



Redington Shores

TOWN OF REDINGTON SHORES, FLORIDA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2020

17425 Gulf Boulevard
Redington Shores FL 33708
727-397-5538

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TOWN OF REDINGTON SHORES, FLORIDA

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 2020

Prepared by the
Department of Finance

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TOWN OF REDINGTON SHORES, FLORIDA

LISTING OF TOWN OFFICIALS

ELECTED OFFICIALS

Mayor - Commissioner	MaryBeth Henderson
Vice Mayor - Commissioner	Michael Robinson
Commissioner	Pat Drumm
Commissioner	Jeff Neal
Commissioner	Jennie Blackburn

APPOINTED OFFICIALS

Town Attorney	James W. Denhardt
Town Clerk	Mary Palmer

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INTRODUCTORY SECTION

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TOWN OF REDINGTON SHORES, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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TOWN OF REDINGTON SHORES, FLORIDA

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LETTER OF TRANSMITTAL

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Redington Shores

17425 Gulf Boulevard
Redington Shores FL 33708
727-397-5538

September, 2021

To the Honorable Mayor, Board of Commissioners and Citizens of the Town of Redington Shores.

The Comprehensive Annual Financial Report (CAFR) of the Town of Redington Shores, Florida for the fiscal year ended September 30, 2020, is submitted herewith, fulfilling the requirements of the Town Charter, Florida Statutes and the Rules of the Auditor General of the State of Florida.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Saltmarsh, Cleaveland & Gund, Certified Public Accountants, have issued an opinion on the Town of Redington Shoes financial statements for the year ended September 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The Town of Redington Shores has operated under the Commissioner-Mayor form of government since incorporation in 1955. Policy making and legislative authority are vested in a governing Commission consisting of the mayor and four other members all elected on a non-partisan basis. The Mayor appoints the heads of various departments. Commission members serve two-year terms, with two members elected every other year. The mayor is elected for a three-year term. The mayor is elected at large; the remaining commission members are elected by district.

The Town of Redington Shores provides a full range of services, including police and fire protection, sanitation, the construction and maintenance of highways, streets and other infrastructure; and recreational/cultural activities.

The annual budget serves as the foundation for the Town's financial planning and control. All departments of the Town are required to submit requests for appropriation to the Mayor in June of each year. The Mayor and Town Clerk use these request as the starting point for developing a proposed budget. The Mayor and Town Clerk then present the proposed budget to the Commission for review. The Mayor and Town Clerk meet with the Financial Advisory Board to review the proposed budget and to bring forth recommendations to the Commission. The Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the Town's fiscal year.

LOCAL ECONOMY

The Town of Redington Shores is one of twenty-four incorporated municipalities within Pinellas County. It is a community of combined mostly residential, some commercial and recreational interests. The Town of Redington Shores property values increased for the eighth year in a row in fiscal year 2020.

LONG TERM PLANNING/FUTURE INITIATIVE

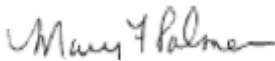
The Town along with the other Barrier Island Communities belonging to the Barrier Island Governmental Council (BIG-C) continues to work hand-in-hand with Pinellas County for the undergrounding of the utilities along Gulf Boulevard the main thoroughfare of the barrier island. The East side has been completed. The project will now move to the West Side of Gulf Blvd.

The Town is still in the process of rehabbing the sewer infrastructure in town. Most of the assessment of the system is complete. The next step will be repairs to the system.

As part of the budgeting process, the Town prepares a Five-Year Capital Improvement Plan (CIP), which is updated on an annual basis. The CIP is an important component of the Town's financial management process and should be considered when creating the annual operating budget. Annually the Commission reviews any infrastructure and capital asset requirements to determine which items need to be replaced or if any new additions are necessary.

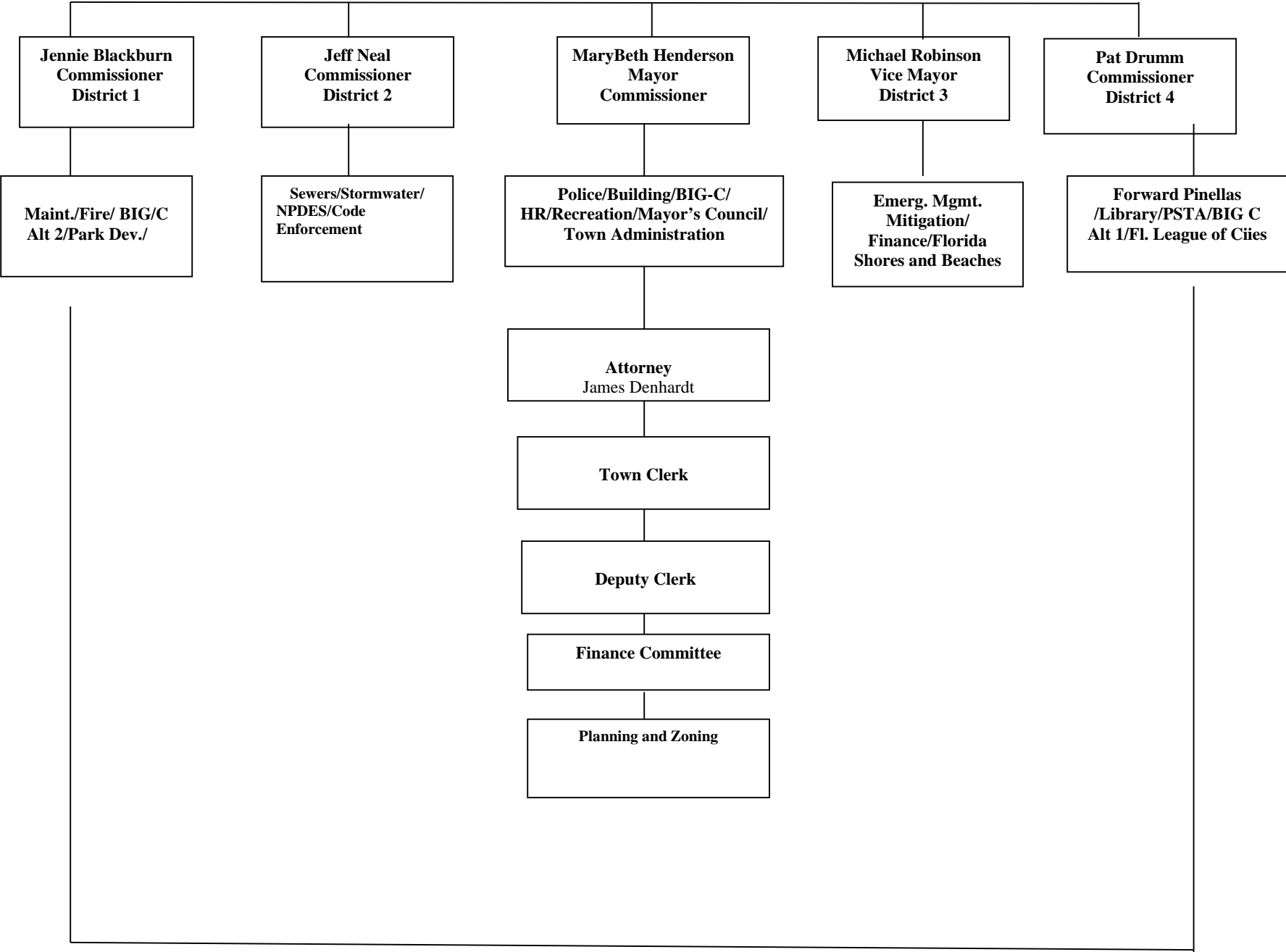
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the administration department. I wish to express our appreciation to everyone who contributed to the preparation of this report. Credit must also be given to the Mayor and Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Redington Shores' finances.

Respectfully Submitted,



Mary F. Palmer, MMC
Town Clerk/Treasurer

**Board of Commission
Town of Redington Shores**



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TOWN OF REDINGTON SHORES, FLORIDA

LISTING OF TOWN OFFICIALS

ELECTED OFFICIALS

Mayor - Commissioner	MaryBeth Henderson
Vice Mayor - Commissioner	Tom Kapper
Commissioner	Pat Drumm
Commissioner	Jeff Neal
Commissioner	Michael Robinson

APPOINTED OFFICIALS

Town Attorney	James W. Denhardt
Town Clerk	Mary Palmer

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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

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor-Commissioner
and Town Commissioners
Town of Redington Shores, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparisons for the general fund of the Town of Redington Shores, Florida (Town), as of and for the year ended September 30, 2020, 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

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The Honorable Mayor-Commissioner
and Town Commissioners
Town of Redington Shores, Florida

order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the budgetary comparisons for the general fund of the Town of Redington Shores, Florida, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons 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 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-Commissioner
and Town Commissioners
Town of Redington Shores, Florida

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Redington Shores, Florida's basic financial statements. The introductory section, sewer fund schedule of revenues, expenses and changes in net assets - budget and actual, capital assets schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and schedules of capital assets 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 individual fund financial statements and schedules of capital assets 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 Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2021, on our consideration of the Town of Redington Shores, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Redington Shores, Florida's internal control over financial reporting and compliance.



Tampa, Florida
September 17, 2021

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MANAGEMENT'S DISCUSSION
AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Redington Shores, Florida's (the "Town") Management's Discussion and Analysis ("MD&A") presents an overview of the Town's financial activities for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the financial statements, which follow this section, taken as a whole.

Financial Highlights

- As of September 30, 2020, the total assets of the Town of Redington Shores exceeded total liabilities by **\$23,121,108** (total net position). Of this amount, **\$11,713,939** (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by **\$491,648**. This increase was primarily the result of county grants received by the Town totaling \$149,242 that were used for the undergrounding of utilities on the east side of Gulf Boulevard during fiscal 2019.

Overview of the Financial Statements.

This discussion and analysis is intended to serve as an introduction of the Town of Redington Shores basic financial statements. The Town of Redington Shores basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Redington Shores' finances. These financial statements have been prepared using the accrual basis of accounting, which is similar to a private-sector business. There are two types of government-wide financial statements prepared for the Town:

- (1) The statement of net position presents information on the Town of Redington Shores assets and liabilities, with the difference between the two total reported as total net position. Over time, increases or decreases in the Town's net position may serve as a useful indicator of whether the financial position of the Town of Redington Shores is improving or deteriorating.
- (2) The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town of Redington Shores that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Redington Shores include general government, public safety, physical environment, transportation, and culture-recreation. The business-type activities of the Town of Redington Shores include sewer service provide to the Town's residents and businesses. The fee for sewer services charged by the Town typically covers all or most of the cost of operation including depreciation.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Redington Shores maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund.

The Town of Redington Shores adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town of Redington Shores maintains one type of proprietary fund. This fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Redington Shores uses this to account for its sewer service.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes the general fund and business-type activities original budget and final budget in comparison to actual expenses.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. A large portion of the Town of Redington Shores net assets is its investment in capital assets (e.g, land, buildings and equipment). The Town of Redington Shores uses these capital assets to provide services to citizens; consequently, 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.

**TOWN OF REDINGTON SHORES
STATEMENT OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 10,123,013	\$ 9,841,590	\$ 1,837,101	\$ 2,004,862	\$ 11,960,114	\$ 11,846,452
Capital Assets (net of depreciation)	11,724,419	11,911,675	1,093,008	998,529	12,817,427	12,910,204
Total Assets	<u>21,847,432</u>	<u>21,753,265</u>	<u>2,930,109</u>	<u>3,003,391</u>	<u>24,777,541</u>	<u>24,756,656</u>
Current Liabilities	420,990	586,753	61,924	108,963	482,914	695,716
Non-Current Liabilities	1,173,519	1,431,480	-	-	1,173,519	1,431,480
Total Liabilities	<u>1,594,509</u>	<u>2,018,233</u>	<u>61,924</u>	<u>108,963</u>	<u>1,656,433</u>	<u>2,127,196</u>
Invested in capital assets	10,314,161	10,245,007	1,093,008	998,529	11,407,169	11,243,536
Unrestricted	9,938,762	9,490,025	1,775,177	1,895,899	11,713,939	11,385,924
Total Net Position	<u>\$ 20,252,923</u>	<u>\$ 19,735,032</u>	<u>\$ 2,868,185</u>	<u>\$ 2,894,428</u>	<u>\$ 23,121,108</u>	<u>\$ 22,629,460</u>

At the end of the current fiscal year, the Town of Redington Shores is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's net position increased by **\$491,648** during the current fiscal year. As noted above, this increase is primarily the result of county grants for the Town's utility undergrounding.

