

**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2021**

**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA**

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WEST PALM BEACH, FLORIDA**

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**INDIAN TRAIL**  
DISTRICT - DRAINAGE, PARKS & ROADS

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## **INTRODUCTORY SECTION**

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# **INDIAN TRAIL IMPROVEMENT DISTRICT**

## **PRINCIPAL DISTRICT OFFICIALS**

September 30, 2021

### **Board of Supervisors**

Betty Argue, President

Jennifer Hager, Vice President

Joni Martin, Treasurer

Michael Johnson, Assistant Secretary

Keith Jordano, Supervisor

### **Counsel to the District**

Caldwell, Pacetti, Edwards,  
Schoech and Viator LLP  
West Palm Beach, Florida

### **District Engineer**

Stormwater J Engineering, Inc.  
West Palm Beach, Florida

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## **FINANCIAL SECTION**

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## **INDEPENDENT AUDITOR'S REPORT**

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**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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Boca Raton, Florida 33431  
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www.graucpa.com

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Supervisors  
Indian Trail Improvement District  
West Palm Beach, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Trail Improvement District, West Palm Beach, Florida (the "District") as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of September 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of proportionate share of net pension liability, schedules of pension contributions, and changes in total other post-employment benefit liability 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 District's basic financial statements. The information for compliance with FL Statute 218.39 (3) (c) is not a required part of the basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements of the nonmajor governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The information for compliance with FL Statute 218.39 (3) (c) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



March 17, 2022

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

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**INDIAN TRAIL IMPROVEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

The management of Indian Trail Improvement District (the "District") offers the readers of the District's financial statements this discussion and analysis which is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plans (the approved budget), and (e) identify individual fund issues or concerns.

### **Financial Highlights**

The following are financial highlights for the fiscal year ended September 30, 2021:

- The District's government-wide total net position at the end of the year was approximately \$47 million, down from \$49 million the previous year.
- The District's net investment in capital assets, accounts for \$37 million of the total net position. Restricted amounts of net position include \$7 million for debt service and \$3 million for maintenance of the District's Units of Development.
- The District's primary fund, the Special Revenue Fund, had expenditures in excess of revenues in the amount of approximately \$2.5 million. Ending fund balance for the Special Revenue Fund was \$6.1 million, a decrease from \$8.6 million at September 30, 2020. Restricted fund balance in the Special Revenue Fund at September 30, 2021 was approximately \$5.2 million, or 35% of fiscal year 2021 expenditures, representing the District's reserves. This amount exceeds the District's reserve policy to maintain 25% to 30% of budgeted expenditures for emergencies and end of year cash flow needs.

### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

The District's annual financial report contains the following components: government-wide financial statements that report on the District's activities as a whole, fund financial statements that report on the District's individual funds, and notes to the financial statements that contain important disclosures, clarifications, and amplifications of information contained in the statements.

#### **Government-wide Financial Statements**

The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities and report information about the District as a whole, and about its activities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies, which attempt to match revenues and expenses to the period of benefit or use.

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two being reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the District is improving or deteriorating. Caution should be taken when considering the meaning of Net Position, as many of the District's assets are invested in infrastructure and other capital assets that are not necessarily liquid or easily converted to cash.

The Statement of Activities reports the increase or decrease in net position during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Over time, increases or decreases in net position are useful indicators of whether the District's financial health is improving or deteriorating. However, other non-financial factors, such as capital improvements, the condition of the District's assets, or changes in outside funding must also be considered when assessing the overall health of the District.

## Fund Financial Statements

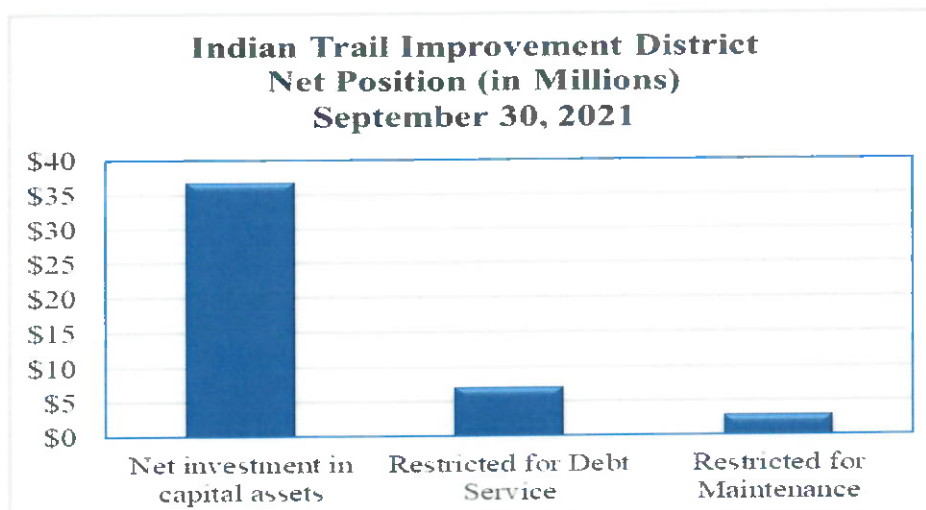
Following the government-wide financial statements are the fund financial statements. Fund statements provide additional detailed information about the District's funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been designated or identified for specific activities or objectives. The District's basic services are reported in governmental funds. These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can be readily converted to cash. This provides a short-term view of the governmental fund's financial position to help determine whether more or fewer financial resources can be spent in the near term to finance the District's programs. Given that this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided with these statements. This information helps to explain the difference between the fund financial statements and the government-wide financial statements.

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Three major funds are reported individually in the governmental funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. The remaining governmental funds are reported as a combined total. The major governmental funds for the year ended September 30, 2021 were:

- Special Revenue Fund
- R-2 Roadway Improvement Bonds Debt Service Fund
- Unit 18 Water Control and Improvement Refunding Bonds Debt Service Fund

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$47 million at the close of the fiscal year. By far, the largest portion of the District's net position (79%) represents net investment in capital assets (e.g., land, buildings and improvements, roadways, machinery and equipment) less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, they are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.



As the chart shown above illustrates, an additional portion of the District's net position, \$7 million (15%) represent resources required to be held for debt service only. \$3 million (6%) may be used only for maintenance of assets created under the District's various Units of Development.

The table on the next page presents condensed financial information derived from the government-wide statements for the fiscal year ended September 30, 2021, with comparative data for the fiscal year ended September 30, 2020.

**Indian Trail Improvement District  
Net Position  
September 30, 2021 and 2020**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Current and other assets	\$ 14,636,731	\$ 19,676,684
Capital assets, net	42,099,357	42,334,547
<b>Total assets</b>	<b>56,736,088</b>	<b>62,011,231</b>
<hr/>		
<b>Deferred outflows of resources</b>	<b>2,337,113</b>	<b>2,571,140</b>
<hr/>		
Current liabilities	2,961,197	2,141,949
Long-term debt	6,927,197	13,057,447
<b>Total liabilities</b>	<b>9,888,394</b>	<b>15,199,396</b>
<hr/>		
<b>Deferred inflows of resources</b>	<b>2,633,488</b>	<b>161,019</b>
<hr/>		
Net investment in capital assets	36,665,244	35,385,350
Restricted:		
Debt Service	7,029,239	8,769,955
Maintenance	2,856,836	5,066,651
<b>Total net position</b>	<b>\$ 46,551,319</b>	<b>\$ 49,221,956</b>

At the end of the current fiscal year, the District is able to report a positive balance in net position for all governmental activities.

Total assets decreased by approximately \$5.28 million or approximately 8.5% during the current fiscal year. The decrease included a \$1.6 million reduction in debt assessments receivable and the use of \$2.5M of existing cash to pay for expenditures.

Total liabilities decreased by approximately \$5.3 million or 35% during the current fiscal year due to routine principal payments on the District's outstanding bonds.



