

# **FINANCIAL STATEMENTS**

## **TOWN OF PONCE INLET, FLORIDA**

For the Year Ended September 30, 2022  
With Independent Auditors' Reports

### **MAYOR**

Honorable Lois A. Paritsky

### **VICE MAYOR**

Gary L. Smith

### **TOWN COUNCIL MEMBERS**

Elizabeth Caswell  
Bill Milano  
Joe Villanella

### **TOWN MANAGER**

Michael E. Disher

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## ***FINANCIAL SECTION***

***THIS SECTION IS COMPOSED OF THE FOLLOWING FIVE PARTS:***

***INDEPENDENT AUDITORS' REPORT***

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

***BASIC FINANCIAL STATEMENTS***

***REQUIRED SUPPLEMENTARY INFORMATION***

***COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES***

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***INDEPENDENT AUDITORS' REPORT***

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor  
and Members of the Town Council  
Town of Ponce Inlet, Florida

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Ponce Inlet, Florida (the "Town") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Ponce Inlet, Florida, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Ponce DeLeon Inlet Lighthouse Preservation Association, Inc., which comprise of 100 percent of the assets, net position, and revenue of the discretely presented component unit as of September 30, 2022 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Ponce DeLeon Inlet Lighthouse Preservation Association, Inc. is based solely on the report of the other auditors.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Ponce Inlet, Florida, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Ponce Inlet, Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ponce Inlet, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Ponce Inlet, Florida's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2023, on our consideration of the Town of Ponce Inlet, 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 Town of Ponce Inlet, Florida's internal control over financial reporting and compliance.

BMC CPAs

April 25, 2023

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***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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**TOWN OF PONCE INLET, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2022

As financial management of the Town of Ponce Inlet, Florida, (hereinafter referred to as the "Town"), we offer the readers of these basic financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year that ended on September 30, 2022. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the Town's financial statements, which follow this information.

**Financial Highlights**

- The Town's overall combined assets and deferred outflows totaled \$26,697,698 at the close of the 2021 - 2022 fiscal year compared to \$25,814,432 in the 2020 – 2021 fiscal year. Total assets and deferred outflows exceeded liabilities by \$15,516,587 (*combined net position*) compared with \$13,503,453 one year earlier. The unrestricted component of the Town's combined net position totaled \$2,154,728 at September 30, 2022, compared with the previous year total of \$1,019,725.
- Net position of the Town's governmental activities totaled \$13,211,285, an increase of \$2,149,030 compared to last year's reported \$11,062,255, or 19.4%. The net position of its business-type activities totaled \$2,305,302, a decrease of \$135,896 compared to last year's \$2,441,198, or 5.6%.
- During the 2021 – 2022 fiscal year, the Town incurred governmental expenses of \$7,782,744, which were \$2,149,030 less than the \$9,931,774 generated from revenues (inclusive of taxes and all other governmental sources and transfers) from various governmental activities and programs. Included in this amount is \$110,068 of net interfund transfers from the Town's business-type funds for partial reimbursement of administrative costs. The 2021 - 2022 fiscal year increase in net position of governmental operations is \$2,149,030 compared to the prior year increase of \$1,301,615, equating to a difference of \$847,415. This increase primarily relates to revenue recognized in the 2021 – 2022 fiscal year for ARPA grant monies received of \$1,656,824.
- The Town's business-type activities produced a combined operating loss, before contributions and operating transfers, of \$35,708 (based exclusively on consumptive water/sewer/ solid waste utility sales and other revenues of \$3,045,127 in the 2021 – 2022 fiscal year). These utility sales and other revenues totaled \$3,061,156 in the 2020 – 2021 fiscal year. After recognition of this combined operating loss of \$35,708, plus capital contributions of \$9,880, less net interfund transfers of \$110,068, the decrease in combined net position totaled \$135,896 in the 2021 – 2022 fiscal year, compared to an increase of \$128,049 in the 2020 – 2021 fiscal year.
- Combined fund balances in the General Fund increased by \$35,301 in the 2021 – 2022 fiscal year and totaled \$4,688,552, compared to the increase in the 2020 – 2021 fiscal year of \$639,784 resulting in a total of \$4,653,255. Amounts committed by the Town Council for a stabilization reserve equaling \$2,314,410 and other unassigned fund balance equaling \$1,871,042 totaled \$4,185,452 at September 30, 2022. This amount decreased in fiscal year 2021 - 2022 and was \$28,921 less than the \$4,214,373 reported one year earlier. These amounts of reported General Fund unrestricted fund balance represent approximately 59% (216 days) and 67% (245 days) of annual general fund expenditures for fiscal years ended September 30, 2022 and 2021, respectively.
- The Town's total long-term debt represented by loan obligations totaled \$2,358,170 at September 30, 2022, compared to \$2,828,050 one year earlier. This change in long-term debt is due to the principal reductions on the Town's governmental and business-type activities long-term debt of \$469,880. In addition to its long-term loans, the Town has \$466,815 and \$417,429 in compensated absences liabilities outstanding at September 30, 2022 and 2021, respectively, (e.g., accrued sick and personal leave).

**TOWN OF PONCE INLET, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2022

**Overview of the Financial Statements**

The Town's basic financial statements are comprised of three parts: 1) management's discussion and analysis, 2) the basic financial statements, including notes to the financial statements, and 3) required supplementary information, including budgetary comparisons and fiduciary fund data.

Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the basic financial statements and required supplementary information. The MD&A represents management's examination and analysis of the Town's financial condition and financial performance as a whole. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, and other management tools were used for this analysis.

The basic financial statements include two kinds of statements that present different views of the Town. The first two statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the Town's overall financial status, including its governmental activities and its business-type activities. These statements report information about the Town using full accrual accounting methods and economic resources focus as utilized by similar business activities in the private sector. Information concerning all of the Town's assets and liabilities, both financial and capital, and short-term and long-term debt are included. Likewise, all revenues and expenses incurred during the year, regardless of when cash is received or paid are reported. However, rate-regulated accounting principles applicable to private sector utilities are not used by governmental utilities. The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide financial statements. The governmental funds' statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the Town's water, sewer and refuse utility systems.

The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Town's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. This section also contains budgetary comparisons for the Town's governmental fund activities.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. The basic financial statements of the Town include a statement of net position and a statement of activities, which are described as follows:

- A statement of net position presents information on all of the Town's assets and liabilities at the end of its fiscal year, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Town's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition.



**TOWN OF PONCE INLET, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2022

- The statement of activities presents the results of business operations over the course of the fiscal year and information as to how the Town's net position changed during the 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent taxes; personal leave earned but not used).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*government activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government services, public safety (police, fire and building inspection), transportation and streets (public works), stormwater management and recreation and leisure services. The business-type activities of the Town include its water, sewer and refuse utility systems.

The government-wide financial statements include not only the Town of Ponce Inlet itself (known as the primary government), but also the financial data of the Ponce DeLeon Inlet Lighthouse Preservation Association, Inc. (the "Lighthouse Association"), for which the Town is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. Complete financial statements of the Lighthouse Association component unit can be obtained directly from the Association's Administrative Office at 4931 South Peninsula Drive, Ponce Inlet, FL 32127 or from the Town of Ponce Inlet.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances are supplemented with a reconciliation to facilitate this comparison between governmental funds and governmental activities on pages 28 and 30.

**TOWN OF PONCE INLET, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2022

The Town maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Economic Impact Fund, and Public Land Acquisition and Facility Fund, all of which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual fund budgetary statements in the other supplementary information section of this report.

***Proprietary Funds.*** Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary fund financial statements, like the government-wide statements, provide both long and short-term financial information. The Town's three enterprise funds (water, sewer and refuse utility systems, all of which are considered major funds of the Town) are aggregated in the business-type activities presented in the government-wide statements. Since the accounting for these operations is similar to that provided in the government-wide financial statements, the fund financial statements provide limited supplemental information in more detail, such as cash flows data.

**TOWN OF PONCE INLET, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2022

**Financial Analysis of the Town as a Whole**

**Net position.** As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the Town's combined total assets exceeded liabilities (net position) by \$15,516,587 at September 30, 2022 compared to \$13,503,453 at September 30, 2021, which is summarized below:

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
<b>Assets:</b>						
Current and other assets	\$ 7,483,037	\$ 6,556,591	\$ 2,136,406	\$ 2,110,645	\$ 9,619,443	\$ 8,667,236
Restricted assets	-	-	214,844	206,596	214,844	206,596
Capital assets, net	12,945,624	12,631,448	1,887,943	2,053,210	14,833,567	14,684,658
<b>Total assets</b>	<b>20,428,661</b>	<b>19,188,039</b>	<b>4,239,193</b>	<b>4,370,451</b>	<b>24,667,854</b>	<b>23,558,490</b>
Deferred outflows of resources	1,884,596	2,094,868	145,248	161,074	2,029,844	2,255,942
<b>Liabilities:</b>						
Long-term debt	1,499,604	1,916,795	858,566	911,255	2,358,170	2,828,050
Other liabilities	7,423,333	4,017,563	1,200,149	849,499	8,623,482	4,867,062
<b>Total Liabilities</b>	<b>8,922,937</b>	<b>5,934,358</b>	<b>2,058,715</b>	<b>1,760,754</b>	<b>10,981,652</b>	<b>7,695,112</b>
Deferred inflows of resources	179,035	4,286,294	20,424	329,573	199,459	4,615,867
<b>Net position:</b>						
Invested in capital assets, net of related debt	11,446,020	10,714,653	1,026,098	1,138,475	12,472,118	11,853,128
Restricted	674,897	424,003	214,844	206,596	889,741	630,599
Unrestricted	1,090,368	(76,401)	1,064,360	1,096,127	2,154,728	1,019,726
<b>Total net position</b>	<b>\$ 13,211,285</b>	<b>\$ 11,062,255</b>	<b>\$ 2,305,302</b>	<b>\$ 2,441,198</b>	<b>\$ 15,516,587</b>	<b>\$ 13,503,453</b>

One of the most significant components of the Town's net position (80.3%) is its investment in capital assets (land, buildings, improvements, and equipment) less any related debt used to acquire or construct those assets, which is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**TOWN OF PONCE INLET, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2022

The Town also has a small investment (5.7%) in other restricted net position, consisting of unspent local option fuel taxes (\$427,566), judgments and fines restricted for police education (\$13,623), court ordered confiscations, capital fire equipment (\$229,400), amounts restricted for debt service payments (\$4,308), and utility impact fees restricted for utility expansion (\$214,844). Consequently, the remaining 14.0% of unrestricted net position represents amounts that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, which totaled \$2,154,728 at September 30, 2022 and \$1,019,726 at September 30, 2021.

***Changes in Net position.*** While the statement of net position shows a snapshot of the Town's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and sources of those changes. During the 2021 – 2022 fiscal year, the Town's total revenues increased by \$2,188,350 (or 20.4%) and totaled \$12,879,638, compared to \$10,691,288 in the prior year. The majority of this increase was due to the recognition of ARPA grant monies as revenue in the 2021 – 2022 fiscal year of \$1,656,824.

During the 2021 – 2022 fiscal year, approximately 45% of the Town's total revenue was derived from property taxes, while 49.2 cents of every dollar raised came from some form of tax. Another 32.2% was produced from fees charged for services, while the substantial portion of the remainder is from capital/operating grants and contributions, intergovernmental revenues and other sources. The total costs of providing all of the Town's routine programs and services increased by \$1,604,880 in the current year, which represents an increase of approximately 17.3% overall. This increase is primarily attributable to two things: 1.) A significant increase in the Florida Retirement System's unfunded liability of which the Town must report its pro rata share makes up \$646,466 of the difference and 2.) There were \$380,359 more capital costs of various projects in the 2021 – 2022 fiscal year as compared to the prior year.

Overall, the Town's revenues increased by about 20.4% compared to last year. The Town's expenses for its combined governmental and business activities increased by approximately 17.3% compared to the prior year. The Town's combined net position increased in the current year by \$2,013,131, compared to an increase in the prior year of \$1,429,664.

**TOWN OF PONCE INLET, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2022

The following is a summary of changes in net position for the fiscal year:

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Current charges for services	\$ 1,111,360	\$ 962,404	\$ 3,045,127	\$ 3,061,156	\$ 4,156,487	\$ 4,023,560
Operating grants/contributions	1,741,377	95,250	-	-	1,741,377	95,250
Capital grants/contributions	153,006	158,625	9,880	18,324	162,886	176,949
<b>General revenues</b>						
Property taxes	5,746,647	5,432,387	-	-	5,746,647	5,432,387
Other taxes	599,218	566,063	-	-	599,218	566,063
Intergovernmental	374,691	311,943	-	-	374,691	311,943
Other revenues	95,407	82,897	2,925	2,239	98,332	85,136
<b>Total revenues</b>	<b>9,821,706</b>	<b>7,609,569</b>	<b>3,057,932</b>	<b>3,081,719</b>	<b>12,879,638</b>	<b>10,691,288</b>
<b>Expenses:</b>						
General government	1,716,358	1,534,115	-	-	1,716,358	1,534,115
Public safety	4,351,562	3,453,120	-	-	4,351,562	3,453,120
Physical environment	6,319	10,310	-	-	6,319	10,310
Transportation	615,056	477,735	-	-	615,056	477,735
Culture/recreation	544,269	472,398	-	-	544,269	472,398
Information technology	484,901	384,823	-	-	484,901	384,823
Interest expense	64,279	78,475	-	-	64,279	78,475
Water system	-	-	1,615,818	1,413,477	1,615,818	1,413,477
Sewer system	-	-	1,082,086	1,079,295	1,082,086	1,079,295
Refuse/solid waste system	-	-	385,856	357,876	385,856	357,876
<b>Total expenses</b>	<b>7,782,744</b>	<b>6,410,976</b>	<b>3,083,760</b>	<b>2,850,648</b>	<b>10,866,504</b>	<b>9,261,624</b>
Transfers in (out)	110,068	103,022	(110,068)	(103,022)	-	-
<b>Increase (decrease) in net assets</b>	<b>2,149,030</b>	<b>1,301,615</b>	<b>(135,896)</b>	<b>128,049</b>	<b>2,013,134</b>	<b>1,429,664</b>
Net position beginning of year	11,062,255	9,760,640	2,441,198	2,313,149	13,503,453	12,073,789
<b>Net position end of year</b>	<b>\$ 13,211,285</b>	<b>\$ 11,062,255</b>	<b>\$ 2,305,302</b>	<b>\$ 2,441,198</b>	<b>\$ 15,516,587</b>	<b>\$ 13,503,453</b>

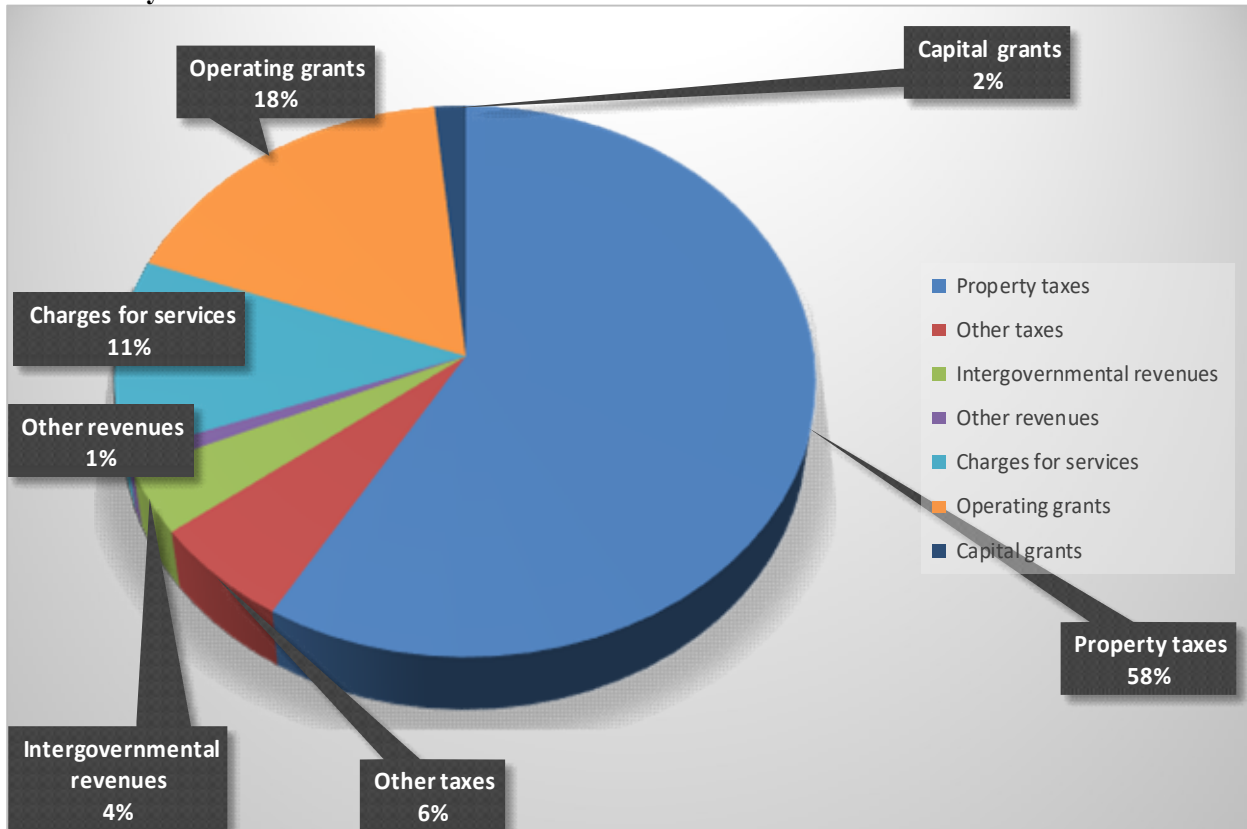
**TOWN OF PONCE INLET, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2022**

**Governmental Activities**

Revenues for the Town's governmental activities were approximately 29.0% greater than the amount of revenue earned in the prior fiscal year. Overall, the Town's governmental revenues totaled \$9,821,706 in the current year, which represents an increase of \$2,212,137 over last year's reported revenues of \$7,609,569.