Governmental activities / Business-Type activities

During the fiscal year ending September 30, 2020, governmental activities increased the Town of Redington Shores total net position by \$517,891. Business-type activities decreased the Town of Redington Shores total net position by \$26,243.

The following schedule represents the revenues and expenses for the last two fiscal years.

**TOWN OF REDINGTON SHORES
STATEMENT OF ACTIVITIES**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 795,258	\$ 841,011	\$ 892,417	\$ 853,761	\$ 1,687,675	\$ 1,694,772
Capital Grants	165,726	1,561,153	-	-	165,726	1,561,153
Total Program Revenues	960,984	2,402,164	892,417	853,761	1,853,401	3,255,925
General revenues:						
Land Dedication Fees	66,500	59,765	-	-	66,500	59,765
Property taxes	1,263,783	1,234,655	-	-	1,263,783	1,234,655
Franchise fees	223,911	229,985	-	-	223,911	229,985
State revenue sharing	54,599	53,008	-	-	54,599	53,008
Half-cent sales tax	138,000	145,928	-	-	138,000	145,928
Local option gas tax	26,732	29,527	-	-	26,732	29,527
Infrastructure Sales Surtax	241,468	260,519	-	-	241,468	260,519
Communication services tax	89,303	95,991	-	-	89,303	95,991
Other taxes	990	535	-	-	990	535
Investment earnings	97,870	181,207	18,012	41,820	115,882	223,027
Miscellaneous/other	13,074	15,689	-	97,132	13,074	112,821
Total General Revenues	2,216,230	2,306,809	18,012	138,952	2,234,242	2,445,761
Total Revenues	3,177,214	4,708,973	910,429	992,713	4,087,643	5,701,686
Expenses:						
General government	609,386	551,182	-	-	609,386	551,182
Public safety	840,487	943,224	-	-	840,487	943,224
Physical environment and highways	967,933	1,012,494	-	-	967,933	1,012,494
Culture and recreation	169,923	160,853	-	-	169,923	160,853
Interest on Long-Term debt	71,594	83,899	-	-	71,594	83,899
Sewer	-	-	936,672	904,211	936,672	904,211
Total Expenses	2,659,323	2,751,652	936,672	904,211	3,595,995	3,655,863
Change in Net Position	517,891	1,957,321	(26,243)	88,502	491,648	2,045,823
Net Position, Beginning	19,735,032	17,777,711	2,894,428	2,805,926	22,629,460	20,583,637
Net Position, End	\$ 20,252,923	\$ 19,735,032	\$ 2,868,185	\$ 2,894,428	\$ 23,121,108	\$ 22,629,460

Financial Analysis of the Town's Funds

As noted earlier, the Town of Redington Shores uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town is in compliance with financial policies.

The focus of the Town of Redington Shores governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town of Redington Shores financing requirements. In particular, unreserved 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 the current fiscal year, the Town of Redington Shores governmental fund reported an ending fund balance of \$9,982,532, an increase of \$443,003 from the prior fiscal year. Approximately 99.8% of the fund balance constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new general spending because it has already been committed for a variety of other restricted purposes.

The Town of Redington Shores proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the sewer fund as of September 30, 2020 was \$1,775,177. The total reduction in net position was \$26,243. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Redington Shores business-type activities.

General Fund Budgetary Highlights

The General Fund budgetary estimates as amended, were favorable for both revenue and expenditures. Actual revenue exceeded budget by \$69,710. Actual expenditures were under budget by \$117,535.

Capital Assets

The Town of Redington Shores investment in capital assets for its governmental and business-type activities as of September 30, 2020 totaled \$12,817,427 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, equipment, park facilities and roads.

Major capital asset events during the current fiscal year included the following:

- Sewer Repairs
- Engineering fees related to repairs

**TOWN OF REDINGTON SHORES CAPITAL ASSETS
(NET OF DEPRECIATION)**

	Governmental		Business-Type		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Land	\$ 2,406,898	\$ 2,406,898	\$ 8,091	\$ 8,091	\$ 2,414,989	\$ 2,414,989
Construction in Progress	-	1,573,418	-	-	-	1,573,418
Building and improvements	875,532	875,532	-	-	875,532	875,532
Improvement other than buildings	846,642	803,779	2,268,448	2,131,972	3,115,090	2,935,751
Infrastructure	12,449,328	10,696,370	-	-	12,449,328	10,696,370
Equipment	372,253	366,003	91,753	85,653	464,006	451,656
Total Assets	16,950,653	16,722,000	2,368,292	2,225,716	19,318,945	18,947,716
Less accumulated depreciation	5,226,234	4,810,325	1,275,284	1,227,187	6,501,518	6,037,512
Total Capital Assets, net	\$ 11,724,419	\$ 11,911,675	\$ 1,093,008	\$ 998,529	\$ 12,817,427	\$ 12,910,204

Long-term debt.

The Town of Redington Shores had an outstanding bank loan of \$1,410,258 which was borrowed for the utility undergrounding project. It is backed by the full faith and credit of the Town.

Economic Factors and Next Year's Budget

The 2021-2022 budget at this time does not reflect any material increases in rates for taxes, fees, or services paid by its citizens.

Requests for Information

This financial report is designed to provide a general overview of the Town of Redington Shores finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Town Clerk, 17425 Gulf Boulevard, Redington Shores, FL 33708.

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BASIC FINANCIAL STATEMENTS

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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 Balances -
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities -
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual:
General Fund

Proprietary Fund Financial Statements

Statement of Net Position - Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Fund
Statement of Cash Flows - Proprietary Fund

Notes to Financial Statements

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TOWN OF REDINGTON SHORES, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

ASSETS	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,174,426	\$ 201,909	\$ 1,376,335
Investments	8,762,611	1,474,074	10,236,685
Receivables (net of allowance for uncollectibles)	168,705	161,118	329,823
Prepaid expenses	17,271	-	17,271
Capital Assets:			
Land	2,406,898	8,091	2,414,989
Buildings	875,532	-	875,532
Improvements other than buildings	846,642	2,268,448	3,115,090
Equipment	372,253	91,753	464,006
Infrastructure	12,449,328	-	12,449,328
Accumulated depreciation	<u>(5,226,234)</u>	<u>(1,275,284)</u>	<u>(6,501,518)</u>
 Total Assets	 21,847,432	 2,930,109	 24,777,541
LIABILITIES			
Accounts payable	134,216	61,924	196,140
Accrued payroll	6,265	-	6,265
Accrued interest payable	21,913	-	21,913
Noncurrent liabilities:			
Due within one year	258,596	-	258,596
Due in more than one year	<u>1,173,519</u>	<u>-</u>	<u>1,173,519</u>
 Total Liabilities	 <u>1,594,509</u>	 <u>61,924</u>	 <u>1,656,433</u>
 Net investment in capital assets	 10,314,161	 1,093,008	 11,407,169
Unrestricted	<u>9,938,762</u>	<u>1,775,177</u>	<u>11,713,939</u>
 Total Net Position	 <u>\$ 20,252,923</u>	 <u>\$ 2,868,185</u>	 <u>\$ 23,121,108</u>

See Notes to Financial Statements.

TOWN OF REDINGTON SHORES, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

<u>Function/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	Primary Government		
				<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary Government:						
Governmental Activities:						
General government	\$ 609,386	\$ 186,122	\$ 16,484	\$ (406,780)	\$ -	\$ (406,780)
Public Safety	840,487	262,696	-	(577,791)	-	(577,791)
Physical environment	967,933	294,798	149,242	(523,893)	-	(523,893)
Culture and recreation	169,923	51,642	-	(118,281)	-	(118,281)
Interest on long-term debt	<u>71,594</u>	<u>-</u>	<u>-</u>	<u>(71,594)</u>	<u>-</u>	<u>(71,594)</u>
Total governmental activities	<u>2,659,323</u>	<u>795,258</u>	<u>165,726</u>	<u>(1,698,339)</u>	<u>-</u>	<u>(1,698,339)</u>
Business-Type Activities:						
Sewer	<u>936,672</u>	<u>892,417</u>	<u>-</u>	<u>-</u>	<u>(44,255)</u>	<u>(44,255)</u>
Total business-type activities	<u>936,672</u>	<u>892,417</u>	<u>-</u>	<u>-</u>	<u>(44,255)</u>	<u>(44,255)</u>
Total primary government	<u>\$ 3,595,995</u>	<u>\$ 1,687,675</u>	<u>\$ 165,726</u>	<u>(1,698,339)</u>	<u>(44,255)</u>	<u>(1,742,594)</u>
General Revenues:						
Property taxes				1,263,783	-	1,263,783
Franchise fees				223,911	-	223,911
Unrestricted						
Intergovernmental Revenues:						
State Revenue sharing				54,599	-	54,599
Communication services tax				89,303	-	89,303
Half-cent sales tax				138,000	-	138,000
Local option gas tax				26,732	-	26,732
Infrastructure sales surtax				241,468	-	241,468
Other taxes				990	-	990
Capital contributions				66,500	-	66,500
Unrestricted investment earnings				97,870	18,012	115,882
Miscellaneous				<u>13,074</u>	<u>-</u>	<u>13,074</u>
Total General Revenues				<u>2,216,230</u>	<u>18,012</u>	<u>2,234,242</u>
Change in Net Position				517,891	(26,243)	491,648
Net Position, Beginning of Year				<u>19,735,032</u>	<u>2,894,428</u>	<u>22,629,460</u>
Net Position, End of Year				<u>\$ 20,252,923</u>	<u>\$ 2,868,185</u>	<u>\$ 23,121,108</u>

See Notes to Financial Statements.

TOWN OF REDINGTON SHORES, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

ASSETS

ASSETS	<u>General</u>	<u>Capital Improvements</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 125,839	\$ 1,048,587	\$ 1,174,426
Investments	6,564,236	2,198,375	8,762,611
Receivables (net of allowance for uncollectibles):			
Accounts	59,528	7,637	67,165
Intergovernmental:			
State	36,321	-	36,321
County	6,596	58,623	65,219
Prepaid items	17,271	-	17,271
TOTAL ASSETS	\$ 6,809,791	\$ 3,313,222	\$ 10,123,013

LIABILITIES AND FUND BALANCES

Liabilities:			
Accounts payable	\$ 129,582	\$ 4,634	\$ 134,216
Accrued payroll	6,265	-	6,265
Total liabilities	135,847	4,634	140,481
Fund balances:			
Nonspendable	17,271	-	17,271
Restricted	-	3,308,588	3,308,588
Unassigned	6,656,673	-	6,656,673
Total fund balances	6,673,944	3,308,588	9,982,532
Total liabilities and fund balances	\$ 6,809,791	\$ 3,313,222	

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.	11,724,419
Long-term liabilities, including compensated absences, bank loan, and accrued interest expense, are not due and payable in the current period and therefore are not reported in the Governmental funds.	<u>(1,454,028)</u>
Net position of governmental activities	<u>\$ 20,252,923</u>

See Notes to Financial Statements

TOWN OF REDINGTON SHORES, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	General	Capital Improvements	Total Governmental Funds
REVENUES:			
Taxes:			
Property	\$ 1,263,783	\$ -	\$ 1,263,783
Franchise	223,911	-	223,911
Licenses and permits	209,116	-	209,116
Intergovernmental	308,532	308,958	617,490
Grants	16,484	149,242	165,726
Charges for services	542,278	43,966	586,244
Investment earnings	69,174	28,696	97,870
Miscellaneous	13,074	-	13,074
	2,646,352	530,862	3,177,214
EXPENDITURES:			
Current:			
General government	596,434	-	596,434
Public safety	839,609	-	839,609
Physical environment	594,215	223,247	817,462
Culture and recreation	119,804	28,887	148,691
Debt service:			
Principal	-	256,410	256,410
Interest	-	75,605	75,605
	2,150,062	584,149	2,734,211
Excess (Deficiency) of Revenues Over (under) Expenditures	496,290	(53,287)	443,003
Other Financial Sources (Uses):			
Transfers In	-	141,000	141,000
Transfers (out)	(141,000)	-	(141,000)
	(141,000)	141,000	-
Net Change in Fund Balance	355,290	87,713	443,003
Fund Balance, Beginning of Year	6,318,654	3,220,875	9,539,529
Fund Balance, End of Year	\$ 6,673,944	\$ 3,308,588	\$ 9,982,532

See Notes to Financial Statements.

TOWN OF REDINGTON 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, 2020

Changes in fund balances - total governmental funds	\$	443,003
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures and sales proceeds as revenues. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	\$ 228,653	
Less current year depreciation	<u>(415,909)</u>	(187,256)
The issuance of long-term debt (e.g. bank loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Payment of loan principal	\$ <u>256,410</u>	256,410
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.		
Accrued interest on bank loan	4,011	
Compensated absences	<u>1,723</u>	<u>5,734</u>
Net change in net position of governmental activities	\$	<u><u>517,891</u></u>

See Notes to Financial Statements.