**Indian Trail Improvement District  
Change in Net Position  
Years Ended September 30, 2021 and 2020**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 12,139,204	\$ 12,311,265
Operating grants and contributions	170,285	31,272
Capital grants and contributions	140,504	106,380
General revenues:		
Investment earnings	26,777	178,804
Miscellaneous	119,379	110,836
Gain (Loss) on disposal of capital assets	(22,980)	(83,376)
<b>Total revenues</b>	<b>12,573,169</b>	<b>12,655,181</b>
<b>Expenses:</b>		
Program expenses:		
General government	3,758,271	4,053,197
Public safety	37,108	44,452
Physical environment	9,735,659	9,089,148
Culture and recreation	1,337,738	1,254,823
Conveyance of capital assets		148,236
Interest and other long-term debt service costs	375,030	438,085
<b>Total expenses</b>	<b>15,243,806</b>	<b>15,027,941</b>
Change in net position	(2,670,637)	(2,372,760)
Beginning net position	49,221,956	51,594,716
<b>Ending net position</b>	<b>\$ 46,551,319</b>	<b>\$ 49,221,956</b>

**Governmental Activities**

As illustrated in the preceding table, the net position of the District's governmental activities decreased by approximately \$2.7 million or 5.4%. The decrease is the result of expenses exceeding revenues

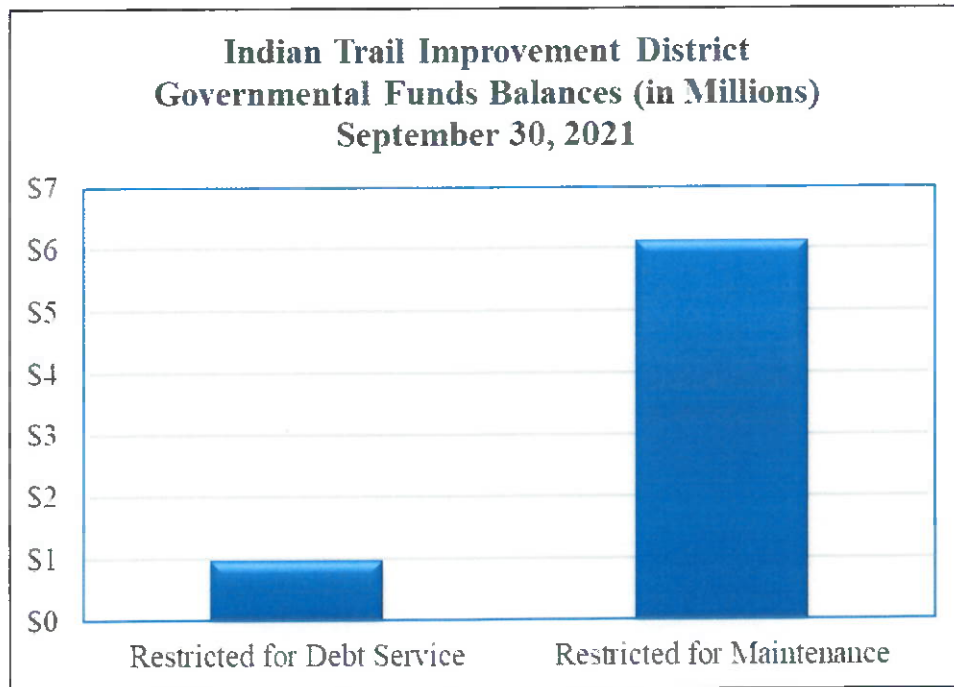
Total revenues decreased by \$82,012 primarily due to a decrease in debt service assessments and investment earnings.

## FINANCIAL ANALYSIS OF THE DISTRICT'S INDIVIDUAL FUNDS

As noted earlier, Indian Trail Improvement District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

Governmental funds report on the same functions as the governmental activities in the government-wide statements but the focus of the governmental funds is to provide information on near-term inflows, outflows and the balances of spendable resources available at fiscal year-end. This information is useful in evaluating the District's financing requirements.



As of September 30, 2021, the District's governmental funds reported combined ending fund balances of \$7.1 million, a decrease of approximately \$2.6 million from the prior year.

### Special Revenue Fund

The special revenue fund is the primary fund for tracking administrative and operating costs associated with daily management of the District. Total fund balance in the special revenue fund at September 30, 2021, was \$6.1 million, a decrease of approximately \$2.5 million from the prior year.

The District used monies from reserves and carry-forwards from previous fiscal years resulting in a decrease in the fund balance.

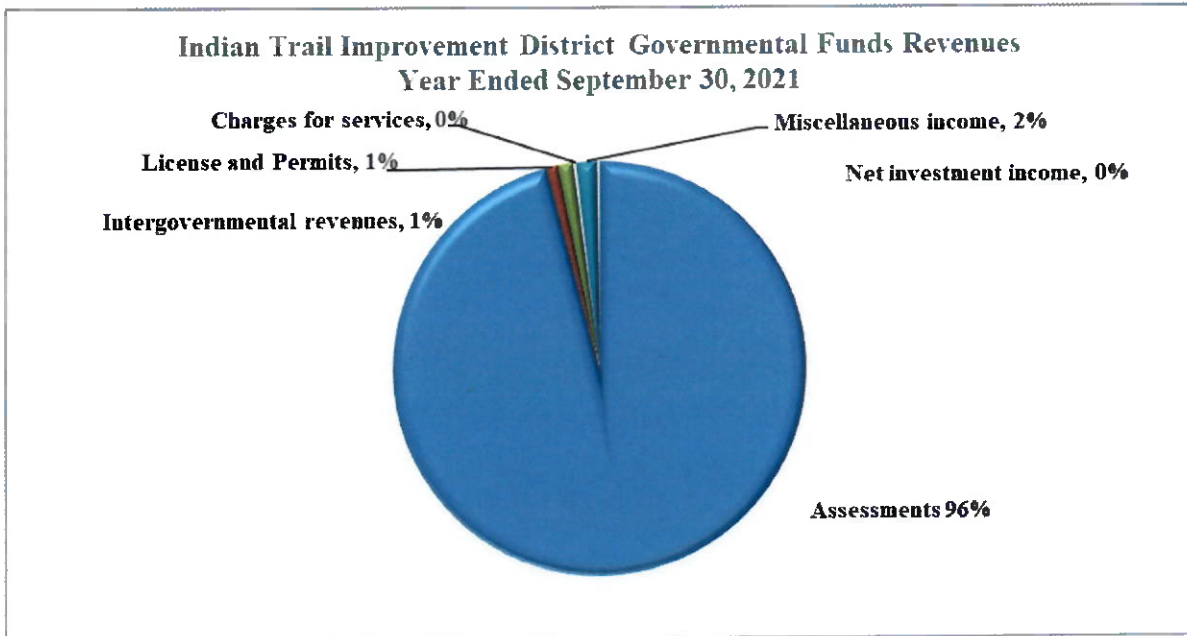


### Debt Service Funds

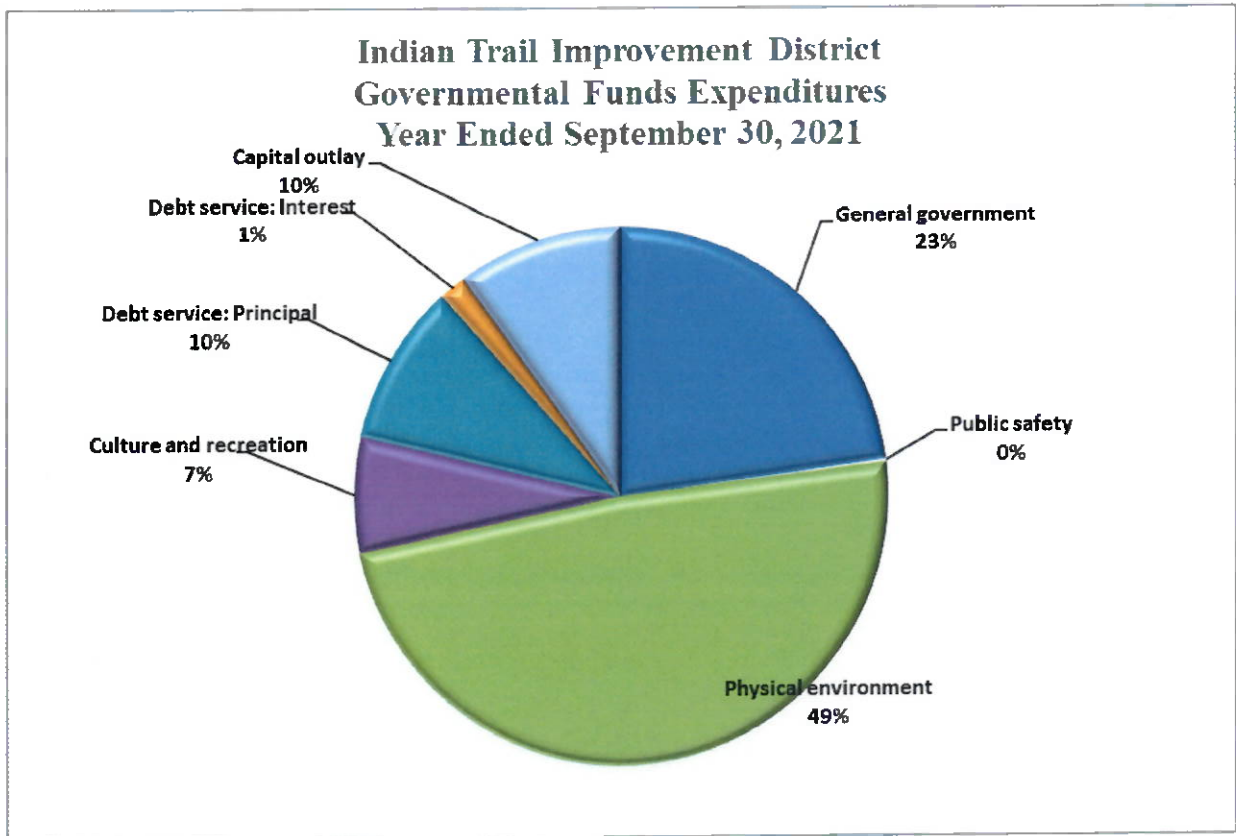
The District's remaining major and other governmental funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Total fund balance for these debt service funds at September 30, 2021 was \$1 million, all of which is restricted for future debt service.