The following is a summary of the Town's governmental revenues by source:

**Revenues by Source - Governmental Activities**



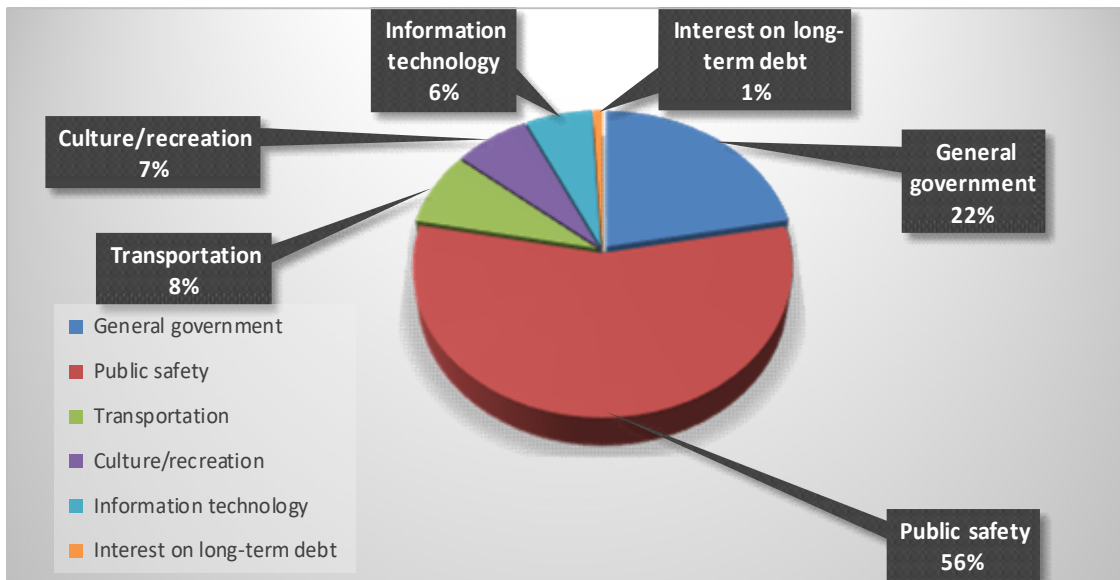
Overall, the Town experienced an increase in expenses for the Town's combined governmental activities. Governmental fund expenses increased by \$1,371,768 (21.3%), and totaled \$7,782,744 for the year ended September 30, 2022, compared to a total of \$6,410,976 incurred during the prior year. The changes were primarily due to the following: : 1.) A significant increase in the Florida Retirement System's unfunded liability of which the Town must report its pro rata share of makes up \$646,466 of the difference and 2.) There were \$380,359 more capital costs of various projects in the 2021 – 2022 fiscal year as compared to the prior year.

**TOWN OF PONCE INLET, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2022**

The Town's public safety (police, fire and inspection) function expenses are the most significant component of cost. During the 2021 - 2022 fiscal year, public safety costs totaled \$4,351,562, or 56% (compared to 54% last year), of the Town's total governmental expenses. The Town's general government function expenses are the next largest segment and totaled \$1,716,358 for the current year, or 22% (compared to 24% last year), of the Town's total operating expenses. The Town's stormwater, transportation and recreation functions combined totaled \$1,165,644 for the current year, or 15% (compared to 15% last year), of the total governmental expense. The Town's information technology function totaled \$484,901 for the current year, or 6% (compared to 6% last year). Interest expense on all of the Town's general long-term debt obligations totaled \$64,279 for the current year, or 1% (compared to 1.2% last year), of the total governmental expense.

The following is a summary of the Town's governmental expenses by function:

**Expenses by Function - Governmental Activities**



**Business-type Activities**

The major sources of operating revenues for the Town's business-type activities are charges for services attributed to its water, sewer and refuse utilities. Potable water is purchased in bulk from the City of Port Orange and sold to the Town's customers under rates established by the Town. Sewer collection services are billed by the Town on behalf of the City of Port Orange under rates established by Port Orange, all of which is remitted to Port Orange monthly. The Town collects an annual administrative fee for billing, collecting, and remitting all sewer charges and payments. The Town also bills utility connection and capacity fees on behalf of Port Orange under rates established by Port Orange, which are collected and subsequently remitted to Port Orange. Solid waste and recycling fees are charged to the Town's customers under rates established by the Town. An independent contractor is engaged by the Town to perform all collection and disposal activities.

**TOWN OF PONCE INLET, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2022

Combined utility sales totaled \$3,045,127 in the current year, compared to \$3,061,156 one year earlier. The Town also collected Port Orange's water and sewer impact/connection fees totaling \$87,586 and \$32,490, respectively, which were remitted to the City of Port Orange. The Town's portion of water connection fees totaled \$2,985 (included in reported total sales for the 2021 – 2022 fiscal year). In addition to these charges, the Town received \$9,880 in impact/capital contributions and \$529 in investment earnings during the recent fiscal year.

Combined operating expenses of the Town's business-type activities totaled \$3,083,760 in the current year compared to \$2,850,648 one year earlier. Depreciation expense on utility fund assets included in this amount totaled \$165,267 and \$165,966 for the years ended September 30, 2022 and 2021, respectively.

**Financial Analysis of the Town's Funds**

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's 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 the Town completed the year, its governmental funds reported a combined fund balance of \$6,928,169, which was \$1,698,302 more than the \$5,229,873 reported one year earlier.

The general fund is the chief operating fund of the Town. At September 30, 2022, the unassigned fund balance in the general fund totaled \$1,871,042, compared to \$2,436,351, one year earlier. Unassigned balances do not contain Town Council established stabilization (commitment) amounts of \$2,314,410 and \$1,778,022 for September 30, 2022 and 2021, respectively. Combined unassigned fund balances and stabilization amounts represent approximately 59% (31 weeks/216 days) of the Town's general fund spending for 2021 - 2022 compared to 67% (35 weeks/245 days) one year earlier.

The Public Land Acquisition and Facility special revenue fund was established in 2003 to separately account for the collection and disposition of the Town's franchise fee collections on solid waste and utility service taxes on providers of electricity and liquid propane in the Town (and pledged for debt service on the Town's Capital Improvement Revenue Note, Series 2005). These funds are restricted for the acquisition and improvement of real property in the Town. At September 30, 2022, unreserved fund balance in this fund was \$464,358 compared to \$302,799 one year earlier. To better describe the activity of this fund in regard to the obligation of the aforementioned Revenue Note, Series 2005 (the Town Hall capital project), the Town continues to budget approximately \$406,058 per year in revenue towards loan payments so some of this fund's reserve each year is allocated in the budget to meet this obligation.

Fund balances in the Town's non-major special revenue and capital projects funds increased by \$287,404 in the current year and totaled \$561,221, compared to \$273,817 at the end of the prior year.

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



**TOWN OF PONCE INLET, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2022

Unrestricted net position of the Water Utility Fund at the end of the current year amounted to \$1,025,447. Unreserved equity in the Town's Sewer Utility Fund (which is operated on a pass-through basis in conjunction with an Agreement with the City of Port Orange, Florida), totaled \$7,529 at September 30, 2022, all of which will ultimately be transferred to the Town's General Fund. Unreserved fund equity in the Town's Refuse Utility Fund totaled \$31,384 at September 30, 2022. Net operating transfers totaling \$110,068 were transferred to governmental funds during the current year in the form of excess equity, reimbursements for capital acquisitions and operating transfers. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

**General Fund Budgetary Highlights**

Over the course of the year, the Town Council revised the Town's operating budget. These budget amendments fall into two categories:

- Amendments and supplemental appropriations were approved midway through the year to reflect the actual opening account balances (correcting estimated amounts in the budget adopted at the beginning of the year).
- Increases/decreases in line item budget appropriations to prevent budget overruns.

Actual earned revenues were \$26,356 less than the final amounts anticipated to be received during the year in the Town's General Fund. Actual expenditures incurred were \$49,029 under the \$7.19 million amended budget appropriations provided in the current year operating budget.

**Capital Assets and Debt Administration**

**Capital Assets.** At September 30, 2022, the Town had \$24 million invested in a broad range of capital assets, including land, buildings, park facilities, police equipment, public works equipment and water lines. This investment in capital assets, net of depreciation, for all activities is reflected in the following schedule:

**TOWN OF PONCE INLET, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2022

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land and land rights	\$ 4,605,518	\$ 4,605,518	\$ 4,033	\$ 4,033	\$ 4,609,551	\$ 4,609,551
Buildings	5,807,969	5,735,269	-	-	5,807,969	5,735,269
Improvements other than buildings	5,779,692	5,779,692	4,075,223	4,075,223	9,854,915	9,854,915
Equipment and furniture	3,144,422	2,991,885	376,968	376,968	3,521,390	3,368,853
	19,337,601	19,112,364	4,456,224	4,456,224	23,793,825	23,568,588
Less accumulated depreciation	(7,338,365)	(6,915,054)	(2,568,281)	(2,403,014)	(9,906,646)	(9,318,068)
	11,999,236	12,197,310	1,887,943	2,053,210	13,887,179	14,250,520
Construction in progress	946,388	434,138	-	-	946,388	434,138
Net capital assets	<u>\$ 12,945,624</u>	<u>\$ 12,631,448</u>	<u>\$ 1,887,943</u>	<u>\$ 2,053,210</u>	<u>\$ 14,833,567</u>	<u>\$ 14,684,658</u>

**Long-term Debt.** At September 30, 2022, the Town had \$2,358,170 in governmental and business-type activities long-term note and promissory loan obligations outstanding, compared to \$2,828,050 one year earlier. All of the Town's long-term debt is secured solely by specified revenue sources and is not backed with the full faith and credit of the government.

These obligations and the Town's compensated absences liabilities are reflected in the following schedule:

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Capital Improvement Revenue Note, Series 2005	\$ 909,000	\$ 1,188,000	\$ -	\$ -	\$ 909,000	\$ 1,188,000
Florida Department of Environmental Protection State Revolving Fund Loans	590,604	728,795	858,566	911,255	1,449,170	1,640,050
	1,499,604	1,916,795	858,566	911,255	2,358,170	2,828,050
Net pension liability	6,294,611	2,149,845	477,274	165,302	6,771,885	2,315,147
Other post-employment benefits	170,965	155,303	17,229	15,835	188,194	171,138
Compensated absences	405,368	385,231	61,447	32,198	466,815	417,429
General long-term debt	<u>\$ 8,370,548</u>	<u>\$ 4,607,174</u>	<u>\$ 1,414,516</u>	<u>\$ 1,124,590</u>	<u>\$ 9,785,064</u>	<u>\$ 5,731,764</u>

The Town has a 2005 capital improvement revenue note obligation payable to Bank of America totaling \$909,000 at September 30, 2022. The proceeds of this Series 2005 loan were used to finance the acquisition of land and the construction of a Town Hall and Public Safety Complex. The Town makes semi-annual debt service payments on this obligation until 2025.

**TOWN OF PONCE INLET, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2022

The Town has a low interest loan program offered by the Florida Department of Environmental Protection Clean Water State Revolving Fund Loan Program. The proceeds of this construction loan were used to develop and rehabilitate the Town's stormwater management infrastructure. The Town makes semi-annual debt service payments on this obligation until 2026. The balance due on this loan at September 30, 2022 was \$590,604.

The Town has a low interest loan program offered by the Florida Department of Environmental Protection Drinking Water State Revolving Fund Loan Program. The proceeds of this construction loan were used to finance the construction of public water systems. The Town makes semi-annual debt service payments on this obligation until 2037. The balance due on this loan at September 30, 2022 was \$858,566.

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

Many factors are considered each year by the Town Council in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop uniform utility fees that are reasonable, and more importantly, capable of cost recovery. Some of the major factors considered in this process are the local economy, civilian labor force, unemployment rates, and inflation rates.

- The most recent estimates available for unemployment data in Volusia County, Florida are compiled by the U.S. Department of Labor, Bureau of Labor Statistics. This agency estimates a countywide unemployment rate of 2.8% at the end of September 2022, which is favorable to the 4.3% rate experienced one year earlier. These estimates are slightly higher than the State of Florida's 2.7% unemployment rate. Nationwide, the unemployment rate is stated at 3.5% as of September 2022.
- Inflationary trends for Volusia County are consistent with those trends experienced at the state and national levels.
- The overall Taxable Value (Just Value less statutory exemptions) of real and personal property on the 2022 levy increased 11.6% over the 2021 levy. The Town Council voted to adopt the operating millage for the 2022 levy of 5.3 mills. This is .6 mills less than the millage rate used for the 2021 levy of 5.9 mills.

In the process of presenting a balanced operating budget for the General Fund for the 2022-2023 fiscal year and to meet the challenges discussed above, a complete departmental review of the operational needs of each department was considered and submitted to the Town Manager for approval prior to being compiled and submitted to the Town Council for inclusion in the final budget.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Office of the Town Manager, Town of Ponce Inlet, Florida, 4300 South Atlantic Avenue, Ponce Inlet, Florida 32127.

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***BASIC FINANCIAL STATEMENTS***

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**TOWN OF PONCE INLET, FLORIDA**  
**STATEMENT OF NET POSITION**  
September 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lighthouse Association
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,710,098	\$ 1,867,813	\$ 5,577,911	\$ 2,763,505
Investments	3,465,962	-	3,465,962	475,546
Receivables, net	253,921	261,388	515,309	-
Inventories	4,758	-	4,758	201,626
Prepaid expenses	48,298	7,205	55,503	41,199
Deposits	-	-	-	1,703
Temporarily restricted assets:				
Cash and cash equivalents	-	214,844	214,844	-
Capital assets:				
Land, construction in progress and other	5,551,906	4,033	5,555,939	1,915,700
Other capital assets, net of depreciation	7,393,718	1,883,910	9,277,628	3,371,884
Total assets	<u>20,428,661</u>	<u>4,239,193</u>	<u>24,667,854</u>	<u>8,771,163</u>
Deferred outflows on pensions	<u>1,884,596</u>	<u>145,248</u>	<u>2,029,844</u>	<u>-</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	404,711	369,630	774,341	89,367
Deposits/unearned revenue	138,016	271,290	409,306	-
Accrued interest payable	9,662	3,279	12,941	-
Other postemployment benefits	170,965	17,229	188,194	-
Net pension liability	6,294,611	477,274	6,771,885	-
Long-term debt:				
Due within one year	432,875	53,290	486,165	38,722
Due in more than one year	1,066,729	805,276	1,872,005	820,474
Compensated absences	405,368	61,447	466,815	-
Total liabilities	<u>8,922,937</u>	<u>2,058,715</u>	<u>10,981,652</u>	<u>948,563</u>
Deferred inflows on pensions	<u>179,035</u>	<u>20,424</u>	<u>199,459</u>	<u>-</u>
<b>Net Position:</b>				
Net investment in capital assets	11,446,020	1,026,098	12,472,118	4,428,388
Restricted for:				
Utility expansion	-	214,844	214,844	-
Public safety	243,023	-	243,023	-
Debt service	4,308	-	4,308	-
Transportation	427,566	-	427,566	-
Recreation	-	-	-	-
Historic Parcetti Hotel restoration	-	-	-	840,818
Unrestricted	<u>1,090,368</u>	<u>1,064,360</u>	<u>2,154,728</u>	<u>2,553,394</u>
Total net position	<u>\$ 13,211,285</u>	<u>\$ 2,305,302</u>	<u>\$ 15,516,587</u>	<u>\$ 7,822,600</u>

See Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF PONCE INLET, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2022

Functions / Programs	Program Revenues			
Expenses	Charges For Service	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 1,716,358	\$ 420,489	\$ 1,656,824	\$ -
Public safety	4,351,562	645,259	-	-
Physical environment	6,319	-	-	92,053
Transportation	615,056	-	84,553	60,953
Culture/recreation	544,269	45,612	-	-
Information technology	484,901	-	-	-
Interest on long-term debt	64,279	-	-	-
Total governmental activities	7,782,744	1,111,360	1,741,377	153,006
Business-type Activities:				
Water utilities	1,615,818	1,531,412	-	9,880
Sewer utilities	1,082,086	1,105,624	-	-
Refuse utilities	385,856	408,091	-	-
Total business-type activities	3,083,760	3,045,127	-	9,880
Total primary government	\$ 10,866,504	\$ 4,156,487	\$ 1,741,377	\$ 162,886
<b>Component Units:</b>				
Lighthouse Association	\$ 1,795,604	\$ 2,016,263	\$ 84,517	\$ 721,710
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Public service taxes				
Other taxes				
Intergovernmental revenues				
Investment earnings (loss)				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Net position - end of year				

