other than buildings	9,720,202	13,793	-	9,733,995
Equipment	<u>821,605</u>	<u>109,945</u>	<u>(65,878)</u>	<u>865,672</u>
Total capital assets, being depreciated	15,968,682	161,941	(65,878)	16,064,745
Less accumulated depreciation for:				
Buildings	(979,498)	(120,715)	-	(1,100,213)
Improvements other than buildings	(5,518,325)	(471,375)	-	(5,989,700)
Equipment	<u>(462,900)</u>	<u>(77,901)</u>	<u>65,188</u>	<u>(475,613)</u>
Total accumulated depreciation	<u>(6,960,723)</u>	<u>(669,991)</u>	<u>65,188</u>	<u>(7,565,526)</u>
Total capital assets, being depreciated, net	<u>9,007,959</u>	<u>(508,050)</u>	<u>(690)</u>	<u>8,499,219</u>
Governmental activities				
Capital assets, net	<u>\$ 9,835,421</u>	<u>\$ (508,050)</u>	<u>\$ (690)</u>	<u>\$ 9,326,681</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

8. Capital Assets (Continued)

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

Governmental activities:		
General government	\$	124,692
Public safety		41,067
Physical environment		462,839
Culture and recreation		<u>41,393</u>
 Total depreciation expenses - governmental activities	 \$	 <u><u>669,991</u></u>

9. Interfund Transfers

Transfers were made from the General Fund to subsidize the budgeted operations of the other funds for the fiscal year ended September 30, 2019 as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ -	\$ 462,111
Road and Bridge Fund	43,817	-
Capital Improvement Fund	418,294	-
 Total	 <u>\$ 462,111</u>	 <u>\$ 462,111</u>

10. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees; and natural disasters.

The Town continues to carry commercial insurance for risks of loss including health, building and contents, employee and police bonds, mobile property, flood and employee accident insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Town has not had any significant coverage reductions under these policies from the prior years.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

11. Long-Term Debt

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended September 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 69,289	\$ -	\$ 10,051	\$ 59,238	\$ 14,810
Other postemployment benefits	64,371	11,193	-	75,564	-
Revenue note, 2012	1,017,392	-	135,652	881,740	135,652
Revenue note, 2015	3,677,724	-	206,937	3,470,787	346,840
Vehicle leases	195,610	-	-	195,610	32,721
Net pension liability (asset)	<u>(271,123)</u>	<u>-</u>	<u>288,762</u>	<u>(559,885)</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 4,753,263</u>	<u>\$ 11,193</u>	<u>\$ 641,402</u>	<u>\$ 4,123,054</u>	<u>\$ 530,023</u>

Compensated absences are generally liquidated by the General Fund for Governmental Activities.

Vehicle Lease

On June 20, 2018, the Town entered into a capital lease with Bancorp Bank for five police vehicles.

The repayment terms are as follows:

Term:	2019 - 2024
Annual Payments:	\$46,355
Interest Rate:	5.19% - 5.84%
Amount outstanding at September 30, 2019	<u>\$ 195,610</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

11. Long-Term Debt (Continued)

Vehicle Leases (Continued)

	<u>Principal</u>	<u>Interest</u>
2020	\$ 32,721	\$ 13,634
2021	37,574	8,781
2022	39,599	6,756
2023	41,733	4,622
2024	<u>43,983</u>	<u>2,372</u>
	<u>\$ 195,610</u>	<u>\$ 36,165</u>

Revenue Note, Series 2015

On October 6, 2015, the Town Council adopted Resolution 10-2015 to approve a loan agreement with Suntrust Bank providing for a \$4,794,532 loan along with a \$500,000 cash contribution by the Town to refund the Town's portion of the Florida Municipal Loan Council's revenue bond, Series 2005A. The original purpose of this debt was to fund the Town's undergrounding project. The repayment terms are as follows:

Term:	October 8, 2015 through February 1, 2030
Annual Principal Payments:	\$206,936 to \$363,370
Interest Rate:	3.60%
Amount outstanding at September 30, 2019:	<u>\$ 3,470,787</u>

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
2020	\$ 346,840	\$ 117,060
2021	265,834	107,677
2022	276,089	97,922
2023	281,246	87,890
2024	296,266	77,495
2025-2029	1,641,143	217,299
2030	<u>363,369</u>	<u>6,541</u>
	<u>\$ 3,470,787</u>	<u>\$ 711,884</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

11. Long-Term Debt (Continued)

Changes in long-term liabilities (Continued)

Revenue Note, Series 2012

On September 27, 2012, the Town Council adopted Resolution 8-2012 to approve a loan agreement with SunTrust Bank providing for a \$1,820,000 loan to refinance the series 2010 revenue note at a reduced interest rate.

SunTrust Loan Agreement

Term:	September 1, 2012 through March 1, 2026
Amount borrowed:	\$1,820,000
Principal payments:	\$11,304 monthly
Interest rate:	3.56%
Amount outstanding at September 30, 2019	<u>\$ 881,740</u>

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
2020	\$ 135,652	\$ 29,666
2021	135,652	24,687
2022	135,652	19,780
2023	135,652	14,891
2024	135,652	10,021
2025-2026	<u>203,480</u>	<u>5,809</u>
	<u>\$ 881,740</u>	<u>\$ 104,854</u>

12. Reserved Net Position

Pension Trust Fund - The net position in the Pension Trust Fund is reserved to indicate fund equity is restricted for future benefits to members of the pension plan is summarized as follows:

Policemen's Pension Fund	\$ <u>3,725,211</u>
Net position restricted for pensions	\$ <u>3,725,211</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

13. Details of Constraints on Fund Balances of Governmental Funds

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Road and Bridge Fund</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Prepays	\$ 8,198	\$ -	\$ -	8,198
Restricted for:				
Police education	309	-	-	309
Police forfeiture	6,932	-	-	6,932
Capital projects	-	1,044,692	133,352	1,178,044
Committed to:				
Insurance deductible	31,500	-	-	31,500
Beautification	38,857	-	-	38,857
Public works equipment	2,841	-	-	2,841
Beach cleanup	22,000	-	-	22,000
Assigned:				
Building facilities	866,437	-	-	866,437
Park facilities	42,333	-	-	42,333
Beach facilities	6,300	-	-	6,300
Public services equipment	49,050	-	-	49,050
Signage	116,429	-	-	116,429
Street/parking lot maintenance	20,980	-	-	20,980
Debt reduction	80,000	-	-	80,000
Unassigned:	<u>1,556,401</u>	<u>-</u>	<u>-</u>	<u>1,556,401</u>
Total fund balances	<u>\$ 2,848,567</u>	<u>\$ 1,044,692</u>	<u>\$ 133,352</u>	<u>\$ 4,026,611</u>

14. Budgetary - GAAP Reporting Reconciliation

The accompanying financial statements present comparisons of the legally adopted budget with actual data on a GAAP (generally accepted accounting principles) basis. Accounting principles applied by the Town for purposes of developing data on a budgetary basis did not differ significantly from those used to present financial statements in conformity with generally accepted accounting principles for the year ended September 30, 2019.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

15. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

The Town did not receive federal grant funds during the fiscal year ended September 30, 2019, and is not, therefore, subject to the program compliance audit by the grantee under the Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations".

The Town has not entered into any operating leases with scheduled rent increases as of September 30, 2019.

16. Postemployment Benefits

The Town does not provide postemployment benefits for police officers or general employees other than pension benefits. Postemployment health care benefits are made available to the Town's terminated employees in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Under COBRA, the Town is required to offer an election to deceased or terminated participants, their spouses or dependents, to continue coverage in the health plan provided by the Town. The cost of coverage which the Town may charge the participant may not exceed 102% of the applicable premium.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

17. Defined Benefit Plan

Plan Description:

The following brief description of the Town of Indian Shores Policemen's Retirement Plan (Plan) is provided for general information purposes only. Participants should refer to the Plan Ordinance for more complete information.

The Plan is a single employer defined benefit pension plan covering all full-time sworn police officers (hired after January 1, 1996) of the Town of Indian Shores, Florida (Town). Participation in the Plan is required as a condition of employment. Originally established by Town Ordinance in 1996 and amended in 2001 the Plan provides for pension, death and disability benefits. The Plan is subject to provisions of Chapter 185 of the State of Florida Statutes.

The Plan in accordance with the above statute, is governed by a five member pension board. Two police officers who are elected by a majority of the members of the Plan, two are residents of the Town who are appointed by the Town Council and a fifth member elected by the other four members constitute the pension board. The Town and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The Town is authorized to establish benefit levels and the Board of Trustees approve the actuarial assumptions used in the determination of contribution levels.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

17. Defined Benefit Plan (Continued)

Current membership in the Plan is comprised of all full-time sworn police officers of the Town of Indian Shores and is summarized as follows:

<u>September 30,</u>	<u>2019</u>
Retirees and beneficiaries currently receiving benefits	<u>6</u>
Terminated plan members entitled to but not yet receiving benefits	<u>2</u>
Active plan members:	
Fully vested	3
Nonvested	<u>14</u>
Total	<u>17</u>

Officers who retire at the earlier of 52 and 25 years of service or age 55 and the completion of ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.50 percent of their average final compensation times their years of credited service. Cost of living adjustments are not provided. The Plan permits early retirement at age 50 and the completion of ten years of credited service. Benefits vest upon completing ten years of credited service.

The Plan also provides death and disability benefits. The death benefit is the greater of the officer's accumulated contributions or his accrued benefit. Disability payments will be equal to 2.50 percent of the officer's average annual compensation times his years of credited service but shall not be less than 42 percent of his average monthly compensation as of his early retirement date.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

17. Defined Benefit Plan (Continued)

The Plan has not issued a stand-alone financial report for the year ended September 30, 2019.