### Governmental Fund

Non-ad valorem assessments comprise the majority of governmental fund revenues, with the next largest source of revenue being miscellaneous revenue. The graph below illustrates the composition of governmental fund revenues.



Physical Environment expenditures (contractual services, repairs and maintenance, pump operations and maintenance, and maintenance of roads and canals) account for \$8.1 million or 49% of total governmental fund expenditures. The next largest expenditure was General Government. The graph in the next page illustrates all the expenditures as a percentage of total expenditures.



#### SPECIAL REVENUE FUND BUDGETARY HIGHLIGHTS

The fiscal year 2021 amended budget included estimated revenues of \$11.8 million and expenditure appropriations of \$15.3 million. The excess of budgeted expenditures over estimated revenues came from reserves and carry-forwards from previous fiscal years. Actual revenues came in approximately \$494,341 ahead of planned amounts while actual expenditures were \$443,071 below budget.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

At the end of fiscal year 2021, the District had invested \$71 million in capital assets, including land, equipment, buildings, and infrastructure. This amount represents a net increase (including additions and deletions) of approximately 2% from the end of fiscal year 2020.

**Indian Trail Improvement District's Capital Assets**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Land	\$ 2,610,721	\$ 2,610,721
Land improvements	14,831,986	14,831,986
Roads	22,849,681	22,849,681
Park improvements	14,237,056	5,760,362
Buildings and structures	9,458,709	8,978,269
Machinery and equipment	7,255,761	7,002,652
Construction in progress	-	7,823,489
<b>Total capital assets</b>	<b>71,243,914</b>	<b>69,857,160</b>
<b>Less: Accumulated depreciation</b>	<b>29,144,557</b>	<b>27,522,613</b>
<b>Total net capital assets</b>	<b>\$ 42,099,357</b>	<b>\$ 42,334,547</b>

Additional information on the District's capital assets can be found in Note 5 of this report.

**Long-Term Debt**

At the end of fiscal year 2021, the District's total outstanding indebtedness was \$8.7 million, down from \$13.1 million in the previous year mainly due to a decrease in the net pension liability. Debt owed by the District's governmental funds and payment of that debt is funded through various assessments levied by the District.

**Indian Trail Improvement District's Outstanding Debt**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Bonds payable	\$ 6,110,050	\$ 7,727,575
Capital lease payable	-	-
Compensated absences	261,049	245,580
Other postemployment benefits	56,003	46,242
Net pension liability	2,243,234	5,038,050
<b>Total long-term liabilities</b>	<b>\$ 8,670,336</b>	<b>\$ 13,057,447</b>

Additional information on the District's long-term debt can be found in Note 6 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District, which is located within Palm Beach County, is facing the same economic issues that are facing the rest of the County and the nation. In fiscal year 2021, the District was able to substantially collect all assessments owed and will continue to monitor the economic issues as they affect the District.

The District is largely assessment-based, and since special assessments must specifically benefit affected properties and be fairly apportioned, the District must continually look to its assessment powers to raise the revenues necessary to fund the services and improvements demanded by its residents. The District is aggressively seeking grant opportunities as a revenue source to help offset the increasing project costs and requests by the residents of the District.

As it is the case in every year in South Florida the expectation is that South Florida and, therefore, the District will face more frequent and possibly more powerful hurricanes. The tremendous cost of cleanup and repairs for each hurricane will put additional pressure on the District to maintain large cash reserves or to have credit facilities available for possible short-term needs. To assist with unexpected natural disasters, the District has a Fund Balance reserve policy requiring the reserves to be maintained at 25% to 30% of budgeted expenditures.

The needs of the District's residents change as time progresses and the demand for services increases. The future of the District includes the incorporation to a municipality or maintain the status of a Special District but expand or reduce the services to the level of resident's needs.

Staff continues to strive to provide a level of service that the residents of the District expect, and will continue to listen and work together with the residents to meet the ongoing demands and challenges.

Subsequent to year end, the Board approved issuing Bonds to finance improvements in Units of Development 20 and R-3.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the District's Finance Department at 13476 61<sup>st</sup> Street North, West Palm Beach, Florida 33412.

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## **BASIC FINANCIAL STATEMENTS**

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**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,372,194
Investments	4,729,663
Interest receivable	
Accounts receivable	80,019
Grants receivable	246,884
Assessments receivable	6,105,000
Inventory	550,353
Prepays	425,673
Restricted assets:	
Temporarily restricted	
Cash and cash equivalents	1,126,945
Capital assets:	
Nondepreciable	17,442,707
Depreciable, net	24,656,650
Total assets	56,736,088
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding (debit)	675,937
Deferred amount related to OPEB	1,013
Deferred amount related to pensions	1,660,163
Total deferred outflows of resources	2,337,113
<b>LIABILITIES</b>	
Accounts and contracts payable	587,092
Accrued liabilities	71,523
Retainage payable	353,437
Unearned revenues	171,348
Accrued interest payable	34,658
Non-current liabilities:	
Due within one year:	
Compensated absences	128,139
Bonds payable	1,615,000
Due in more than one year:	
Compensated absences	132,910
Bonds payable	4,495,050
Net other post employment benefit liability	56,003
Net pension liability	2,243,234
Total liabilities	9,888,394
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amount related to pensions	2,604,667
Deferred amount related to OPEB	28,821
Total deferred outflows of resources	2,633,488
<b>NET POSITION</b>	
Net investment in capital assets	36,665,244
Restricted for debt service	7,029,239
Restricted for units of development maintenance	2,856,836
Total net position	\$ 46,551,319

See notes to the financial statements

**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions		
Primary government:					
Governmental activities:					
General government	\$ 3,758,271	\$ 3,425,882	\$ -	\$ -	\$ (332,389)
Public safety	37,108	161,176	-	-	124,068
Physical environment	9,735,659	7,340,040	167,941	-	(2,227,678)
Culture and recreation	1,337,738	1,051,442	-	140,504	(145,792)
Interest on long-term debt	375,030	160,664	2,344	-	(212,022)
Total governmental activities	<u>15,243,806</u>	<u>12,139,204</u>	<u>170,285</u>	<u>140,504</u>	<u>(2,793,813)</u>
General revenues:					
Investment earnings					26,777
Miscellaneous					119,379
Loss on asset disposition					(22,980)
Total general revenues					<u>123,176</u>
Change in net position					(2,670,637)
Net position - beginning					<u>49,221,956</u>
Net position - ending					<u>\$ 46,551,319</u>