TOWN OF REDINGTON SHORES, FLORIDA

GENERAL FUND

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property				
Ad valorem	\$ 1,239,445	\$ 1,239,445	\$ 1,263,783	\$ 24,338
Franchise fees	218,000	218,000	223,911	5,911
Licenses and permits	153,400	153,900	209,116	55,216
Intergovernmental	330,924	330,924	325,016	(5,908)
Charges for services	514,373	514,373	542,278	27,905
Investment earnings	120,000	120,000	69,174	(50,826)
Miscellaneous	-	-	13,074	13,074
	<u>2,576,142</u>	<u>2,576,642</u>	<u>2,646,352</u>	<u>69,710</u>
Total Revenues				
Expenditures:				
Current:				
General Government:				
Legislative	97,683	97,683	105,917	(8,234)
Financial and administrative	518,542	518,542	486,786	31,756
Facilities maintenance	11,200	11,200	3,731	7,469
Total general government	627,425	627,425	596,434	30,991
Public Safety:				
Police	464,289	464,289	463,733	556
Fire	233,087	233,087	233,087	-
Protective inspections	183,226	183,226	142,789	40,437
Total public safety	880,602	880,602	839,609	40,993
Physical Environment:				
Garbage and trash	231,200	355,712	353,231	2,481
Maintenance	261,649	261,649	240,984	20,665
Total physical environment	492,849	617,361	594,215	23,146
Culture and Recreation:				
Library	46,710	46,710	46,709	1
Parks and Recreation	95,500	95,500	73,096	22,404
Total culture and recreation	142,210	142,210	119,805	22,405
Total Expenditures	<u>2,143,086</u>	<u>2,267,598</u>	<u>2,150,063</u>	<u>117,535</u>
Excess of Revenues Over (Under) Expenditures	433,056	309,044	496,289	187,245
Other Financing Sources (Uses):				
Transfer to Capital Improvements Fund	(141,000)	(141,000)	(141,000)	-
Total Other Financing Sources (Uses)	<u>(141,000)</u>	<u>(141,000)</u>	<u>(141,000)</u>	<u>-</u>
Net Change in Fund Balance	292,056	168,044	355,289	187,245
Fund Balance, Beginning of Year	<u>6,318,654</u>	<u>6,318,654</u>	<u>6,318,654</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,610,710</u>	<u>\$ 6,486,698</u>	<u>\$ 6,673,943</u>	<u>\$ 187,245</u>

See Notes to Financial Statements.

TOWN OF REDINGTON SHORES, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUND

SEPTEMBER 30, 2020

ASSETS

	<u>SEWER FUND</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 201,909
Investments	1,474,074
Accounts receivable, net of allowance for uncollectible accounts	<u>161,118</u>
TOTAL CURRENT ASSETS	1,837,101
NONCURRENT ASSETS:	
Capital Assets:	
Land	8,091
Improvements other than buildings	2,268,448
Equipment	<u>91,753</u>
TOTAL CAPITAL ASSETS	2,368,292
Less accumulated depreciation	<u>1,275,284</u>
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>1,093,008</u>
TOTAL ASSETS	<u>\$ 2,930,109</u>

See Notes to Financial Statements

TOWN OF REDINGTON SHORES, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUND

SEPTEMBER 30, 2020

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

LIABILITIES AND FUND EQUITY

	<u>SEWER FUND</u>
CURRENT LIABILITIES:	
Accounts payable	\$ <u>61,924</u>
TOTAL CURRENT LIABILITIES	<u>61,924</u>
TOTAL LIABILITIES	61,924
NET POSITION:	
Invested in capital assets	1,093,008
Unrestricted	<u>1,775,177</u>
TOTAL NET POSITION	\$ <u><u>2,868,185</u></u>

See Notes to Financial Statements

TOWN OF REDINGTON SHORES, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

	<u>SEWER FUND</u>
OPERATING REVENUES:	
Charges for sales and service	\$ <u>892,417</u>
Total operating revenue	892,417
OPERATING EXPENSES:	
Materials and supplies	115,600
Treatment fees	741,308
Repairs and maintenance	31,667
Depreciation	<u>48,097</u>
Total operating expenses	<u>936,672</u>
OPERATING INCOME (LOSS)	(44,255)
NONOPERATING REVENUES (EXPENSES):	
Interest revenue	<u>18,012</u>
Total nonoperating revenues	<u>18,012</u>
NET CHANGE IN NET POSITION	(26,243)
NET POSITION, OCTOBER 1	<u>2,894,428</u>
NET POSITION, SEPTEMBER 30	<u>\$ <u>2,868,185</u></u>

See Notes to Financial Statements

TOWN OF REDINGTON SHORES, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

	<u>SEWER FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers and users	\$ 874,280
Payments to suppliers for goods and services	(935,614)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(61,334)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(142,576)
NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(142,576)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	(18,806)
Proceeds from sales of investments	200,000
Interest on investments	18,012
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	199,206
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,704)
CASH AND CASH EQUIVALENTS, OCTOBER 1	206,613
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	\$ <u>201,909</u>

See Notes to Financial Statements

TOWN OF REDINGTON SHORES, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

SEWER
FUND

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss):	\$ (44,255)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	48,097
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(18,137)
Increase (decrease) in accounts payable	<u>(47,039)</u>
Total adjustments	<u>(17,079)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u><u>(61,334)</u></u>

See Notes to Financial Statements.

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NOTES TO
FINANCIAL STATEMENTS

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TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. Summary of Significant Accounting Policies

The Town of Redington 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 west central portion of the state. The town was incorporated on August 30, 1955 under the provisions of the Laws of Florida, 1955, Section 35, Chapter 31209 and since that time has operated under the same charter. The town is approximately .36 square miles in area. The town is a full service municipality providing its citizens with a full complement of municipal services to include solid waste removal.

In evaluating how to define the Town of Redington Shores, Florida (the primary government), for financial reporting purposes, management has considered all potential component units. The decision to include a potential 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 Redington Shores (the primary government) and its component units, if any. 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 town does not currently have any component units.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. Summary of Significant Accounting Policies (Continued)

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 required under this statement (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 *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 proprietary funds. Fiduciary funds and component units that are fiduciary in nature (i.e. the pension trust funds) 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.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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 proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Franchise taxes, intergovernmental revenues 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.

The *capital improvements fund* accounts for the capital projects funded primarily by the infrastructure sales surtax.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. Summary of Significant Accounting Policies (Continued)

The Town reports the following major proprietary funds:

Sewer fund - to account for the assets, operation and maintenance of the town's sewage collection system.

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 Town 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 charges between the government's sewer and solid waste functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. Summary of Significant Accounting Policies (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 as they are needed.

Assets, Liabilities, and Net Position or 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 166.261. 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 REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. Summary of Significant Accounting Policies (Continued)

The Florida State Board of Administration Local Government Surplus Funds Trust Fund (name changed to “Florida Prime”) has met the criteria to be considered a “2A-7 like” Investment Fund as defined by GASB Statement No. 31. Therefore, amortized cost may be used for valuation. The fair value of the town’s investment in this pool is determined by the pool’s share price (account balance).

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.”

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.

Government Accounting Standards Board (GASB) Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” provides 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 Inflows of Resources) presented in a statement of financial position.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. Summary of Significant Accounting Policies (Continued)

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 inflows of resources, certain items that were previously reported as assets and liabilities.

All tax, accounts and intergovernmental receivables, are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles including those for the sewer enterprise fund.

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 Commission prior to October 1 of each year and the Pinellas County Property Appraiser incorporates the Town's millages 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 2020 millage rate assessed by the Town was 1.8000.

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.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. Summary of Significant Accounting Policies (Continued)

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.

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

Franchise Fees - The Town's franchise fees are based on payments to the town which equal a percentage of the grantees' gross revenues net of any customer credits. The Town's current grantees include the electric and the natural gas utilities.

Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, seawalls and stormlines), 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.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. Summary of Significant Accounting Policies (Continued)

During the fiscal year ended September 30, 2003 the Town elected not to implement the retroactive addition of infrastructure assets acquired prior to October 1, 2003.

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

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, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20 - 30
Improvements other than buildings	10 - 40
Machinery and equipment	5 - 10
Infrastructure	20 - 40

Compensated absences - It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits.

Regular, full-time, permanent employees earn vacation and sick leave starting with the first day of employment.

Vacation leave is earned based on years of continuous and creditable service up to a maximum of ten days as of December 31 of each year.

An employee who has served one year or more and who voluntarily terminates employment with the Town is paid for any unused vacation leave accumulated to the time of termination.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. Summary of Significant Accounting Policies (Continued)

Sick leave is earned at the rate of five sick days a year for the first year of service and ten days a year for the second year and over. Upon termination, providing the employee has two continuous years of service and that termination is not a dismissal, the employee is entitled to a lump-sum payment for all accrued unused sick leave in accordance with the following schedule:

<u>Years of Service</u>	<u>Payment Upon Separation</u>
2 through 6 years	20% up to and not to exceed 200 hours
7 through 19 years	30% up to and not to exceed 240 hours
20 years and up	40% up to and not to exceed 400 hours

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported in long-term debt. No expenditure is reported for these amounts.

All sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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.

Fund equity - In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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 position 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 laws 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”.

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.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. Summary of Significant Accounting Policies (Continued)

Amounts that can only be used for specific purposes pursuant to constraints imposed by the Commission 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's management based on Commission direction. 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.

Fund Balance Policy

The Town hereby establishes and will maintain Fund Balance, 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.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. Summary of Significant Accounting Policies (Continued)

A Fund Balance Policy 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 Commission.

This Fund Balance Policy establishes:

- a. Fund balance policy for the general fund;
- b. Reservations of fund balance for the general fund;
- c. 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
- d. Establish the spending order of fund balances.

RESTRICTED FUND BALANCE

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 FUND BALANCE

Commitment of fund balance 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.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. Summary of Significant Accounting Policies (Continued)

ASSIGNED FUND BALANCE

Assignment of fund balance 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.

NON-SPENDABLE FUND BALANCE

Non-spendable fund balance 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 withing the general fund.

If, after the annual audit, restricted or committed or assigned fund balance causes the unassigned fund balance to fall below 17% of General Fund operating expenditures, the Commission will take necessary action to restore the unassigned fund balance to 17% of General Fund operating expenditures.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. Summary of Significant Accounting Policies (Continued)

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

ASSIGNED FUND BALANCE

The Town hereby established the following assigned fund balance reserves in the General Fund:

Assignment to Subsequent Year's Budget - the subsequent year's budget fund balance reserve is assigned by Commission as set forth in the annual budget (and any amendments thereto) to appropriate 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 revenues.

Subsequent Events - Management has evaluated subsequent events through September 17, 2021, which is the date the financial statements were officially available to be issued.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

2. **Reconciliation of Government-wide and Fund Financial Statements**

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds and net position - governmental activities* as reported in the government-wide statement of net position. The detail of this \$10,270,391 difference is as follows:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental fund:

Governmental capital assets	\$ 16,950,653
Less accumulated depreciation	<u>(5,226,234)</u>
	11,724,419
Bank loan	(1,410,258)
Accrued interest	(21,913)
Compensated absences	<u>(21,857)</u>
Net adjustment to reduce <i>fund balance - total Governmental funds to arrive at net position Governmental activities</i>	<u>(1,454,028)</u>
Net adjustment to increase fund balance - total Governmental funds to arrive at net position - Governmental activities	<u>\$ 10,270,391</u>

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

2. Reconciliation of Government-wide and Fund Financial Statements (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses.” The details of this \$(187,256) difference are as follows:

Capital asset expenditures	\$ 228,653
Depreciation expense	<u>(415,909)</u>
Net adjustment to increase (decrease) net changes <i>in fund balances - total governmental funds</i> to arrive at changes in net position of governmental activities	 <u>\$ (187,256)</u>

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

2. Reconciliation of Government-wide and Fund Financial Statements (Continued)

Another element of that reconciliation states that “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.” The details of this \$262,144 difference are as follows:

Principal payment on bank loan	\$ 256,410
Accrued interest on bank loan	4,011
Compensated absences	<u>1,723</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 262,144</u>

3. Stewardship, Compliance, and Accountability

Budgetary 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. The Town adopts project-length budgets for its capital improvements fund. All annual appropriations lapse at fiscal year end.