Basis of Accounting:

Basis of accounting is the method by which revenues and expenses are recognized in the accounts and are reported in the financial statements. The accrual basis of accounting is used for the Plan. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred. Plan member contributions are recognized in the period in which the contributions are due. Town contributions to the plan, as calculated by the Plan's Actuary, are recognized as revenue when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Asset Allocation - The Plan's adopted asset allocation policy as of September 30, 2019 is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	55 %
International equity	10
Broad market fixed income	<u>35</u>
Total	<u><u>100%</u></u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

17. Defined Benefit Plan (Continued)

Rate of Return - For the year ended September 30, 2019, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 6.79 percent adjusted for the changing amounts actually invested.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Funding Policy:

Officer contribution rates are established at 5.0 percent of salary. Accumulated officer contributions are refunded if an officer leaves covered employment before ten years of credited service. Interest is not paid on contributions of terminated officers with less than ten years of credited service. State excise taxes collected from the Town's residents by the State of Florida are restricted to fund the Plan under Florida Statutes, Chapter 185. Contributions are received from the Town in amounts sufficient to fund the Plan at an actuarially determined rate specified by Florida Statute, Chapter 185. The Plan's administrative costs are financed through investment earnings. The Plan has no undue investment concentrations.

18. Net Pension Liability of the Town

The Town's pension liability on September 30, 2019 was as follows:

Total pension liability	\$ 3,165,326
Plan fiduciary net position	<u>3,725,211</u>
Town's net pension liability (asset)	\$ <u>(559,885)</u>
Total pension liability (asset)	(87.46)%

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

18. Net Pension Liability of the Town (Continued)

Notes to Schedule of Contributions

Valuation Date: Actuarially determined contributions are calculated as of October 1st - two years prior to fiscal year end in which contributions are paid.

Methods and Assumptions Used to Determine Contribution Rates for fiscal year ending September 30, 2019:

Actuarially Cost Method	Frozen Entry Age
Amortization Method	Level Percentage of Pay
Asset Valuation Method	Market Value
Inflation	3.0%
Salary Increases	5.5% - 10% (projected salary in the year of retirement increased 12.0% for those hired before July 1, 2015)
Investment Rate of Return	7.0% (net of investment related expenses)
Retirement Age	Varies by Age and Service
Mortality	For healthy participants during employment, RP 2000 Combined Healthy Participant Mortality Tables, with 90% Blue Collar Adjustment / 10% White Collar Adjustment for males and 100% White Collar Adjustment for females. Fully generational mortality improvements projected to each future decrement date with Scale BB. For healthy participants post employment, RP 2000 Annuitant Mortality Tables with 90% Blue Collar Adjustment / 10% White Collar Adjustment for males and 100% White Collar Adjustment for females. Fully generational mortality improvements projected to each future decrement date with Scale BB. For disabled male participants, 60% RP 2000 Disabled Male Mortality Table setback four years / 40% RP 2000 Annuitant Male

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

18. Net Pension Liability of the Town (Continued)

Notes to Schedule of Contributions (Continued)

Mortality Table with White Collar Adjustment with no setback, without projected mortality improvements. For disabled female participants, 60% RP 2000 Disabled Female Mortality Table set forward two years / 40% RP 2000 Annuitant Female Mortality Table with White Collar Adjustment with no setback without projected mortality improvements.

Cost of Living Adjustment None

Other Information:

Benefit Changes None

Assumption Charges For measurement date 9/30/2019 - Updated investment return, salary increases, withdrawal and retirement rates; for measurement date 9/30/2016 - Assumptions updated by prior actuary.

Discount rate:

The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

1% Decrease	Current Discount Rate	1% Increase
<u>5.50%</u>	<u>6.50%</u>	<u>7.50%</u>

Town's net						
pension liability (asset)	\$	<u>(130,698)</u>	\$	<u>(559,885)</u>	\$	<u>(907,514)</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

19. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the Town will recognize a pension expense of \$(15,046).

On September 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual	\$ 1,536	\$ 382,976
Changes of assumptions	174,635	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>180,791</u>
Total	<u>\$ 176,171</u>	<u>\$ 563,767</u>

Amounts reported as deferred out flows of resources related to pensions will be recognized in pension expense in future years as follows:

Year ended September 30:

2020	\$ (135,880)
2021	(100,660)
2022	(65,243)
2023	(133,010)
2024	(29,336)
Thereafter	(23,467)

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

20. Schedule of Investment and Administrative Expenses - Chapter 185
Pension Plan

The schedule of investment and administrative expenses, investment income and investment cost and fair value of the Policemen's Pension Trust Fund for the fiscal year ended September 30, 2019 is as follows:

	Investment Expenses		Administrative Expenses
Legal fees	\$ -	\$	14,265
Insurance	-		2,965
Administrator	-		12,091
Actuary	-		5,250
Custodial fees	1,887		-
Investment management fees	30,817		-
Total	\$ 32,704	\$	34,571

Appreciation (Depreciation) in Fair Value
of Investments

Investment Type	Realized Appreciation (Depreciation)	Unrealized Appreciation (Depreciation)	Total
Government obligations	\$ -	\$ 1,949	\$ 1,949
Corporate obligations	(1,321)	25,075	23,754
Municipal bonds	1,675	(1,693)	(18)
Domestic stock	67,451	80,715	148,166
Foreign stock	330	28,356	28,686
Total	\$ 68,135	\$ 134,402	\$ 202,537

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

21. Investments

The Plan's investments at both fair value and adjusted cost as of September 30, 2019 are summarized as follows:

<u>Investment</u>	<u>Cost</u>	<u>Fair Value</u>
Government obligations	\$ 26,460	\$ 26,639
Corporate obligations	681,523	708,595
Domestic stock	1,502,012	2,399,949
Municipal bonds	54,382	58,985
Foreign stock	140,523	168,879
Temporary investments	<u>324,483</u>	<u>324,483</u>
Total	<u>\$ 2,729,383</u>	<u>\$ 3,687,530</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

22. Employees' Pension Fund

The Town provides pension benefits for all of its full-time employees through a Money Purchase Pension 401 Plan (Plan) adopted on October 1, 1986. In a money purchase pension plan benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate on employment. The Plan requires that the Town contribute thirteen percent of their compensation. All participating employees must contribute a minimum of seven percent of their compensation. All full-time employees hired prior to October 1, 1986 are fully vested. The Town's contributions for each employee (and interest allocated to the employee's amount) hired after October 1, 1986, are fully vested after five years of continuous service. Town contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Town's current-period contribution requirement.

The Plan allows participant loans for certain specified purposes. Loans may not exceed the lesser of fifty percent of the participant's vested account balances or \$50,000. Loans must be repaid within five years at a rate of prime plus 0.5% or the FHA/VA rate on loans for a principal residence.

The Town's total payroll in fiscal year 2019 was \$1,399,320. The Town's contributions were calculated using the participants' salary amount of \$548,877. The Town made the required 13% contribution offset by any forfeitures during the year ended September 30, 2019. The employees who participate in this Plan must make a minimum contribution of 7% of their total salaries. Both the Town and the covered employees made the required contributions summarized as follows:

	<u>Contribution Amount</u>	<u>Percentage of Current Covered Payroll</u>
Required:		
Town	\$ 71,354	13%
Employees	<u>38,421</u>	7%
Total contributions	<u>\$ 109,775</u>	

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

23. Deferred Compensation Plan

The Town maintains a deferred compensation plan (Plan) under the provisions of Section 457 of the Internal Revenue Code, as amended. This law stipulates that all assets and income of the plan must be held in trust for the exclusive benefit of the Plan participants and their beneficiaries. The Town's plan is administered by the International City Management Association Retirement Corporation (ICMA) and provides the plan participants with the option to invest in eleven different registered investment funds (mutual funds). Although the Town is the Trustee of the plan, the Town has no administrative involvement and performs no investing function for the plan and has not therefore, reported the plan in this financial report.

24. Post-Employment Health Care Benefits

GASB Statement No. 75: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB), established new accounting standards for postretirement benefits. The new standard does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's financial statement as an increase (or decrease) in the net OPEB obligation. The effective date for implementation of GASB 75 by the Town of Indian Shores, Florida is October 1, 2017. Accordingly, the Town did obtain an actuarial valuation in accordance with GASB 75 standards as of October 1, 2017. For purposes of this valuation, medical insurance OPEB, were taken into consideration.

The results of this valuation are based on a measurement date of September 30, 2019.

Plan Description

The Town of Indian Shores' Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the Town. The Plan, which is administered by the Town, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical insurance coverage as a participant in the Town's plan. For purposes of applying Paragraph 4 Under Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the Plan does not meet the requirements for an OPEB plan administered through a trust.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

24. Post-Employment Health Care Benefits (Continued)

Employees Covered by Benefit Terms

At October 1, 2017, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently receiving Benefits	-
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	<u>20</u>
	<u>20</u>

Benefits Provided

A retired employee and his or her spouse are eligible to continue health insurance identical to the active employees if they meet the eligibility for requirement under this applicable Plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents. Upon reaching age 65, Medicare is assumed to become primary.

TOTAL OPEB LIABILITY

The measurement date is September 30, 2019.

The measurement period for the OPEB expense was October 1, 2018 to September 30, 2019.

The reporting period is October 1, 2018 through September 30, 2019.