See Independent Auditors' Report and Notes to the Financial Statements



**TOWN OF PONCE INLET, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2022

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Lighthouse Association
\$ 360,955	\$ -	\$ 360,955	
(3,706,303)	-	(3,706,303)	
85,734	-	85,734	
(469,550)	-	(469,550)	
(498,657)	-	(498,657)	
(484,901)	-	(484,901)	
(64,279)	-	(64,279)	
<u>(4,777,001)</u>	<u>-</u>	<u>(4,777,001)</u>	
-	(74,526)	(74,526)	
-	23,538	23,538	
-	22,235	22,235	
<u>-</u>	<u>(28,753)</u>	<u>(28,753)</u>	
<u>(4,777,001)</u>	<u>(28,753)</u>	<u>(4,805,754)</u>	
			<u>\$ 1,026,886</u>
5,746,647	-	5,746,647	-
590,038	-	590,038	-
9,180	-	9,180	-
374,691	-	374,691	-
32,281	529	32,810	(21,596)
63,126	2,396	65,522	360
110,068	(110,068)	-	-
<u>6,926,031</u>	<u>(107,143)</u>	<u>6,818,888</u>	<u>(21,236)</u>
<u>2,149,030</u>	<u>(135,896)</u>	<u>2,013,134</u>	<u>1,005,650</u>
<u>11,062,255</u>	<u>2,441,198</u>	<u>13,503,453</u>	<u>6,816,950</u>
<u>\$ 13,211,285</u>	<u>\$ 2,305,302</u>	<u>\$ 15,516,587</u>	<u>\$ 7,822,600</u>

See Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF PONCE INLET, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**

September 30, 2022

	General	Economic Impact Fund	Public Land Acquisition and Facility	Other Governmental Funds	Total- Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,377,798	\$ 1,313,421	\$ 415,084	\$ 603,795	\$ 3,710,098
Investments	3,465,962	-	-	-	3,465,962
Receivables, net	63,929	-	49,274	-	113,203
Due from other governments	135,528	-	-	5,191	140,719
Inventories	4,758	-	-	-	4,758
Prepaid expenses	48,298	-	-	-	48,298
<b>Total assets</b>	<b>\$ 5,096,273</b>	<b>\$ 1,313,421</b>	<b>\$ 464,358</b>	<b>\$ 608,986</b>	<b>\$ 7,483,038</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued expenses	\$ 257,569	\$ 99,383	\$ -	\$ 47,765	\$ 404,717
Unearned revenue	150,152	-	-	-	150,152
<b>Total liabilities</b>	<b>407,721</b>	<b>99,383</b>	<b>-</b>	<b>47,765</b>	<b>554,869</b>
<b>Fund Balances:</b>					
Nonspendable	53,056	-	-	-	53,056
Restricted	427,566	-	-	247,331	674,897
Committed	2,314,410	-	464,358	-	2,778,768
Assigned	22,478	1,214,038	-	354,264	1,590,780
Unassigned	1,871,042	-	-	(40,374)	1,830,668
<b>Total fund balances</b>	<b>4,688,552</b>	<b>1,214,038</b>	<b>464,358</b>	<b>561,221</b>	<b>6,928,169</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,096,273</b>	<b>\$ 1,313,421</b>	<b>\$ 464,358</b>	<b>\$ 608,986</b>	<b>\$ 7,483,038</b>

See Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF PONCE INLET, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
September 30, 2022

Total governmental activities fund balances		\$ 6,928,169
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		12,945,629
Revenues in the statement of activities that do not provide current financial resources and, therefore, are not reported as revenue in the funds:		
Delinquent tax revenues		12,136
The (increase) decrease in net pension liabilities, deferred outflows and inflows, and postemployment benefits costs are reported in the statement of activities, but not in individual governmental fund statements as follows:		
Deferred outflows of pension plans	1,884,596	
Deferred inflows of pension plans	(179,035)	
Net pension liabilities	(6,294,611)	
Other postemployment benefit obligation payable	(170,965)	(4,760,015)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable, and capital lease obligations	(1,499,604)	
Accrued interest payable	(9,662)	
Compensatory wages payable	(405,368)	(1,914,634)
Net position of governmental activities		<u>\$ 13,211,285</u>

See Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF PONCE INLET, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2022

	General	Economic Impact Fund	Public Land Acquisition and Facility	Other Governmental Funds	Total Governmental Funds
Revenue:					
Taxes:					
Property taxes	\$ 5,734,511	\$ -	\$ -	\$ -	\$ 5,734,511
Local option gas taxes	145,506	-	-	-	145,506
Public service taxes	166,345	-	423,693	-	590,038
Business taxes	9,180	-	-	-	9,180
Permits, fees and assessments	723,844	-	41,201	6,845	771,890
Intergovernmental revenue	374,691	-	-	-	374,691
Federal grant	1,656,824	-	-	-	1,656,824
Local intergovernmental capital grants	-	-	-	377,518	377,518
Charges for services	320,187	-	-	-	320,187
Fines and forfeitures	21,931	-	-	1,304	23,235
Investment earnings (loss)	31,899	-	382	-	32,281
Reimbursements under cost-share agreements	-	-	-	129,614	129,614
Revenues surrendered under cost-share agreements	-	-	-	(415,079)	(415,079)
Miscellaneous revenue	72,721	-	-	6,371	79,092
Total revenue	<u>9,257,639</u>	<u>-</u>	<u>465,276</u>	<u>106,573</u>	<u>9,829,488</u>
Expenditures:					
Current:					
General government	1,538,561	-	-	-	1,538,561
Public safety	4,065,604	-	-	3,740	4,069,344
Physical environment	6,319	-	-	-	6,319
Transportation	435,945	-	-	-	435,945
Culture/recreation	417,583	-	-	2,050	419,633
Information technology	452,930	-	-	-	452,930
Capital outlay:					
Public safety	141,840	-	-	-	141,840
Culture/recreation	62,561	-	-	-	62,561
Transportation	11,224	-	-	-	11,224
Physical Environment	-	316,602	-	164,268	480,870
Information technology	11,431	126,184	-	-	137,615
Debt service:					
Principal	-	-	-	417,191	417,191
Interest	-	-	-	67,221	67,221
Total expenditures	<u>7,143,998</u>	<u>442,786</u>	<u>-</u>	<u>654,470</u>	<u>8,241,254</u>
Excess of revenue over (under) expenditures	<u>2,113,641</u>	<u>(442,786)</u>	<u>465,276</u>	<u>(547,897)</u>	<u>1,588,234</u>
Other Financing Sources (Uses):					
Operating transfers in	85,068	1,656,824	23,283	858,584	2,623,759
Operating transfers (out)	(2,163,408)	-	(327,000)	(23,283)	(2,513,691)
	<u>(2,078,340)</u>	<u>1,656,824</u>	<u>(303,717)</u>	<u>835,301</u>	<u>110,068</u>
Excess of revenue and other sources over expenditures and other uses	35,301	1,214,038	161,559	287,404	1,698,302
Fund balances - beginning of year	4,653,251	-	302,799	273,817	5,229,867
Fund balances - end of year	<u>\$ 4,688,552</u>	<u>\$ 1,214,038</u>	<u>\$ 464,358</u>	<u>\$ 561,221</u>	<u>\$ 6,928,169</u>

See Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF PONCE INLET, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENTS OF ACTIVITIES**  
For the Year Ended September 30, 2022

Net change in fund balances - total governmental funds		\$ 1,698,302
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:		
Expenditures for capital assets	834,110	
Less: net adjusted basis of current year asset disposals	(7,779)	
Less: current year provision for depreciation	<u>(512,160)</u>	314,171
Deferred outflows and inflows of resources are not available in the current period and, therefore, are not reported in the governmental funds. Deferred outflows and inflows of resources at year end consist of:		
Deferred outflows of pension plans	(210,270)	
Deferred inflows of pension plans	<u>4,107,259</u>	3,896,989
Net pension and postemployment benefits obligations that are actuarially due and payable in the current period which will be accumulated and paid in future periods consist of:		
Net pension liabilities	(4,144,766)	
Other postemployment benefit obligation payable	<u>(15,662)</u>	(4,160,428)
Some expenses reported in the statement of activities do not require the use of current financial resources are not reported as expenditures in the funds:		
(Increase) decrease in employee compensated absences	(20,137)	
(Increase) decrease in accrued interest on long-term debt obligations	<u>2,942</u>	(17,195)
Revenues in the statement of activities that do not provide current financial resources and, therefore, are not reported as revenue in the funds:		
Change in delinquent tax revenues		-
Repayment of principal on long-term debt obligations is an expenditure in the governmental fund, but the repayments reduce long-term liabilities in the statement of net position		<u>417,191</u>
Change in net position of governmental activities		<u><u>\$ 2,149,030</u></u>

**TOWN OF PONCE INLET, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – GENERAL FUND**  
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
<b>Taxes:</b>				
Property taxes	\$ 5,769,260	\$ 5,773,310	\$ 5,734,511	\$ (38,799)
Local option gas taxes	129,031	145,204	145,506	302
Public service taxes	148,635	163,476	166,345	2,869
Local business taxes	8,278	9,250	9,180	(70)
Permits and fees	589,076	673,708	723,844	50,136
<b>Intergovernmental:</b>				
Local half-cent sales tax	190,822	211,006	224,922	13,916
Other intergovernmental	232,843	134,577	149,769	15,192
Federal Grants	-	1,656,824	1,656,824	-
Charges for services	182,262	308,220	320,187	11,967
Fines and forfeitures	30,340	22,050	21,931	(119)
<b>Miscellaneous:</b>				
Investment earnings (loss)	34,127	21,252	31,899	10,647
Contributions and donations	7,500	13,492	14,201	709
Miscellaneous revenues	266,511	151,626	58,520	(93,106)
<b>Total revenues</b>	<b>7,588,685</b>	<b>9,283,995</b>	<b>9,257,639</b>	<b>(26,356)</b>
<b>Expenditures:</b>				
<b>General Government:</b>				
Legislative	209,142	175,710	176,724	(1,014)
Executive, finance, and administrative	699,299	697,638	699,481	(1,843)
Legal	230,000	290,000	346,786	(56,786)
Planning and zoning	530,230	329,310	315,570	13,740
	<u>1,668,671</u>	<u>1,492,658</u>	<u>1,538,561</u>	<u>(45,903)</u>
<b>Public Safety:</b>				
Police	1,589,185	1,597,192	1,578,199	18,993
Fire	1,880,045	1,869,628	1,876,584	(6,956)
Emergency and disaster relief	14,550	23,895	23,895	-
Protective Inspection	836,753	742,795	728,766	14,029
	<u>4,320,533</u>	<u>4,233,510</u>	<u>4,207,444</u>	<u>26,066</u>
<b>Physical Environment:</b>				
Stormwater	8,000	11,500	6,319	5,181
<b>Transportation:</b>				
Public works facilities	427,083	421,270	397,531	23,739
Road and street facilities	50,309	54,913	49,638	5,275
	<u>477,392</u>	<u>476,183</u>	<u>447,169</u>	<u>29,014</u>

See Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF PONCE INLET, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – GENERAL FUND**

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Culture/Recreation	\$ 509,707	\$ 493,500	\$ 480,144	\$ 13,356
Information Technology	486,623	485,676	464,361	21,315
 Total expenditures	 7,470,926	 7,193,027	 7,143,998	 49,029
 Excess of revenue over (under) expenditures	 117,759	 2,090,968	 2,113,641	 22,673
Other Financing Sources (Uses):				
Transfers from:				
Enterprise Funds	84,700	85,068	85,068	-
Appropriated fund balance	(20,876)	(12,629)	-	12,629
Transfers to:				
Capital Fire Equipment	(25,000)	(200,000)	(200,000)	-
Capital Facility Maintenance Fund	(25,000)	(25,000)	(25,000)	-
S Peninsula Dr Sidewalk Fund	-	(150,000)	(150,000)	-
Economic Impact Fund	-	(1,656,824)	(1,656,824)	-
Debt Service Fund	(131,583)	(131,583)	(131,584)	(1)
 Total other financing sources (uses)	 (117,759)	 (2,090,968)	 (2,078,340)	 12,628
 Net change in fund balance	 -	 -	 35,301	 35,301
 Fund Balance - Beginning of year	 2,881,914	 2,881,914	 4,653,251	 1,771,337
 Fund Balance - End of year	 \$ 2,881,914	 \$ 2,881,914	 \$ 4,688,552	 \$ 1,806,638

**TOWN OF PONCE INLET, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL – ECONOMIC IMPACT FUND**  
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Grants:	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Information Technology				
Capital outlay	-	187,175	126,184	60,991
Physical Environment				
Capital outlay	-	343,943	316,602	27,341
Total expenditures	-	531,118	442,786	88,332
Excess of revenue over (under) expenditures	-	(531,118)	(442,786)	88,332
Other Financing Sources (Uses):				
Operating transfer from General Fund	-	1,656,824	1,656,824	-
Appropriated for fund balance	-	(1,125,706)	-	1,125,706
Total other financing sources (uses)	-	531,118	1,656,824	1,125,706
Net change in fund balance	-	-	1,214,038	1,214,038
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	\$ -	\$ -	\$ 1,214,038	\$ 1,214,038

See Independent Auditors' Report and Notes to the Financial Statements.



**TOWN OF PONCE INLET, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – PUBLIC LAND ACQUISITION AND FACILITY**

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes:				
Utility service taxes-electric	\$ 371,951	\$ 384,674	\$ 404,455	\$ 19,781
Utility service taxes-liquid propane	13,786	21,384	19,238	(2,146)
	<u>385,737</u>	<u>406,058</u>	<u>423,693</u>	<u>17,635</u>
Permits and fees:				
Franchise fees-solid waste	34,501	35,468	41,201	5,733
Miscellaneous Revenues:				
Investment earnings (loss)	232	181	382	201
Total revenues	<u>420,470</u>	<u>441,707</u>	<u>465,276</u>	<u>23,569</u>
Expenditures:				
Physical Environment:				
Operating expenditures	30,000	-	-	-
Total expenditures	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over (under) expenditures	<u>390,470</u>	<u>441,707</u>	<u>465,276</u>	<u>23,569</u>
Other Financing Sources (Uses):				
Appropriated fund balance	(81,924)	(137,990)	-	137,990
Operating transfer to Debt Service Fund	(327,000)	(327,000)	(327,000)	-
Operating transfer from Lighthouse Park	18,454	23,283	23,283	-
Total other financing sources (uses)	<u>(390,470)</u>	<u>(441,707)</u>	<u>(303,717)</u>	<u>137,990</u>
Net change in fund balance	-	-	161,559	161,559
Fund Balance - Beginning of year	<u>505,052</u>	<u>505,052</u>	<u>302,799</u>	<u>(202,253)</u>
Fund Balance - End of year	<u>\$ 505,052</u>	<u>\$ 505,052</u>	<u>\$ 464,358</u>	<u>\$ (40,694)</u>

See Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF PONCE INLET, FLORIDA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Refuse Utility	
<b>Assets:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 1,756,188	\$ 84,862	\$ 26,763	\$ 1,867,813
Restricted cash and cash equivalents	214,844	-	-	214,844
<b>Receivables, net:</b>				
Accounts	7,661	2,357	1,953	11,971
Unbilled accounts	131,262	83,771	34,384	249,417
Prepaid expenses	7,205	-	-	7,205
<b>Total current assets</b>	<b>2,117,160</b>	<b>170,990</b>	<b>63,100</b>	<b>2,351,250</b>
<b>Noncurrent Capital Assets:</b>				
Land and land rights	4,033	-	-	4,033
Infrastructure	1,505,602	-	-	1,505,602
Distribution system	2,569,621	-	-	2,569,621
General utilities equipment	376,968	-	-	376,968
	4,456,224	-	-	4,456,224
Less: accumulated depreciation	(2,568,281)	-	-	(2,568,281)
<b>Total noncurrent capital assets</b>	<b>1,887,943</b>	<b>-</b>	<b>-</b>	<b>1,887,943</b>
<b>Total assets</b>	<b>4,005,103</b>	<b>170,990</b>	<b>63,100</b>	<b>4,239,193</b>
Deferred Outflows on Pensions	145,248	-	-	145,248
<b>Liabilities:</b>				
Accounts payable and accrued expenses	177,732	163,461	31,716	372,909
Customer deposits	271,290	-	-	271,290
Other postemployment benefits	17,229	-	-	17,229
Net pension liability	477,274	-	-	477,274
<b>Long-term debt:</b>				
Due within one year	53,290	-	-	53,290
Due in more than one year	805,276	-	-	805,276
Compensated absences	61,447	-	-	61,447
<b>Total liabilities</b>	<b>1,863,538</b>	<b>163,461</b>	<b>31,716</b>	<b>2,058,715</b>
Deferred Inflows on Pensions	20,424	-	-	20,424
<b>Net Position:</b>				
Net investment in capital assets	1,026,098	-	-	1,026,098
Restricted for utility expansion	214,844	-	-	214,844
Unrestricted	1,025,447	7,529	31,384	1,064,360
<b>Total net position</b>	<b>\$ 2,266,389</b>	<b>\$ 7,529</b>	<b>\$ 31,384</b>	<b>\$ 2,305,302</b>

See Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF PONCE INLET, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION –**  
**PROPRIETARY FUNDS**

For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Refuse Utility	
Operating Revenues:				
Charges For Services:				
Sales and connection fees	\$ 1,495,376	\$ 1,012,550	\$ -	\$ 2,507,926
Port Orange's connection/impact fees	18,050	69,536	-	87,586
Other administrative charges	17,986	23,538	-	41,524
Refuse and recycling charges	-	-	408,091	408,091
Total operating revenue	<u>1,531,412</u>	<u>1,105,624</u>	<u>408,091</u>	<u>3,045,127</u>
Operating Expenses:				
Cost of sales	818,689	-	-	818,689
Personal services	487,754	-	-	487,754
Materials and supplies	21,867	-	-	21,867
Maintenance and repairs	33,804	-	-	33,804
Contractual services	47,152	1,012,550	385,856	1,445,558
Other expenses	14,298	-	-	14,298
Impact/connect fee payments to Port Orange	18,050	69,536	-	87,586
Depreciation	165,267	-	-	165,267
Total operating expenses	<u>1,606,881</u>	<u>1,082,086</u>	<u>385,856</u>	<u>3,074,823</u>
Operating income (loss)	<u>(75,469)</u>	<u>23,538</u>	<u>22,235</u>	<u>(29,696)</u>
Nonoperating revenues (expenses):				
Investment earnings	529	-	-	529
Miscellaneous revenue	2,396	-	-	2,396
Interest on long-term debt	(8,937)	-	-	(8,937)
Net nonoperating revenue (expenses)	<u>(6,012)</u>	<u>-</u>	<u>-</u>	<u>(6,012)</u>
Income before contributions and transfers	(81,481)	23,538	22,235	(35,708)
Capital contributions	9,880	-	-	9,880
Transfer to General Fund	(48,568)	(12,500)	(24,000)	(85,068)
Transfer to Debt Service Fund	-	(12,500)	(12,500)	(25,000)
Net decrease in net position	<u>(120,169)</u>	<u>(1,462)</u>	<u>(14,265)</u>	<u>(135,896)</u>
Net position - beginning of year	<u>2,386,558</u>	<u>8,991</u>	<u>45,649</u>	<u>2,441,198</u>
Net position - end of year	<u>\$ 2,266,389</u>	<u>\$ 7,529</u>	<u>\$ 31,384</u>	<u>\$ 2,305,302</u>

See Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF PONCE INLET, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Refuse Utility	
<b>Cash Flows From Operating Activities:</b>				
Cash received from customers and users	\$ 1,517,042	\$ 1,114,439	\$ 411,897	\$ 3,043,378
Cash paid for personal services	(438,462)	-	-	(438,462)
Cash paid to suppliers and others	(913,060)	(1,095,451)	(384,145)	(2,392,656)
Net cash provided by operating activities	165,520	18,988	27,752	212,260
<b>Cash Flows From Noncapital and Related Financing Activities:</b>				
Nonoperating revenues received	2,396	-	-	2,396
Nonoperating expenses paid	(8,937)	-	-	(8,937)
Operating transfers paid	(48,568)	(25,000)	(36,500)	(110,068)
Net cash used for non-capital and related financing activities	(55,109)	(25,000)	(36,500)	(116,609)
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Contributed capital received	27,930	-	-	27,930
Capital transfers to Port Orange	(18,050)	-	-	(18,050)
Repayment of long-term debt	(52,756)	-	-	(52,756)
Net cash used for capital and related financing activities	(42,876)	-	-	(42,876)
<b>Cash Flows From Investing Activities:</b>				
Interest earnings received	311	-	-	311
Net cash provided by investing activities	311	-	-	311
Net increase (decrease) in cash and cash equivalents	67,846	(6,012)	(8,748)	53,086
Cash and cash equivalents - Beginning of year	1,903,186	90,874	35,511	2,029,571
Cash and cash equivalents - End of year	\$ 1,971,032	\$ 84,862	\$ 26,763	\$ 2,082,657
<b>Reconciliation of cash and cash equivalents:</b>				
Unrestricted cash	\$ 1,756,188	\$ 84,862	\$ 26,763	\$ 1,867,813
Restricted cash	214,844	-	-	214,844
Total - all sources	\$ 1,971,032	\$ 84,862	\$ 26,763	\$ 2,082,657

See Independent Auditors' Report and Notes to the Financial Statements.

**TOWN OF PONCE INLET, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)**  
For the Year Ended September 30, 2022

	Water Utility	Sewer Utility	Refuse Utility	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (75,469)	\$ 23,538	\$ 22,235	\$ (29,696)
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation	165,267	-	-	165,267
Changes in assets and liabilities:				
Accounts receivable	7,494	8,815	3,806	20,115
Prepaid expenses	(1,038)	-	-	(1,038)
Accounts payable and accrued expenses	21,779	(13,365)	1,711	10,125
Other post employment benefits	1,394	-	-	1,394
Compensated absences	29,249	-	-	29,249
Pension liability	311,972	-	-	311,972
Deferred outflows on pensions	15,826	-	-	15,826
Deferred inflows on pensions	(308,863)	-	-	(308,863)
Customer deposits	(2,091)	-	-	(2,091)
Net cash provided by operating activities	<u>\$ 165,520</u>	<u>\$ 18,988</u>	<u>\$ 27,752</u>	<u>\$ 212,260</u>

See Independent Auditors' Report and Notes to the Financial Statements.

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***NOTES TO THE FINANCIAL STATEMENTS***

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**TOWN OF PONCE INLET, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

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

The financial statements of the Town of Ponce Inlet, Florida (the “Town”), have been prepared in conformance with accounting principles generally accepted in the United States of America, as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Town’s significant accounting policies:

**A. Reporting Entity**

The Town of Ponce Inlet, Florida, is a municipal corporation created by the Laws of Florida, located in Volusia County. The Town was originally incorporated under the general laws of Florida in May 1963 under the provisions of House Bill No. 1133 (amending Article 2, Section 4, of Chapter 63-1829, Laws of Florida, Special Acts of 1963), and the Municipal Home Rule Power Act, F.S. Ch. 166. The legislative branch of the Town is composed of an elected five-member Town Council consisting of the Mayor and four Council members. The Town Council is governed by the Town Charter and by state and local laws and regulations. The Town Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed Town Manager.

The accompanying financial statements present the financial position, results of operations and cash flows of the applicable funds controlled by or dependent on the Town. In evaluating the Town as a reporting entity, management has addressed all potential component units for which the entity may or may not be financially accountable and, as such, be included within the Town’s financial statements.

***Discretely Presented Component Unit.*** The “component unit” column in the basic financial statements includes the financial data of the Ponce DeLeon Inlet Lighthouse Preservation Association, Inc. (the “Lighthouse Association”). The financial statements of the Lighthouse Association are discretely reported in separate columns to emphasize that it is legally separate from the Town (primary government). The Lighthouse Association was created exclusively to manage the contribution of citizen efforts, services and resources in the development, restoration, improvement and operation of the Ponce DeLeon Inlet Lighthouse, a historical site owned by the Town of Ponce Inlet, under the terms of a maintenance agreement dated May 22, 1985.

The Lighthouse Association was created as a non-profit corporation and is exempt from income taxes under the provisions of Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3). Under its corporate charter, the Lighthouse Association must devote at least 70% of its gross receipts to undertaking its stated purpose. Furthermore, the Town Council has the authority to disapprove any activity(ies) of the Lighthouse Association deemed not to be in harmony with the responsibilities of the Town and all Lighthouse Association assets revert to the Town upon its dissolution.

Complete financial statements of the component unit can be obtained directly from the Association’s administrative offices, which is as follows:

**Administrative Office:**  
Ponce DeLeon Inlet Lighthouse Preservation Association, Inc.  
4931 South Peninsula Drive  
Ponce Inlet, FL 32127

**TOWN OF PONCE INLET, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

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

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government and the discretely presented component unit. The primary government is reported in two columns to separately report governmental activities from business-type activities. Component unit data is aggregated into a single column. These statements do not report fiduciary funds or fiduciary component units such as retirement trust funds. When applicable, those activities are reported only in fund financial statements. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange revenues are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported as enterprise funds.

The statement of net position presents the overall government's financial position at year-end. The statement of activities presents direct expenses of a given function or segment offset by program revenues for the fiscal reporting period. The resulting net expense or revenue is then totaled and offset by general revenues producing the aggregate change in net position for the period. 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 of the government, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other nonexchange revenues not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual business-type funds are reported in separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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 as 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 3 months of the end of the current fiscal period, except for property taxes, for which the period is 60 days. 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.

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Property taxes, franchise fees, intergovernmental revenue, licenses and permits, charges for services, and interest earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized and grouped into four classes, based on their principal characteristics. The accounting treatment for each type of transaction is as follows:

- ***Derived Tax Revenue***, defined as assessments imposed on exchange transactions. Examples include: sales taxes, franchise tax, utility taxes, etc. Assets from derived tax revenue are recognized in the period when the exchange transaction on which the tax is imposed or when resources are received, whichever occurs first. Revenues are recognized, net of estimated uncollectible amounts, in the same period that the assets are recognized. Resources received in advance are recorded as deferred revenue until the period of the exchange.
- ***Imposed Nonexchange Revenue***, result from assessments on nongovernmental entities, other than assessments on exchange transactions. Examples include: ad valorem (property) taxes, fines and penalties, and property forfeitures. Assets from imposed nonexchange revenues are recognized in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Property taxes are recognized in the period for which the taxes are levied. All other imposed nonexchange revenues are recognized in the same period that the assets are recognized.
- ***Government-mandated Nonexchange Transactions***, frequently establish eligibility requirements before a transaction can occur. Examples include federal awards and state financial assistance. Until the requirements are met, the recipient does not have a receivable and the recognition of revenue received in advance is deferred. The providers (usually federal, state, and county governments) often offer resources on a reimbursement (“expenditure-driven”) basis at the time the recipient has incurred allowable costs under the applicable program.
- ***Voluntary Nonexchange Transactions***, result from legislative or contractual agreements other than exchanges, entered into willingly by two or more parties. Examples include certain grants, entitlements, and donations by nongovernmental entities. Principal characteristics of these types of transactions are (1) they are not imposed on the provider or recipient, and (2) fulfillment of eligibility requirements is essential for a transaction to occur. Assets and revenues are recognized when all applicable eligibility requirements, including time requirements, are met. Resources received in advance are reported as deferred revenue.

Proprietary fund financial statements are reported using the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. Based on the accounting and reporting standards set forth in Government Accounting Standards Board Statement No. 20, “*Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting*”, the Town has opted to apply only those accounting and reporting pronouncements issued by the GASB subsequent to November 30, 1989, as it pertains to the accounting for proprietary fund activity.

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The Town's accounts 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, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of the governmental and proprietary fund financial statements is on major funds, as defined and determined based on criteria established under Governmental Accounting Standards Boards Statement No. 34.

The Town reports the following governmental funds:

- The **General Fund** is the principal fund of the Town which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Town other than proprietary fund activities are financed through revenues received by the General Fund.
- The **Debt Service Fund** is a debt service fund established by the Town to separately account for the resources accumulated and payments made for principal and interest on general long-term debt of the Town's governmental funds.

The Town reports the following proprietary funds:

- The **Water Utility Fund** accounts for the costs and recovery of costs in the form of user charges related to the purchase and distribution of potable water within the Town. The maintenance and improvement of utility plant required to provide these goods and services has been financed primarily from user charges and a loan from the Florida Department of Environmental Protection.
- The **Sewer Utility Fund** accounts for the activities of the Town's sewer utility system, which is owned and operated by the City of Port Orange. The costs of wastewater collection and pumping systems are recovered by user charges billed to customers by the Town pursuant to customer rate schedules established by Port Orange. All utility service amounts billed by the Town, and collected from its customers, are subsequently remitted to the City of Port Orange.
- The **Refuse Utility Fund** accounts for the activities of the Town's refuse collection system which provides the community with refuse and recycling services provided by third-party contracted vendors, the costs of which are recovered by user charges.

Additionally, the Town reports the following fund types:

- **Special Revenue Funds** - are used to account for the proceeds of specific revenue sources (other than special assessments, or capital projects) which are legally restricted to finance particular functions or activities of the Town. These funds include the Public Land Acquisition and Facility Fund, Tree Bank Fund, Sidewalks Fund, Parks and Recreation Fund, Police Education Fund, Contraband/Forfeitures Fund, and the Davies Lighthouse Park Fund
- **Capital Projects Funds** – are used to account for capital projects whose life may extend for many fiscal years. As of September 30, 2022, these funds include the Economic Impact Fund, Fire Department Capital Fund, Capital Facility Maintenance Fund, Ponce de Leon Circle Sewer Project Fund, and the South Peninsula Drive Sidewalk Project Fund.

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.

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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 Town activities has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes (when applicable) and other charges between the Town's water and sewer function and various other functions. 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, including special assessments, when applicable. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from 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 revenues of the Town's enterprise funds are charges to customers for utility sales and services. The Town recognizes as operating revenue the portion of impact fees intended to recover the cost of connecting new customers to the water system. Impact and connection fees are also assessed and collected from sewer customers which are remitted directly to the City of Port Orange to recover their costs connecting new customers to the sewer system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

**D. Assets, Liabilities, and Net Position or Equity**

***1. 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 policies are governed by state statutes and local ordinance. These policies authorize the Town to invest in the Local Government Surplus Funds Trust Fund, authorized intergovernmental investment pools, Securities and Exchange Commission registered money market funds (with rating exceptions), interest-bearing savings accounts, interest bearing certificates of deposits, interest bearing time deposits and direct obligations of the U.S. Treasury.

All of the Town's investments are reported at fair value, with the exception of certificates of deposit, which are recorded at historical value. Interest on certificates of deposit are not recognized until they are received, typically when the certificate of deposit matures.

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***2. Receivables and Payables***

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

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled water, sewer and refuse accounts receivable are accrued by the Town at September 30th, to recognize the sales revenues earned between the last meter reading dates made in mid-September through the end of the fiscal year.

All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

***3. Inventories and Prepaid Items***

The cost of stored fuel inventory is accounted for on the consumption basis wherein inventories are charged as expenditures when used, rather than when purchased. All inventories are valued at cost, which approximates net realizable value. The effect of this method is to flow the costs of the fuel in the order in which they are purchased and to assign a balance sheet inventory valuation more nearly at current replacement value. No required minimum levels of inventory are maintained.

All other inventories are valued at average cost and consist of the merchandise held for sale in the Lighthouse Association gift shop (a discretely presented component unit).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/ expenses when consumed rather than when purchased.

***4. Restricted Assets***

Certain proceeds from the imposition of the Town’s impact fee requirements and from building permits are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable legal indentures.

***5. Capital Assets***

Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town. The Town has elected to report all known infrastructure assets and related depreciation expense on all infrastructure assets in the entity-wide statement of net position and statement of activities.

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Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Infrastructure assets are capitalized when their costs exceed \$5,000 and possess useful lives of more than two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized if they meet the dollar threshold above for capitalization.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but charged to operating expense as incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Proprietary fund capital assets that are constructed include construction period interest that is capitalized net of interest earned on unexpended construction funds and, therefore, depreciated over the remaining useful life of the related asset, when applicable.

Depreciation is provided for by utilization of the straight-line method calculated on a service-life basis to amortize the cost of the assets over their economic estimated useful lives which are as follows:

Buildings .....	15 - 40	years
Source of supply plant.....	25 - 50	years
Pumping plant.....	25 - 50	years
Water treatment plant .....	25 - 50	years
Transmission and distribution plant .....	25 - 50	years
Infrastructure .....	15 - 50	years
Equipment.....	3 - 25	years

**6. *Compensated Absences***

The portion of payroll costs paid subsequent to year-end attributable to services performed prior to year-end, including accumulated unpaid vacation and sick-leave, is recorded and recognized as a current liability. The portion of the liability for compensated absences attributable to periods beyond the current year is recognized as a long-term liability. The General Fund and Water Utility Fund employ personnel and are responsible for liquidating compensated absence obligations.

It is the Town's policy to grant employees personal leave based upon the number of years of employment with the Town. Annual leave for full-time general employees accrues at the rate of 144 to 288 hours per year based on number of years of employment. Annual leave for part-time (20-39 hours per week) general employees accrues at the rate of 72 to 144 hours per year based on number of years of employment. Annual leave for firefighters accrues at the rate of 204 to 408 hours per year based on number of years of employment. A cumulative total of 480 hours (60 days) is the maximum personal leave which may be carried over to the next calendar year. Upon termination, without cause, all accrued annual leave is paid up to 480 hours. Accrued personal leave over 480 hours upon termination, without cause, is lost. As such, it is the Town's policy to accrue only accrued personal leave up to 480 hours as a liability, as amounts over this will not be payable upon termination.