In accordance with the requirements of the Town's charter, budgetary data for the Town's enterprise fund have been reported in the individual fund section of this report. The Town Clerk is authorized to transfer budget amounts between line items of individual departments; however, any revision that alters the total expenditures of any department or fund must be approved by the Town Commission.

On or before July 31 of each year, all departments of the Town submit requests for appropriation to the Town Clerk 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.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

3. Stewardship, Compliance, and Accountability (Continued)

The proposed budget is presented to the Town Commission for review before August 31. The Town Commission holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Town Clerk or the revenue estimates must be changed by an affirmative vote of a majority of the town commission.

Expenditures may not legally exceed budgeted appropriations at the departmental level. During the year no supplementary appropriations were necessary.

4. Deposits

At year-end the carrying amount of the Town's deposits was \$1,376,335 and the bank balance was \$1,176,320. 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.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

5. Investments

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.

	<u>Fair Value</u>	<u>Bond Rating</u>	<u>Weighted Average Duration (Years)</u>
Investments not subject to categorization:			
Florida State Board of Administration Local Government Surplus Funds Trust Fund (SBA)	\$ <u>10,236,675</u>	Not Rated	N/A
Total investments	\$ <u><u>10,236,675</u></u>		

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to 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 benchmarks.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

5. Investments (Continued)

Credit Risk - Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with chapter 218 of the Florida Statutes 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.

Custodial Credit Risk - Custodial credit risk is defined as the risk that the Plan may not recover cash and investments held by another party in the event of a financial failure. The Plan requires all securities to be held by a third party custodian in the name of the Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. The investments in mutual funds are considered *unclassified* pursuant to the custodial credit risk categories of GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book-entry form.

The town has adopted a written investment policy in accordance with Florida Statute 218(16). That statute is intended to minimize interest rate, credit and custodial risk by directing the town to invest only in authorized investments summarized as follows:

- (a) The Local Government Surplus Funds Trust Fund or any Intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in s. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- © Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02.
- (d) Direct obligations of the United States Treasury.
- (e) Federal agencies and instrumentalities.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

5. Investments (Continued)

- (f) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

The State Board of Administration (SBA) was established on June 21, 1928, pursuant to chapter 14486, 1929, Laws of Florida. The SBA was subsequently created as a constitutional body corporate on January 1, 1943, under the provisions of senate joint resolution No. 324, 1941; approved by the electorate in November 1942. The SBA is composed of the Governor, as chairman, the state treasurer, as treasurer, and the state Comptroller, as Secretary, and provides the following services by law: (1) investment of funds of the Florida Retirement System (FRS); (2) administration of debt service funds; (3) investment of trust and agency funds; and (4) distribution of the “second gas tax.”

The local government pooled investment fund is governed by ch 19-7 of the Florida Administrative Code, which identifies the rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the local government pooled investment fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration.

Since the Florida State Board of Administration (SBA) local government pooled investment fund typically owns a substantial amount of treasury bills and notes, the fund has utilized security lending programs to generate supplemental income. This income is used to pay a significant portion of the fees associated with the fund which otherwise would have to be paid from regular fund earnings. Any residual is used to build the fund’s reserve on behalf of participants. Both of these goals have been accomplished without impacting the regular earnings in the fund with no change in the fund’s investment strategy. The investment in the Florida SBA pool is carried at the pool’s share price at September 30, 2020.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

6. Receivables

Receivables as of September 30, 2020 for the government's individual major funds, including the applicable allowances for uncollectible accounts, are summarized as follows:

	<u>General</u>	<u>Capital Improvements</u>	<u>Sewer</u>	<u>Total</u>
Receivables:				
Accounts	\$ 59,528	\$ 7,637	\$ 161,118	\$ 228,283
Intergovernmental	<u>42,917</u>	<u>58,623</u>	<u>-</u>	<u>101,540</u>
Gross receivables	102,445	66,260	161,118	329,823
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 102,445</u>	<u>\$ 66,260</u>	<u>\$ 161,118</u>	<u>\$ 329,823</u>

As the operator of a utility, (sewer) the town grants credit to their customers, substantially all of whom are town residents.

Revenues of the sewer fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to sewer sales \$ -0-

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

7. Interfund Transfers

Transfers were made from the General Fund to the Capital Improvements Fund for infrastructure improvements for the fiscal year ended September 30, 2020 as follows:

	<u>Transfers In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 141,000
Capital Improvements Fund	<u>141,000</u>	<u>-</u>
Total	<u>\$ 141,000</u>	<u>\$ 141,000</u>

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

8. Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

	<u>Balance</u> October 1, 2019	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> September 30, 2020
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 2,406,898	\$ -	\$ -	\$ 2,406,898
Construction in Progress	<u>1,573,418</u>	<u>-</u>	<u>(1,573,418)</u>	<u>-</u>
Total capital assets, not being depreciated	3,980,316	-	(1,573,418)	2,406,898
0				
Capital assets, being depreciated:				
Buildings	875,532	-	-	875,532
Improvements other than buildings	803,779	42,863	-	846,642
Machinery and Equipment	366,003	6,250	-	372,253
Infrastructure	<u>10,696,370</u>	<u>1,752,958</u>	<u>-</u>	<u>12,449,328</u>
Total capital assets, being depreciated	12,741,684	1,802,071	-	14,543,755
Less accumulated depreciation for:				
Buildings	(423,128)	(22,778)	-	(445,906)
Improvements other than buildings	(419,540)	(34,210)	-	(453,750)
Machinery and equipment	(190,705)	(20,322)	-	(211,027)
Infrastructure	<u>(3,776,952)</u>	<u>(338,599)</u>	<u>-</u>	<u>(4,115,551)</u>
Total accumulated depreciation	<u>(4,810,325)</u>	<u>(415,909)</u>	<u>-</u>	<u>(5,226,234)</u>
Total capital assets, being depreciated, net	<u>7,931,359</u>	<u>1,386,162</u>	<u>-</u>	<u>9,317,521</u>
Governmental activities				
capital assets, net	<u>\$ 11,911,675</u>	<u>\$ 1,386,162</u>	<u>\$ (1,573,418)</u>	<u>\$ 11,724,419</u>

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

8. Capital Assets (Continued)

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 8,091	\$ -	\$ -	\$ 8,091
Total capital assets, not being depreciated	8,091	-	-	8,091
Capital assets, being depreciated:				
Improvements other than buildings	2,131,972	136,476	-	2,268,448
Machinery and Equipment	85,653	6,100	-	91,753
Total capital assets, being depreciated	2,217,625	142,576	-	2,360,201
Less accumulated depreciation for:				
Improvements other than buildings	(1,155,640)	(45,613)	-	(1,201,253)
Machinery and equipment	(71,547)	(2,484)	-	(74,031)
Total accumulated depreciation	(1,227,187)	(48,097)	-	(1,275,284)
Total capital assets, being depreciated, net	990,438	94,479	-	1,084,917
Business-type activities capital assets, net	\$ 998,529	\$ 94,479	\$ -	\$ 1,093,008

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

8. Capital Assets (Continued)

Depreciation expense for the fiscal year ended September 30, 2020 was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$	20,925
Public safety		878
Physical environment		372,874
Culture and recreation		<u>21,232</u>
Total depreciation expenses - governmental activities	\$	<u><u>415,909</u></u>

Business-type activities:

Sewer	\$	<u>48,097</u>
Total depreciation expense - business-type activities	\$	<u><u>48,097</u></u>

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

9. Details of Constraints on Fund Balances of Governmental Funds

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Total</u>
Fund balances:			
Nonspendable:			
Prepays	\$ 17,271	\$ -	\$ 17,271
Restricted:	-	3,308,588	3,308,588
Unassigned:	<u>6,656,673</u>	<u>-</u>	<u>6,656,673</u>
Total fund balances	<u>\$ 6,673,944</u>	<u>\$ 3,308,588</u>	<u>\$ 9,982,532</u>

Reserved Net Position - Sewer Fund

In 1981 a Sewer Fund reserve was created by ordinance which required five percent of all sewer service fees collected to be reserved. If approved by the Town Commission, the funds can be used for emergency repair and maintenance work in excess of \$20,000 per item. A summary of changes in the reserve is as follows:

Balance at beginning of year	\$ 389,889
Five percent of fees collected	43,716
Interest earned	<u>4,485</u>
Total available	438,090
Less amount approved for transfer	<u>-</u>
Balance at end of year	<u>\$ 438,090</u>

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

10. Intra-Governmental Charges

The costs of certain general and administrative functions of the town are recorded and controlled in the general fund. These administrative costs have been allocated to the Town's enterprise funds for the year ended September 30, 2020, as shown in the following table:

<u>Enterprise Fund</u>	<u>Administrative Costs Allocated</u>
Sewer	\$ <u>102,773</u>
Total	\$ <u><u>102,773</u></u>

11. Post-Employment Health Care Benefits

GASB Statement No. 75: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB), established accounting standards for postretirement benefits. The new standard does not require funding of OPEB expenses, 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 statements as an increase (or decrease) in the net OPEB obligation.

As of September 30, 2020, the Town's Actuary has determined that the Town has no OPEB obligation.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

11. Post-Employment Health Care Benefits (Continued)

Plan Description and Funding Policy

Employees who retire from the Town of Redington Shores (Town), and eligible dependents and survivors, are eligible to continue to participate in the Town's health insurance programs at the employee group rate which is determined annually by the Town and approved by the Town Commission. Retirees have 31 days to elect to enroll in the Town's health insurance plan in which they were participating at the time of retirement unless otherwise stated in a plan document or collective bargaining agreement. As of September 30, 2020, there were no eligible retirees and dependents participating in the Town's health program.

The Town provides no funding for any portion of the premiums after retirement. However, the Town recognizes that there may be an "implicit subsidy" arising as a result of the blended rate premium when retiree health care costs, on average, are higher than active employee healthcare costs. The plan is not accounted for as a trust fund as an irrevocable trust has not been established to fund the plan. The plan does not issue a separate financial report.

As of September 30, 2020, the current health care premiums for the Town's health plan are already age adjusted. Therefore, the contributions of the retirees and the age adjusted premiums would be equal. According to the Actuary, this would create a liability of \$0.

It is important to note that if the Town switches to a group plan with blended premiums or decides to pay for retirees healthcare benefits in the future, then this liability will no longer be \$0, and a full actuarial valuation will need to be performed.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

12. Long-Term Debt

Long-term debt includes a bank loan and accrued leave as of September 30, 2020:

A. Bank Loan

During 2006 the town obtained a \$5 million loan to fund the undergrounding of utilities. The loan is collateralized by the non-ad valorem revenue of the town. The loan bears an interest rate of 4.72% and matures in 2025. The remaining annual debt service requirements are as follows:

<u>Year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 256,410	57,434	313,844
2022	256,410	45,343	301,753
2023	256,410	33,252	289,662
2024	256,410	21,160	277,570
2025	256,410	9,069	265,479
2026	<u>128,208</u>	<u>3,025</u>	<u>131,233</u>
	<u>\$ 1,410,258</u>	<u>\$ 169,283</u>	<u>\$ 1,579,541</u>

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

12. Long-Term Debt (Continued)

B. Change in Long-Term Obligations

	Beginning of Year Balance <u>10/01/19</u>	Additions	Reductions	End of Year Balance <u>9/30/20</u>	Current
Bank loan	\$ 1,666,668	\$ -	\$ 256,410	\$ 1,410,258	\$ 256,410
Net OPEB obligation	-	-	-	-	-
Compensated absences	<u>23,580</u>	<u>17,426</u>	<u>19,149</u>	<u>21,857</u>	<u>2,186</u>
	<u>\$ 1,690,248</u>	<u>\$ 17,426</u>	<u>\$ 275,559</u>	<u>\$ 1,432,115</u>	<u>\$ 258,596</u>

Compensated absences are generally liquidated by the general fund.

There were no long-term obligations for the business-type activities.

As of September 30, 2020, the Town's Actuary has determined that the Town has no OPEB obligation.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

13. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In an effort to reduce the rising costs of commercial insurance, the Town purchases its insurance coverage for liability and workers' compensation from a plan sponsored by the Florida League of Cities, Inc.

The plan is a public entity risk pool currently operating as a common risk management and insurance program for local municipalities. The Town pays an annual premium to the plan for property coverage, liability and workers' compensation. The plan, through its various trusts, establishes premium rates based on members' experience and provides the insurance coverage for over 300 Florida municipalities. Each trust carries its own reinsurance coverage.

The Town continues to carry commercial insurance for employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

14. Contracts and Agreements

Police Protection - The Town has contracted with the Town of Indian Shores, Florida for police protection through September 30, 2020 at an annual cost of \$463,689. The fee is adjusted annually to equal 35% of the Town of Indian Shores annual police budget.