The Town's Total OPEB Liability was measured as of September 30, 2019.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

24. Post-Employment Health Care Benefits (Continued)

Actuarial Assumption

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	3.58%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

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

Discount Rate:

Given the Town's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.58%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Rating Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

24. Post-Employment Health Care Benefits (Continued)

OPEB Expense:

For the year ended September 30, 2019, the Town will recognize OPEB Expense of \$15,200.

CHANGES IN TOTAL OPEB LIABILITY

	<u>Increases and (Decreases) in Total OPEB Liability</u>
Reporting Period Ending September 30, 2018	\$ 64,371
Charges for a Year:	
Service Cost	5,897
Interest	2,887
Difference Between Expected and Actual Experience	-
Changes in Assumptions	4,816
Changes of Benefit Terms	-
Contributions - Employer	-
Benefit Payments	(2,407)
Other Charges	<u>-</u>
Net changes	<u>11,193</u>
Reporting Period Ending September 30, 2019	<u><u>\$ 75,564</u></u>

Changes of assumptions reflect a change in the discount rate from 4.18% for the fiscal year ending September 30, 2018 to 3.58% for the fiscal year ending September 30, 2019.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

24. Post-Employment Health Care Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the Total OPEB Liability of the Town as well as what the Town'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 <u>2.58%</u>	Current Discount Rate <u>3.58%</u>	1% Increase <u>4.58%</u>
Total OPEB Liability (Asset)	\$ 84,738	\$ 75,564	\$ 67,789

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

The following presents the Total OPEB Liability of the Town as well as what the Town'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 <u>3.00%-7.50%</u>	Current Discount Rate <u>4.00%-8.50%</u>	1% Increase <u>5.00%-9.50%</u>
Total OPEB Liability (Asset)	\$ 66,076	\$ 75,564	\$ 86,977

REQUIRED

SUPPLEMENTARY INFORMATION

OTHER THAN MD&A

**REQUIRED SUPPLEMENTARY
INFORMATION FOR
OTHER POST EMPLOYMENT BENEFITS
UNDER GASB 75**

TOWN OF INDIAN SHORES, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

Last Two Fiscal Years

**SCHEDULE OF CHANGE IN TOTAL OPEB LIABILITY AND
RELATED RATIOS**

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 5,897	\$ 6,206
Interest	2,887	2,443
Changes of benefit terms	-	-
Difference Between Expected and Actual Experience	-	-
Change in Assumptions	4,816	(4,057)
Benefit Payments	<u>(2,407)</u>	<u>(2,218)</u>
 Net Change in Total OPEB Liability	 11,193	 2,374
 Total OPEB Liability - Beginning	 <u>64,371</u>	 <u>61,997</u>
 Total OPEB Liability - Ending	 <u>\$ 75,564</u>	 <u>\$ 64,371</u>
 Covered payroll	 \$ 1,062,431	 \$ 1,036,518
 Total OPEB liability as a percentage of covered payroll	 7.11%	 6.21%

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, 2019:	3.58%

REQUIRED SUPPLEMENTARY

INFORMATION FOR

SINGLE EMPLOYER POLICE OFFICERS'

DEFINED BENEFIT PENSION PLAN

UNDER GASB 68

TOWN OF INDIAN SHORES, FLORIDA

Required supplementary Information

SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY

Last Six Fiscal Years

	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Total pension liability:						
Service cost	\$ 87,098	\$ 99,744	\$ 92,570	\$ 102,476	\$ 95,105	\$ 84,581
Interest	199,766	232,433	217,283	195,271	180,970	167,384
Changes in excess state money	-	-	-	-	-	-
Changes in funding standard	-	-	-	-	-	-
Share plan allocation	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience of the total pension liability	(347,315)	-	(173,473)	-	5,375	-
Change of assumptions	147,832	-	-	113,266	-	-
Contributions - buy back	-	-	-	-	-	-
Benefit payments, including employee contributions	<u>(215,532)</u>	<u>(135,494)</u>	<u>(102,117)</u>	<u>(85,922)</u>	<u>(68,394)</u>	<u>(68,394)</u>
Net change in total pension liability	(128,151)	196,683	34,263	325,091	213,056	183,571
Total pension liability - beginning	<u>3,293,477</u>	<u>3,096,794</u>	<u>3,062,531</u>	<u>2,737,440</u>	<u>2,524,384</u>	<u>2,340,813</u>
Total pension liability ending (a)	\$ <u><u>3,165,326</u></u>	\$ <u><u>3,293,477</u></u>	\$ <u><u>3,096,794</u></u>	\$ <u><u>3,062,531</u></u>	\$ <u><u>2,737,440</u></u>	\$ <u><u>2,524,384</u></u>
Plan fiduciary net position:						
Contributions - employer	\$ 113,757	\$ 63,591	\$ 95,637	\$ 78,774	\$ 140,058	\$ 129,715
Contributions - State	17,707	16,261	15,691	20,206	16,206	13,996
Contributions - employees	32,006	36,131	32,715	31,776	31,632	29,009
Contributions - buy back	-	-	-	-	-	-
Net investment income	247,244	367,644	379,669	348,353	(172,176)	257,445
Benefit payments, including refunds of employee contributions	(215,532)	(135,494)	(102,117)	(85,922)	(68,394)	(68,394)
Administrative expense	(34,571)	(17,610)	(11,473)	(15,086)	(5,212)	(8,366)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	160,611	330,523	410,122	378,101	(57,886)	353,405
Plan fiduciary net position - beginning	<u>3,564,600</u>	<u>3,234,077</u>	<u>2,823,955</u>	<u>2,445,854</u>	<u>2,503,740</u>	<u>2,150,335</u>
Plan fiduciary net position - ending (b)	\$ <u><u>3,725,211</u></u>	\$ <u><u>3,564,600</u></u>	\$ <u><u>3,234,077</u></u>	\$ <u><u>2,823,955</u></u>	\$ <u><u>2,445,854</u></u>	\$ <u><u>2,503,740</u></u>
Net pension liability (asset) (a) - (b)	\$ <u><u>(559,885)</u></u>	\$ <u><u>(271,123)</u></u>	\$ <u><u>(137,283)</u></u>	\$ <u><u>238,576</u></u>	\$ <u><u>291,586</u></u>	\$ <u><u>20,644</u></u>

TOWN OF INDIAN SHORES, FLORIDA

Required Supplementary Information (Continued)

SCHEDULE OF RELATED RATIOS

Last Six Fiscal Years

	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>117.69%</u>	<u>108.27%</u>	<u>104.43%</u>	<u>92.21%</u>	<u>89.35%</u>	<u>99.18%</u>
Covered payroll	\$ <u>640,129</u>	\$ <u>722,605</u>	\$ <u>654,300</u>	\$ <u>635,520</u>	\$ <u>632,640</u>	\$ <u>580,180</u>
Net pension liability as a percentage of covered payroll	<u>(87.46)%</u>	<u>(37.52)%</u>	<u>(20.98)%</u>	<u>37.54%</u>	<u>46.09%</u>	<u>3.56%</u>

SCHEDULE OF CONTRIBUTIONS

Last Six Fiscal Years

	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially determined contribution	\$ 98,580	\$ 99,048	\$ 78,516	\$ 80,521	\$ 88,153	\$ 143,304
Contributions in relation to the actuarially determined contributions	<u>131,464</u>	<u>118,059</u>	<u>111,328</u>	<u>98,980</u>	<u>156,264</u>	<u>143,711</u>
Contributions deficiency (excess)	\$ <u>(32,884)</u>	\$ <u>(19,011)</u>	\$ <u>(32,812)</u>	\$ <u>(18,459)</u>	\$ <u>(68,111)</u>	\$ <u>(407)</u>
Covered payroll	\$ <u>640,129</u>	\$ <u>722,605</u>	\$ <u>654,300</u>	\$ <u>635,520</u>	\$ <u>632,640</u>	\$ <u>580,180</u>
Contributions as a percentage of covered payroll	<u>20.54%</u>	<u>16.34%</u>	<u>17.01%</u>	<u>15.57%</u>	<u>24.70%</u>	<u>24.77%</u>

TOWN OF INDIAN SHORES, FLORIDA

Required Supplementary Information (Continued)

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation date: 10/01/2016
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding method: Frozen entry age actuarial cost method.
 Amortization method: Level percentage of pay.
 Remaining amortization period: 30 years (as of 10/1/16)
 Inflation increases: 3.0% per year.
 Salary increases:

<u>Years of Service</u>	<u>Salary Increase</u>
0	10.0%
2-4	7.0%
5+	5.5%

Projected salary at retirement is increased 12% for those hired before July 1, 2015 to account for non-regular compensation.

Payroll increases: None
 Interest rate: 7.0% per year compounded annually, gross of investment related expenses. This was adopted in conjunction with an actuarial experience study dated December 1, 2013.
 Retirement age: 5.0% per year eligible for Early Retirement. 10.0% per year eligible for Normal Retirement (with 100% at Age 58 with 13 years of Service age 55 with 28 years of service). Also, any member who has reached Normal Retirement age on the valuation date is assumed to continue employment for one additional year.

Disability Rate:	<u>Age</u>	<u>% Becoming Disabled During the Year</u>
	20	0.03%
	30	0.04%
	40	0.07%
	50	0.18%

TOWN OF INDIAN SHORES, FLORIDA

Required Supplementary Information (Continued)

NOTES TO SCHEDULE OF CONTRIBUTIONS (CONTINUED)

Termination Rates:

<u>Service</u>	<u>% Terminating During the Year</u>
0-2 Years	20.0%
3-4 Years	15.0%
5+ Years	5.0%

Mortality Rate:

Health Lives

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar/ 90% Annuitant Blue Collar, Scale BB,

Healthy Lives (Active)

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.