**7. *Unearned Revenue***

Unearned revenues are reported when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

**TOWN OF PONCE INLET, FLORIDA**  
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**8. Long-term Obligations**

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Debt issuance costs, when incurred, are charged to expense in the fund receiving debt proceeds.

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

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources expense until then. The Town has one item that qualifies for reporting in this category. It is the deferred amount on defined benefit pension liabilities associated with the Florida Retirement System (FRS) and Florida Retirement System Health Insurance Subsidy (HIS). The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. A deferred amount on pension results from the recognition of the Town's proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to the pension plan. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liabilities in future reporting years.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting in this category. It is the deferred inflows on defined benefit pension contributions, earnings and other liabilities associated with the Florida Retirement System (FRS) and Florida Retirement System Health Insurance Subsidy (HIS) that qualify for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**10. Pensions / Net Pension Liabilities**

In the financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting. In general, the Town recognizes a net pension liability, which represents the Town's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the FRS defined benefit plan and the HIS defined benefit plan, and additions to/deductions from the FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.



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**11. Fund Balance Flow Assumptions**

Sometimes the entity will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**12. Fund Balance Policies**

In the fund financial statements, governmental funds report fund balance 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. Those classifications are as follows:

***Nonspendable.*** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

***Restricted.*** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources from external resource providers and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation). The Town has classified law enforcement forfeitures as being restricted because their use is restricted by state statute for police investigative expenditures. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Building inspection fees are restricted by state statute and county laws and are legally segregated for the funding of inspection services.

***Committed.*** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

***Assigned.*** This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to the Town Manager through the budgetary process, as is authorized under Part I, Article VI, Section 6.04(d) of the Town Charter.

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*Unassigned.* This classification includes the residual fund balance for the General Fund and fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

### ***13. Net Position***

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets groups all capital assets into one component of net position; accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category. Restricted net position includes all net position with external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Unrestricted net position is the residual amount of net position of the Town that is not restricted for any particular purpose.

In 2009, The Town Council approved Resolution 2009-04, “*Policy for Reserve/Contingency Level of Operating Budget (Policy)*”. Under the Policy, a portion of the fund balance of the General Fund is committed for stabilization arrangements, such as might be needed in emergency situations or when revenue shortages or budgetary imbalances occur. The Policy states that, an amount equal to at least 3 months (25%) of the annual operating revenue of the General Fund is to be committed for use in covering current and future risks such as revenue shortfalls, natural disasters, unanticipated expenditures and to ensure stable tax rates. At September 30, 2022, \$2,314,410 of the fund balance for the General Fund was reported as committed for economic stabilization. The Policy recognizes that under extreme conditions, the use of resources may result in the committed fund balance amount dropping below the established threshold. Such amounts are required to be reinstated by the end of the subsequent fiscal year.

### ***14. Use of Estimates***

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

## **E. Recent Accounting Standards**

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

- Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It is anticipated that no action will be required by the Town to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

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- Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.
- Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The provisions of this Statement are effective for reporting periods ending after December 15, 2021.

The Town is currently evaluating the effects that the following Governmental Accounting Standards Board (GASB) Statements, which will be implemented in future financial statements, will have on its financial statements for subsequent fiscal years.

- Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. It is anticipated that no action will be required by the Town to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after December 15, 2021.
- Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.
- Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

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The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

- Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

**NOTE 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**

Following the governmental fund balance sheet is a reconciliation of the fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

**B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-Wide Statement of Activities**

Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation of the 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. A detailed explanation of these differences is provided in this reconciliation.

**TOWN OF PONCE INLET, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting. The Town uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- On or before August 1st, the Town Manager submits a preliminary budget to the Town Council for the ensuing fiscal year.
- Budget workshop sessions are scheduled by the Town Council, as needed.
- A general summary of the budget and notice of public hearing is published in a local newspaper.
- Prior to October 1st, the budget is legally enacted through passage of an ordinance.
- The Town Council, by ordinance, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue in accordance with Section 6.04 of the Town Charter. Prior to the end of the fiscal year, supplemental appropriations are typically made for unanticipated spending requirements by the Council.
- The Town Council must approve all inter-departmental budget amendments and/or appropriations transfers. The Town Manager is authorized to approve all intra-department budget amendments.
- Budgetary control is exercised at the fund level.
- Every appropriation lapses at the close of the fiscal year.

**B. Excess of Expenditures over Appropriations**

During the year ended September 30, 2022, none of the Town's funds reported actual expenditures that exceeded budgetary appropriations for the year. The Ponce de Leon Circle Sewer Project had a deficit fund balance of \$40,374 as of September 30, 2022.

**NOTE 4 - PROPERTY TAX CALENDAR**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the offices of the County Property Appraiser and County Finance Director. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The ad valorem millage rate assessed by the Town (2021 levy) was 5.90 mills. Collections on this levy were received during the year ended September 30, 2022.

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The Town’s property tax calendar is as follows:

Assessment Roll Valuation Date	January 1
Property Appraiser prepares the assessment roll with values as of January 1, submits preliminary roll for approval by the State and notifies each taxing authority of their respective valuations.	July 1
Town Council holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year.	September
Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (Levy date).	November 1
A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes are paid November through March, with the following applicable discounts:	November 1

Month Paid	Discount
November	4%
December	3%
January	2%
February	1%
March	None

All unpaid taxes on real/tangible personal property become delinquent.	April 1
Listings of unpaid real and personal property taxes are advertised.	April/May
Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien date).	June 1
A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent taxes	August

**NOTE 5 - DEPOSITS AND INVESTMENTS**

**Deposits.** At September 30, 2022, the carrying value of the Town’s cash deposit accounts totaled \$5,792,655 and the bank balances totaled \$5,804,645. Cash deposits and certificates of deposit totaling a carrying value of \$3,465,962, are held by banks that are fully insured and/or collateralized at September 30, 2022, as required by Chapter 280, Florida Statutes. Amounts do not include \$100 in cash funds on hand at the end of the fiscal year.

At September 30, 2022, the carrying value of the Lighthouse Association’s bank deposits totaled \$2,763,505 of which approximately \$1,957,000 was in excess of the Federal Deposit Insurance Corporation limit of \$250,000. In addition, the Lighthouse Association holds \$475,546 in certificates of deposit, all of which are FDIC insured.

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**Investments.** As of September 30, 2022, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (Years)	
		Less Than 1	From 1-5
Certificates of deposit:			
Florida Qualified Public Depositories	\$ 1,465,962	\$ 1,465,962	\$ -
Custodial and Non-Florida Depositories	2,000,000	-	2,000,000
Total certificates of deposit - primary government	3,465,962	1,465,962	2,000,000
Lighthouse Association - component unit	475,546	-	475,546
Total certificates of deposit	<u>\$ 3,941,508</u>	<u>\$ 1,465,962</u>	<u>\$ 2,475,546</u>

The Lighthouse Association's investments consist of amounts invested in certificates of deposit with average maturities of 9 to 36 months.

**Interest Rate Risk.** Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Town has developed formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments are governed by the Town's Investment Policies and related state statutes. Generally, the Town limits the acquisition of investments with maturities of greater than twenty-four months, unless such investments are purchased for holding to maturity. Interest rate risk is minimized for all other investments, which are normally held for periods of less than one year.

GASB 40, "Deposit and Investment Risk Disclosures," requires that interest rate risk be disclosed using one of the five approved methods for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a-7 like pool. The five methods are segmented time distribution, specific identification, weighted average maturity (WAM), duration, and simulation model. Different methods may be presented for different types of investments.

**Credit Risk.** The Town's investment policies allow the government to invest in Local Government Surplus Trust Fund Investment Pool, United States Government Securities, United States Government Agencies, federal instrumentalities, interest bearing time deposits or savings accounts, repurchase agreements, commercial paper, bankers' acceptances, state and/or local governmental taxable and/or tax-exempt debt, registered investment companies (money market and mutual funds), and authorized intergovernmental investment pools.

**Concentrations of Credit Risk.** The Town's investment policies place limits on portfolio composition, individual issuers and maturity limitations, all of which vary for each allowable investment type. Supplemental due diligence requirements have been established that must be met prior to investing with registered investment companies and intergovernmental investment pools.

**TOWN OF PONCE INLET, FLORIDA**  
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**Custodial Credit Risk.** Custodial credit risk is the risk that in the event of a failure of a depository, the Town’s deposits may not be returned to it. Pursuant to the applicable provisions of Chapter 280, Florida Statutes, *The Florida Security for Public Deposits Act* (“the Act”), the State of Florida, Department of Financial Services, Division of Treasury, Bureau of Collateral Management have established specific requirements relative to security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State’s Chief Financial Officer as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State’s Chief Financial Officer to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States government and any state thereof and are held in the name of the State Chief Financial Officer’s office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by a Qualified Public Depository Oversight Board with members appointed by the State Chief Financial Officer.

**NOTE 6 – DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Amounts are aggregated into single accounts receivable (net of allowance for uncollectible accounts) and accounts payable/accrued liability lines for certain funds and aggregated columns. Below is a detail for the governmental and business-type activities anticipated to be collected within an operating cycle:

Assets	Primary Government			Component
	Government	Business	Total	Unit
	Activities	Type		
Accounts receivable	\$ 113,202	\$ 14,733	\$ 127,935	\$ -
Delinquent taxes receivable	12,136	-	12,136	-
Unbilled accounts receivable	-	249,417	249,417	-
Due from other governments	140,719	-	140,719	-
	266,057	264,150	530,207	-
Less allowance for doubtful accounts	(12,136)	(2,762)	(14,898)	-
Net receivables	<u>\$ 253,921</u>	<u>\$ 261,388</u>	<u>\$ 515,309</u>	<u>\$ -</u>
<b>Liabilities</b>				
Accounts payable	\$ 330,960	\$ 32,834	\$ 363,794	\$ -
Accrued wages	73,751	10,039	83,790	89,367
Accrued interest	9,662	3,279	12,941	-
Unearned revenues	138,016	271,290	409,306	-
Due to other governments	-	326,757	326,757	-
Net payables	<u>\$ 552,389</u>	<u>\$ 644,199</u>	<u>\$ 1,196,588</u>	<u>\$ 89,367</u>



**TOWN OF PONCE INLET, FLORIDA**  
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**NOTE 7 – INTERFUND BALANCES AND TRANSFERS**

*Interfund Transfers* - Transfers occur to move revenues from various funds to debt service funds as debt service principal and interest payments become due and to move funds to finance various programs, provide grant matching funds, or to subsidize operations that the Town must account for in other funds in accordance with budgetary authorizations.

Interfund transfers between the Town’s governmental and business-type funds during the fiscal year ended September 30, 2022, are as follows:

	Transfer From	Transfer To
<b>Governmental Activities</b>		
<b>General Fund</b>		
Debt Service Fund	\$ -	\$ 131,584
Fire Department Capital Fund	-	200,000
Capital Facility Maintenance Fund	-	25,000
South Peninsula Dr Sidewalk Fund	-	150,000
Economic Impact Fund		1,656,824
Water Utility Fund	48,568	-
Sewer Utility Fund	12,500	-
Refuse Utility Fund	24,000	-
<b>Debt Service Fund</b>		
General Fund	131,584	-
Public Land Acquisition and Facility Fund	327,000	-
Sewer Utility Fund	12,500	-
Refuse Utility Fund	12,500	-
<b>Lighthouse Park Special Revenue Fund</b>		
Public Land Acquisition and Facility Fund	-	23,283
<b>Capital Facility Maintenance Fund</b>		
General Fund	25,000	-
<b>Fire Department Capital Special Revenue Fund</b>		
General Fund	200,000	-
<b>Ponce de Leon Circle Sewer Project</b>		
General Fund	150,000	-
<b>Economic Impact Fund</b>		
General Fund	1,656,824	-
<b>Public Land Acquisition and Facility Fund</b>		
Lighthouse Park Fund	23,283	-
Debt Service Fund	-	327,000
	<u>\$ 2,623,759</u>	<u>\$ 2,513,691</u>
Net Transfers from Governmental Funds	<u>\$ 110,068</u>	
<b>Business-type Activities</b>		
<b>Water Utility Fund</b>		
General Fund	\$ -	\$ 48,568
<b>Sewer Utility Fund</b>		
General Fund	-	12,500
Debt Service Fund	-	12,500
<b>Refuse Utility Fund</b>		
General Fund	-	24,000
Debt Service Fund	-	12,500
	<u>\$ -</u>	<u>\$ 110,068</u>
Net Transfers to Business-Type Funds	<u>\$ (110,068)</u>	

**TOWN OF PONCE INLET, FLORIDA**  
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**NOTE 8 - CAPITAL ASSETS**

**A. Governmental Activities**

The following is a summary of changes in capital assets during the year:

	Balances 9/30/2021	Additions	Transfers	Disposals	Balances 9/30/2022
Capital assets, not being depreciated					
Land	\$ 4,605,518	\$ -	\$ -	\$ -	\$ 4,605,518
Construction in progress	434,138	512,250	-	-	946,388
	<u>5,039,656</u>	<u>512,250</u>	<u>-</u>	<u>-</u>	<u>5,551,906</u>
Capital assets, being depreciated					
Buildings	5,735,269	72,700	-	-	5,807,969
Improvements other than buildings	5,779,692	-	-	-	5,779,692
Equipment and furniture	2,991,885	249,160	-	(96,623)	3,144,422
	14,506,846	321,860	-	(96,623)	14,732,083
Less: accumulated depreciation	(6,915,054)	(512,160)	-	88,849	(7,338,365)
	<u>7,591,792</u>	<u>(190,300)</u>	<u>-</u>	<u>(7,774)</u>	<u>7,393,718</u>
Net capital assets	<u>\$ 12,631,448</u>	<u>\$ 321,950</u>	<u>\$ -</u>	<u>\$ (7,774)</u>	<u>\$ 12,945,624</u>

Depreciation expense was as follows for the year ended September 30, 2022:

Governmental activities	
General government	\$ 104,131
Public safety	107,653
Transportation	166,962
Culture/recreation	108,294
Information technology	<u>25,120</u>
Total depreciation expense	<u>\$ 512,160</u>

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**Business-Type Activities**

The following is a summary of changes in capital assets during the year:

	Balances 9/30/2021	Additions	Transfers	Disposals	Balances 9/30/2022
Capital assets, not being depreciated					
Land	\$ 4,033	\$ -	\$ -	\$ -	\$ 4,033
	<u>4,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,033</u>
Capital assets, being depreciated					
Improvements other than buildings	4,075,223	-	-	-	4,075,223
Equipment and furniture	376,968	-	-	-	376,968
	<u>4,452,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,452,191</u>
Less: accumulated depreciation	<u>(2,403,014)</u>	<u>(165,267)</u>	<u>-</u>	<u>-</u>	<u>(2,568,281)</u>
	<u>2,049,177</u>	<u>(165,267)</u>	<u>-</u>	<u>-</u>	<u>1,883,910</u>
Net capital assets	<u>\$ 2,053,210</u>	<u>\$ (165,267)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,887,943</u>

There was no capitalized interest charged in the current year. Depreciation expense for the year ended September 30, 2022 totaled \$165,267.

**C. Discretely Presented Component Unit – Lighthouse Association**

The following is a summary of changes in capital assets during the year:

	Balances 9/30/2021	Additions	Disposals	Balances 9/30/2022
Capital assets, not being depreciated				
Land	\$ 407,450	\$ -	\$ -	\$ 407,450
Renovation in progress	312,596	140,416	-	453,012
Museum artifact collection	1,052,938	2,300	-	1,055,238
	<u>1,772,984</u>	<u>142,716</u>	<u>-</u>	<u>1,915,700</u>
Capital assets, being depreciated				
Restoration and improvement	3,401,931	23,870	-	3,425,801
Historical property	1,700,000	-	-	1,700,000
Equipment and furniture	279,052	18,325	(4,920)	292,457
	<u>5,380,983</u>	<u>42,195</u>	<u>(4,920)</u>	<u>5,418,258</u>
Less: accumulated depreciation	<u>(1,942,852)</u>	<u>(106,832)</u>	<u>3,310</u>	<u>(2,046,374)</u>
	<u>3,438,131</u>	<u>(64,637)</u>	<u>(1,610)</u>	<u>3,371,884</u>
Net capital assets	<u>\$ 5,211,115</u>	<u>\$ 78,079</u>	<u>\$ (1,610)</u>	<u>\$ 5,287,584</u>

**TOWN OF PONCE INLET, FLORIDA**  
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Depreciation expense for the year ended September 30, 2022 totaled \$101,222.