See notes to the financial statements

**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

	Major Funds		
	Special Revenue	Debt Service Unit R2	Debt Service Unit 18
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,372,194	\$ 260,275	\$ 695,322
Investments	4,729,663	-	-
Restricted cash	171,348	-	-
Accounts receivable, net	80,019	-	-
Assessments receivable	-	1,090,000	5,015,000
Grants receivable	246,884	-	-
Inventory	550,353	-	-
Prepays	410,668	3,300	-
Total assets	<u>\$ 7,561,129</u>	<u>\$ 1,353,575</u>	<u>\$ 5,710,322</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts and contracts payable	\$ 587,092	\$ -	\$ -
Accrued liabilities	71,523	-	-
Retainage payable	353,437	-	-
Landowner deposits, payable from restricted assets	171,348	-	-
Total liabilities	<u>1,183,400</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources:</b>			
Unavailable revenue - special assessments	-	1,090,000	5,015,000
Unavailable revenue - other	248,709	-	-
Total deferred inflows of resources	<u>248,709</u>	<u>1,090,000</u>	<u>5,015,000</u>
<b>Fund balances:</b>			
<b>Nonspendable:</b>			
Prepaid items	410,668	3,300	-
Inventory	550,353	-	-
<b>Restricted for:</b>			
Debt service	-	260,275	695,322
Units of Development maintenance	5,167,999	-	-
Total fund balances	<u>6,129,020</u>	<u>263,575</u>	<u>695,322</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 7,561,129</u>	<u>\$ 1,353,575</u>	<u>\$ 5,710,322</u>

See notes to the financial statements



Total  
Governmental  
Funds

\$ 2,327,791  
4,729,663  
171,348  
80,019  
6,105,000  
246,884  
550,353  
413,968  
\$ 14,625,026

\$ 587,092  
71,523  
353,437  
171,348  
1,183,400

6,105,000  
248,709  
6,353,709

413,968  
550,353  
955,597  
5,167,999  
7,087,917

\$ 14,625,026

**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

Fund balance - governmental funds \$ 7,087,917

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 as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	71,243,914	
Accumulated depreciation	<u>(29,144,557)</u>	42,099,357

Assets recorded in the governmental fund financial statements that are not available to pay for current-period expenditures are unavailable revenue in the governmental funds. 6,353,709

Deferred charges on refunding of long-term debt are shown as deferred outflows/inflows of resources in the government-wide financial statements; however, this amount is expensed in the governmental fund financial statements. 675,937

Deferred outflows of resources related to pensions are recorded in the statement of net position but not on the governmental fund financial statements. 1,660,163

Deferred inflows of resources related to pensions are recorded in the statement of net position but not on the governmental fund financial statements. (2,604,667)

Deferred inflows of resources related to OPEB are recorded in the statement of net position but not on the governmental fund financial statements. (28,821)

Deferred outflows of resources related to OPEB are recorded in the statement of net position but not on the governmental fund financial statements. 1,013

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable	(34,658)	
Unamortized bond costs (insurance)	11,705	
Bonds payable	(6,110,050)	
Compensated absences	(261,049)	
Net pension liability	(2,243,234)	
Net other postemployment benefits liability	<u>(56,003)</u>	<u>(8,693,289)</u>
Net position of governmental activities		<u>\$ 46,551,319</u>

See notes to the financial statements



**INDIAN TRAIL**  
DISTRICT - DRAINAGE, PARKS & ROADS

**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Major Funds		
	Special Revenue	Debt Service Unit R2	Debt Service Unit 18
<b>REVENUES</b>			
Assessments	\$ 11,751,440	\$ 1,145,741	\$ 596,202
License and Permits	128,015	-	-
Intergovernmental revenues	167,941	-	-
Charges for services	36,859	-	-
Miscellaneous income	219,599	-	-
Net investment income	26,777	1,416	905
Total revenues	<u>12,330,631</u>	<u>1,147,157</u>	<u>597,107</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,804,601	3,300	3,000
Public safety	37,108	-	-
Physical environment	8,143,997	-	-
Culture and recreation	1,164,354	-	-
Debt service:			
Principal	-	1,050,000	415,000
Interest	-	88,275	176,475
Capital outlay	1,681,509	-	-
Total expenditures	<u>14,831,569</u>	<u>1,141,575</u>	<u>594,475</u>
Excess (deficiency) of revenues over (under) expenditures	(2,500,938)	5,582	2,632
<b>OTHER FINANCING SOURCES</b>			
Transfers in/(out)	15,534	-	-
Total other financing sources (uses)	<u>15,534</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,485,404)	5,582	2,632
Fund balances - beginning	<u>8,614,424</u>	<u>257,993</u>	<u>692,690</u>
Fund balances - ending	<u>\$ 6,129,020</u>	<u>\$ 263,575</u>	<u>\$ 695,322</u>

See notes to the financial statements

Nonmajor Governmental Funds	Total Governmental Funds
\$ 33,721	\$ 13,527,104
-	128,015
-	167,941
-	36,859
-	219,599
23	29,121
<u>33,744</u>	<u>14,108,639</u>
3,482	3,814,383
-	37,108
-	8,143,997
-	1,164,354
150,000	1,615,000
9,750	274,500
-	1,681,509
<u>163,232</u>	<u>16,730,851</u>
(129,488)	(2,622,212)
(15,534)	-
<u>(15,534)</u>	<u>-</u>
(145,022)	(2,622,212)
<u>145,022</u>	<u>9,710,129</u>
<u>\$ -</u>	<u>\$ 7,087,917</u>

**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balances - total governmental funds \$ (2,622,212)

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

Depreciation on capital assets is not recognized in the governmental fund financial statement but is reported as an expense in the statement of activities. (1,857,681)

Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statement but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities. 1,615,000

Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position. 1,664,725

Certain revenues were unavailable for the governmental fund financial statements in the prior fiscal year. In the current fiscal year, these revenues were recorded in the governmental fund financial statements. (1,493,236)

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds. The details of the differences are as follows:

Amortization of deferred amount on refunding	(102,441)
Change in compensated absences	(15,469)
OPEB expense	(5,932)
Pension expense	186,932
Loss on asset disposal	(42,234)
Amortization of original issue discount/premium	2,525
Amortization of bond insurance costs	(11,706)
Change in accrued interest	11,092
	11,092

Change in net position of governmental activities \$ (2,670,637)

See notes to the financial statements

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY**

Indian Trail Improvement District (the "District") was created pursuant to Chapter 57-646, Florida Statutes and codified pursuant to Chapter 2002-330, Laws of Florida, for the purpose of reclaiming the lands within its boundaries for water control and water supply purposes, and to protect the land from the effects of water by means of the construction and maintenance of canals, ditches, levees, dikes, pumping plants, and other works and improvements. The District is also authorized to construct and operate water and sewer facilities, roads, parks and parkways. The District is located in the western section of Palm Beach County and encompasses approximately 110 square miles of land.

The governing body of the District is the Board of Supervisors ("the Board") which is comprised of five members each elected by the public in the general election. The Board is responsible for legislative and fiscal control of the District.

The Board has the responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. (Operating-type special assessments for maintenance and debt service are treated as charges for services), and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

**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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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

### **Assessments**

Maintenance assessments are non-ad valorem assessments on all platted lots within the District. Assessments are levied each November 1 on property as of the previous January 1 to pay for the operations and maintenance of the District. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1.

Debt assessments are non-ad valorem assessments on certain benefited property within the District. Debt assessments were levied to pay for the related debt service. Debt assessments receivables represent the balance of outstanding assessments levied by the District to repay the outstanding debt. Debt assessments receivable are collected in annual installments in amounts sufficient to meet the annual debt service requirements in the same manner as maintenance assessments.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

All other revenue items are considered to be measurable and available only when cash is received by the District. Revenues for expenditure driven grants are recognized when the related expenditures are incurred.

The District reports the following major governmental funds:

The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Unit 18, Series 2015 Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs for Unit of Development 18.

Unit R2, Series 2005 Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs for Unit of Development R2.

Additionally, the District reports the following nonmajor fund types:

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The non-major funds were closed out in the current fiscal year.

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

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Position or Equity**

#### **Restricted Assets**

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

#### **Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and all other short-term, highly liquid investments with original maturities of 90 days or less when purchased.

Cash and investments of each fund, except for certain investments held by Trustees pursuant to bond resolutions, are accounted for in pooled cash and investments with each fund maintaining its proportionate equity in the pooled accounts. The use of a pooled cash and investments account enables the District to invest idle cash for short periods of time, thereby maximizing earnings potential. Income earned from this pooling of cash is allocated to the respective funds based upon the monthly proportionate balances.