Male: RP2000 Generational, 10% Combined Healthy White collar/ 90% Combined Healthy Blue Collar, Scale BB.

Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years/ 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years/ 40% Annuitant White Collar with no setback, no projection scale.

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2016 FRS valuation report. We feel this assumption sufficiently accommodates future mortality improvements.

TOWN OF INDIAN SHORES, FLORIDA

Required Supplementary Information (Continued)

NOTES TO SCHEDULE OF CONTRIBUTIONS (CONTINUED)

Salary Increases:

<u>Years of Service</u>	<u>Salary Increase</u>
0	10.0%
1	8.0%
2-4	7.0%
5+	5.5%

Projected Salary in year of retirement is increased 12.0% for those hired before July 1, 2015 to account for non-regular compensation.

The assumed rates of salary increase were adopted in conjunction with an actuarial experience study dated December 1, 2013.

Payroll Growth Assumption:

None

Funding Method:

Frozen Entry Age Cost Method. The following loads are applied for determination of the Sponsor dollar funding requirement.

Interest - A half year, based on the current 7.00% assumption.

Salary - A full year, based on the current 6.45% assumption.

Amortization Method:

Level Percentage of Pay

Remaining Amortization
Period:

30 Years (as of 10/1/2016).

TOWN OF INDIAN SHORES, FLORIDA

Required Supplementary Information

SCHEDULE OF INVESTMENT RETURNS

Last Six Fiscal Years

	<u>9/30/19</u>	<u>9/30/18</u>	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/14</u>
Annual money-weighted rate of return net of investment expenses	<u>6.79%</u>	<u>9.95%</u>	<u>13.37%</u>	<u>14.16%</u>	<u>-6.72%</u>	<u>11.71%</u>

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUND

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Road and Bridge Fund

To account for the receipt and expenditure of revenues received from the State and the County which are restricted for road use and summarized as follows:

STATE - 8th Cent Motor Fuel Tax Receipts

COUNTY - Local Option Gas Tax Receipts

COUNTY - Transportation Impact Fee Receipts

TOWN OF INDIAN SHORES, FLORIDA

BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND

SEPTEMBER 30, 2019

<u>ASSETS</u>	<u>Special Revenue Fund</u>	<u>Road and Bridge Fund</u>
Equity in pooled cash	\$ 128,338	
Receivables:		
Intergovernmental - County		<u>5,014</u>
TOTAL ASSETS	<u>\$ 133,352</u>	
 <u>LIABILITIES AND FUND BALANCES</u>		
LIABILITIES:		
Accounts payable	\$ <u>-</u>	
TOTAL LIABILITIES		-
FUND BALANCES:		
Restricted		<u>133,352</u>
TOTAL FUND BALANCES		<u>133,352</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 133,352</u>	

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Fund <u>Road and Bridge Fund</u>
REVENUES:	
Intergovernmental revenues	\$ 28,268
Charges for services	<u>62,517</u>
TOTAL REVENUES	90,785
EXPENDITURES:	
Current:	
Physical environment:	
Public works	<u>93,456</u>
TOTAL EXPENDITURES	<u>93,456</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,671)
OTHER FINANCING SOURCES:	
Transfer in	<u>43,817</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	41,146
FUND BALANCE, OCTOBER 1	<u>92,206</u>
FUND BALANCE, SEPTEMBER 30	\$ <u><u>133,352</u></u>

TOWN OF INDIAN SHORES, FLORIDA

SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Road and Bridge Fund			
	Budgeted Amounts		Actual	Variance With Final Budget- Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 31,316	\$ 31,316	\$ 28,268	\$ (3,048)
Charges for services	<u>62,517</u>	<u>62,517</u>	<u>62,517</u>	<u>-</u>
TOTAL REVENUES	93,833	93,833	90,785	(3,048)
EXPENDITURES:				
Current:				
Public Works	<u>137,650</u>	<u>137,650</u>	<u>93,456</u>	<u>44,194</u>
TOTAL EXPENDITURES	<u>137,650</u>	<u>137,650</u>	<u>93,456</u>	<u>44,194</u>
EXCESS OF REVENUES OVER EXPENDITURES	(43,817)	(43,817)	(2,671)	41,146
OTHER FINANCING SOURCES:				
Transfer in	<u>43,817</u>	<u>43,817</u>	<u>43,817</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-	-	41,146	41,146
FUND BALANCE, OCTOBER 1	<u>92,206</u>	<u>92,206</u>	<u>92,206</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 92,206</u>	<u>\$ 92,206</u>	<u>\$ 133,352</u>	<u>\$ 41,146</u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

TOWN OF INDIAN SHORES, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE(1)

SEPTEMBER 30, 2019

Governmental Funds Capital Assets:	
Land	\$ 827,462
Buildings	5,465,078
Improvements other than buildings	9,733,995
Equipment	<u>865,672</u>
Total Governmental Funds Capital Assets	<u>\$ 16,892,207</u>
Governmental Funds Capital Assets by Source:	
General Fund	\$ 2,733,627
Special Revenue Funds	4,276,874
Federal and state entitlements and grants	2,683,373
Long-term borrowing	<u>7,198,333</u>
Total Governmental Funds Capital Assets	<u>\$ 16,892,207</u>

(1) This schedule presents only the capital asset balances related to governmental funds.

TOWN OF INDIAN SHORES, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY⁽¹⁾

SEPTEMBER 30, 2019

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment
General Government:					
Control:					
Administrative	\$ 4,699,549	\$ -	\$ 3,156,081	\$ 1,510,691	\$ 32,777
Finance	50,384	-	-	7,875	42,509
Legislative	<u>522,400</u>	<u>483,299</u>	<u>-</u>	<u>28,878</u>	<u>10,223</u>
Total control	5,272,333	483,299	3,156,081	1,547,444	85,509
Staff agencies:					
Public services	<u>9,361,277</u>	<u>344,163</u>	<u>678,960</u>	<u>8,131,544</u>	<u>206,610</u>
Total staff agencies	<u>9,361,277</u>	<u>344,163</u>	<u>678,960</u>	<u>8,131,544</u>	<u>206,610</u>
Total General Government	<u>14,633,610</u>	<u>827,462</u>	<u>3,835,041</u>	<u>9,678,988</u>	<u>292,119</u>
Public Safety:					
Police protection	2,193,147	-	1,630,037	20,581	542,529
Maintenance	35,032	-	-	24,371	10,661
Protective inspections	<u>19,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,250</u>
Total public safety	2,247,429	-	1,630,037	44,952	572,440
Culture and Recreation:					
Library	<u>11,168</u>	<u>-</u>	<u>-</u>	<u>10,055</u>	<u>1,113</u>
Total culture and recreation	<u>11,168</u>	<u>-</u>	<u>-</u>	<u>10,055</u>	<u>1,113</u>
Total governmental fund					
Capital Assets	<u>\$ 16,892,207</u>	<u>\$ 827,462</u>	<u>\$ 5,465,078</u>	<u>\$ 9,733,995</u>	<u>\$ 865,672</u>

⁽¹⁾ This schedule represents only the capital asset balances related to governmental funds.

TOWN OF INDIAN SHORES, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY⁽¹⁾

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

<u>Function and Activity</u>	<u>Governmental Fund Capital Assets October 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Fund Capital Assets September 30, 2019</u>
General Government:				
Control:				
Administrative	\$ 4,661,334	\$ 38,215	\$ -	\$ 4,699,549
Finance	50,384	-	-	50,384
Legislative	522,400	-	-	522,400
Total control	5,234,118	38,215	-	5,272,333
Staff agencies:				
Public services	9,347,483	13,794	-	9,361,277
Total staff agencies	9,347,483	13,794	-	9,361,277
Total General Government	14,581,601	52,009	-	14,633,610
Public Safety:				
Police protection	2,158,935	90,432	56,220	2,193,147
Maintenance	25,190	19,500	9,658	35,032
Protective inspections	19,250	-	-	19,250
Total public safety	2,203,375	109,932	65,878	2,247,429
Culture and Recreation:				
Library	11,168	-	-	11,168
Total culture and recreation	11,168	-	-	11,168
Total governmental funds				
Capital Assets	\$ 16,796,144	\$ 161,941	\$ 65,878	\$ 16,892,207

⁽¹⁾ This schedule represents only the capital asset balances related to governmental funds.

STATISTICAL SECTION

This part of the Town of Indian Shores, 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 government's overall financial health.