**NOTE 9 - LONG-TERM DEBT**

The Town's long-term debt is comprised of the following at September 30, 2022:

**A. Primary Government – Governmental Activities**

**Capital Improvement Revenue Note, Series 2005**

In April 2005, the Town issued a Capital Improvement Revenue Note, Series 2005, which was originally issued for \$4,030,000 and is payable through July 2025. Proceeds from the note were used to finance the acquisition of real property and for related capital improvements. The note is secured by a pledge of the Town's electric and liquid propane utility tax, solid waste franchise fee, and the Florida Power and Light franchise fee. The note bears interest at a fixed rate of 4.11% and is payable semi-annually on January 1 and July 1 through maturity on July 1, 2025. Principal payments are due annually on July 1 through maturity on July 1, 2025. The balance due on this obligation at September 30, 2022 totaled \$909,000. Current maturities due on this obligation totaled \$291,000 at September 30, 2022.

The total remaining principal and interest to be paid on the note totals \$984,707. During the current year, electric and liquid propane utility tax, solid waste franchise fee, and the Florida Power and Light franchise fee revenue was \$731,118, compared to annual debt requirements of \$328,360.

**Clean Water State Revolving Fund Loan**

In October 2004, the Town entered into a state revolving fund loan agreement with the State of Florida Department of Environmental Protection to finance the planning, design, and construction of stormwater pollution control facilities. The loan is secured by specific pledged revenues which include the Town's cell tower lease revenue, one to six cents local option fuel taxes, telecommunications excise taxes and a pledged annual transfer of \$25,000 from the utility enterprise fund. The original loan bears interest at 2.95% per annum for the first disbursement of \$96,559, 2.65% per annum for the first loan amendment disbursement of \$1,668,216, and 2.57% for the second loan amendment disbursement of \$303,500 and 2.62% for the third loan amendment disbursement of \$303,500. The loan is payable in semiannual payments due in March and September and becomes due in September 2026. The aggregate balance due on this obligation at September 30, 2022 was \$590,604. Current maturities due on this obligation totaled \$141,875 at September 30, 2022.

The total remaining principal and interest to be paid on the loan totals \$667,748. During the current year, the pledged revenues identified above totaled \$360,036, compared to annual debt requirements of \$163,858.

**TOWN OF PONCE INLET, FLORIDA**  
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**B. Business-Type Activities**

**Drinking Water State Revolving Fund Loan**

In June 2015, the Town entered into a state revolving fund loan agreement with the State of Florida Department of Environmental Protection to finance the construction of public water systems. The loan is secured by pledged revenues generated by the Town’s water system. The original loan in the amount of \$1,122,126 bears interest at 1.01% per annum. The loan is payable in semiannual payments due in May and November and becomes due in May 2037. The aggregate balance due on this obligation at September 30, 2022 was \$858,566. Current maturities due on this obligation totaled \$53,290 at September 30, 2022.

The total remaining principal and interest to be paid on the loan totals \$927,407.

**Loan Restrictions and Covenants** - Pursuant to Sections 3.01 and 6.01 of the Loan Agreement, the Town is required to make monthly loan deposits to the loan debt service accounts equal to one-sixth of the next succeeding semi-annual interest and principal payments. In the event of a failure to make the monthly loan deposits, the Town is required to promptly notify the State of Florida Department of Environmental Protection of any such failure. During the year ended September 30, 2022, the Town made all the mandatory transfers on a timely basis.

**Changes in Long-Term Debt**

A summary of changes in the Town’s long-term debt for the year is as follows:

**A. Primary Government – Governmental Activities**

	Balance 9/30/2021	Additions	Deletions	Balance 9/30/2022
Notes payable:				
Capital Improvement Revenue Note, Series 2005	\$ 1,188,000	\$ -	\$ (279,000)	\$ 909,000
Florida Department of Environmental Protection State Revolving Fund Loan	728,795	-	(138,191)	590,604
Net pension liability	2,149,845	4,144,766	-	6,294,611
Other post-employment benefits	155,303	15,662	-	170,965
Compensated absences	385,231	20,137	-	405,368
Total long-term debt	<u>\$ 4,607,174</u>	<u>\$ 4,180,565</u>	<u>\$ (417,191)</u>	8,370,548
Less current maturities				<u>(432,875)</u>
Net long-term debt				<u>\$ 7,937,673</u>

**TOWN OF PONCE INLET, FLORIDA**  
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**Debt Service to Maturity**

Aggregate debt service requirements to maturity on long-term debt obligations are as follows:

Fiscal Year Ended September 30	Capital Improvement Note		FDEP State Revolving Fund Loan	
	Principal	Interest	Principal	Interest
2023	\$ 291,000	\$ 37,360	\$ 141,875	\$ 21,983
2024	303,000	25,400	145,658	20,201
2025	315,000	12,947	149,542	18,395
2026	-	-	153,529	16,565
2027	-	-	-	-
Thereafter	-	-	-	-
	<u>\$ 909,000</u>	<u>\$ 75,707</u>	<u>\$ 590,604</u>	<u>\$ 77,144</u>

**B. Primary Government – Business-Type Activities**

	Balance 9/30/2021	Additions	Deletions	Balance 9/30/2022
Notes payable:				
Florida Department of Environmental Protection State Revolving Fund Loan	\$ 911,255	\$ -	\$ (52,689)	\$ 858,566
Net pension liability	165,302	311,972	-	477,274
Other post-employment benefits	15,835	1,394	-	17,229
Compensated absences	32,198	29,249	-	61,447
Total long-term debt	<u>\$ 1,124,590</u>	<u>\$ 342,615</u>	<u>\$ (52,689)</u>	1,414,516
Less current maturities				<u>(53,290)</u>
Net long-term debt				<u>\$ 1,361,226</u>

**TOWN OF PONCE INLET, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Debt Service to Maturity**

Aggregate debt service requirements to maturity on long-term debt obligations are as follows:

Fiscal Year Ended September 30,	FDEP State		
	Revolving Fund Loan		Total
	Principal	Interest	
2023	\$ 53,290	\$ 8,537	\$ 61,827
2024	53,829	7,998	61,827
2025	54,374	7,453	61,827
2026	54,925	6,902	61,827
2027	55,481	6,346	61,827
2028-2032	285,947	23,189	309,136
2033-2037	300,720	8,416	309,136
	\$ 858,566	\$ 68,841	\$ 927,407

The component unit had the following debt activity during the year ended September 30, 2022:

	Balance 9/30/2021	Additions	Deletions	Balance 9/30/2022
Notes payable:				
Note payable to financial institution	\$ 1,000,299	\$ -	\$ (141,103)	\$ 859,196
Less current maturities				(38,722)
Net long-term debt				\$ 820,474

Future debt maturities on long-term debt of the component unit are as follows for September 30, 2022:

September 30,	Principal
2023	\$ 38,722
2024	47,938
2025	50,135
2026	52,433
2027	54,837
Thereafter	615,131
	\$ 859,196

**TOWN OF PONCE INLET, FLORIDA**  
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**NOTE 10 – FUND BALANCE**

The following table contains the individual components of the reported fund balance classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used at September 30, 2022:

Fund Balances	Major Funds			Nonmajor Funds	Total
	General Fund	Economic Impact Fund	Public Land Acquisition and Facility Fund		
Nonspendable:					
Inventories and prepaids	\$ 53,056	\$ -	\$ -	\$ -	\$ 53,056
Restricted:					
Public safety	-	-	-	243,023	243,023
Debt service	-	-	-	4,308	4,308
Transportation gas tax	427,566	-	-	-	427,566
Committed:					
Operating reserve	2,314,410	-	-	-	2,314,410
Public Land Acquisitions	-	-	464,358	-	464,358
Assigned:					
General government	93	1,214,038	-	-	1,214,131
Public works	-	-	-	301,824	301,824
Public safety	-	-	-	-	-
Recreation	22,385	-	-	52,440	74,825
Unassigned	1,871,042	-	-	(40,374)	1,830,668
	<u>\$4,688,552</u>	<u>\$1,214,038</u>	<u>\$ 464,358</u>	<u>\$ 561,221</u>	<u>\$ 6,928,169</u>

**NOTE 11 – EMPLOYEES’ PENSION PLANS**

**1. Florida Retirement System (FRS) (Defined Benefit Pension Plan)**

**General Information About the FRS.** The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.



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Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site:

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

**Plan Description.** The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The Town's general classes of membership available are as follows:

- Regular Class - Members of the FRS who do not qualify for membership in the other classes.
- Senior Management Service Class (SMSC) - Members in senior management level positions.
- Special Risk Class - Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, emergency medical technicians and paramedics that meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**Benefits Provided.** Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

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<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<b><i>Regular Class members initially enrolled before July 1, 2011:</i></b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b><i>Regular Class members initially enrolled on or after July 1, 2011:</i></b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b><i>Senior Management Service Class</i></b>	2.00
<b><i>Special Risk Class</i></b>	
Service from Dec. 1, 1970 through Sept. 30, 1974	2.00
Service on and after Oct. 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

***Contributions.*** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021-2022 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>		
	<u>Employee</u>	<u>Employer (1)</u>	
		<u>Pre 7/01/22</u>	<u>Post 6/30/22</u>
FRS, Regular	3.00	10.82	11.91
FRS, Senior Management Service	3.00	29.01	31.57
FRS, Special Risk	3.00	25.89	27.83
DROP - Applicable to Members of the Above Class	0.00	16.41	18.60
FRS, Reemployed Retiree		(2)	(2)

Notes: (1) Employer rates include 1.66 percent and 1.66 percent for the postemployment health insurance subsidy for Pre 7/01/22 and Post 6/30/22, respectively. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The Town's employer and employee contributions to the FRS Plan totaled \$654,000 and \$96,439 respectively, for the fiscal year ended September 30, 2022. This excludes HIS defined benefit pension plan contributions of \$61,086 and FRS Investment Plan contributions of \$87,390.

**TOWN OF PONCE INLET, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At September 30, 2022, the Town reported a liability of \$5,702,607 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Town’s proportionate share of the net pension liability was based on the Town’s 2021-2022 fiscal year contributions relative to the 2021-2022 fiscal year contributions of all participating members based on a June 30, 2022 fiscal year. At June 30, 2022, the Town’s proportionate share was 0.015326277 percent, which was up 0.000453711 percent from its proportionate share measured at June 30, 2021 of 0.014872566 percent.

For the fiscal year ended September 30, 2022, the Town recognized Plan pension expense of \$233,460. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 270,841	\$ -
Changes in assumptions	702,300	-
Net difference between projected and actual earnings on FRS pension plan investments	376,540	-
Changes in proportion and differences between FRS contributions and proportionate share of contributions	267,244	27,655
Contributions subsequent to the measurement date	185,108	-
<b>Total</b>	<b>\$ 1,802,033</b>	<b>\$ 27,655</b>

The deferred outflows of resources related to pensions, totaling \$185,108, resulting from the Town’s contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Amount</u>
2023	\$ 405,298
2024	183,027
2025	(55,114)
2026	993,454
2027	62,605
	<u>\$ 1,589,270</u>

**TOWN OF PONCE INLET, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**Actuarial Assumptions.** The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2022, valuation were based on the most recent actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return assumption of 6.70 percent consists of two building block components: a real (in excess of inflation) return of 4.20 percent, consistent with the currently articulated real return target in the current Florida State Board of Administration’s investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2022 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.70 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice.

For reference, the table below contains a summary of Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead based on a forward-looking capital market economic model:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	
Cash	1.00%	2.60%	
Fixed income	19.80%	4.40%	
Global equity	54.00%	8.80%	
Real Estate (Property)	10.30%	7.40%	
Private Equity	11.10%	12.00%	
Strategic Investments	<u>3.80%</u>	6.20%	
Total	100.00%		
Assumed Inflation - Mean		2.40%	1.90%

**TOWN OF PONCE INLET, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**Calculation of Money-Weighted Rate of Return.** For the year ended June 30, 2022, the annual money-weighted rate of return on FRS pension plan investments, net of pension plan investment expense, was 3.35 percent. The money-weighted rate of return considers the changing amounts estimated as invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. Cash flows are estimated on a monthly basis and are assumed to occur at the beginning of each month. Cash inflows are netted with cash outflows, resulting in a net cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.70 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**Sensitivity of the Entity’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate.** The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.70 percent) or 1 percentage-point higher (7.70 percent) than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
The Town's proportionate share of the net pension liability (0.015326277%)	\$ 9,862,266	\$ 5,702,607	\$ 2,224,636

**Pension Plan Fiduciary Net Position.** Detailed information about the Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

**Payable to the FRS Pension Plan.** The Town had no amounts payable to the FRS Plan for outstanding contributions at September 30, 2022.

**2. HIS Pension Plan (Defined Benefit Pension Plan)**

**Plan Description.** The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**Benefits Provided.** For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

**TOWN OF PONCE INLET, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**Contributions.** The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, the HIS contribution rate for the period from October 1, 2021 through June 30, 2022, and from July 1, 2022 through September 30, 2022, was 1.66% and 1.66%, respectively, of payroll pursuant to section 112.363, Florida Statutes. The Town contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Town's contributions to the HIS Plan totaled \$61,086 for the fiscal year ended September 30, 2022.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions.** At September 30, 2022, the Town reported a net pension liability of \$1,069,278 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Town's proportionate share of the net pension liability was based on the Town's 2021-2022 fiscal year contributions relative to the total 2021-2022 fiscal year contributions of all participating members. At June 30, 2022, the Town's proportionate share was 0.010095531 percent, which was up 0.00000380502 percent from its proportionate share measured at June 30, 2021, of 0.009715029 percent.

For the fiscal year ended September 30, 2022, the Town recognized HIS Plan pension expense of \$32,969. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 32,455	\$ 4,705
Changes in assumptions	61,292	165,417
Net difference between projected and actual earnings on HIS pension plan investments	1,548	-
Changes in proportion and differences between HIS contributions and proportionate share of contributions	115,892	1,682
Contributions subsequent to the measurement date	16,622	-
	<u>\$ 227,809</u>	<u>\$ 171,804</u>

The deferred outflows of resources related to pensions, totaling \$16,622 resulting from the Town's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

**TOWN OF PONCE INLET, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	Amount
2023	\$ 15,379
2024	19,075
2025	15,477
2026	8,401
2027	(11,312)
Thereafter	(7,637)
	\$ 39,383

**Actuarial Assumptions.** The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	3.54 percent

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The following changes in actuarial assumptions occurred in 2022:

The municipal rate used to determine total pension liability was increased from 2.16% to 3.54%.

**Discount Rate.** The discount rate used to measure the total pension liability was 3.54 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the Entity's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 3.54 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
The Town's proportionate share of the net pension liability (0.010095531%)	\$ 1,223,342	\$ 1,069,278	\$ 941,793

**TOWN OF PONCE INLET, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**Pension Plan Fiduciary Net Position.** Detailed information about the Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

**Payable to the HIS Pension Plan.** The Town had no amounts payable to the HIS Plan for outstanding contributions at September 30, 2022

**3. FRS Investment Plan (Defined Contribution Pension Plan)**

The Town contributes to the Florida Retirement System (FRS) Investment Plan, a defined contribution pension plan, for its eligible employees electing to participate in the FRS Investment Plan. The FRS Investment Plan is administered by the Florida State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.450 I, Florida Statutes, eligible FRS members may elect to participate in the FRS Investment Plan in lieu of the FRS defined-benefit plans. The Town’s employees participating in DROP are not eligible to participate in the FRS Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the FRS Investment Plan are established and may be amended by the Florida Legislature. The FRS Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Special Risk, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member's accounts during the 2021-2022 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employer</u>	
	<u>Pre 7/01/22</u>	<u>Post 6/30/22</u>
FRS, Regular	6.30	6.30
FRS, Senior Management Service	7.67	7.67
FRS, Special Class	14.00	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the FRS Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of FRS Investment Plan members. For the fiscal year ended June 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Town.



**TOWN OF PONCE INLET, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

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

The Town's FRS Investment Plan pension expense totaled \$87,390 for the fiscal year ended September 30, 2022.

***Payable to the FRS Investment Plan.*** The Town had no amounts payable to the FRS Investment Plan for outstanding contributions at September 30, 2022.

#### **4. Defined Contribution Plans - General Employees**

***Florida Municipal Pension Trust Fund (the "FMPTF")*** - The Town contributes to the Florida Municipal Trust Fund, which provides for a 457(b) deferred compensation plan for employer and employee contributions, respectively. These plans are administered by Florida League of Cities, Inc., P. O. Box 1757, Tallahassee, FL 32302-1757, under Section 2-221 of the Town's Code of Ordinances, the Town established this plan for all regular full time and regular part time employees, except police officers and firefighters.

The Town, as the sponsoring employer, is responsible for defining and amending pension benefit terms, provisions and contribution requirements for the plan. On August 15, 2007, the Town Council adopted Ordinance 2007-20, amending the pension plan for general employees to allow for the conversion to the Florida Retirement System, effective October 1, 2007. As a result of these actions, twenty-two employees opted to withdraw from the above described retirement plan options and convert to the Florida Retirement System. Seven employees remained in the Plan. No new employees will be eligible for entry in the 401(a) plan after October 1, 2007. For each employee in the plan, the Town is required to contribute 10% of the gross employee wages. Employees are permitted to make contributions to the 457(b) pension plan, up to applicable Internal Revenue Code limits. For the year ended September 30, 2022, employee contributions totaled \$17,800 and the Town recognized retirement expense of \$-0-.