The District has adopted an investment policy for the investment of public funds in excess of the amounts needed to meet current operating expenses, in accordance with Florida Statutes. The District is authorized to invest in negotiable direct obligations or obligations unconditionally guaranteed by the United States Government; interest-bearing time deposits or savings accounts in banks organized under the laws of Florida and/or in national banks organized under the laws of the United States and doing business and situated in Florida; bonds, debentures, notes or callables issued or guaranteed by United States Government sponsored agencies; repurchase agreements composed of only those investments based on the requirements set forth by the District's Master Repurchase Agreement; money market accounts placed with financial institutions qualifying as public depositories as provided in Florida Statutes; funds registered under the Federal Investment Company Act of 1940; intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act as provided in Florida Statutes; and commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's.

In addition, any unspent Bond proceeds are required to be held in investments as specified in the Bond agreements.

The State Board of Administration's ("SBA") Local Government Surplus Funds Trust Fund ("Florida PRIME") is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. The District has reported its investment in Florida PRIME at amortized cost for financial reporting purposes.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

#### **Assessments Receivable/Unavailable Revenue**

Assessments receivable recorded in the debt service funds represent the balance of outstanding assessments levied by the District to repay outstanding debt. The assessments are levied at the time the related debt issuance is authorized. The receivables are collected in annual installments together with assessments for interest and collection costs in amounts sufficient to meet the annual debt service requirements.

The District reports unavailable revenue as a deferred inflow of resources in the fund financial statements in an amount equal to the assessments receivable since this revenue will be collected in future years. This assessment revenue is not deferred in the government-wide financial statements. Instead, it is recognized as revenue at the time the assessments are levied.

#### **Inventories and Prepaid Items**

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets, Liabilities and Net Position or Equity (Continued)

#### Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, infrastructure and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Park and park improvements	10-20
Roads and pathways	30
Buildings	15-25
Drainage structures	15
Machinery and equipment	3-15

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

#### Compensated Absences

It is the District's policy to permit employees to accumulate, within certain limits, earned but unused vacation and sick pay benefits, which will be paid to employees upon separation from the District's service. The District's employees are granted compensated absence pay for vacation leave based on length of service. Eligible employees may carry over accrued, but unused vacation leave up to a maximum of 280 hours. At the end of each fiscal year, unused vacation leave in excess of 280 hours is forfeited. The District's employees are eligible for paid sick leave as well. Any employees hired before August 15, 2004, may cash out his/her sick leave account at 10% of the value of the account if resignation occurs after five years of continuous employment. After 15 years of continuous employment, these employees may cash out at 25% of the value of the account upon resignation. Employees hired or re-hired after August 15, 2004, accrue sick leave, but unused leave is not paid upon separation from employment.

Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only if they have matured. Compensated absence is liquidated through the special revenue fund.

#### Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

#### Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Debt issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets, Liabilities and Net Position or Equity (Continued)

#### Refundings of Debt

For current refundings and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized ratably as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. In connection with the prior refundings, \$102,441 was recognized as a component of interest expense in the current fiscal year.

#### Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The goal of the District's fund balance policy is to achieve and maintain a fund balance restricted for maintenance in the special revenue fund at fiscal year-end of not less than 25% and not more than 30% of the total budgeted expenditures of the special revenue fund budget. If the restricted fund balance at fiscal year-end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance. At the end of the fiscal year, the District's restricted fund balance in the special revenue fund equaled 59% of budgeted expenditures for the subsequent fiscal year.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed or assigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and as needed, unless the District Board has provided otherwise.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Position or Equity (Continued)**

#### **Other Disclosures**

##### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

##### **Recent Accounting Pronouncements Adopted**

###### *GASB Statement No. 84 - Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. As amended by GASB statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

## **NOTE 3 – BUDGETARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the special revenue fund. All annual appropriations lapse at fiscal year-end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) The legal level of budgetary control for the District is exercised at the object of expenditure level which is defined as personal services, operating expenditures, capital outlay and debt service. Transfers within an object of expenditure are approved at the administrative level. Transfers between objects of expenditure require Board of Supervisor approval. The Board must hold a public hearing for any transfer which exceeds the amount of an object of expenditure by 10%.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

## **NOTE 4 – DEPOSITS AND INVESTMENTS**

### **Deposits**

The District's deposits with financial institutions were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

## NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

The District's cash and cash equivalents were held as follows at September 30, 2021:

Cash and cash equivalents:	
Petty cash	\$ 10,401
Deposits with financial institutions	736,566
Blackrock Tfund Cas Resv FD 0N2	1,157,622
Fidelity Treasury Only CI I	594,550
Total cash and cash equivalents	<u>\$ 2,499,139</u>

### Investments

The District's investments were held as follows at September 30, 2021:

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Level</u>	<u>Credit Risk</u>	<u>Weighted Average Maturities</u>
Florida PRIME	\$ 58,738	\$ -		S&P AAAm	49 days
FL PALM Short Term Core Portfolio	7,251	-		S&P AAAm	53 days
FL Fixed Income Trust Cash Pool	-	2,321,425	N/A	Fitch AAA/S1	79 days
FL Class	-	2,342,249	N/A	S&P AAAm	47 days
Total Investments	<u>\$ 65,989</u>	<u>\$ 4,663,674</u>			

*Credit risk* – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

The District's investment policy limits investments in bonds, U.S. Treasuries and Agency obligations or other evidences of indebtedness to the top ratings issued by nationally recognized statistical rating organizations (NRSRO) of the United States.

*Concentration risk* – Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The District's investment policy places limits on the amount the District may invest in any one issuer.

*Interest rate risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits investment maturities by investment type as a means of managing exposure to fair value losses arising from increasing interest rates.

*Custodial Credit Risk* - Custodial credit risk is defined as the risk that the District may not recover the securities held by another party in the event of a financial failure. The District requires all investment securities to be held in the District's name by a third party safekeeping institution.

*Fair Value Measurement* – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

## NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

### Investments (Continued)

For external investment pools that qualify to be measured at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. Accordingly, the District's investments in Florida PRIME and FL Palm have been reported at amortized cost above.

*External Investment Pool* – With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.” With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

## NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 2,610,721	\$ -	\$ -	\$ 2,610,721
Land improvements	14,831,986	-	-	14,831,986
Construction in progress	7,823,489	1,040,907	(8,864,396)	-
Total capital assets, not being depreciated	25,266,196	1,040,907	(8,864,396)	17,442,707
Capital assets, being depreciated				
Park and park improvements	5,760,362	8,476,694	-	14,237,056
Roads and pathways	22,849,681	-	-	22,849,681
Buildings	874,728	-	-	874,728
Drainage structures	8,103,541	480,440	-	8,583,981
Machinery and equipment	7,002,652	531,080	(277,971)	7,255,761
Total capital assets, being depreciated	44,590,964	9,488,214	(277,971)	53,801,207
Less accumulated depreciation for:				
Park improvements	(4,474,745)	(187,161)	-	(4,661,906)
Roads and pathways	(12,750,554)	(779,959)	-	(13,530,513)
Buildings	(853,218)	(2,757)	-	(855,975)
Drainage structures	(5,089,014)	(310,803)	-	(5,399,817)
Machinery and equipment	(4,355,082)	(577,001)	235,737	(4,696,346)
Total accumulated depreciation	(27,522,613)	(1,857,681)	235,737	(29,144,557)
Total capital assets, being depreciated, net	17,068,351	7,630,533	(42,234)	24,656,650
Governmental activities capital assets, net	\$ 42,334,547	\$ 8,671,440	\$ (8,906,630)	\$ 42,099,357

## NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

General government	\$	1,696
Physical environment		1,663,042
Culture and recreation		192,943
Total depreciation expense	\$	<u>1,857,681</u>

## NOTE 6 – LONG-TERM LIABILITIES

The District issued debt primarily to finance the cost of roadway and water control improvements within the District. The limited obligation bonds bear interest at rates ranging from 3.25% to 6.50% and mature in future years through 2031. These bonds and notes payable are collateralized by pledged future non-ad valorem drainage and maintenance assessments. The remaining principal and interest to be funded 100% by the non-ad valorem assessments is \$7,091,976. For the fiscal year ending September 30, 2021, principal and interest paid and total non-ad valorem assessments were \$1,889,500 and \$1,775,664 respectively.