Refuse Collection - The Town has contracted with a private company for collection of refuse through September 30, 2020. The costs for the fiscal year ended September 30, 2020 was \$347,168.

Public Library - The Town has contracted with the Gulf Beaches Library, Inc. for library service for the year ending September 30, 2020 at a cost of \$46,709.

Fire Protection - The Town has contracted with the Cities of Madeira Beach and Seminole, Florida for fire protection through September 30, 2020. The cost for the year ended September 30, 2020 was \$233,087. The cost for each subsequent year increases by the US Department of Labor Price Index.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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.

Although the Town received federal grant funds during the fiscal year ended September 30, 2020, it is not 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, 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 2021.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

16. Employee Retirement Systems

Employees' Defined Contribution Plan

The Town provides retirement benefits for all of its full-time employees through a defined contribution plan administered by the Florida Municipal Trust Fund (Trust) as a third party administrator and investment advisor under their prototype profit-sharing plan and trust agreement. At September 30, 2020 there were five plan members. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of employment. The Town's contributions for each employee (and interest allocated to the employee's account) are fully vested after three years of continuous service. Town contributions for, and interest forfeited by, employees who leave employment before three years of service are used to reduce the Town's current-period contribution requirement. Plan provisions and contribution requirements are established and may be amended by the Town Commission.

The Town's total payroll in fiscal year 2020 was \$335,824. The Town's contributions were calculated using the participants' salary amount of \$185.616. Employees cannot contribute to this Plan.

	<u>Contribution amount</u>	<u>Percentage of current covered payroll</u>
Required:		
Town	\$ <u>31,000</u>	<u>16.7%</u>

The Employees' Defined Contribution Plan has not issued a stand alone financial report for the fiscal year ended September 30, 2020.

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

17. Recently Issued and Implemented Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application”, addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Fair value is described as an exit price. Fair value measurements assume a transaction takes place in a government’s principal market, or a government’s most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest. Fair value should not be adjusted for transaction costs. Its implementation did not have any effect on the Town’s financial statements.

Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” - This statement changes the focus of accounting for postemployment benefits other than pensions from whether they are responsibility funding benefits overtime to a point-in-time liability that is reflected on the employer’s financial statements for actuarially unfunded portion of benefits earned to date. This statement was effective for the Town in fiscal year 2018. Its implementation did not have any effect on the Town’s financial statements.

Statement No. 95, “Postponement of the effective dates of certain authoritative guidelines.” The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements that are effective for the Town are postponed by one year.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.*

TOWN OF REDINGTON SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

17. Recently Issued and Implemented Accounting Pronouncements (Continued)

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.

Statement No. 93, Replacement of Interbank Offered Rates. The effective dates of the following pronouncements are postponed by 18 months.

Statement No. 87, Leases. Earlier applications of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncements as originally issued.

The requirements of this Statement are effective immediately.

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INDIVIDUAL FUND

AND

SCHEDULES OF CAPITAL ASSETS

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ENTERPRISE FUND

Enterprise funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges.

Sewer Fund - to account for the assets, operation, and maintenance of the town-owned sewer system.

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TOWN OF REDINGTON SHORES, FLORIDA

SEWER ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OPERATING REVENUES:				
Charges for sales and services	\$ 935,000	\$ 935,000	\$ 892,417	\$ (42,583)
Total operating revenues	935,000	935,000	892,417	(42,583)
OPERATING EXPENSES:				
Materials and supplies	118,473	118,473	115,600	2,873
Treatment fees	750,000	750,000	741,308	8,692
Repairs and maintenance	260,000	260,000	31,667	228,333
Depreciation	-	-	48,097	(48,097)
Total operating expenses	1,128,473	1,128,473	936,672	191,801
OPERATING INCOME (LOSS)	(193,473)	(193,473)	(44,255)	149,218
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	40,000	40,000	18,012	(21,988)
Total nonoperating revenues (expenses)	40,000	40,000	18,012	(21,988)
Income (loss) before contributions and transfers	(153,473)	(153,473)	(26,243)	127,230
Sewer fund reserves	(42,000)	(42,000)	-	42,000
NET CHANGE IN NET POSITION	(195,473)	(195,473)	(26,243)	169,230
NET POSITION, OCTOBER 1	2,894,428	2,894,428	2,894,428	-
NET POSITION, SEPTEMBER 30	\$ 2,698,955	\$ 2,698,955	\$ 2,868,185	\$ 169,230

Note:

The Town does not budget for depreciation.

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CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

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TOWN OF REDINGTON SHORES, FLORIDA

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

SEPTEMBER 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Governmental Funds Capital Assets:		
Land	\$ 2,406,898	\$ 2,406,898
Buildings	875,532	875,532
Improvements other than buildings	846,642	803,779
Machinery and equipment	372,253	366,003
Infrastructure	<u>12,449,328</u>	<u>12,269,788</u>
Total Governmental Funds Capital Assets	<u>\$ 16,950,653</u>	<u>\$ 16,722,000</u>
 Governmental Funds Capital Assets by Source:		
General Fund	\$ 8,084,477	\$ 8,078,227
Capital improvements fund	<u>8,866,176</u>	<u>8,643,773</u>
Total Governmental Funds Capital Assets	<u>\$ 16,950,653</u>	<u>\$ 16,722,000</u>

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

TOWN OF REDINGTON SHORES, FLORIDA

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

SEPTEMBER 30, 2020 AND 2019

Function and Activity	2020					
	Total	Land	Buildings and Improvements	Improvements Other Than Buildings	Equipment	Infra- structure
General Government:						
Finance and Administration	\$ 1,207,322	\$ 352,016	\$ 637,221	\$ 152,062	\$ 66,023	\$ -
Total general government	1,207,322	352,016	637,221	152,062	66,023	-
Public Safety:						
Code Enforcement	48,834	13,503	22,050	-	13,281	-
Civil Defense	57,488	-	-	-	57,488	-
Total public safety	106,322	13,503	22,050	-	70,769	-
Physical Environment:						
Streets	13,182,677	5,000	139,065	456,802	132,482	12,449,328
Total physical environment	13,182,677	5,000	139,065	456,802	132,482	12,449,328
Culture and Recreation:						
Parks and Recreation	2,454,332	2,036,379	77,196	237,778	102,979	-
Total culture and recreation	2,454,332	2,036,379	77,196	237,778	102,979	-
Total governmental fund						
Capital Assets	\$ 16,950,653	\$ 2,406,898	\$ 875,532	\$ 846,642	\$ 372,253	\$ 12,449,328

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

TOWN OF REDINGTON SHORES, FLORIDA

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

SEPTEMBER 30, 2020 AND 2019

Function and Activity	2019						
	Total	Land	Buildings and Improvements	Improvements Other Than Buildings	Equipment	Infra- structure	Construction in Process
General Government:							
Finance and Administration	\$ 1,201,072	\$ 352,016	\$ 637,221	\$ 152,062	\$ 59,773	\$ -	\$ -
Total general government	1,201,072	352,016	637,221	152,062	59,773	-	-
Public Safety:							
Code Enforcement	48,834	13,503	22,050	-	13,281	-	-
Civil Defense	57,488	-	-	-	57,488	-	-
Total public safety	106,322	13,503	22,050	-	70,769	-	-
Physical Environment:							
Streets	12,960,274	5,000	139,065	413,939	132,482	10,696,370	1,573,418
Total physical environment	12,960,274	5,000	139,065	413,939	132,482	10,696,370	1,573,418
Culture and Recreation:							
Parks and Recreation	2,454,332	2,036,379	77,196	237,778	102,979	-	-
Total culture and recreation	2,454,332	2,036,379	77,196	237,778	102,979	-	-
Total governmental fund							
Capital Assets	\$ 16,722,000	\$ 2,406,898	\$ 875,532	\$ 803,779	\$ 366,003	\$ 10,696,370	\$ 1,573,418

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

TOWN OF REDINGTON 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, 2020

<u>Function and Activity</u>	<u>Governmental Fund Capital Assets October 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Fund Capital Assets September 30, 2020</u>
General Government:				
Finance and Administration	\$ 1,201,072	\$ 6,250	\$ -	\$ 1,207,322
Total general government	1,201,072	6,250	-	1,207,322
Public Safety:				
Code Enforcement	48,834	-	-	48,834
Civil Defense	57,488	-	-	57,488
Total public safety	106,322	-	-	106,322
Physical Environment:				
Streets	11,386,856	1,795,821	-	13,182,677
Total physical environment	11,386,856	1,795,821	-	13,182,677
Culture and Recreation:				
Parks and Recreation	2,454,332	-	-	2,454,332
Total culture and recreation	2,454,332	-	-	2,454,332
Construction in progress	1,573,418	-	1,573,418	-
Total governmental funds				
Capital Assets	\$ 16,722,000	\$ 1,802,071	\$ 1,573,418	\$ 16,950,653

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

STATISTICAL SECTION

This part of the Town of Redington 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	65
<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	71
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	75
<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>	
Operating Information	79
<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.

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COMMENTS ON THE STATISTICAL SECTION

September 30, 2020

The following statistical tables recommended by GASB Statement No. 44 are not included for the reasons stated below:

A table on the computation of legal debt margin has been omitted because the constitution of the State of Florida, Florida statutes 200.181 and the charter of the Town of Redington Shores, Florida set no legal debt margin.

Additional schedules which are felt to be useful to various users, principally investors, underwriters, and rating agencies, have been included in this section.

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FINANCIAL TRENDS

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TOWN OF REDINGTON SHORES, FLORIDA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	<u>2020</u>	<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>
Governmental activities:										
Invested in capital assets	\$ 10,314,161	\$ 10,245,007	\$ 8,871,950	\$ 8,770,991	\$ 8,765,874	\$ 8,918,073	\$ 9,082,312	\$ 9,467,983	\$ 9,571,391	\$ 7,190,309
Unrestricted	<u>9,938,762</u>	<u>9,490,025</u>	<u>8,905,761</u>	<u>8,414,598</u>	<u>8,130,157</u>	<u>7,520,073</u>	<u>6,984,064</u>	<u>6,147,901</u>	<u>5,707,342</u>	<u>8,070,210</u>
Total governmental activities net position(A)	<u>\$ 20,252,923</u>	<u>\$ 19,735,032</u>	<u>\$ 17,777,711</u>	<u>\$ 17,185,589</u>	<u>\$ 16,896,031</u>	<u>\$ 16,438,146</u>	<u>\$ 16,066,376</u>	<u>\$ 15,615,884</u>	<u>\$ 15,278,733</u>	<u>\$ 15,260,519</u>
Business-type activities:										
Invested in capital assets	\$ 1,093,008	\$ 998,529	\$ 655,327	\$ 515,349	\$ 518,615	\$ 555,879	\$ 574,770	\$ 612,813	\$ 650,855	\$ 689,256
Unrestricted	<u>1,775,177</u>	<u>1,895,899</u>	<u>2,150,599</u>	<u>2,262,204</u>	<u>2,271,423</u>	<u>2,260,963</u>	<u>2,268,937</u>	<u>2,103,137</u>	<u>2,004,523</u>	<u>1,889,376</u>
Total business-type activities net position	<u>\$ 2,868,185</u>	<u>\$ 2,894,428</u>	<u>\$ 2,805,926</u>	<u>\$ 2,777,553</u>	<u>\$ 2,790,038</u>	<u>\$ 2,816,842</u>	<u>\$ 2,843,707</u>	<u>\$ 2,715,950</u>	<u>\$ 2,655,378</u>	<u>\$ 2,578,632</u>
Primary government:										
Invested in capital assets,	\$ 11,407,169	\$ 11,243,536	\$ 9,527,277	\$ 9,286,340	\$ 9,284,489	\$ 9,473,952	\$ 9,657,082	\$ 10,080,796	\$ 10,222,246	\$ 7,879,565
Unrestricted	<u>11,713,939</u>	<u>11,385,924</u>	<u>11,056,360</u>	<u>10,676,802</u>	<u>10,401,580</u>	<u>9,781,036</u>	<u>9,253,001</u>	<u>8,251,038</u>	<u>7,711,865</u>	<u>9,959,586</u>
	<u>\$ 23,121,108</u>	<u>\$ 22,629,460</u>	<u>\$ 20,583,637</u>	<u>\$ 19,963,142</u>	<u>\$ 19,686,069</u>	<u>\$ 19,254,988</u>	<u>\$ 18,910,083</u>	<u>\$ 18,331,834</u>	<u>\$ 17,934,111</u>	<u>\$ 17,839,151</u>