All qualifying employees, with no age requirement, are eligible to participate in the plan immediately upon the date of employment. Employees immediately vest in the elective deferral contributions made to the Plan. The vested portions of the accounts or contributions to the plan are available to the participants immediately upon termination of service. Employees do not vest in employer contributions to the plan until after participating for five full years in the plan, at which time employees are 100% vested in the plan.

***International City Management Association Retirement Corporation (the "ICMA")*** - The Town provides its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b) and Section 2-291 of the Town's Code of Ordinances. The plan is administered by the International City Managers Association Retirement Corporation, 777 North Capitol Street, NE, Suite 600, Washington, DC 20002. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended September 30, 2022, employee contributions totaled \$59,974 and the Town recognized retirement expense of \$-0-.

All qualified employees at least 18 years of age become eligible to participate in the 457(b) plan on the first date of the month following the date of employment. Employees voluntarily contribute to the plan. Employees immediately vest in the elective deferral contributions made to the 457(b) plan. The vested portions of the accounts or contributions to the plan are available to the participants immediately upon termination of service.

**TOWN OF PONCE INLET, FLORIDA**  
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**Nationwide Retirement Solutions** – The Town provides its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b) and Section 2-291 of the Town’s Code of Ordinances. This plan is administered by Nationwide Retirement Solutions, P. O. Box 182797, Columbus, OH 43218-2797. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended September 30, 2022, employee contributions totaled \$6,665 and the Town recognized retirement expense of \$-0-

All qualified employees at least 18 years of age become eligible to participate in the 457(b) plan on the first date of the month following the date of employment. Employees voluntarily contribute to the plan. Employees immediately vest in the elective deferral contributions made to the 457(b) Plan. The vested portions of the accounts or contributions to the plan are available to the participants immediately upon termination of service.

**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description.** The Town’s Retiree Health Care Plan (the “OPEB Plan”) is a single-employer defined benefit postemployment healthcare plan that covers eligible retired employees of the Town. The Plan is administered by the Town and allows employees who retire and meet retirement eligibility requirements under one of the Town’s retirement plans to continue medical insurance coverage as a participant in the Town’s OPEB Plan. Under certain conditions, eligible individuals also include spouses and dependent children. The OPEB Plan does not issue a publicly available financial report. Employees covered by benefit terms as of September 30, 2022 were as follows:

Inactive plan members or beneficiaries currently receiving benefits	2
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>55</u>
	<u>57</u>

**Benefits Provided.** The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the Town are eligible to receive postemployment health care benefits. All retiree and dependent coverage is at the expense of the retiree.

**Total OPEB Liability.**

- Measurement Date – 9/30/2021
- Measurement Period – 10/1/2020 to 9/30/2021
- Reporting Period – 10/1/2021 to 9/30/2022
- Sponsor’s Total OPEB liability measurement date - 9/30/2021

**Actuarial Assumptions.** The total OPEB liability was determined by an actuarial valuation as of September 30, 2020 using the following actuarial assumptions –

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	2.14%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	54

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

**TOWN OF PONCE INLET, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**Discount Rate.** Given the Town’s decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 2.43%. The high quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp.’s AA.

**OPEB Expense.** For the year ended September 30, 2022, the Town recognized OPEB Expense of \$29,901.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.** The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor’s Total OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (1.43 percent) or one percentage point higher (3.43 percent) than the current rate:

	<u>1% Decrease (1.43%)</u>	<u>Current Discount Rate (2.43%)</u>	<u>1% Increase (3.43%)</u>
Total OPEB Liability	<u>\$ 206,299</u>	<u>\$ 188,194</u>	<u>\$ 172,481</u>

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.** The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor’s Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.00% - 6.00%) or 1 percentage point higher (5.00% - 8.00%) than the healthcare cost trend rates (4.00% - 7.00%):

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability (Asset)	<u>\$ 206,299</u>	<u>\$ 188,194</u>	<u>\$ 172,481</u>

**Components of OPEB Expense.** Under GASB 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the Total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB expense. The components of OPEB expense as of September 30, 2022 are as follows:

	<u>9/30/2022</u>
Service cost	\$ 26,622
Interest	4,139
Recognition of changes in Total OPEB Liability	(4,980)
Administrative Expenses	<u>4,120</u>
Net Change	<u>\$ 29,901</u>

**TOWN OF PONCE INLET, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 13 – COMPONENT UNIT CASH FLOWS**

See below for a summarization of the cash flows of the Ponce DeLeon Inlet Lighthouse Preservation Association, Inc. for the year ended September 30, 2022:

**CASH FLOWS FROM OPERATING ACTIVITES**

Change in Net Assets	\$ 1,005,650
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	106,832
Loss on disposal of assets	1,610
Unrealized loss on investments	28,675
(Increase) decrease in:	
Inventory	(5,309)
Prepaid expenses	(3,190)
Museum artifact collection	(2,300)
Increase (decrease) in:	
Accounts payable and accrued liabilities	43,411

<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,175,379</b>
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**CASH FLOWS FROM INVESTING ACTIVITES**

Proceeds from maturity of investments	103,620
Purchase of investments	(151,696)
Purchases of property and equipment	(182,611)

<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<b>(230,687)</b>
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**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments on long-term debt	(141,103)
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<b>NET CASH USED BY FINANCING ACTIVITES</b>	<b>(141,103)</b>
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<b>NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>803,589</b>
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BEGINNING OF YEAR	1,959,916
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END OF YEAR	\$ 2,763,505
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**TOWN OF PONCE INLET, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2022

**NOTE 14 – AMERICAN RESCUE PLAN ACT**

In fiscal year 2021 – 2022, the Town received \$1,656,824 from the American Rescue Plan Act (ARPA) in the form of a Coronavirus Local Fiscal Recovery Fund. These funds were used for appropriate designated purposes during fiscal year 2021 – 2022, and as such there are no amounts of this ARPA grant that is considered to be unexpended, restricted, or deferred as of September 30, 2022.

**NOTE 15 - COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grantor agencies in current and prior years are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). 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.

**NOTE 16 - 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, all of which is satisfactorily insured by general liability insurance. Commercial insurance policies are also obtained for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**NOTE 17 – LEGAL MATTERS**

The Town is from time to time engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the Counsel to the Town, no other legal proceedings are pending or threatened which may materially affect the financial condition of the Town.

**NOTE 18 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through April 25, 2023, the date the financial statements were available to be issued.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**TOWN OF PONCE INLET, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
CHANGE IN TOTAL OPEB LIABILITY**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Reporting Period - September 30, 2021</b>	\$ 171,138	\$ 165,559	\$ 146,684	\$ 151,168
Service cost	26,622	13,914	12,543	16,861
Interest	4,139	6,237	6,452	5,988
Differences between expected and actual experience	-	1,108	-	10,762
Changes of assumptions	(4,983)	(5,063)	9,711	(30,925)
Changes of benefit terms	-	-	-	-
Contributions - Employer	-	-	-	-
Benefit payments	(8,722)	(10,617)	(9,831)	(7,170)
Other changes	-	-	-	-
<b>Net changes</b>	<u>17,056</u>	<u>5,579</u>	<u>18,875</u>	<u>(4,484)</u>
<b>Reporting Period - September 30, 2022</b>	<u>\$ 188,194</u>	<u>\$ 171,138</u>	<u>\$ 165,559</u>	<u>\$ 146,684</u>

**Notes:**

Changes in assumptions reflect a change in the discount rate from 2.14% for the reporting period ended September 30, 2021, to 2.43% for the reporting period ended September 30, 2022.

See Independent Auditors' Report

**TOWN OF PONCE INLET, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES – SPONSOR’S TOTAL OPEB LIABILITY AND RELATED  
RATIOS –**

<b>Reporting Period Ending Measurement Date</b>	<u>9/30/2022</u> <u>9/30/2021</u>	<u>9/30/2021</u> <u>9/30/2020</u>	<u>9/30/2020</u> <u>9/30/2019</u>	<u>9/30/2019</u> <u>9/30/2018</u>
Service cost	\$ 26,622	\$ 13,914	\$ 12,543	\$ 16,861
Interest	4,139	6,237	6,452	5,988
Differences between expected and actual experience	-	1,108	-	10,762
Changes of assumptions	(4,983)	(5,063)	9,711	(30,925)
Benefit payments	<u>(8,722)</u>	<u>(10,617)</u>	<u>(9,831)</u>	<u>(7,170)</u>
<b>Net Change in Total OPEB Liability</b>	17,056	5,579	18,875	(4,484)
<b>Total OPEB Liability - Beginning</b>	<u>171,138</u>	<u>165,559</u>	<u>146,684</u>	<u>151,168</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 188,194</u>	<u>\$ 171,138</u>	<u>\$ 165,559</u>	<u>\$ 146,684</u>
<b>Covered Employee Payroll - Projected</b>	<u>#####</u>	<u>#####</u>	<u>#####</u>	<u>#####</u>
<b>Sponsor's Total OPEB Liability as a percentage of Covered Employee Payroll</b>	<u>6.13%</u>	<u>5.72%</u>	<u>6.06%</u>	<u>5.51%</u>

**Notes:**

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

FY 2022	2.43%
FY 2021	2.14%

No assets are accumulated in a trust in accordance with paragraph 4 of GASB 75

See Independent Auditors’ Report

**TOWN OF PONCE INLET, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Schedule of the Proportionate Share										
of the Net Pension Liability:										
Town proportion of the net pension liability	0.015326277%	0.014872566%	0.014566303%	0.014044218%	0.014410270%	0.013566090%	0.013057636%	0.011120579%	0.010599369%	n/a
Town proportionate share of the net pension liability	\$ 5,702,607	\$ 1,123,453	\$ 6,313,250	\$ 4,836,633	\$ 4,340,448	\$ 4,012,758	\$ 3,297,063	\$ 1,436,372	\$ 646,717	n/a
Town covered payroll	\$ 3,277,242	\$ 3,145,277	\$ 2,874,203	\$ 2,717,579	\$ 2,520,534	\$ 2,239,725	\$ 2,424,268	\$ 2,317,860	\$ 2,186,188	n/a
Town proportionate share of the net pension liability as a percentage of covered payroll	174.01%	35.72%	219.65%	177.98%	172.20%	179.16%	136.00%	61.97%	29.58%	n/a
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	n/a
Schedule of Contributions:										
Contractually required contribution	\$ 654,000	\$ 566,581	\$ 483,974	\$ 409,793	\$ 368,595	\$ 412,168	\$ 340,268	\$ 318,409	\$ 285,945	n/a
Contributions in relation to the contractually required contribution	(654,000)	(566,581)	(483,974)	(409,793)	(368,595)	(412,168)	(340,268)	(318,409)	(285,945)	n/a
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a
Town covered payroll	\$ 3,277,242	\$ 3,145,277	\$ 2,874,203	\$ 2,717,579	\$ 2,520,534	\$ 2,239,725	\$ 2,424,268	\$ 2,317,860	\$ 2,186,188	n/a
Contributions as a percentage of covered payroll	19.96%	18.01%	16.84%	15.08%	14.62%	18.40%	14.04%	13.74%	13.08%	n/a

Notes:

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) *Changes of Assumptions* -
  - Inflation rate - 2.4% (no change from previous year)
  - Payroll growth rate - 3.25% (no change from previous year)
  - Long-term expected rate of return - 6.70% (6.8% in previous year)

See Independent Auditors' Report.

**TOWN OF PONCE INLET, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FRS HEALTH INSURANCE SUBSIDY DEFINED BENEFIT PENSION PLAN**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Schedule of the Proportionate Share of the Net Pension Liability:										
Town proportion of the net pension liability	0.010095531%	0.009715029%	0.009046920%	0.009080829%	0.009080829%	0.008362877%	0.008084316%	0.007504364%	0.007327383%	n/a
Town proportionate share of the net pension liability	\$ 1,069,278	\$ 1,191,694	\$ 1,104,614	\$ 1,013,080	\$ 961,125	\$ 894,197	\$ 942,194	\$ 765,327	\$ 685,128	n/a
Town covered payroll	\$ 3,277,242	\$ 3,145,277	\$ 2,874,203	\$ 2,717,579	\$ 2,520,534	\$ 2,239,725	\$ 2,424,268	\$ 2,317,860	\$ 2,186,188	n/a
Town proportionate share of the net pension liability as a percentage of covered payroll	32.63%	37.89%	38.43%	37.28%	38.13%	39.92%	38.87%	33.02%	31.34%	n/a
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	n/a
Schedule of Contributions:										
Contractually required contribution	\$ 61,086	\$ 57,105	\$ 52,133	\$ 50,848	\$ 48,656	\$ 45,971	\$ 40,243	\$ 31,725	\$ 26,587	n/a
Contributions in relation to the contractually required contribution	(61,086)	(57,105)	(52,133)	(50,848)	(48,656)	(45,971)	(40,243)	(31,725)	(26,587)	n/a
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a
Town covered payroll	\$ 3,277,242	\$ 3,145,277	\$ 2,874,203	\$ 2,717,579	\$ 2,520,534	\$ 2,239,725	\$ 2,424,268	\$ 2,317,860	\$ 2,186,188	n/a
Contributions as a percentage of covered payroll	1.86%	1.82%	1.81%	1.87%	1.93%	2.05%	1.66%	1.37%	1.22%	n/a

Notes:

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) *Changes of Assumptions* -
  - Inflation rate - 2.4% (no change from previous year)
  - Payroll growth rate - 3.25% (no change from previous year)
  - Long-term expected rate of return -3.54% (2.16% in previous year)

See Independent Auditors' Report.

***OTHER SUPPLEMENTARY INFORMATION***

***COMBINING FINANCIAL STATEMENTS***

***BUDGETARY COMPARISON SCHEDULES***

***OTHER MAJOR FUNDS***

***OTHER NONMAJOR FUNDS***

**TOWN OF PONCE INLET, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2022**

	Special Revenue Funds					
	Tree Bank	Sidewalks	Parks and Recreation	Police Education	Contraband Forfeitures	Davies Lighthouse Park
Assets:						
Cash and cash equivalents	\$ 27,760	\$ 76,824	\$ 24,680	\$ 13,491	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	-	-	132	-	-
	<b>\$ 27,760</b>	<b>\$ 76,824</b>	<b>\$ 24,680</b>	<b>\$ 13,623</b>	<b>\$ -</b>	<b>\$ -</b>
Liabilities and Fund Balances (Deficits):						
Liabilities:						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund Balances (Deficits):						
Restricted	-	-	-	13,623	-	-
Committed	-	-	-	-	-	-
Assigned	27,760	76,824	24,680	-	-	-
Unassigned	-	-	-	-	-	-
	27,760	76,824	24,680	13,623	-	-
Total fund balances (deficits)	27,760	76,824	24,680	13,623	-	-
Total liabilities and fund balances	\$ 27,760	\$ 76,824	\$ 24,680	\$ 13,623	\$ -	\$ -

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**TOWN OF PONCE INLET, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2022**

Capital Project Funds					
Fire Department Capital	Capital Facility Maintenance	Ponce de Leon Circle Sewer Project	South Peninsula Dr Sidewalk Project	Debt Service	Total Nonmajor Governmental Funds
\$ 229,400	\$ 75,000	\$ 2,332	\$ 150,000	\$ 4,308	\$ 603,795
-	-	-	-	-	-
-	-	5,059	-	-	5,191
<u>\$ 229,400</u>	<u>\$ 75,000</u>	<u>\$ 7,391</u>	<u>\$ 150,000</u>	<u>\$ 4,308</u>	<u>\$ 608,986</u>
\$ -	\$ -	\$ 47,765	\$ -	\$ -	\$ 47,765
-	-	-	-	-	-
-	-	47,765	-	-	47,765
229,400	-	-	-	4,308	247,331
-	-	-	-	-	-
-	75,000	-	150,000	-	354,264
-	-	(40,374)	-	-	(40,374)
<u>229,400</u>	<u>75,000</u>	<u>(40,374)</u>	<u>150,000</u>	<u>4,308</u>	<u>561,221</u>
<u>\$ 229,400</u>	<u>\$ 75,000</u>	<u>\$ 7,391</u>	<u>\$ 150,000</u>	<u>\$ 4,308</u>	<u>\$ 608,986</u>