### Special Assessment Debt with Governmental Commitment

Special assessment debt with governmental commitment is not backed by the full faith and credit of the District but is payable solely from and secured solely by a lien on and pledge of drainage taxes (non-ad valorem assessments) of the properties benefited by the improvements. Outstanding balances at September 30, 2021, are as follows:

\$7,310,000 2015 Water Control and Improvement Refunding Bonds, Unit 18, due in annual installments of \$355,000 to \$585,000 from August 1, 2015, through August 1, 2031, with interest rates of 3.25% payable semi-annually on February 1 and August 1 of each year.	\$	5,015,000
\$12,705,000 Roadway Improvement Refunding Bonds, Unit R2, Series 2005, due in annual installments of \$30,000 to \$1,090,000 from August 1, 2006, through August 1, 2022, with interest ranging from 3.25% to 4.500% payable semi-annually on February 1 and August 1 of each year.		1,090,000
<b>Total special assessment debt with governmental commitment</b>	<b>\$</b>	<b><u>6,105,000</u></b>

### Provisions of Bond Resolutions

The District entered into covenants with the bondholders to levy annual assessments sufficient to pay the debt service on the bonds. Reserve accounts were established and the amounts on deposit in these accounts may be used only for the purpose of paying the principal of and interest on the bonds when assessments are not sufficient to meet the debt service requirements when due. The bond resolutions specify minimum amounts to be maintained in the reserve accounts. In addition, the District is required to submit audited financial statements within 180 days and 240 days after fiscal year end, depending on the individual bond resolution. At September 30, 2021, the District was in compliance with these requirements.



**NOTE 6 – LONG-TERM LIABILITIES (Continued)**

**Long-term debt activity**

Changes in long-term liability activity for the fiscal year ended September 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable	\$ 7,720,000	\$ -	\$ 1,615,000	\$ 6,105,000	\$ 1,615,000
Plus: original issue premium	7,575	-	2,525	5,050	-
Total bonds payable	7,727,575	-	1,617,525	6,110,050	1,615,000
Compensated absences	245,580	152,615	137,146	261,049	128,139
Other post-employment benefits	46,242	9,761	-	56,003	-
Net pension liability	5,038,050	-	2,794,816	2,243,234	-
Total long-term liabilities	\$ 13,057,447	\$ 162,376	\$ 4,549,487	\$ 8,670,336	\$ 1,743,139

At September 30, 2021, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2022	\$ 1,520,000	\$ 207,950	\$ 1,727,950
2023	445,000	149,013	594,013
2024	460,000	134,550	594,550
2025	470,000	119,600	589,600
2026	490,000	104,325	594,325
2027-2031	2,720,000	271,538	2,991,538
Total	\$ 6,105,000	\$ 986,976	\$ 7,091,976

**NOTE 7 – RETIREMENT 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.

All regular employees of the District are eligible to enroll as members of the FRS. 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. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The District's pension expense totaled \$271,208 for the fiscal year ended September 30, 2021.

**NOTE 7 – RETIREMENT PLAN (Continued)**

**FRS Pension Plan**

*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 classes of membership within the District are as follows:

- Regular Class – Member of the FRS who do not qualify for membership in another class.
- Senior Management Service Class – Members in senior management level positions.
- Elected Local Officers Class – Members who hold specified elective offices in local government.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight 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 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 employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the 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 (AFC). For members initially enrolled before July 1, 2011, the AFC is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the AFC is the average of the eight 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.

*Benefits Provided (Continued)* – The following chart shows the percentage value for each year of service credit earned:

<b>Class, Initial Enrollment, and Retirement Age/Years of Service</b>	<b>% Value</b>
<b>Regular Class members initially enrolled before July 1, 2011</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 years of service	1.68
<b>Regular Class members initially enrolled on or after July 1, 2011</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 years of service	1.68
<b>Senior Management Service Class</b>	<b>2.00</b>
<b>Elected Local Officers</b>	<b>3.00</b>

**NOTE 7 – RETIREMENT PLAN (Continued)**

**FRS Pension Plan (Continued)**

Per 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% 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% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. 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 fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2020 to June 30, 2021		Percent of Gross Salary July 1, 2021 to September 30, 2021	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00	10.00	3.00	10.82
FRS, Elected Officials	3.00	49.18	3.00	51.42
FRS, Senior Management Service Class	3.00	27.29	3.00	29.01

(1) Employer rates include a postemployment HIS contribution rate of 1.66% and administrative costs of .06% for the investment plan through September 30, 2021.

The District's contributions to the Plan totaled \$261,676 for the fiscal year ended September 30, 2021. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the District reported a liability of \$720,399 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of the net pension liability was based on the District's contributions for the year ended June 30, 2021 relative to the contributions made during the year ended June 30, 2021 of all participating members. At June 30, 2021, the District's proportionate share was .00954%, which was an increase of .001% from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021 the District recognized pension expense of \$129,388 related to the Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 123,477	\$ -
Change of assumptions	492,932	-
Net difference between projected and actual earnings on FRS pension plan investments	-	(2,513,290)
Changes in proportion and differences between District FRS contributions and proportionate share of FRS contributions	552,392	(5,855)
District FRS contributions subsequent to the measurement date	102,569	-
Total	<u>\$ 1,271,370</u>	<u>\$ (2,519,145)</u>

## NOTE 7 – RETIREMENT PLAN (Continued)

### FRS Pension Plan (Continued)

The deferred outflows of resources related to pensions, totaling \$102,569, resulting from District 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, 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:

Year ending September 30,	Amount
2022	\$ (206,290)
2023	(259,070)
2024	(384,912)
2025	(548,395)
2026	48,323
Total	<u>\$ (1,350,344)</u>

**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
Discount rate	6.80 percent

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Arithmetic Return	Geometric Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate (property)	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
<b>Total</b>	<b><u>100.0%</u></b>			
Assumed inflation - mean			2.4%	1.2%

(1) As outlined in the Plan's investment policy

**Discount Rate** – The discount rate used to measure the total pension liability was 6.80 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.

**NOTE 7 – RETIREMENT PLAN (Continued)**

**FRS Pension Plan (Continued)**

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Net Pension Liability	\$ 3,221,671	\$ 720,399	\$ (1,370,384)

Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**HIS 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 Division of Retirement within the Florida Department of Management Services.

Benefits Provided – For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

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, 2021, the contribution rate was 1.66% pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three 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 District's contributions to the HIS Plan totaled \$45,081 for the fiscal year ended September 30, 2021. This does not include contributions to the Investment Plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the District reported a net pension liability of \$1,522,835 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of the net pension liability was based on the year ended June 30, 2021 contributions relative to the year ended June 30, 2021 contributions of all participating members. At June 30, 2021, the District's proportionate share was .0124%, which was an increase of .0009% from its proportionate share measured as of June 30, 2020.

**NOTE 7 – RETIREMENT PLAN (Continued)**

**HIS Pension Plan (Continued)**

For the fiscal year ended September 30, 2021, the District recognized pension expense of \$141,820 related to the HIS Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,958	\$ (638)
Change of assumptions	119,661	(62,745)
Net difference between projected and actual earnings on FRS pension plan investments	1,588	-
Changes in proportion and differences between District's FRS contributions and proportionate share of FRS contributions	197,853	(22,139)
District FRS contributions subsequent to measurement date	18,773	-
<b>Total</b>	<b>\$ 388,833</b>	<b>\$ (85,522)</b>

The deferred outflows of resources related to pensions, totaling \$18,733, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal 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:

Year ending September 30,	Amount
2021	\$ 66,138
2022	38,786
2023	54,745
2024	62,149
2025	49,866
Thereafter	12,854
<b>Total</b>	<b>\$ 284,538</b>

**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% average, including inflation
Discount rate	2.16 percent

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

**Discount Rate** – The discount rate used to measure the total pension liability was 2.16%. 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.

**NOTE 7 – RETIREMENT PLAN (Continued)**

**HIS Pension Plan (Continued)**

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 2.16%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	1.16%	2.16%	3.16%
Net Pension Liability	\$ 1,760,540	\$ 1,522,835	\$ 1,328,085

Pension Plan Fiduciary Net Position – Detailed information about the HIS Plan's fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**FRS – Defined Contribution Pension Plan**

The District contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the 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. The report can be found at <http://www.myfloridacfo.com/Division/AA/Reports>.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in the 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 Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Local Officers, 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 fiscal year were as follows:

Class	Percent of Gross Salary
FRS, Regular	6.3%
FRS, Elected Officials	11.34%
FRS, Senior Management Service Class	7.67%

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 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 Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% from October 1, 2020 – September 30, 2021 and by forfeited benefits of Investment Plan members.

## **NOTE 7 – RETIREMENT PLAN (Continued)**

### **FRS – Defined Contribution Pension Plan (Continued)**

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the 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 Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled \$227,333 for the fiscal year ended September 30, 2021.