TOWN OF REDINGTON SHORES, FLORIDA

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

	<u>2020</u>	<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>
EXPENSES										
Governmental Activities:										
General government	\$ 609,386	\$ 551,182	\$ 502,674	\$ 534,913	\$ 457,759	\$ 487,699	\$ 466,681	\$ 395,385	\$ 403,584	\$ 403,967
Public safety	840,487	943,224	901,872	878,187	878,474	832,047	819,542	783,182	739,200	724,587
Physical environment	967,933	1,012,494	949,495	875,225	801,179	884,928	892,874	874,293	875,809	892,240
Culture and recreation	169,923	160,853	158,624	96,435	164,305	99,933	99,859	107,798	116,824	90,900
Interest on long-term debt	<u>71,594</u>	<u>83,899</u>	<u>91,474</u>	<u>88,953</u>	<u>98,656</u>	<u>109,542</u>	<u>119,528</u>	<u>128,134</u>	<u>142,295</u>	<u>146,357</u>
Total governmental activities expenses	<u>2,659,323</u>	<u>2,751,652</u>	<u>2,604,139</u>	<u>2,473,713</u>	<u>2,400,373</u>	<u>2,414,149</u>	<u>2,398,484</u>	<u>2,288,792</u>	<u>2,277,712</u>	<u>2,258,051</u>
Business-type activities:										
Sewer	<u>936,672</u>	<u>904,211</u>	<u>855,418</u>	<u>877,857</u>	<u>855,651</u>	<u>852,037</u>	<u>682,968</u>	<u>779,880</u>	<u>689,311</u>	<u>652,694</u>
Total business-type activities expenses	<u>936,672</u>	<u>904,211</u>	<u>855,418</u>	<u>877,857</u>	<u>855,651</u>	<u>852,037</u>	<u>682,968</u>	<u>779,880</u>	<u>689,311</u>	<u>652,694</u>
Total primary government expenses	<u>\$ 3,595,995</u>	<u>\$ 3,655,863</u>	<u>\$ 3,459,557</u>	<u>\$ 3,351,570</u>	<u>\$ 3,256,024</u>	<u>\$ 3,266,186</u>	<u>\$ 3,081,452</u>	<u>\$ 3,068,672</u>	<u>\$ 2,967,023</u>	<u>\$ 2,910,745</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services	\$ 795,258	\$ 841,011	\$ 789,416	\$ 732,142	\$ 743,128	\$ 849,230	\$ 894,925	\$ 753,080	\$ 650,333	\$ 631,710
Capital grants and contributions	<u>165,726</u>	<u>1,561,153</u>	<u>26,502</u>	<u>96,245</u>	<u>10,950</u>	<u>10,631</u>	<u>19,257</u>	<u>25,293</u>	<u>8,704</u>	<u>69,741</u>
Total governmental activities program revenues	960,984	2,402,164	815,918	828,387	754,078	859,861	914,182	778,373	659,037	701,451
Business-type activities:										
Charges for services:										
Sewer	<u>892,417</u>	<u>853,761</u>	<u>851,866</u>	<u>853,169</u>	<u>817,945</u>	<u>809,642</u>	<u>801,252</u>	<u>826,842</u>	<u>753,222</u>	<u>753,712</u>
Total business-type activities revenues	<u>892,417</u>	<u>853,761</u>	<u>851,866</u>	<u>853,169</u>	<u>817,945</u>	<u>809,642</u>	<u>801,252</u>	<u>826,842</u>	<u>753,222</u>	<u>753,712</u>
Total primary government program revenues	<u>\$ 1,853,401</u>	<u>\$ 3,255,925</u>	<u>\$ 1,667,784</u>	<u>\$ 1,681,556</u>	<u>\$ 1,572,023</u>	<u>\$ 1,669,503</u>	<u>\$ 1,715,434</u>	<u>\$ 1,605,215</u>	<u>\$ 1,412,259</u>	<u>\$ 1,455,163</u>
NET (EXPENSE) REVENUE										
Governmental activities	\$ (1,698,319)	\$ (349,488)	\$ (1,788,221)	\$ (1,645,326)	\$ (1,646,295)	\$ (1,554,288)	\$ (1,484,302)	\$ (1,510,419)	\$ (1,618,675)	\$ (1,556,600)
Business-type activities	<u>(44,255)</u>	<u>(50,450)</u>	<u>(3,552)</u>	<u>(24,688)</u>	<u>(37,706)</u>	<u>(42,395)</u>	<u>118,284</u>	<u>46,962</u>	<u>63,911</u>	<u>101,018</u>
Total primary government net expense	<u>\$ (1,742,574)</u>	<u>\$ (399,938)</u>	<u>\$ (1,791,773)</u>	<u>\$ (1,670,014)</u>	<u>\$ (1,684,001)</u>	<u>\$ (1,596,683)</u>	<u>\$ (1,366,018)</u>	<u>\$ (1,463,457)</u>	<u>\$ (1,554,764)</u>	<u>\$ (1,455,582)</u>

TOWN OF REDINGTON SHORES, FLORIDA

CHANGES IN NET POSITION (CONTINUED)

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	<u>2020</u>	<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>
Governmental Activities:										
Taxes:										
Property taxes	\$ 1,263,783	\$ 1,234,655	\$ 1,172,584	\$ 1,082,164	\$ 1,227,607	\$ 1,026,322	\$ 946,605	\$ 884,828	\$ 886,208	\$ 927,966
Franchise fees	223,911	229,985	219,856	204,080	213,078	221,583	207,299	202,594	206,626	212,792
Intergovernmental Revenues:										
Infrastructure sales surtax	241,468	260,519	246,927	233,635	227,293	216,112	200,779	188,130	178,051	168,208
Half-cent sales tax	138,000	145,928	142,917	135,934	134,865	130,597	123,318	117,386	112,062	121,482
Local option gas tax	26,732	29,527	29,554	33,257	32,975	32,069	31,052	31,077	29,989	29,922
Communication										
services tax	89,303	95,991	102,754	102,966	104,112	106,461	109,604	112,322	115,080	111,360
State revenue sharing	54,599	53,008	56,173	54,558	52,818	52,585	51,752	51,427	51,810	51,588
Other taxes	990	535	11,460	2,149	7,479	19,916	9,466	8,553	9,308	5,556
Capital contributions	66,500	59,765	55,286	33,915	34,940	146,675	144,925	32,040	20,325	38,402
Investment earnings	97,870	181,207	144,452	49,585	24,748	34,370	22,746	23,457	23,929	22,636
Gain on sale of capital assets	-	-	-	-	-	-	69,401	-	-	-
Miscellaneous	13,074	15,689	198,380	2,641	44,265	18,609	17,847	195,756	3,501	13,933
Total governmental activities	2,216,230	2,306,809	2,380,343	1,934,884	2,104,180	2,005,299	1,934,794	1,847,570	1,636,889	1,703,845
Business-type activities:										
Investment earnings	18,012	41,820	26,376	11,803	10,362	10,923	6,607	6,330	9,100	8,206
Gain on sale of capital assets	-	-	-	-	-	4,002	-	-	2,550	-
Miscellaneous	-	97,132	5,549	400	540	105	2,866	7,280	1,185	1,137
Total business-type activities	18,012	138,952	31,925	12,203	10,902	15,030	9,473	13,610	12,835	9,343
Total primary government	<u>\$ 2,234,242</u>	<u>\$ 2,445,761</u>	<u>\$ 2,412,268</u>	<u>\$ 1,947,087</u>	<u>\$ 2,115,082</u>	<u>\$ 2,020,329</u>	<u>\$ 1,944,267</u>	<u>\$ 1,861,180</u>	<u>\$ 1,649,724</u>	<u>\$ 1,713,188</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 517,891	\$ 1,957,321	\$ 592,122	\$ 289,558	\$ 457,885	\$ 451,011	\$ 450,492	\$ 337,151	\$ 18,214	\$ 147,245
Business-type activities	(26,243)	88,502	28,373	(44,263)	(26,804)	(26,865)	127,757	60,572	76,746	110,361
Total primary government	<u>\$ 491,648</u>	<u>\$ 2,045,823</u>	<u>\$ 620,495</u>	<u>\$ 245,295</u>	<u>\$ 431,081</u>	<u>\$ 424,146</u>	<u>\$ 578,249</u>	<u>\$ 397,723</u>	<u>\$ 94,960</u>	<u>\$ 257,606</u>

TOWN OF REDINGTON SHORES, FLORIDA

PROGRAM REVENUES BY FUNCTIONS/PROGRAMS

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	<u>PROGRAM REVENUES</u>	<u>PROGRAM REVENUES</u>	<u>PROGRAM REVENUES</u>	<u>PROGRAM REVENUES</u>	<u>PROGRAM REVENUES</u>	<u>PROGRAM REVENUES</u>	<u>PROGRAM REVENUES</u>	<u>PROGRAM REVENUES</u>	<u>PROGRAM REVENUES</u>	<u>PROGRAM REVENUES</u>
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<u>FUNCTIONS/PROGRAMS</u>										
Governmental Activities:										
General government	\$ 186,122	\$ 118,940	\$ 112,504	\$ 86,465	\$ 98,615	\$ 204,586	\$ 180,880	\$ 85,789	\$ 85,025	\$ 76,393
Public safety	262,696	60,217	8,912	8,219	6,057	373,214	329,323	62,401	11,699	8,865
Physical environment	294,798	657,754	663,695	634,373	634,076	229,017	346,038	601,790	550,699	613,057
Culture and recreation	51,642	4,100	4,305	3,085	4,380	42,413	38,684	3,100	2,910	3,136
Subtotal governmental activities	<u>795,258</u>	<u>841,011</u>	<u>789,416</u>	<u>732,142</u>	<u>743,128</u>	<u>849,230</u>	<u>894,925</u>	<u>753,080</u>	<u>650,333</u>	<u>701,451</u>
Business-type activities:										
Sewer	<u>892,417</u>	<u>853,761</u>	<u>851,866</u>	<u>853,169</u>	<u>817,945</u>	<u>809,642</u>	<u>801,252</u>	<u>826,842</u>	<u>753,222</u>	<u>753,712</u>
Subtotal business-type activities	<u>892,417</u>	<u>853,761</u>	<u>851,866</u>	<u>853,169</u>	<u>817,945</u>	<u>809,642</u>	<u>801,252</u>	<u>826,842</u>	<u>753,222</u>	<u>753,712</u>
Total primary government	<u>\$ 1,687,675</u>	<u>\$ 1,694,772</u>	<u>\$ 1,641,282</u>	<u>\$ 1,585,311</u>	<u>\$ 1,561,073</u>	<u>\$ 1,658,872</u>	<u>\$ 1,696,177</u>	<u>\$ 1,579,922</u>	<u>\$ 1,403,555</u>	<u>\$ 1,455,163</u>

TOWN OF REDINGTON SHORES, FLORIDA

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

	<u>2020</u>	<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>
General Fund:										
Nonspendable	\$ 17,271	\$ 14,148	\$ 11,789	\$ 10,844	\$ 64,843	\$ 14,712	\$ 14,261	\$ 13,646	\$ 6,801	\$ 6,810
Unassigned	<u>6,656,673</u>	<u>6,304,506</u>	<u>5,738,393</u>	<u>5,359,545</u>	<u>5,055,711</u>	<u>4,657,468</u>	<u>4,236,237</u>	<u>3,874,162</u>	<u>3,592,553</u>	<u>3,404,702</u>
Total general fund	<u>\$ 6,673,944</u>	<u>\$ 6,318,654</u>	<u>\$ 5,750,182</u>	<u>\$ 5,370,389</u>	<u>\$ 5,120,554</u>	<u>\$ 4,672,180</u>	<u>\$ 4,250,498</u>	<u>\$ 3,887,808</u>	<u>\$ 3,599,354</u>	<u>\$ 3,411,512</u>
All Other Governmental Funds:										
Restricted, reported in:										
Capital improvements fund	<u>\$ 3,308,588</u>	<u>\$ 3,220,875</u>	<u>\$ 3,212,224</u>	<u>\$ 3,100,218</u>	<u>\$ 3,061,027</u>	<u>\$ 3,003,791</u>	<u>\$ 2,788,923</u>	<u>\$ 2,320,957</u>	<u>\$ 2,128,411</u>	<u>\$ 2,332,222</u>
Total all other governmental funds	<u>\$ 3,308,588</u>	<u>\$ 3,220,875</u>	<u>\$ 3,212,224</u>	<u>\$ 3,100,218</u>	<u>\$ 3,061,027</u>	<u>\$ 3,003,791</u>	<u>\$ 2,788,923</u>	<u>\$ 2,320,957</u>	<u>\$ 2,128,411</u>	<u>\$ 2,332,222</u>