Content	Page
Financial Trends	88
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time</i>	
Revenue Capacity	95
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	99
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue debt in the future.</i>	
Demographic and Economic Information	103
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	105
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

FINANCIAL TRENDS

TOWN OF INDIAN SHORES, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
EXPENSES										
Governmental Activities:										
General government	\$ 1,354,679	\$ 998,723	\$ 713,386	\$ 980,918	\$ 942,067	\$ 961,226	\$ 932,985	\$ 289,805	\$ 786,036	\$ 685,884
Public safety	1,348,321	1,599,130	1,444,470	1,416,864	1,322,445	1,338,956	1,331,741	1,709,958	1,332,892	1,259,272
Physical environment	1,045,062	1,984,004	1,689,384	968,659	1,042,111	609,083	920,764	1,548,023	1,107,363	1,158,904
Culture and recreation	<u>46,775</u>	<u>44,861</u>	<u>43,067</u>	<u>41,333</u>	<u>38,006</u>	<u>340,390</u>	<u>18,540</u>	<u>3,942</u>	<u>4,147</u>	<u>4,932</u>
Total governmental activities expenses	<u>3,794,837</u>	<u>4,626,718</u>	<u>3,890,307</u>	<u>3,407,774</u>	<u>3,344,629</u>	<u>3,249,655</u>	<u>3,204,030</u>	<u>3,551,728</u>	<u>3,230,438</u>	<u>3,108,992</u>
Business-type activities:										
Parking fee	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,829</u>
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,829</u>
Total primary government expenses	<u>\$ 3,794,837</u>	<u>\$ 4,626,718</u>	<u>\$ 3,890,307</u>	<u>\$ 3,407,774</u>	<u>\$ 3,344,629</u>	<u>\$ 3,249,655</u>	<u>\$ 3,204,030</u>	<u>\$ 3,551,728</u>	<u>\$ 3,230,438</u>	<u>\$ 3,142,821</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services	\$ 920,054	\$ 820,517	\$ 822,154	\$ 1,057,138	\$ 740,477	\$ 701,726	\$ 618,509	\$ 555,740	\$ 552,536	\$ 510,934
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>1,062</u>	<u>1,077</u>	<u>2,182</u>	<u>5,541</u>	<u>7,407</u>	<u>1,000</u>	<u>98,755</u>	<u>64,300</u>
Total governmental activities program revenues	920,054	820,517	823,216	1,058,215	742,659	707,267	625,916	556,740	651,291	575,234
Business-type activities:										
Charges for services:										
Parking fee	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,164</u>
Total business-type activities revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,164</u>
Total primary government program revenues	<u>\$ 920,054</u>	<u>\$ 820,517</u>	<u>\$ 823,216</u>	<u>\$ 1,058,215</u>	<u>\$ 742,659</u>	<u>\$ 707,267</u>	<u>\$ 625,916</u>	<u>\$ 556,740</u>	<u>\$ 651,291</u>	<u>\$ 626,398</u>
NET (EXPENSE) REVENUE										
Governmental activities	\$ (2,874,783)	\$ (3,806,201)	\$ (3,067,091)	\$ (2,349,559)	\$ (2,601,970)	\$ (2,574,523)	\$ (2,994,988)	\$ (2,994,988)	\$ (2,533,758)	\$ (2,622,453)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,335</u>	<u>12,085</u>
Total primary government net expense	<u>\$ (2,874,783)</u>	<u>\$ (3,806,201)</u>	<u>\$ (3,067,091)</u>	<u>\$ (2,349,559)</u>	<u>\$ (2,601,970)</u>	<u>\$ (2,574,523)</u>	<u>\$ (2,994,988)</u>	<u>\$ (2,994,988)</u>	<u>\$ (2,516,423)</u>	<u>\$ (2,610,368)</u>

TOWN OF INDIAN SHORES, FLORIDA

CHANGES IN NET POSITION (CONTINUED)

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental Activities:										
Taxes:										
Property taxes	\$ 1,726,302	\$ 1,585,698	\$ 1,463,462	\$ 1,341,389	\$ 1,251,735	\$ 1,171,055	\$ 1,151,961	\$ 1,122,813	\$ 1,133,086	\$ 1,269,429
Franchise taxes	287,865	264,895	249,439	249,676	268,909	260,669	240,962	250,416	259,710	282,121
Utility tax	419,939	388,329	-	-	-	-	-	-	-	-
Sales taxes	296,516	286,233	269,055	263,720	271,696	223,871	225,466	202,003	218,139	216,163
Other taxes	1,404,324	871,058	1,353,300	535,239	938,574	923,403	901,248	886,145	533,205	546,787
State revenue sharing	34,700	33,655	32,859	31,827	31,260	30,188	30,074	36,634	28,090	30,365
Investment earnings	31,776	13,959	7,994	6,632	8,948	3,260	2,320	5,538	8,667	26,287
Miscellaneous	36,050	46,416	105,859	50,833	4,933	16,022	50,626	393,744	42,247	34,869
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	7,547
Total governmental activities	<u>4,237,472</u>	<u>3,490,243</u>	<u>3,481,968</u>	<u>2,479,316</u>	<u>2,776,055</u>	<u>2,628,468</u>	<u>2,602,657</u>	<u>2,897,293</u>	<u>2,223,144</u>	<u>2,413,568</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	(7,547)
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,547)</u>
Total primary government	<u>\$ 4,237,472</u>	<u>\$ 3,490,243</u>	<u>\$ 3,481,968</u>	<u>\$ 2,479,316</u>	<u>\$ 2,776,055</u>	<u>\$ 2,628,468</u>	<u>\$ 2,602,657</u>	<u>\$ 2,897,293</u>	<u>\$ 2,223,144</u>	<u>\$ 2,406,021</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 1,362,689	\$ (315,958)	\$ 414,877	\$ 129,757	\$ 174,085	\$ 86,080	\$ 24,543	\$ (97,695)	\$ (356,003)	\$ (120,190)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,788</u>
Total primary government	<u>\$ 1,362,689</u>	<u>\$ (315,958)</u>	<u>\$ 414,877</u>	<u>\$ 129,757</u>	<u>\$ 174,085</u>	<u>\$ 86,080</u>	<u>\$ 24,543</u>	<u>\$ (97,695)</u>	<u>\$ (356,003)</u>	<u>\$ (110,402)</u>

TOWN OF INDIAN SHORES, FLORIDA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</u>		<u>2012</u>		<u>2011</u>		<u>2010</u>	
Governmental activities:																					
Net investment in																					
capital assets:	\$	4,778,544	\$	4,944,695	\$	4,978,843	\$	4,803,080	\$	4,646,801	\$	4,861,765	\$	4,805,460	\$	5,162,660	\$	5,215,856	\$	2,857,899	
Restricted		7,241		13,958		12,808		8,085		8,085		8,085		8,085		302		2,096		62,412	
Unrestricted		4,031,234		2,495,677		2,800,123		2,565,732		2,592,254		2,253,161		2,223,386		1,849,426		1,892,131		4,545,775	
		<u>4,031,234</u>		<u>2,495,677</u>		<u>2,800,123</u>		<u>2,565,732</u>		<u>2,592,254</u>		<u>2,253,161</u>		<u>2,223,386</u>		<u>1,849,426</u>		<u>1,892,131</u>		<u>4,545,775</u>	
Total governmental activities																					
net assets	\$	<u>8,817,019</u>	\$	<u>7,454,330</u>	\$	<u>7,791,774</u>	\$	<u>7,376,897</u>	\$	<u>7,247,140</u>	\$	<u>7,123,011</u>	\$	<u>7,036,931</u>	\$	<u>7,012,388</u>	\$	<u>7,110,083</u>	\$	<u>7,466,086</u>	
Business-type activities:																					
Net investment in																					
capital assets:	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	
Unrestricted		-		-		-		-		-		-		-		-		-		-	
		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>	
Total business-type																					
activities net assets	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	
Primary government:																					
Net investment in																					
capital assets:	\$	4,778,544	\$	4,944,695	\$	4,978,843	\$	4,803,080	\$	4,646,801	\$	4,861,765	\$	4,805,460	\$	5,162,660	\$	5,215,856	\$	2,857,899	
Restricted		7,241		13,958		12,808		8,085		8,085		8,085		8,085		302		2,096		62,412	
Unrestricted		4,031,234		2,495,677		2,800,123		2,565,732		2,592,254		2,253,161		2,223,386		1,849,426		1,892,131		4,545,775	
		<u>4,031,234</u>		<u>2,495,677</u>		<u>2,800,123</u>		<u>2,565,732</u>		<u>2,592,254</u>		<u>2,253,161</u>		<u>2,223,386</u>		<u>1,849,426</u>		<u>1,892,131</u>		<u>4,545,775</u>	
Total primary government																					
net position	\$	<u>8,817,019</u>	\$	<u>7,454,330</u>	\$	<u>7,791,774</u>	\$	<u>7,376,897</u>	\$	<u>7,247,140</u>	\$	<u>7,123,011</u>	\$	<u>7,036,931</u>	\$	<u>7,012,388</u>	\$	<u>7,110,083</u>	\$	<u>7,466,086</u>	

TOWN OF INDIAN SHORES, FLORIDA

TAX REVENUES BY SOURCE
GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Utility Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2010	\$ 1,269,429	\$ 362,487	\$ 282,121	\$ 1,914,037
2011	1,133,086	358,061	259,710	1,750,857
2012	1,122,813	337,506	250,416	1,710,735
2013	1,151,961	349,127	240,962	1,742,050
2014	1,171,055	370,330	260,669	1,802,054
2015	1,251,735	372,188	268,909	1,892,832
2016	1,341,389	374,928	249,676	1,965,993
2017	1,463,462	383,919	249,439	2,096,820
2018	1,585,698	388,329	264,895	2,238,922
2019	1,726,302	419,939	287,865	2,434,106