## **NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS**

### **Postemployment Benefits**

Pursuant to Section 112.0801, Florida Statutes, the District is required to permit eligible retirees and their eligible dependents to participate in the District's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The District does not provide retirees with any subsidy for this benefit.

As required by Florida Law, former employees who retire with immediate FRS benefits under age 65 are required to have access to their current medical plan if they pay the full blended premium rate charged for employees. This is a benefit to retirees because the cost of health insurance for retirees under age 65 exceeds the full premium. Employees will subsidize the cost of retirees under the Group Coverage.

Employees hired before July 1, 2011 with 30 years of service or age 62 with 6 years of service can retire with unreduced retirement benefits under the FRS pension plan. Employees hired on or after July 1, 2011 with 33 years of service or age 65 with 8 years of service can retire with unreduced benefits under the FRS pension plan.

The State Law also requires that former employees are also eligible for the same medical plan if they retire with reduced retirement benefits from FRS under early retirement provisions. For this purpose, early retirement started at age 55.

### **Plan Description**

The District administers a single-employer defined benefit health care plan that provides health care benefits to eligible retired employees (the "Plan"). The Board of Supervisors has the authority to establish and amend the premiums for and the benefit provisions of the Plan. The Plan is financed on a "pay-as-you-go" basis and is not administered as a formal qualifying trust. The Plan does not issue a separate financial statement and required supplementary information.

### **Actuarial Methods and Assumptions**

The actuarial valuation of the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The District has not contributed assets to the plan at this time and has elected to fund the plan on a pay-as-you go method.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.



**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Significant methods and assumptions were as follows:

Actuarial valuation date	10/1/2019
Measurement date	9/30/2020
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount rate	2.41% per annum (based on the 20-year general obligation bond index as of 9/30/2020)
Healthcare cost trend rate(s):	Based on Society of Actuaries Long Term Medical Trend Model, the initial rate is 4.7%, gradually increasing then decreasing over time. By 2030, the rate of premiums is estimated to increase by 5.2% annually and in 2060 by 4.8%. The ultimate trend rate of 4% will be reached in 2075.
Demographic assumptions	FRS demographic assumptions for General employees including the salary scale from the 2017 FRS actuarial report. Although FRS uses retirement rates through age 80, there are no benefits provided in this plan after age 65, so 100% of employees leave the plan at age 65. We assumed that 20 percent of employees with medical coverage would elect to retain the coverage at retirement. Mortality rate is based on report from The Society of Actuaries public plans mortality study (MP-2019).

**Benefits Provided:** The Plan provides healthcare for retirees, their spouses, and their dependents. All retiree and dependent coverage is at the expense of the retiree.

Employees covered by the benefit terms. At September 30, 2019, the following employees were covered by benefit terms:

Current retirees:	
Total current retirees	-
Active employees:	
Active employees fully eligible for benefits	84
Active employees not yet fully eligible for benefits	-
Total active employees	84
Total number of participants	84

**Funding Policy:** The Plan is a pay-as-you-go plan, therefore any contributions to plan are assumed to be benefits paid to retirees and administrative expenses.

**Contributions:** The retiree contributes the premium cost each month. Spouses and other dependents are also eligible for coverage, although the retiree pays the full cost of the premium. The District does not subsidize member premiums.

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At September 30, 2021, the District reported a total OPEB liability of \$56,003. The total OPEB liability was measured as of September 30, 2020, with an actuarial valuation date of October 1, 2019.

Changes in the total OPEB liability during the fiscal year ended September 30, 2021 were as follows:

	Increase (Decrease) in		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance as of September 30, 2019 for FY 20	\$ 46,242	\$ -	\$ 46,242
Changes due to:			
Service cost	7,892	-	7,892
Interest	1,265	-	1,265
Experience losses/(gains)	(510)	-	(510)
Changes in assumptions	1,114	-	1,114
Benefit payments and refunds	-	-	-
Balance as of September 30, 2020 for FY 21	<u>\$ 56,003</u>	<u>\$ -</u>	<u>\$ 56,003</u>

For the fiscal year ended September 30, 2021, the District recognized OPEB expense of \$5,932. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,213
Changes of assumptions	1,013	26,608
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contribution subsequent to measurement date	-	-
<b>Total</b>	<u>\$ 1,013</u>	<u>\$ 28,821</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal Year ending September 30:</b>	
2022	\$ (3,225)
2023	(3,225)
2024	(3,225)
2025	(3,225)
2026	(3,225)
Thereafter	(11,683)
<b>Total</b>	<u>\$ (27,808)</u>

Discount Rate: Given the District’s decision not to fund the program, all future benefit payments were discounted using 20-year general obligation bond (GO bond) rates. The discount rate assumption for disclosure purposes for the fiscal year 2021 is 2.41%, the 20-year GO bond index as of 9/30/2020. The rate at the beginning of the year was 2.75%, the 20-year GO bond index as of 10/1/2019.

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Sensitivity of the net OPEB asset to changes in the discount rate - The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (1.41 percent) or 1-percentage-point higher (3.41 percent) than the current discount rate:

	1% Decrease (1.41%)	Current Discount Rate (2.41%)	1% Increase (3.41%)
Total OPEB liability	\$ 59,373	\$ 56,003	\$ 52,771

Sensitivity of the net OPEB asset to the changes in the healthcare cost trend rates - The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current healthcare cost trend rates:

	1% Decrease (3.0%)	Healthcare Cost Trend (4.0%)	1% Increase (5.0%)
Total OPEB liability	\$ 49,886	\$ 56,003	\$ 63,195

**NOTE 9 – COMMITMENTS AND CONTINGENT LIABILITIES**

**Litigation, Claims and Assessments**

During a prior fiscal year, the District terminated its contract with the previous contractor for the Acreage Community Park South project. At September 30, 2021, the contract amount was \$3,752,535 and work completed was 3,534,367. The District has paid the contractor \$3,180,930 and \$353,437 is included in retainage payable at September 30, 2021. In February 2020, the contractor initiated a lawsuit against the District for breach of contract, claiming damages of \$950,000. The District has filed a counter-claim against the contractor and its bond surety for failure to perform as agreed. During the 2020 fiscal year, the District hired a replacement contractor to complete the project. Action on this item is still ongoing. The financial statements have not been adjusted in relation to this matter as the outcome cannot be determined.

There are various other claims and legal actions pending against the District for which no provision has been made in the financial statements. In the opinion of management and the District's attorneys, liabilities arising from these claims and legal actions, if any, will not have a material adverse effect on the financial condition of the District.

**Commitments**

In conjunction with a permit with the Village of Royal Palm Beach, the District has a cost-sharing agreement for aquatic vegetation and weed control relating to portions of the M-1 Canal. Under the agreement, the District agreed to pay its pro-rata share up to 50% of the total annual costs in those portions not to exceed \$32,100. In conjunction with this agreement, the District incurred costs of \$32,100 in the current fiscal year.

**NOTE 10 – LEASE COMMITMENTS**

The Board leases various equipment under operating leases. Lease expense for the fiscal years ended September 30, 2021 and 2020, totaled \$248,029 and \$200,299, respectively. The leases have different expiration dates ranging from March 2022 through October. Minimum future annual lease payments under these agreements for rent are as follows:

Year ending September 30:	
2022	\$ 202,426
2023	95,158
2024	5,740
2025	4,740
2026	4,740
Total lease payments	<u>312,804</u>

## **NOTE 11 – INTERLOCAL AGREEMENTS**

### **County**

In September 2019 the District entered an interlocal agreement with Palm Beach County whereby the District will continue to provide mowing and grading services within 60<sup>th</sup> St Segment and the County will reimburse the District for said services for a not to exceed amount of \$24,000 annually. The agreement renews automatically for a one year term after December 31, 2020 unless terminated or amended by either party. Pursuant to the agreement, the County was invoiced and paid \$24,000 during the current fiscal year.

### **Grants**

The District receives grant funding to finance certain improvements. In the event certain expenditures are found to be unqualified, the District would be required to refund the amounts.

## **NOTE 12 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance from independent third parties. Settled claims have not exceeded insurance coverage during the past three years.

## **NOTE 13 – OTHER EVENTS**

On March 29, 2019, the District accepted a conditional donation of 640 acres of land from GL Homes (“GL”) related to GL’s Indian Trails Grove development. The land was offered by GL as a public benefit in support of its request for a land use change on its planned development property. The deed to the District has been placed in escrow and actual conveyance of title will occur after the following conditions are met: 1) GL receives a final development order from Palm Beach County, 2) the District secures financing for construction of water control structures on the donated property, and 3) the District obtains the necessary permits for this water control area.