TOWN OF REDINGTON SHORES, FLORIDA

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
REVENUES										
Taxes	\$ 1,263,783	\$ 1,234,655	\$ 1,172,584	\$ 1,082,164	\$ 1,227,607	\$ 1,026,322	\$ 946,605	\$ 884,828	\$ 886,208	\$ 927,966
Franchise fees	223,911	229,985	219,856	204,080	213,078	221,583	207,299	202,594	206,626	212,792
Licenses, fees and permits	209,116	247,517	254,568	169,870	162,103	245,734	257,327	125,845	92,281	98,714
Intergovernmental	617,490	645,273	671,572	596,414	594,482	704,415	525,971	540,934	516,624	526,519
Charges for services	579,541	533,377	526,214	554,389	574,968	596,396	625,874	617,293	550,641	524,130
Fines and forfeits	6,703	60,117	8,635	7,883	6,057	6,085	11,724	9,942	7,412	8,865
Contributions and grants	165,726	1,561,153		96,245	24,748	10,631	19,257	25,293	8,704	69,741
Interest earnings	97,870	181,207	144,452	49,585	10,950	34,370	22,746	23,457	23,929	22,636
Miscellaneous	13,074	15,689	198,380	2,641	44,266	18,607	162,772	195,757	3,501	13,933
Total revenues	3,177,214	4,708,973	3,196,261	2,763,271	2,858,259	2,864,143	2,779,575	2,625,943	2,295,926	2,405,296
EXPENDITURES										
General government	596,434	527,125	580,257	513,083	497,536	448,051	462,901	396,035	481,371	456,256
Public safety	839,609	942,346	900,995	875,855	867,700	824,252	813,946	777,316	732,870	716,750
Physical environment	817,462	2,116,141	575,735	578,636	490,355	512,767	516,724	498,149	504,391	537,957
Culture and recreation	148,691	201,879	301,687	158,028	138,715	74,079	76,900	85,212	95,029	65,014
Debt service:										
Principal	256,410	256,410	256,410	256,410	256,410	256,410	256,410	256,410	256,410	256,410
Interest	75,605	87,949	89,378	92,233	101,933	112,034	122,038	131,821	141,824	151,842
Total expenditures	2,734,211	4,131,850	2,704,462	2,474,245	2,352,649	2,227,593	2,248,919	2,144,943	2,211,895	2,184,229
Excess of revenues over (under) expenditures	443,003	577,123	491,799	289,026	505,610	636,550	530,656	481,000	84,031	221,067
OTHER FINANCING SOURCES (USES)										
Sale of surplus capital assets	-	-	-	-	-	-	300,000	-	-	-
Capital contributions	-	-	-	-	-	-	-	-	-	-
Transfers in	141,000	141,000	141,000	141,000	141,000	150,000	150,000	150,000	150,000	210,245
Transfers out	(141,000)	(141,000)	(141,000)	(141,000)	(141,000)	(150,000)	(150,000)	(150,000)	(150,000)	(210,245)
Total other financing sources (uses)	-	-	-	-	-	-	300,000	-	-	-
Net change in fund balances	\$ 443,003	\$ 577,123	\$ 491,799	\$ 289,026	\$ 505,610	\$ 636,550	\$ 830,656	\$ 481,000	\$ 84,031	\$ 221,067
Debt service as a percentage of noncapital expenditures	13.2%	13.3%	17.2%	17.9%	18.3%	16.5%	16.9%	18.3%	18.9%	22.9%

REVENUE CAPACITY

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TOWN OF REDINGTON SHORES, FLORIDA

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

Fiscal Year	Assessed Valuations						Percentage			Total Direct Tax Rate
	Real Property		Personal Property	Total Taxable	Total Exempt	Total All	Assessed Values to Estimated Market	Yearly Increases (Decreases)		
	Residential	Commercial						Taxable	Total	
2011	\$ 472,584,513	\$ -	\$ 8,564,437	\$ 481,148,950	\$ 86,385,132	\$ 567,534,082	100 %	(9.88) %	(17.20) %	2.0000
2012	447,002,357	-	8,100,823	455,103,180	51,050,698	506,153,878	100	(5.41)	(10.81)	2.0000
2013	460,100,642	-	7,877,334	467,977,976	49,789,046	517,767,022	100	2.83	2.29	2.0000
2014	484,108,041	-	8,252,620	492,360,661	50,787,258	543,147,919	100	4.95	4.90	2.0000
2015	519,051,282	-	8,843,375	527,894,657	51,416,325	579,310,982	100	7.22	6.66	2.0000
2016	561,064,320	-	9,158,979	570,223,299	51,652,265	621,875,564	100	7.42	6.84	2.0000
2017	613,095,626	-	9,334,095	622,429,721	55,114,637	677,544,358	100	9.16	8.95	1.8000
2018	664,658,680	-	10,225,657	674,884,337	57,159,465	732,043,802	100	9.20	8.10	1.8000
2019	700,205,466	-	10,184,949	710,389,915	60,452,529	770,842,444	100	5.26	5.30	1.8000
2020	766,781,706	-	10,806,872	777,588,578	66,009,555	843,598,133	100	9.45	9.43	1.8000

Source: Pinellas County Property Appraiser.

TOWN OF REDINGTON SHORES, FLORIDA

ASSESSED VALUATIONS, MILLAGE AND TAXES LEVIED AND COLLECTED
LAST TEN FISCAL YEARS

	<u>2020</u>	<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>
Total valuations	\$ 985,540,171	\$ 889,229,917	\$ 847,569,312	\$ 768,680,692	\$ 704,721,758	\$ 642,980,482	\$ 543,147,919	\$ 517,767,022	\$ 506,153,878	\$ 567,534,082
Real estate exemptions:										
Government exemption	19,500,642	16,435,236	14,624,883	13,498,844	12,424,181	12,094,709	11,843,274	11,754,120	11,733,678	12,814,733
Institutional exemption				36,000	36,000	36,000	36,000	36,000	905,528	341,874
Assessment differential (F.S. 193.155) ⁽³⁾	141,942,038	118,387,473	127,008,679	100,470,338	92,503,816	72,901,741	33,372,434	23,676,352	17,950,000	33,884,761
Individual or homestead exemptions	<u>46,508,913</u>	<u>44,017,293</u>	<u>31,051,413</u>	<u>32,245,789</u>	<u>29,534,462</u>	<u>30,053,375</u>	<u>5,535,550</u>	<u>14,322,574</u>	<u>20,461,492</u>	<u>39,343,764</u>
Total exemptions and adjustments	<u>207,951,593</u>	<u>178,840,002</u>	<u>172,684,975</u>	<u>146,250,971</u>	<u>134,498,459</u>	<u>115,085,825</u>	<u>50,787,258</u>	<u>49,789,046</u>	<u>51,050,698</u>	<u>86,385,132</u>
Total taxable valuation	\$ <u>777,588,578</u>	\$ <u>710,389,915</u>	\$ <u>674,884,337</u>	\$ <u>622,429,721</u>	\$ <u>570,223,299</u>	\$ <u>527,894,657</u>	\$ <u>492,360,661</u>	\$ <u>467,977,976</u>	\$ <u>455,103,180</u>	\$ <u>481,148,950</u>
Millage levied	<u>1.8000</u>	<u>1.8000</u>	<u>1.8000</u>	<u>1.8000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>
Total taxes levied	\$ 1,313,813	\$ 1,278,702	\$ 1,214,792	\$ 1,120,374	\$ 1,255,959	\$ 1,055,567	\$ 984,721	\$ 935,956	\$ 910,207	\$ 962,298
Less: Adjustments and discounts	<u>50,030</u>	<u>44,047</u>	<u>42,208</u>	<u>38,210</u>	<u>28,352</u>	<u>29,245</u>	<u>38,116</u>	<u>51,128</u>	<u>23,999</u>	<u>34,332</u>
Net taxes levied	\$ <u>1,263,783</u>	\$ <u>1,234,655</u>	\$ <u>1,172,584</u>	\$ <u>1,082,164</u>	\$ <u>1,227,607</u>	\$ <u>1,026,322</u>	\$ <u>946,605</u>	\$ <u>884,828</u>	\$ <u>886,208</u>	\$ <u>927,966</u>
Net collected ⁽¹⁾⁽²⁾	\$ <u>1,263,783</u>	\$ <u>1,234,655</u>	\$ <u>1,172,584</u>	\$ <u>1,082,164</u>	\$ <u>1,227,607</u>	\$ <u>1,026,322</u>	\$ <u>946,605</u>	\$ <u>884,828</u>	\$ <u>886,208</u>	\$ <u>927,966</u>

Source: Pinellas County Property Appraiser

⁽¹⁾ Florida Statutes provide for a discount of up to four percent for early payment of 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 revenues

⁽²⁾ Net collected includes penalties or late payments.

⁽³⁾ Florida Statutes provide for a three percent maximum increase in annual taxable property values.

TOWN OF REDINGTON SHORES, FLORIDA

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

	<u>2020</u>	<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>
Town of Redington Shores:										
Operating	1.8000	1.8000	1.8000	1.8000	2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
Debt service	-	-	-	-	-	-	-	-	-	-
Total Town millage	<u>1.8000</u>	<u>1.8000</u>	<u>1.8000</u>	<u>1.8000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>	<u>2.0000</u>
Pinellas County School Board:										
Operating	6.4270	6.7270	7.0090	7.3180	7.7710	7.8410	8.0600	8.1222	8.3850	8.3400
Pinellas County:										
Operating	5.2755	5.2755	5.2755	5.2755	5.2755	5.2755	5.2755	5.0727	4.8108	4.8730
Debt service	-	-	-	-	-	-	-	-	-	-
Total County millage	<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>	<u>5.0727</u>	<u>4.8108</u>	<u>4.8730</u>
County-wide millage set by other taxing authorities:										
-Pinellas Suncoast Transit Authority	0.7500	0.7500	0.7500	0.7500	0.7305	0.7305	0.7305	0.7305	0.7305	0.5601
-Pinellas County Planning Council	0.0150	0.0150	0.0150	0.0150	0.0160	0.0160	0.0160	0.0125	0.0125	0.0125
-Juvenile Welfare Board	0.8981	0.8981	0.8981	0.8981	0.8981	0.8981	0.8981	0.8981	0.8337	0.7915
-South West Florida Water Management District	0.2669	0.2955	0.3131	0.3317	0.3488	0.3658	0.3818	0.3928	0.3928	0.3770
-Pinellas Anclote River Basin	-	-	-	-	-	-	-	-	-	0.2600
-EMS	0.9158	0.9158	0.9158	0.9158	0.9158	0.9158	0.9158	0.9158	0.8506	0.5832
-Health Department	0.0835	0.0835	0.0835	0.0622	0.0622	0.0622	0.0622	-	-	-
Total County-wide millage	<u>2.9293</u>	<u>2.9579</u>	<u>2.9755</u>	<u>2.9728</u>	<u>2.9714</u>	<u>2.9884</u>	<u>3.0044</u>	<u>2.9497</u>	<u>2.8201</u>	<u>2.5843</u>
TOTAL	<u><u>16.4318</u></u>	<u><u>16.7604</u></u>	<u><u>17.0600</u></u>	<u><u>17.3663</u></u>	<u><u>18.0179</u></u>	<u><u>18.1049</u></u>	<u><u>18.3399</u></u>	<u><u>18.1446</u></u>	<u><u>18.0159</u></u>	<u><u>17.7973</u></u>

Source: Pinellas County Tax Collector

TOWN OF REDINGTON 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
2011	\$ 567,534,082	\$ 481,148,950	\$ 962,298	\$ 926,883	97%	\$ 1,083	\$ 927,966	97%
2012	506,153,878	455,103,180	910,207	885,145	97	1,053	886,208	97
2013	517,767,022	467,977,976	935,956	883,917	97	911	884,828	97
2014	543,147,919	492,360,661	984,721	945,264	96	1,341	946,605	96
2015	579,310,982	527,894,657	1,055,567	1,024,866	97	1,456	1,026,322	97
2016	621,875,564	570,223,299	1,255,959	1,225,985	97	1,622	1,227,607	98
2017	677,544,358	622,429,721	1,120,374	1,081,249	97	915	1,082,164	97
2018	732,043,802	674,884,337	1,214,792	1,171,452	97	1,132	1,172,584	97
2019	770,842,444	710,389,915	1,278,702	1,234,279	97	376	1,234,655	97
2020	843,598,133	777,588,578	1,818,813	1,262,390	97	1,393	1,263,783	97

(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

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TOWN OF REDINGTON SHORS, FLORIDA