TOWN OF INDIAN SHORES, FLORIDA

FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund:										
Nonspendable	\$ 8,198	\$ 7,985	\$ 12,351	\$ 8,417	\$ 1,284	\$ 50,441	\$ 50,754	\$ 39,368	\$ 36,633	\$ 42,895
Restricted	7,241	13,957	12,808	8,085	8,085	8,085	8,085	302	2,096	-
Committed	95,198	125,147	125,147	108,147	108,147	108,147	108,147	108,147	129,498	132,921
Assigned	1,181,529	697,140	772,398	-	-	-	-	-	-	-
Unassigned	1,556,401	1,579,136	1,513,074	2,225,605	1,781,377	1,577,922	1,575,006	1,617,318	1,351,725	1,324,062
Total general fund	\$ 2,848,567	\$ 2,423,365	\$ 2,435,778	\$ 2,350,254	\$ 1,898,893	\$ 1,744,595	\$ 1,741,992	\$ 1,765,135	\$ 1,519,952	\$ 1,499,878
All Other Governmental Funds:										
Restricted, reported in:										
Special revenue fund	\$ 133,352	\$ 92,206	\$ 73,475	\$ 41,526	\$ 36,364	\$ 35,183	\$ 29,486	\$ 28,299	\$ 62,786	\$ 59,649
Capital projects fund	1,044,692	117,096	472,431	399,952	997,891	769,549	761,707	478,160	703,425	3,705,832
Total all other governmental funds	\$ 1,178,044	\$ 209,302	\$ 545,906	\$ 441,478	\$ 1,034,255	\$ 804,732	\$ 791,193	\$ 506,459	\$ 766,211	\$ 3,765,481
Total governmental funds	\$ 4,026,611	\$ 2,632,667	\$ 2,981,684	\$ 2,791,732	\$ 2,933,148	\$ 2,549,327	\$ 2,533,185	\$ 2,271,594	\$ 2,286,163	\$ 5,265,359

TOWN OF INDIAN SHORES, FLORIDA

CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
REVENUES										
Taxes	\$ 2,434,106	\$ 2,238,922	\$ 2,096,820	\$ 1,965,993	\$ 1,892,832	\$ 1,802,054	\$ 1,742,050	\$ 1,710,735	\$ 1,750,857	\$ 1,914,037
Licenses, fees and permits	217,548	177,319	197,478	412,707	128,670	110,735	55,944	41,231	65,122	54,639
Intergovernmental	1,735,540	1,190,946	1,272,357	456,935	871,524	812,673	815,068	788,276	520,128	495,128
Charges for services	642,053	596,060	577,713	609,771	591,937	557,838	527,764	496,959	471,288	421,767
Fines and forfeits	60,453	47,138	46,963	34,660	19,870	33,153	34,801	17,550	16,126	21,118
Interest earnings	31,776	13,959	7,994	6,632	8,948	3,260	2,320	5,538	8,667	26,287
Miscellaneous	19,051	31,202	16,288	30,785	6,183	16,022	50,626	393,744	42,247	43,597
Total revenues	<u>5,140,527</u>	<u>4,295,546</u>	<u>4,215,613</u>	<u>3,517,483</u>	<u>3,519,964</u>	<u>3,335,735</u>	<u>3,228,573</u>	<u>3,454,033</u>	<u>2,874,435</u>	<u>2,976,573</u>
EXPENDITURES										
General government	1,266,522	955,741	1,012,943	906,179	844,917	845,561	806,518	749,678	699,540	664,794
Public safety	1,553,695	1,856,439	1,506,760	1,330,339	1,350,835	1,347,323	1,327,061	1,326,450	1,336,342	1,330,917
Physical environment	938,606	2,051,855	1,590,312	1,438,124	943,663	809,151	792,131	1,412,767	3,815,797	1,954,183
Culture and recreation	5,382	4,519	5,217	4,305	3,978	317,558	41,340	3,849	4,054	4,837
Total expenditures	<u>3,764,205</u>	<u>4,868,554</u>	<u>4,115,232</u>	<u>3,678,947</u>	<u>3,143,393</u>	<u>3,319,593</u>	<u>2,967,050</u>	<u>3,492,744</u>	<u>5,855,733</u>	<u>3,954,731</u>
Excess of revenues over (under) expenses	1,376,322	(573,008)	100,381	(161,464)	376,571	16,142	261,523	(38,711)	(2,981,298)	(978,158)
OTHER FINANCING SOURCES (USES)										
Sale of equipment	8,190	18,800	-	-	7,250	-	68	4,142	2,102	-
Proceeds from insurance	9,432	9,581	89,571	20,048	-	-	-	-	-	-
Transfers in	462,111	435,309	426,402	421,256	416,337	425,504	401,432	404,907	416,673	7,547
Transfers out	(462,111)	(435,309)	(426,402)	(421,256)	(416,337)	(425,504)	(401,432)	(404,907)	(416,673)	-
Repayment of debt	-	-	-	-	-	-	-	(1,800,000)	-	-
Proceeds from debt	-	195,610	-	-	-	-	-	1,820,000	-	2,000,000
Total other financing sources (uses)	<u>17,622</u>	<u>223,991</u>	<u>89,571</u>	<u>20,048</u>	<u>7,250</u>	<u>-</u>	<u>68</u>	<u>24,142</u>	<u>2,102</u>	<u>2,007,547</u>
Net change in fund balances	<u>\$ 1,393,944</u>	<u>\$ (349,017)</u>	<u>\$ 189,952</u>	<u>\$ (141,416)</u>	<u>\$ 383,821</u>	<u>\$ 16,142</u>	<u>\$ 261,591</u>	<u>\$ (14,569)</u>	<u>\$ (2,979,196)</u>	<u>\$ 1,029,389</u>

TOWN OF INDIAN SHORES, FLORIDA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION⁽¹⁾
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Physical Environment</u>	<u>Culture and Recreation</u>	<u>Total</u>
2010	\$ 664,794	\$ 1,330,917	\$ 1,954,183	\$ 4,837	\$ 3,954,731
2011	699,540	1,336,342	3,815,797	4,054	5,855,733
2012	749,678	1,326,560	1,412,767	3,849	3,492,744
2013	806,518	1,327,061	792,131	41,340	2,967,050
2014	845,561	1,347,323	809,151	317,558	3,319,593
2015	844,917	1,350,835	943,663	3,978	3,143,393
2016	906,179	1,330,339	1,438,124	4,305	3,678,947
2017	1,012,943	1,506,760	1,590,312	5,217	4,115,232
2018	955,741	1,856,439	2,051,855	4,519	4,868,554
2019	1,266,522	1,553,695	938,606	5,382	3,764,205

(1) Includes General, Capital Projects, and Special Revenue Funds

REVENUE CAPACITY

TOWN OF INDIAN SHORES, FLORIDA

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended September 30</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Other Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate (Millage)</u>
2010	701,565,935	41,395,339	1,201,187	12,302,326	744,162,461	1.7500
2011	653,805,048	44,028,361	1,069,846	10,349,760	664,827,856	1.7500
2012	611,537,753	41,708,642	1,054,662	9,723,206	621,221,419	1.8500
2013	614,682,714	33,880,610	1,071,883	10,873,421	617,540,369	1.8700
2014	685,893,091	33,033,711	1,083,452	11,514,648	687,444,356	1.8700
2015	734,909,414	34,406,073	1,155,229	11,739,867	737,177,938	1.8700
2016	799,201,617	36,874,297	1,238,698	13,290,289	849,605,990	1.8700
2017	861,708,507	41,293,325	1,360,612	12,600,994	916,963,438	1.8700
2018	940,460,531	56,485,285	1,470,673	13,595,185	998,416,489	1.8700
2019	1,004,259,290	48,349,963	1,590,851	14,345,151	1,068,545,255	1.8700

TOWN OF INDIAN SHORES, FLORIDA

PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS (PER \$1,000)
LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Town of Indian Shores										
Operating	<u>1.7500</u>	<u>1.7500</u>	<u>1.8500</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>
Total Town millage	<u>1.7500</u>	<u>1.7500</u>	<u>1.8500</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>
Pinellas County School Board										
Operating	<u>8.3568</u>	<u>8.3400</u>	<u>8.3850</u>	<u>8.0600</u>	<u>7.8410</u>	<u>7.7700</u>	<u>7.3180</u>	<u>7.0090</u>	<u>6.7270</u>	<u>6.5840</u>
Pinellas County										
Operating	<u>4.8108</u>	<u>4.8730</u>	<u>4.8730</u>	<u>5.2755</u>	<u>5.2755</u>	<u>5.2755</u>	<u>5.2755</u>	<u>5.2755</u>	<u>5.2755</u>	<u>5.2755</u>
EMS	<u>0.5832</u>	<u>0.5832</u>	<u>0.8506</u>	<u>0.9158</u>	<u>0.9158</u>	<u>0.9158</u>	<u>0.9158</u>	<u>0.9158</u>	<u>0.9158</u>	<u>0.9158</u>
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total County millage	<u>5.3940</u>	<u>5.4562</u>	<u>5.7236</u>	<u>6.1913</u>	<u>6.1913</u>	<u>6.1913</u>	<u>6.1913</u>	<u>6.1913</u>	<u>6.1913</u>	<u>6.1913</u>
County-wide millage set by other taxing authorities:										
-Pinellas Suncoast Transit Authority	<u>0.5601</u>	<u>0.5601</u>	<u>0.7305</u>	<u>0.7305</u>	<u>0.7305</u>	<u>0.7305</u>	<u>0.7500</u>	<u>0.7500</u>	<u>0.7500</u>	<u>0.7500</u>
-Pinellas County Planning Council	<u>0.0125</u>	<u>0.0125</u>	<u>0.0125</u>	<u>0.0160</u>	<u>0.0160</u>	<u>0.0160</u>	<u>0.0150</u>	<u>0.0150</u>	<u>0.0150</u>	<u>0.0150</u>
-Juvenile Welfare Board	<u>0.7915</u>	<u>0.7915</u>	<u>0.8337</u>	<u>0.8981</u>	<u>0.8981</u>	<u>0.8981</u>	<u>0.8981</u>	<u>0.8981</u>	<u>0.8981</u>	<u>0.8981</u>
-South West Florida Water Management District	<u>0.3866</u>	<u>0.3770</u>	<u>0.3928</u>	<u>0.3818</u>	<u>0.3658</u>	<u>0.3488</u>	<u>0.3317</u>	<u>0.3131</u>	<u>0.2955</u>	<u>0.2801</u>
-Pinellas County Anclote River Basin	<u>0.3200</u>	<u>0.2600</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total County-wide millage	<u>2.0707</u>	<u>2.0011</u>	<u>1.9695</u>	<u>2.0264</u>	<u>2.0104</u>	<u>1.9934</u>	<u>1.9948</u>	<u>1.9762</u>	<u>1.9586</u>	<u>1.9432</u>
TOTAL	<u>17.5715</u>	<u>17.5473</u>	<u>17.9281</u>	<u>17.2941</u>	<u>17.9127</u>	<u>17.8247</u>	<u>17.3741</u>	<u>17.0465</u>	<u>16.7469</u>	<u>16.5885</u>