**TOWN OF PONCE INLET, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2022**

	Special Revenue Funds					
	Tree Bank	Sidewalks	Parks and Recreation	Police Education	Contraband Forfeitures	Davies Lighthouse Park
Revenue:						
Permits and fees	\$ 3,019	\$ -	\$ 3,826	\$ -	\$ -	\$ -
Grants from local governments	-	-	-	-	-	-
Grants from state government	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Fines and forfeitures	-	-	-	1,304	-	-
Miscellaneous:						
Investment earnings (loss)	-	-	-	-	-	-
Reimbursements under cost-share agreement	-	-	-	-	-	-
Portion of revenues attributable to City of Port Orange under cost-share agreement	-	-	-	-	-	-
Miscellaneous revenue	-	6,371	-	-	-	-
Total revenue	<u>3,019</u>	<u>6,371</u>	<u>3,826</u>	<u>1,304</u>	<u>-</u>	<u>-</u>
Expenditures						
Public safety	-	-	-	247	3,493	-
Physical Environment	-	-	-	-	-	-
Culture/recreation	2,050	-	-	-	-	-
Capital Outlay:						
Public safety	-	-	-	-	-	-
Physical Environment	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>2,050</u>	<u>-</u>	<u>-</u>	<u>247</u>	<u>3,493</u>	<u>-</u>
Excess of revenue over (under) expenditures	969	6,371	3,826	1,057	(3,493)	-
Other Financing Sources (Uses):						
Operating transfers out	-	-	-	-	-	(23,283)
Operating transfers in	-	-	-	-	-	-
Net change in fund balances	969	6,371	3,826	1,057	(3,493)	(23,283)
Fund Balances - Beginning of year	26,791	70,453	20,854	12,566	3,493	23,283
Fund Balances (deficit) - End of year	<u>\$ 27,760</u>	<u>\$ 76,824</u>	<u>\$ 24,680</u>	<u>\$ 13,623</u>	<u>\$ -</u>	<u>\$ -</u>

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**TOWN OF PONCE INLET, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2022**

Capital Project Funds					
Capital Fire Equipment	Capital Facility Maintenance	Ponce de Leon Circle Sewer Project	South Peninsula Dr Sidewalk Project	Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,845
-	-	-	-	-	-
-	-	377,518	-	-	377,518
-	-	-	-	-	-
-	-	-	-	-	1,304
-	-	-	-	-	-
-	-	129,614	-	-	129,614
-	-	-	-	-	-
-	-	(415,079)	-	-	(415,079)
-	-	-	-	-	6,371
-	-	92,053	-	-	106,573
-	-	-	-	-	3,740
-	-	-	-	-	-
-	-	-	-	-	2,050
-	-	-	-	-	-
-	-	164,268	-	-	164,268
-	-	-	-	-	-
-	-	-	-	417,191	417,191
-	-	-	-	67,221	67,221
-	-	164,268	-	484,412	654,470
-	-	(72,215)	-	(484,412)	(547,897)
-	-	-	-	-	(23,283)
200,000	25,000	-	150,000	483,584	858,584
200,000	25,000	(72,215)	150,000	(828)	287,404
29,400	50,000	31,841	-	5,136	273,817
<u>\$ 229,400</u>	<u>\$ 75,000</u>	<u>\$ (40,374)</u>	<u>\$ 150,000</u>	<u>\$ 4,308</u>	<u>\$ 561,221</u>

**TOWN OF PONCE INLET, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – DEBT SERVICE FUND**  
**For the Year Ended September 30, 2022**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues:				
Miscellaneous Revenues:				
Investment earnings (loss)	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Debt Service:				
2005 Capital Improvement Revenue Note:				
Principal payments	279,000	279,000	279,000	-
Interest payments	48,827	48,827	48,827	-
State Revolving Fund Loan:				
Principal payments	138,191	138,191	138,191	-
Interest payments	18,394	18,394	18,394	-
	<u>484,412</u>	<u>484,412</u>	<u>484,412</u>	<u>-</u>
Total expenditures	<u>484,412</u>	<u>484,412</u>	<u>484,412</u>	<u>-</u>
Excess of revenue over (under) expenditures	<u>(484,412)</u>	<u>(484,412)</u>	<u>(484,412)</u>	<u>-</u>
Other Financing Sources (Uses):				
Operating transfer from General Fund	131,584	131,584	131,584	-
Operating transfer from Public Land				
Acquisition and Facility Fund	327,828	327,828	327,000	(828)
Operating transfer from Enterprise Funds	25,000	25,000	25,000	-
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>484,412</u>	<u>484,412</u>	<u>483,584</u>	<u>(828)</u>
Net change in fund balance	-	-	(828)	(828)
Fund Balance - Beginning of year	<u>5,136</u>	<u>5,136</u>	<u>5,136</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 5,136</u>	<u>\$ 5,136</u>	<u>\$ 4,308</u>	<u>\$ (828)</u>

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**TOWN OF PONCE INLET, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – TREE BANK SPECIAL REVENUE FUND**  
**For the Year Ended September 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Permits and fees:				
Tree assessment	\$ 4,000	\$ 4,000	\$ 3,019	\$ (981)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>3,019</u>	<u>(981)</u>
Expenditures:				
Culture/Recreation:				
Operating expenditures	-	4,000	2,050	1,950
Capital outlay	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>7,500</u>	<u>4,000</u>	<u>2,050</u>	<u>1,950</u>
Excess of revenue over (under) expenditures	<u>(3,500)</u>	<u>-</u>	<u>969</u>	<u>969</u>
Other Financing Sources (Uses):				
Appropriated for fund balance	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	969	969
Fund Balance - Beginning of year	<u>13,906</u>	<u>13,906</u>	<u>26,791</u>	<u>12,885</u>
Fund Balance - End of year	<u>\$ 13,906</u>	<u>\$ 13,906</u>	<u>\$ 27,760</u>	<u>\$ 13,854</u>

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**TOWN OF PONCE INLET, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – SIDEWALKS SPECIAL REVENUE FUND**  
**For the Year Ended September 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Miscellaneous:				
Miscellaneous revenue	\$ 7,500	\$ 7,500	\$ 6,371	\$ (1,129)
Total revenues	7,500	7,500	6,371	(1,129)
Expenditures:				
Culture/Recreation:				
Operating expenditures	6,000	6,000	-	6,000
Total expenditures	6,000	6,000	-	6,000
Excess of revenue over (under) expenditures	1,500	1,500	6,371	4,871
Other Financing Sources (Uses):				
Appropriated for fund balance	(1,500)	(1,500)	-	1,500
Total other financing sources (uses)	(1,500)	(1,500)	-	1,500
Net change in fund balance	-	-	6,371	6,371
Fund Balance - Beginning of year	53,166	53,166	70,453	17,287
Fund Balance - End of year	\$ 53,166	\$ 53,166	\$ 76,824	\$ 23,658

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**TOWN OF PONCE INLET, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – PARKS AND RECREATION SPECIAL REVENUE FUND**  
**For the Year Ended September 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Permits and fees:				
Impact fees-residential	\$ 5,395	\$ 5,395	\$ 3,826	\$ (1,569)
Total revenues	<u>5,395</u>	<u>5,395</u>	<u>3,826</u>	<u>(1,569)</u>
Expenditures:				
Culture/Recreation:				
Operating expenditures	450	450	-	450
Total expenditures	<u>450</u>	<u>450</u>	<u>-</u>	<u>450</u>
Excess of revenue over (under) expenditures	<u>4,945</u>	<u>4,945</u>	<u>3,826</u>	<u>(1,119)</u>
Other Financing Sources (Uses):				
Appropriated for fund balance	<u>(4,945)</u>	<u>(4,945)</u>	<u>-</u>	<u>4,945</u>
Total other financing sources (uses)	<u>(4,945)</u>	<u>(4,945)</u>	<u>-</u>	<u>4,945</u>
Net change in fund balance	-	-	3,826	3,826
Fund Balance - Beginning of year	<u>9,030</u>	<u>9,030</u>	<u>20,854</u>	<u>11,824</u>
Fund Balance - End of year	<u>\$ 9,030</u>	<u>\$ 9,030</u>	<u>\$ 24,680</u>	<u>\$ 15,650</u>

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**TOWN OF PONCE INLET, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – POLICE EDUCATION SPECIAL REVENUE FUND**  
**For the Year Ended September 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Fines and forfeitures	\$ 1,200	\$ 1,200	\$ 1,304	\$ 104
Total revenues	1,200	1,200	1,304	104
Expenditures:				
Public Safety:				
Law Enforcement:				
Operating expenditures	<u>2,000</u>	<u>500</u>	<u>247</u>	<u>253</u>
Total expenditures	<u>2,000</u>	<u>500</u>	<u>247</u>	<u>253</u>
Excess of revenue over (under) expenditures	<u>(800)</u>	<u>700</u>	<u>1,057</u>	<u>357</u>
Other Financing Sources (Uses):				
Appropriated for fund balance	<u>800</u>	<u>(700)</u>	<u>-</u>	<u>700</u>
Total other financing sources (uses)	<u>800</u>	<u>(700)</u>	<u>-</u>	<u>700</u>
Net change in fund balance	-	-	1,057	1,057
Fund Balance - Beginning of year	<u>10,751</u>	<u>10,751</u>	<u>12,566</u>	<u>1,815</u>
Fund Balance - End of year	<u>\$ 10,751</u>	<u>\$ 10,751</u>	<u>\$ 13,623</u>	<u>\$ 2,872</u>

See Independent Auditors' Report

**TOWN OF PONCE INLET, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – CONTRABAND FORFEITURES SPECIAL REVENUE FUND**  
**For the Year Ended September 30, 2022**

	<u>Budgeted</u>	<u>Amounts</u>	<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Miscellaneous:				
Investment earnings (loss)	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Public Safety:				
Law Enforcement:				
Operating expenditures	-	3,494	3,493	1
Total expenditures	-	3,494	3,493	1
Excess of revenue over (under) expenditures	-	(3,494)	(3,493)	1
Other Financing Sources (Uses):				
Appropriated fund balance	-	3,494	-	(3,494)
Net change in fund balance	-	-	(3,493)	(3,493)
Fund Balance - Beginning of year	7,033	7,033	3,493	-
Fund Balance - End of year	<u>\$ 7,033</u>	<u>\$ 7,033</u>	<u>\$ -</u>	<u>\$ (3,493)</u>

-

See Independent Auditors' Report

**TOWN OF PONCE INLET, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – DAVIES LIGHTHOUSE PARK SPECIAL REVENUE FUND**  
**For the Year Ended September 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Grants:				
Local government grant	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Culture/Recreation:				
Operating expenditures	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	-	-	-	-
Other Financing Sources (Uses):				
Appropriated for fund balance	18,454	23,283	-	(23,283)
Operating transfer to Public Land Acquisition and Facility Fund	(18,454)	(23,283)	(23,283)	-
Total other financing sources (uses)	-	-	(23,283)	(23,283)
Net change in fund balance	-	-	(23,283)	(23,283)
Fund Balance - Beginning of year	-	162,774	23,283	(139,491)
Fund Balance - End of year	\$ -	\$ 162,774	\$ -	\$ (162,774)

See Independent Auditors' Report



**TOWN OF PONCE INLET, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – FIRE DEPARTMENT CAPITAL PROJECTS FUND**  
**For the Year Ended September 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous:				
Investment earnings (loss)	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Public Safety:				
Law Enforcement:				
Operating expenditures	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	-	-	-	-
Other Financing Sources (Uses):				
Appropriated fund balance	(25,000)	(200,000)	-	(200,000)
Transfer from General Fund	25,000	200,000	200,000	-
Net change in fund balance	-	-	200,000	(200,000)
Fund Balance - Beginning of year	50,000	200,000	29,400	-
Fund Balance - End of year	<u>\$ 50,000</u>	<u>\$ 200,000</u>	<u>\$ 229,400</u>	<u>\$ (200,000)</u>

See Independent Auditors' Report

**TOWN OF PONCE INLET, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – FACILITY MAINTENANCE CAPITAL PROJECT FUND**  
**For the Year Ended September 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous:				
Investment earnings (loss)	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Operating expenditures	-	3,494	-	3,494
Total expenditures	-	3,494	-	3,494
Excess of revenue over (under) expenditures	-	(3,494)	-	3,494
Other Financing Sources (Uses):				
Transfer from General Fund	25,000	25,000	25,000	-
Appropriated fund balance	(25,000)	(25,000)	-	25,000
Net change in fund balance	-	(3,494)	25,000	28,494
Fund Balance - Beginning of year	-	-	50,000	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ (3,494)</u>	<u>\$ 75,000</u>	<u>\$ 28,494</u>

See Independent Auditors' Report

**TOWN OF PONCE INLET, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – PONCE DE LEON CIRCLE SEWER CAPITAL PROJECT FUND**  
**For the Year Ended September 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Grants:				
State grant	\$ 495,206	\$ 376,779	\$ 377,518	\$ 739
Other revenues:				
Reimbursements from City of Port Orange	129,614	125,294	129,614	4,320
Total revenues	624,820	502,073	507,132	5,059
Portion of revenues attributable to City of Port Orange per cost-share agreement	-	-	(415,079)	(415,079)
Net revenues - Ponce Inlet share	624,820	502,073	92,053	(410,020)
Expenditures:				
Physical Environment:				
Capital outlay	648,010	531,580	579,347	(47,767)
Portion of capital outlay attributable to City of Port Orange per cost-share agreement	-	-	(415,079)	(415,079)
Net capital outlay - Ponce Inlet share	648,010	531,580	164,268	(367,312)
Excess of revenue over (under) expenditures	(23,190)	(29,507)	(72,215)	(42,708)
Other Financing Sources (Uses):				
Appropriated for fund balance	(8,220)	29,507	-	(29,507)
Operating transfer from Water Fund	31,410	-	-	-
Total other financing sources (uses)	23,190	29,507	-	(29,507)
Net change in fund balance	-	-	(72,215)	(72,215)
Fund Balance - Beginning of year	-	-	31,841	31,841
Fund Deficit - End of year	\$ -	\$ -	\$ (40,374)	\$ (40,374)

See Independent Auditors' Report

**TOWN OF PONCE INLET, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – SOUTH PENINSULA DR SIDEWALK PROJECT FUND**  
**For the Year Ended September 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Local government grant	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Physical Environment:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	-	-	-	-
Other Financing Sources (Uses):				
Appropriated for fund balance	-	(150,000)	-	150,000
Operating transfer from General Fund	-	150,000	150,000	-
Total other financing sources (uses)	-	-	150,000	150,000
Net change in fund balance	-	-	150,000	150,000
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	\$ -	\$ -	\$ 150,000	\$ 150,000

See Independent Auditors' Report

***COMPLIANCE SECTION***

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**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***

The Honorable Mayor  
and Members of the Town Council  
Town of Ponce Inlet, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Ponce Inlet, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Ponce Inlet, Florida’s basic financial statements and have issued our report thereon dated April 25, 2023. Our report includes a reference to other auditors who audited the financial statements of the Ponce DeLeon Inlet Lighthouse Preservation Association, Inc., the discretely presented component unit, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit, as described in our report on the Town of Ponce Inlet, Florida’s financial statements. This report includes our consideration of the results of the other auditor’s testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Ponce Inlet, Florida’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Ponce Inlet, Florida’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Ponce Inlet, Florida’s internal control.

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

The Honorable Mayor  
and Members of the Town Council  
Town of Ponce Inlet, Florida  
Page 2

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Town of Ponce Inlet, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

BMC CPAs

April 25, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF TREASURY  
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS  
FOR AN ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT**

The Honorable Mayor  
and Members of the Town Council  
Town of Ponce Inlet, Florida

We have examined the Town of Ponce Inlet, Florida's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2022 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended September 30, 2022. Management of the Town of Ponce Inlet, Florida is responsible for the Town of Ponce Inlet, Florida's compliance with the specified requirements. Our responsibility is to express an opinion on the Town of Ponce Inlet, Florida's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the Town of Ponce Inlet, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Ponce Inlet, Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Town of Ponce Inlet, Florida's compliance with specified requirements.

In our opinion, the Town of Ponce Inlet, Florida complied, in all material respects, with the specified requirements referenced above during the year ended September 30, 2022.

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

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulation, contracts, or grant agreements that have a material effect on the Town of Ponce Inlet, Florida's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the Town of Ponce Inlet, Florida's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

**Intended Purpose**

The purpose of this examination report is solely to express an opinion on whether the Town of Ponce Inlet, Florida complied, in all material respects with the specified requirements referenced above during the year ended September 30, 2022. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in black ink that reads "BMC CPAs". The letters are cursive and somewhat stylized.

April 25, 2023

## MANAGEMENT LETTER

The Honorable Mayor  
and Members of the Town Council  
Town of Ponce Inlet, Florida

### Report on Financial Statements

We have audited the financial statements of Town of Ponce Inlet, Florida, (the “Town”) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated April 25, 2023.

### Auditors’ Responsibility

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

### Other Reports and Schedule

We have issued our Independent Auditor’s 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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 7, 2023, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

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

The Honorable Mayor  
and Members of the Town Council  
Town of Ponce Inlet, Florida  
Page 2

### **Financial Condition**

Section 10.554(1)(i)4 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 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 Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town'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. The financial condition assessment was done as of the fiscal year end.

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

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2021, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2022. In connection with our audit, we determined that these two reports were in agreement.

### **Other Matters**

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

### **Purpose of this Letter**

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

BMC CPAs

April 25, 2023



## INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Mayor  
and Members of the Town Council  
Town of Ponce Inlet, Florida

We have examined the Town of Ponce Inlet, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the period October 1, 2021 to September 30, 2022. Management is responsible for the Town of Ponce Inlet, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Town of Ponce Inlet, Florida's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Town of Ponce Inlet, Florida's compliance with specified requirements.

In our opinion, the Town of Ponce Inlet, Florida complied, in all material respects, with the aforementioned requirements during the period October 1, 2021 to September 30, 2022.

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

A handwritten signature in black ink that reads 'BMC CPAs' in a cursive, stylized font.

April 25, 2023

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