PERCENTAGE OF ANNUAL GENERAL DEBT SERVICE TO
GENERAL GOVERNMENTAL EXPENDITURES -
BANK LOAN
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Debt Service</u>		<u>Total General Governmental Expenditures⁽¹⁾</u>	<u>Percentage of Debt Service to General Governmental Expenditures</u>
	<u>Bank Loan</u>	<u>Total Debt</u>		
2011	\$ 408,252	\$ 408,252	\$ 2,184,229	18.69 %
2012	398,234	398,234	2,211,895	18.00
2013	388,231	388,231	2,144,934	18.10
2014	378,448	378,448	2,248,919	16.83
2015	368,444	368,444	2,227,593	16.54
2016	358,343	358,343	2,352,649	15.23
2017	348,643	348,643	2,474,245	14.09
2018	345,788	345,788	2,704,462	12.80
2019	344,359	344,359	3,787,491	9.10
2020	332,015	532,015	2,915,016	11.39

⁽¹⁾ Includes general and capital improvement

TOWN OF REDINGTON SHORES, FLORIDA

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Non Ad Valorem Revenues	Ad Valorem Revenues	Essential Service Expenditures	Net Available Revenue	Debt Service		Coverage ⁽¹⁾
					Principal	Interest	
2011	\$ 1,477,330	\$ 927,966	\$ 1,775,977	\$ 629,319	\$ 256,410	\$ 151,842	1.54 %
2012	1,409,718	886,208	1,813,661	482,265	256,410	141,824	1.21
2013	1,741,115	884,828	1,756,712	869,231	256,410	131,821	2.24
2014	2,132,970	946,605	1,870,471	1,209,104	256,410	122,038	3.19
2015	1,837,821	1,026,322	1,859,149	1,004,994	256,410	112,034	2.74
2016	1,630,652	1,227,607	1,994,306	863,953	256,410	101,933	2.41
2017	1,681,107	1,082,164	2,125,602	637,669	256,410	92,233	1.83
2018	1,418,076	1,172,584	2,069,867	520,793	256,410	89,378	1.51
2019	1,571,359	1,234,655	2,096,542	709,472	256,410	87,949	2.06
2020	1,382,569	1,263,783	2,150,062	496,290	256,410	75,605	1.49

⁽¹⁾ Required 1.25.

TOWN OF REDINGTON SHORES, FLORIDA

PERCENTAGE OF BANK LOAN
TO TAXABLE ASSESSED VALUATION AND NET BONDED DEBT
PER CAPITA
LAST TEN FISCAL YEARS

Fiscal		Taxable	Bank	Less	Net Bank	Percent of Net	Net
Year	Population ⁽¹⁾	Assessed	Loan	Sinking	Loan	Bank Loan	Bank Loan
		Valuation		Fund		to Assessed	Per Capita
						Valuation	
2011	2,500	\$ 481,148,950	\$ 3,717,950	\$ -	\$ 3,717,950	0.77	\$ 1,490
2012	2,500	455,103,180	3,461,538	-	3,461,538	0.76	1,387
2013	2,500	467,977,967	3,205,128	-	3,205,128	0.68	1,282
2014	2,500	492,360,661	2,948,718	-	2,948,718	0.60	1,179
2015	2,500	527,894,657	2,692,308	-	2,692,308	0.51	1,077
2016	2,500	570,223,299	2,435,898	-	2,435,898	0.43	974
2017	2,500	622,429,721	2,179,488	-	2,179,488	0.35	872
2018	2,500	674,884,337	1,923,078	-	1,923,078	0.29	769
2019	2,500	710,389,915	1,666,668	-	1,666,668	0.23	667
2020	2,500	777,388,578	1,410,258	-	1,410,258	0.18	564

⁽¹⁾ U.S. Bureau of Census estimate and the University of Florida.

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

TOWN OF REDINGTON SHORES, FLORIDA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDS⁽²⁾ AND DIRECT REVENUE DEBT
SEPTEMBER 30, 2020

		<u>Net General Obligation Bonded Debt Outstanding</u>		<u>Net General Nonself- Supporting Revenue Debt</u>		<u>Total</u>		<u>Percentage Applicable to Town of Redington Shores</u>		<u>Amount Applicable to Town of Redington Shores</u>
Direct Debt:										
Town of Redington	\$	-	\$	1,410,258	\$	1,410,258		100 %	\$	1,410,258
Overlapping debt:										
Pinellas County Bonds/Notes		12,691,808		-				0.91 %		<u>121,096</u>
Pinellas County Capital Leases		<u>615,497</u>								
Subtotal, overlapping debt		<u>13,397,305</u>								
Total Direct and Overlapping Debt									\$	<u><u>1,531,354</u></u>
RATIO:										
Overall debt to 2020 taxable value								<u><u>0.19%</u></u>		
Overall debt per capita									\$	<u><u>612</u></u>

(1) The Town's share is calculated based on the ratio of the 2020 County Taxable Value of \$85,468,863,997 to the Town's Taxable Value of \$797,588,578

(2) The Town has no direct general obligation bonded debt.

Sources: Assessed value data used to estimate applicable percentages provided by the Pinelals County Property Appraiser. Debt outstanding data provided by each governmental unit.

OPERATING
INFORMATION

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TOWN OF REDINGTON SHORES, FLORIDA

FULL-TIME EQUIVALENT
TOWN EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of September 30,									
<u>FUNCTION</u>	<u>2020</u>	<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>
General Government	2	2	2	2	2	2	2	2	2	2
Public Safety: - General employees	2	2	2	2	2	2	3	3	3	3
Physical Environment	1	1	2	2	2	2	1	1	1	1
Total	5	5	6	6	6	6	6	6	6	6

TOWN OF REDINGTON SHORES, FLORIDA

MISCELLANEOUS STATISTICAL DATA

September 30, 2020

Date of Incorporation	August 30, 1955	Term of Office:
Date First Charter Adopted	1955	Mayor - 3 Years, voted at large
Date Present Charter Adopted	1955	Commissioners - 2 Years, voted by district
		Average Annual Temperature - 70.75 degrees
Form of Government: Mayor - Commission		Average Annual Rainfall - 52.42 inches
Commission Composed of: Mayor and Four Commissioners		Area - 0.36 square miles

MUNICIPAL UTILITIES, SERVICES AND EVENTS

Parks and Recreation

- 1 playground in residential area - Spitzer Park
- 1 playground on Gulf Boulevard, with pavilion, grills, half basketball court, shuffle board court, volleyball, and park house (rental) with bathrooms and kitchen
- 1 nature park with walking trail, exercise stations, kayak launch, pavilions
- 1 Tennis Court

Parkland acreage - 29.23 acres recreation/open space

Major Annual Community Events

- Annual Holiday Tree Lighting
- Annual Town Picnic and Recycling Rally
- Annual Holiday Lighted Boat Parade
- Annual Santa Parade and House Decorating Contest

Cultural Facilities Available in Redington Shores and the Tampa Bay Area

- Gulf Beaches Public Library
- Suncoast Seabird Sanctuary
- Clearwater Marine Aquarium
- Salvador Dali Museum
- Heritage Village
- Florida Botanical Gardens
- Weedon Island preserve

OTHER REPORTS

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TOWN OF REDINGTON SHORES

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

AND

MANAGEMENT LETTER

AND

ATTESTATION REPORT
ON COMPLIANCE WITH SECTION 218.415
FLORIDA STATUTES

AND

MANAGEMENT MEMORANDUM
ON REVIEW OF INTERNAL CONTROL STRUCTURE

September 30, 2020

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The Honorable Mayor
and Town Commission
Town of Redington 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, 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 Redington Shores, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Redington Shores, Florida’s (Town) basic financial statements, and have issued our report thereon dated September 17, 2021.

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.

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The Honorable Mayor
and Town Commissions
Town of Redington 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 17, 2021

MANAGEMENT LETTER

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The Honorable Mayor
and Town Commission
Town of Redington Shores, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Redington Shores, Florida as of and for the fiscal year ended September 30, 2020 and have issued our report thereon dated September 17, 2021.

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 17, 2021, 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 Commission
Town of Redington 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, 2020.

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 Redington 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 Town 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 Redington 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.

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.

The Honorable Mayor
and Town Commission
Town of Redington Shores, Florida

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 17, 2021

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ATTESTATION REPORT
ON COMPLIANCE WITH SECTION 218.415
FLORIDA STATUTES

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INDEPENDENT ACCOUNTANT’S REPORT

The Honorable Mayor and
Town Commission
Town of Redington Shores, Florida

We have examined the Town of Redington Shores, Florida ‘s compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2020. 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, 2020.

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 17, 2021

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

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September 17, 2021

The Honorable Mayor
and Town Commission
Town of Redington Shores, Florida

We have audited the basic 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 which collectively comprise the basic financial statements of the Town of Redington Shores, Florida as of and for the year ended September 30, 2020, and have issued our report thereon dated September 17, 2021.

We have issued our Report on Compliance and Internal Accounting Controls in Accordance with *Government Auditing Standards* dated September 17, 2021. Disclosures 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 Town of Redington 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.

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

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

2019-2020

- A. Framework of Internal Control:
Risk Monitoring

2018-2019

- A. GASB Statement No. 87

**A. Framework of Internal Control:
Risk Monitoring and Assessment**

As a general rule risks become increasingly more difficult to manage the longer they remain undetected.

It is not enough, therefore, for public-sector management to strive to attain their objectives and meet their responsibilities. They also must continually monitor and assess potential risks that could hinder or prevent them from achieving their goals. This ongoing monitoring and assessment of risk constitutes an element of a government's internal control framework.

Management's principal objectives are to ensure 1) effectiveness, 2) efficiency, 3) compliance with laws and regulations, and 4) proper financial reporting. A comprehensive internal control framework requires that management attempt on an ongoing basis to identify potential risks that could hinder it from fully realizing any of these four objectives. Such risks can arise from both inside and outside the government. For example, unexpected staff turnover in key positions could have a negative effect on efficiency.

Change, by its very nature, creates a certain degree of risk. Therefore, every significant change a government undergoes or anticipates needs to be monitored and assessed by management for its potential risk. In particular, common experience has identified certain types of changes as requiring particular attention from management.

Changes in personnel. Even the best system and equipment are no better than the people who operate them. As a result, changes in personnel always carry with them a certain element of risk. New employees, for example, are likely to need some time before they become proficient in their new position. Likewise, there may be an interval between the departure of an employee and the hiring of that employee's replacement, during which time the departing employee's duties may be performed on a temporary basis by one or more individuals. The risks accompanying personnel changes especially increase when changes 1) are numerous, 2) involve high-level staff or 3) involve employees in highly sensitive positions.

**A. Framework of Internal Control:
Risk Monitoring and Assessment (Continued)**

During our audit of the Town's Annual Comprehensive Financial Report for the year ended September 30, 2020, we observed the following changes in the Town's internal control framework.

1. The Town engaged a nonemployee bookkeeper to assist the Town Clerk in preparing the Town's monthly financial statement.

We understand that the assistant bookkeeper has direct access into the Town's electronic financial records. Requiring that a system entry log be maintained and reviewed by management would be a good security procedure.

2. The Town is also in the process of replacing Tom Pease who has been performing the year-end detail audit workpapers, adjusting and closing financial entries and financial statements. Further, since Tom has been maintaining the Town's detailed property and equipment records on his computer software, we recommend that the Town acquire its own capital equipment and depreciation software which should be maintained on the Town's computer equipment.

The above changes will require changes in the Town's existing policies and procedures and internal control framework.

We recommend that management monitor these policies and procedures on an ongoing basis to ensure that they are continuing to function properly. We also recommend that the Town amend its written policies and procedures to include the above described system changes.

A. 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 the 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 21, 2020, in accordance with Statement No. 87.

Last year we recommended that the Town Clerk become aware of this new standard.

This recommendation has been implemented.

* * * * *

This memorandum is intended solely for the use of the Mayor and Town Commission, 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 in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

SALTMARSH, CLEAVELAND & GUND, P.A.

MANAGEMENT RESPONSE

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Redington Shores

17425 Gulf Boulevard
Redington Shores FL 33708
727-397-5538

September, 2020

TOWN OF REDINGTON SHORES CHIEF EXECUTIVE'S ANSWERS TO AUDITOR'S MANAGEMENT LETTER

Framework of Internal Control: Risk Monitoring and Assessment

The Town Clerk Treasurer, along with Finance Commissioner will monitor these policies and procedures on an ongoing basis as recommended. The Town will be purchasing its own capital equipment and depreciation software. Security procedures will be revised as recommended.

Mary F. Palmer, MMC
Town Clerk/Treasurer

MFP

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