Source: Pinellas County Property Appraiser

TOWN OF INDIAN SHORES, FLORIDA

PRINCIPAL PROPERTY TAX PAYERS

September 30, 2019

	2019		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Balthasar, Susan M	\$ 5,111,365	1	0.49%
Savino, Michael K	3,469,649	2	0.33%
Guadagna, Vincent	3,056,443	3	0.29%
Smith, Hugh N	3,055,725	4	0.29%
C R Clearwater LLC	2,728,498	5	0.26%
Aloha Bay Condominium Assn Inc	2,708,000	6	0.26%
Indian Pass Cattlemen"s Assn Inc	2,680,000	7	0.26%
S F M B Indian Shores Property	2,627,000	8	0.25%
Dede Playa LLC	2,475,502	9	0.24%
Seaside Land Investments	<u>2,324,570</u>	10	<u>0.22%</u>
	<u>\$ 30,236,752</u>		<u>2.89%</u>

Source: Pinellas County Property Appraiser

TOWN OF INDIAN SHORES, FLORIDA
PROPERTY LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Assessed Valuation	Taxable Assessed Valuation	Levy	Collections within the Fiscal Year of Levy		Collections in Subsequent Years	Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of levy
2010	844,799,088	749,562,914	1,311,735	1,269,429	97	-	1,269,429	97
2011	747,095,662	670,029,812	1,172,553	1,133,086	97	-	1,133,086	97
2012	670,470,390	626,503,903	1,159,032	1,122,337	97	476	1,122,813	97
2013	644,963,529	618,622,003	1,151,961	1,122,118	97	29,843	1,151,961	97
2014	693,108,122	644,963,529	1,206,082	1,169,899	97	-	1,206,082	97
2015	788,125,742	742,290,890	1,388,084	1,251,735	99	-	1,251,735	97
2016	855,421,517	808,833,024	1,512,518	1,341,389	99	-	1,341,389	99
2017	922,978,531	876,346,903	1,638,769	1,463,462	99	-	1,463,462	99
2018	1,004,519,394	956,182,345	1,788,061	1,585,698	99	-	1,585,698	99
2019	1,074,914,949	1,023,627,396	2,028,516	1,726,302	99	-	1,726,302	99

(1) Florida Statutes provide for a discount of up to four percent for early retirement of ad valorem taxes. All unpaid taxes become delinquent on April 1, and are sold at auction on June 1 of each year as tax certificates. The Town, after all tax certificates are sold, has fully collected all ad valorem tax revenues.

Source: Pinellas County Property Appraiser.

DEBT CAPACITY

TOWN OF INDIAN SHORES, FLORIDA

RATIOS OF REVENUE DEBT OUTSTANDING
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Revenue Debt</u>	<u>Less: Amounts for Debt Service</u>	<u>Total</u>	<u>Per Capita</u>
2010	7,385,000	267,529	7,117,471	5,012
2011	7,198,333	252,284	6,946,049	4,892
2012	6,960,000	215,935	6,744,065	4,749
2013	6,705,652	247,065	6,458,587	4,548
2014	6,435,000	275,652	6,159,348	4,274
2015	6,159,348	280,652	5,878,696	4,128
2016	5,722,880	342,588	5,380,292	3,347
2017	5,380,292	342,588	5,037,704	3,363
2018	5,037,704	342,588	4,695,116	3,306
2019	4,695,116	342,589	4,352,527	2,955

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

TOWN OF INDIAN SHORES, FLORIDA

DIRECT AND OVERLAPPING DEBT⁽²⁾
GENERAL OBLIGATION BONDS
AND REVENUE BONDS

SEPTEMBER 30, 2019

	<u>Debt Outstanding</u>	<u>Percentage Applicable to Town of Indian Shores</u>	<u>Amount Applicable to Town of Indian Shores</u>
Direct debt:			
Town of Indian Shores			
Bonds/Notes	\$ 4,352,527	100%	\$ 4,352,527
Capital Leases	195,610	100%	195,610
Subtotal Town of Indian Shores direct debt	<u>4,548,137</u>	<u>100%</u>	<u>4,548,137</u>
Overlapping debt:			
Pinellas County School Board ⁽¹⁾			
Bonds/Notes	618,000	1.18%	7,292
Capital Leases	4,752,393	1.18%	56,078
Pinellas County ⁽²⁾			
Bonds/Notes	18,634,328	1.29%	240,383
Capital Leases	298,264	1.29%	3,848
Subtotal overlapping debt	<u>24,302,985</u>		<u>307,601</u>
Total direct and overlapping debt	\$ <u>28,851,122</u>		\$ <u>4,855,738</u>

RATIO:

Overall debt to 2019 taxable value	<u>0.47%</u>
Overall debt per capita	\$ <u>3,296</u>

(1) The Town's share is calculated based on the ratio of the 2019 School Board Taxable Value of \$86,624,154,891 to the Town's Taxable Value of \$1,023,627,396.

(2) The Town's share is calculated based on the ratio of the 2019 County Taxable Value of \$79,376,212,411 to the Town's Taxable Value of \$1,023,627,396.

TOWN OF INDIAN SHORES, FLORIDA

COMPUTATION OF LEGAL DEBT MARGIN

September 30, 2019

The Constitution of the State of Florida, Statute 200.181
and the Charter of the Town of Indian Shores, Florida
has no legal debt margin

TOWN OF INDIAN SHORES, FLORIDA

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

<u>Fiscal⁽²⁾</u>	<u>Public⁽²⁾</u>	<u>Communications</u>		<u>Net</u>	<u>Debt Service</u>		
<u>Year</u>	<u>Service</u>	<u>Services</u>	<u>Other⁽¹⁾</u>	<u>Available</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
	<u>Tax</u>	<u>Tax</u>		<u>Revenue</u>			
2010	\$ 362,487	\$ 3,214	\$ 73,631	\$ 439,331	\$ 115,000	\$ 264,771	116 %
2011	358,061	3,012	177,016	538,089	186,667	330,215	104 %
2012	337,506	3,031	161,278	501,815	258,333	315,845	88 %
2013	349,627	3,105	145,686	498,418	254,348	289,861	92 %
2014	370,330	3,104	142,068	515,502	270,652	290,328	92 %
2015	370,020	3,187	178,937	552,144	275,652	281,311	99 %
2016	374,928	3,198	174,366	552,492	342,588	269,757	90 %
2017	383,919	4,100	194,670	582,689	342,588	180,003	115 %
2018	388,955	3,224	190,353	582,532	342,588	173,074	113 %
2019	415,559	2,735	199,799	618,093	342,589	163,155	122 %

(1) Includes Local Option Sales Tax.

(2) Transfers of revenue from General Fund.

DEMOGRAPHIC AND

ECONOMIC

INFORMATION

TOWN OF INDIAN SHORES, FLORIDA

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population⁽¹⁾</u>	<u>Household Income⁽²⁾</u>	<u>Per Capita Income⁽²⁾</u>	<u>Median Age⁽²⁾</u>	<u>Unemployment Rate⁽⁵⁾</u>
2010	1,782	61,641	40,002	56	12.4
2011	1,420	54,678	45,343	59.1	10.7
2012	1,420	52,787	44,868	59.5	4.7
2013	1,429	66,304	59,200	60.5	7
2014	1,441	66,304	59,200	55.4	5.7
2015	1424*	66,304	59,200	55.4	4.7*
2016	1,499	54,115	61,641	62.2	5.1
2017	1,498	57,404	53,864	61.5	3.7
2018	1,420	65,647	57,850	60	3.1
2019	1,473	62,462	56,672	62	5.1

(1) Google Public Data Sept. 30

(2) City-Data.com

(3) www.towncharts.com

NOTE: Data is for an unspecified point each year, not specifically September 30.

TOWN OF INDIAN SHORES, FLORIDA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

September 30, 2019

Employer	2019		Employer	2010	
	Number of Employees	Rank		Number of Employees	Rank
Salt Rock Grill	160	1	Salt Rock Grill	130-145	1
Caddy's	80	2	The Pub	60-70	2
Town of Indian Shores	26	3	Suncoast Seabird Sanctuary	28	3
Smugglers Cove	14	4	Town of Indian Shores	27	4
The Dog & Parrot	13	5	Seven-11 Store	10	5
Indian Shores Coffee Co	5	8	Smugglers Cove	9	6
Aloha 2 Go	5	8	Sun Vista Realty	6	7
Sun Vista Realty	7	6	Fifth Third Bank	6	8
Beach & Bay Realty	3	10	Jack Collins Realty	5	9
Indian Shores Trading Co	3	9	Beach & Bay Realty	4	10
Fifth Third Bank	6	7			

OPERATING
INFORMATION

TOWN OF INDIAN SHORES, FLORIDA

FULL-TIME GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Government	5.00	5.00	5.00	5.00	5.00	5.00	5.33	6.33	6.33	6.33
Public Safety:										
Police										
Officers	12.00	12.00	14.00	11.00	11.00	10.67	10.67	10.67	10.67	10.67
Civilians	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Building	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Public Works:										
Maintenance	<u>3.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>3.00</u>	<u>1.50</u>	<u>1.50</u>	<u>2.50</u>	<u>3.00</u>
Total	<u><u>22.00</u></u>	<u><u>22.00</u></u>	<u><u>24.00</u></u>	<u><u>21.00</u></u>	<u><u>16.00</u></u>	<u><u>22.67</u></u>	<u><u>21.50</u></u>	<u><u>23.50</u></u>	<u><u>24.50</u></u>	<u><u>25.00</u></u>

Source: Town Budget Office

TOWN OF INDIAN SHORES, FLORIDA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police										
Physical arrests	118	90	121		126	112	101	146	154	165
Parking violations	552	431	339		492	700	357	386	103	488
Traffic violations	235	342	578		330	862	706	724	706	860
Highways and Streets										
Street resurfacing (miles)	-	-	-	-	-	-	-	-	-	-
Potholes repaired	-	-	-	-	-	-	-	-	-	1
Culture and recreation										
Library Cards Issued	124	234	275	275	333	282	294	230	93	118
Building										
Number of permits issued	677	453	734	672	573	450	408	411	458	456

Sources: Various government departments.

Note: Indicators are not available for the general government function.

TOWN OF INDIAN SHORES, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	12	5	5	5	5	5	5	5	5
Highways and Streets										
Streets (miles)	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05
Street lights	146	146	146	146	146	146	146	146	146	146
Traffic signals	1	1	1	1	1	1	1	1	1	1
Culture and recreation										
Park acreage	2.66	2.66	2.66	2.66	2.66	2.66	2.66	2.66	2.57	2.57
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1	1	1	1	1

Sources: Various Town departments.

Note: No capital asset indicators are available for the general government function.

TOWN OF INDIAN SHORES, FLORIDA
SCHEDULE OF INSURANCE IN FORCE
OCTOBER 1, 2018 TO SEPTEMBER 30, 2019

Type of Coverage	Policy Number	Company	Deductible	Amount	Term		Premium
					From	To	
Property							
	PRIA/PGIT	Public Risk Insurance			10/1/2018	9/30/2019	
Buildings & Contents				7,582,747			\$ 34,522.00
Equip Breakdown				7,582,747			
Flood			1,000	5,000,000			
TRIA Terrorism			1,000	5,000,000			
Named Windstorm			3% Min \$10,000	7,582,747			
Accts Receivable			1,000	500,000			
Add'l Expense			1,000	1,000,000			
Business Income			1,000	500,000			
Debris Removal			1,000	500,000			
Errors & Omissions			1,000	500,000			
Demo & Inc Cost of Construction			1,000	750,000			
Inland Marine							
			1,000	1,000,000			\$ 4,100.00
Crime							
Employee Dishonesty			1,000	500,000			\$ 1,000.00
Theft, Disappear & Destruction			1,000	500,000			
Funds Transfer			1,000	500,000			
Computer Fraud			1,000	500,000			
Forgery/Alterations			1,000	500,000			
General Liability							
Employee Benefits				1,500,000			\$ 5,045
LE Liability				1,500,000			\$ 17,252.00
Public Officials							
Employment Practices Liab			2,500 deductible	1,500,000			\$ 10,370.00
Cyber Liability			2,500 deductible	1,500,000			
			2,500 deductible	1,000,000			
Workers Comp							
				Statutory			\$ 52,174.00
Automobile							
Auto Liability				1,500,000			\$ 2,719.00
Uninsured Motorist				20,000			
Comp/Collision			500 deductible				\$ 3,521.00
Hired Phys Damage			500 deductible	35,000			
Medical Pymts				5,000			
Special Event							
Liquor Liability							\$ -
St Patrick' Day							
AD&D, D-5							
			2 Year policy - pre-paid	70,000			\$ 1,201.00
Total							\$ 131,904.00
Flood Insurance							
Town Hall Bldg	09 1150116759 07	Wright National Flood	5,000	500,000	10/15/2018	10/15/2019	3,226.00
19305 Gulf Blvd.		Prop & Casualty	5,000	214,800			
		Agent: Mitchell					
Nature Refuge	09 1150125762 07	Wright National Flood	1,250	392,300	10/23/2018	10/23/2019	2,276.00
Restrooms &		Prop & Casualty					
Pavilions - 19019 Gulf Blvd (Rec Area)		Agent: Mitchell					
Total							\$ 5,502.00

OTHER REPORTS

TOWN OF INDIAN SHORES

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

AND

MANAGEMENT LETTER

AND

REPORT ON ATTESTATION

AND

MANAGEMENT MEMORANDUM
ON REVIEW OF INTERNAL CONTROL STRUCTURE

September 30, 2019

SALTMARSH, CLEVELAND & GUND, P.A.
Certified Public Accountants

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

The Honorable Mayor
and Town Council
Town of Indian Shores, Florida

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

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, and the AICPA Professional Standards AT Sections 601.55 and 601.56, the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund and the aggregate remaining fund information of the Town of Indian Shores, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Indian Shores, Florida's (Town) basic financial statements, and have issued our report thereon dated September 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the Town's internal control.

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

The Honorable Mayor
and Town Council
Town of Indian Shores, Florida

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Tampa, Florida
September 11, 2020

MANAGEMENT LETTER

The Honorable Mayor and
Town Council
Town of Indian Shores, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Indian Shores, Florida as of and for the fiscal year ended September 30, 2019 and have issued our report thereon dated September 11, 2020.

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 Controller General of the United States; and Chapter 10.550, Rules of the Auditor General

Other Reports and Schedule

We have issued our Independent Auditors Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General Disclosures in those reports and schedule, which are dated September 11, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address finding and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. There were no findings or recommendations made on internal control and compliance issues during the preceding annual financial audit.

The Honorable Mayor and
Town Council
Town of Indian Shores, Florida

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This disclosure has been included in the Town's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019.

Financial Condition

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 Town of Indian Shores, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Section 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 Town of Indian Shores, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2019, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2019. In connection with our audit, we determined that these two reports were in agreement.

The Honorable Mayor and
Town Council
Town of Indian Shores, Florida

Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, require that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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



Tampa, Florida
September 11, 2020

ATTESTATION REPORT

INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and
Town Council
Town of Indian Shores, Florida

We have examined the Town of Indian Shores, Florida's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2019. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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



Tampa, Florida
September 11, 2020

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**MANAGEMENT MEMORANDUM
ON REVIEW
OF INTERNAL CONTROL STRUCTURE**



September 11, 2020

The Honorable Mayor
and Town Council
Town of Indian Shores, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for that general fund and the aggregate remaining fund information which collectively comprise the basic financial statements of the of the Town of Indian Shores, Florida as of and for the year ended September 30, 2019, and have issued our report thereon dated September 11 , 2020.

We have issued our Report on Compliance and Internal Accounting Controls in Accordance with *Government Auditing Standards* dated September 11, 2020. Disclosure in that report, if any, should be considered in conjunction with this management memorandum.

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

In planning and performing our audit of the financial statements of the Town of Indian Shores, Florida we considered the Town’s internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

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However, during our audit we observed an opportunity for strengthening internal control and operating efficiency.

2018-2019

- A. GASB Statement No. 87

2017-2018

- A. Bank Reconciliations

2018-2019

2019-1 GASB Statement No. 87

In June 2017, the Governmental Accounting Standards Board (GASB), the Board) issued Statement No. 87, *Leases* to provide more useful decision-making information for users of state and local government financial statements. In many respects, Statement No. 87 is similar to the lease accounting and reporting standards established by the Financial Accounting Standards Board (FASB) for business entities. For example, both standards are based on the principle that a leased asset represents the right to use such asset for the period of the lease term, and both address accounting and reporting requirements for lessees and lessors.

Local governments will account for and report leases for fiscal periods beginning October 1, 2022, in accordance with Statement No. 87.

We recommend that the Finance Director become aware of this new standard.

2017-2018

2018-1 Bank Reconciliations

Bank reconciliations are performed manually outside of the accounting system. It is our understanding that the accounting software cannot accommodate a bank reconciliation.

Last year we recommended that an Excel spreadsheet be used each month to fully detail reconciling items (including those which carry over more than one month).

This recommendation has been implemented.

* * * * *

This memorandum is intended solely for the use of the Mayor and Town Council, the Pinellas County, Florida Board of Commissioners and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the courtesy and assistance provided to us by the Town's personnel during our audit. We will review the status of the above comments during our next audit engagement. We have already discussed many of these comments and suggestions with Town personnel, and we will be pleased to discuss them if further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

SALTMARSH, CLEVELAND & GUND, P.A.

MANAGEMENT RESPONSE

INDIAN SHORES

Ph 727.595.4020 Fax 727.596.0050
19305 Gulf Boulevard, Indian Shores, FL 33785
www.myindianshores.com



September 23, 2020

RE: Fiscal Year 2018-2019
Audit Recommendation

Management's response to current year recommendation:

GASB Statement No. 87

The Finance Director will become familiar with the GASB Statement No. 87 as recommended in the Management Memorandum.

Susan L. Scrogam, CMC, CBTO
Director of Finance & Personnel

Patrick C. Soranno
Mayor

Diantha Schear
Vice Mayor

Mike Hackerson
Councilor

Michael (Mike) Petruccelli
Councilor

William F. (Bill) Smith
Councilor

Bonnie Dhonau
Town Administrator

Richard (Rick) Swann
Chief of Police

Susan L. Scrogam
Director of Finance
and Personnel
120

Freddie G. Lozano
Town Clerk

Regina Kardash, Esq.
Town Attorney