On February 7, 2019, the District signed an agreement with Palm Beach West Associates I, LLP, a land developer and subsidiary of GL Homes, that is expected to lead to the creation of a new unit of development within the District. The process of creating a new unit will begin with and is contingent on the filing of the first residential plat for this development.

## **NOTE 14 – SUBSEQUENT EVENTS**

### **Bond Issuance**

Subsequent to fiscal year end, the Board issued resolutions authorizing Bond issuance of up to \$22,745,000 and \$20,000,000 to finance improvements Units of Development 20 and R-3, respectively; however, the terms of the refinancing have not yet been established.

## **NOTE 15 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED**

### **GASB Statement No. 87 – Leases**

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. As amended by GASB statement No. 95, the requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

## **NOTE 15 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)**

### *GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period*

The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. As amended by GASB statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied prospectively. For construction-in-progress, interest cost incurred after the beginning of the first reporting period to which this Statement is applied should not be capitalized.

### *GASB 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 associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. As amended by GASB statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

### *GASB 92 – Omnibus 2020*

This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: effective date of GASB 87 for interim financial reports; intra-entity transfers between primary governments and component unit pension or OPEB plans; applicability of Statements No. 73 and 74 for reporting assets accumulated for postemployment benefits; applicability of certain requirements of GASB 84 to postemployment benefit arrangements; measurement of asset retirement obligations in government acquisitions; reporting by public entity risk pools for amounts recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements in authoritative literature and terminology used related to derivative instruments. As amended by GASB statement No. 95, the requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

### *GASB 93 – Replacement of Interbank Offered Rates*

This statement provides guidance where 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. As amended by GASB statement No. 95, the requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter.

## **NOTE 15 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)**

### *GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which 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 requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

### *GASB 96 – Subscription-Based Information Technology Arrangements*

This statement provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, Leases. The new statement defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

### *GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

This statement provides the following guidance: 1) increases 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) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and 3) addresses relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefit provided through those plans. The first two provisions of this statement are effective immediately. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

The District's management has not yet determined the effect these Statements will have on the District's financial statements.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL – SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budget Amount		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Assessments	\$ 11,531,290	\$ 11,531,290	\$ 11,751,440	\$ 220,150
License and Permits	-	-	128,015	128,015
Intergovernmental revenues	-	-	167,941	167,941
Charges for services	-	-	36,859	36,859
Miscellaneous income	305,000	305,000	219,599	(85,401)
Investment income	-	-	26,777	26,777
<b>Total revenues</b>	<b>11,836,290</b>	<b>11,836,290</b>	<b>12,330,631</b>	<b>494,341</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Personnel	6,685,432	6,473,749	6,371,480	102,269
Operating	5,467,342	6,917,972	6,778,580	139,392
Capital outlay	1,762,850	1,882,919	1,681,509	201,410
<b>Total expenditures</b>	<b>13,915,624</b>	<b>15,274,640</b>	<b>14,831,569</b>	<b>443,071</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,079,334)</b>	<b>(3,438,350)</b>	<b>(2,500,938)</b>	<b>937,412</b>
<b>OTHER FINANCING SOURCES</b>				
Transfer in/(out)	-	-	15,534	15,534
Use of fund balance	2,079,334	3,438,350	-	(3,438,350)
<b>Total other financing sources (uses)</b>	<b>2,079,334</b>	<b>3,438,350</b>	<b>15,534</b>	<b>(3,422,816)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(2,485,404)</b>	<b>\$ (2,485,404)</b>
Fund balances - beginning			<u>8,614,424</u>	
Fund balances - ending			<u>\$ 6,129,020</u>	

See notes to required supplementary information



**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL – SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

The District is required to establish a budgetary system and an approved Annual Budget for the special revenue fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control for the District is exercised at the object of expenditure level which is defined as personal services, operating expenditures, capital outlay and debt service. Transfers within an object of expenditure are approved at the administrative level. Transfers between objects of expenditure require Board of Supervisor approval. The Board must hold a public hearing for any transfer which exceeds the amount of an object of expenditure by 10%. The special revenue fund budget for the fiscal year ended September 30, 2021 was amended to increase appropriations and use of reserves by \$1,359,016. Total expenditures for the fiscal year ended September 30, 2021 did not exceed appropriations.

**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST-EMPLOYMENT BENEFITS  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY**

	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service cost	\$ 7,892	\$ 7,837	\$ 3,346	\$ 8,418
Interest	1,265	2,530	2,073	1,728
Difference between expected and actual experience	(510)	(1,622)	-	(721)
Assumption changes	1,114	(29,381)	(2,248)	(1,812)
Benefit payments and refunds	-	-	-	-
Net change in Total OPEB Liability	9,761	(20,636)	3,171	7,613
Total OPEB Liability - Beginning of Year	46,242	66,878	63,707	56,094
Total OPEB Liability - End of Year	\$ 56,003	\$ 46,242	\$ 66,878	\$ 63,707
<b>Net OPEB Liability</b>	\$ 56,003	\$ 46,242	\$ 66,878	\$ 63,707
Fiduciary net position as a % of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

*(1) GASB 75 requires information for 10 years. However, until a full ten-year trend is compiled, information will be presented for only those years which information is available.*

**Notes to Schedule:**

*Changes of assumptions:* The discount rate was changed as follows:

Fiscal year ending:	Discount Rate
9/30/2017	3.50%
9/30/2018	3.83%
9/30/2019	2.75%
9/30/2020	2.41%

**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FLORIDA RETIREMENT SYSTEM PENSION LIABILITY  
SEPTEMBER 30, 2021**

Schedule of District's Proportionate Share of Net Pension Liability  
Florida Retirement System Pension Plan  
Last 10 Years (Measurement Date) (1) (2)

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the FRS net pension liability	0.00954%	0.00838%	0.00733%	0.00664%	0.00658%	0.00674%	0.00678%	0.00647%
District's proportionate share of the FRS net pension liability	720,399	3,634,021	2,524,363	1,999,485	1,946,715	1,702,790	876,184	394,606
District's covered payroll	2,721,244	2,853,260	2,557,852	2,325,021	2,129,292	2,130,494	3,040,883	2,911,605
Liability as a percentage of covered payroll	26.47%	127.36%	98.69%	86.00%	91.43%	79.92%	28.81%	13.55%
FRS plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Schedule of District's Proportionate Share of Net Pension Liability  
Health Insurance Subsidy Pension Plan  
Last 10 Years (Measurement Date)\*

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the FRS net pension liability	0.01241%	0.01150%	0.01062%	0.01015%	0.01006%	0.01077%	0.01002%	0.01036%
District's proportionate share of the FRS net pension liability	1,522,835	1,404,029	1,188,111	1,073,912	1,075,562	1,254,873	1,022,221	968,376
District's covered payroll	2,721,244	2,853,260	2,557,852	2,325,021	2,129,292	2,130,494	3,040,883	2,911,605
Liability as a percentage of covered payroll	55.96%	49.21%	46.45%	46.19%	50.51%	58.90%	33.62%	31.26%
FRS plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

(1) The amounts presented for each year were determined as of the measurement date, June 30.  
(2) Information is not available for periods prior to 2014.

**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
FLORIDA RETIREMENT SYSTEM  
CONTRIBUTION SCHEDULES  
SEPTEMBER 30, 2021**

Schedule of District Contributions  
Florida Retirement System Pension Plan  
Last 10 Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 261,676	\$ 240,469	\$ 212,040	\$ 164,040	\$ 134,619	\$ 120,306	\$ 165,338	\$ 141,663
FRS contributions in relation to the contractually required contribution	(261,676)	(240,469)	(212,040)	(164,040)	(134,619)	(120,306)	(165,338)	(141,663)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,715,709	\$ 2,802,179	\$ 2,661,254	\$ 2,378,464	\$ 2,169,349	\$ 2,048,353	\$ 3,040,883	\$ 2,911,605
FRS contributions as a percentage of covered payroll	9.64%	8.58%	7.97%	6.90%	6.21%	5.87%	5.44%	4.87%

Schedule of District Contributions  
Health Insurance Subsidy Pension Plan  
Last 10 Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 45,081	\$ 46,516	\$ 44,177	\$ 39,483	\$ 36,011	\$ 34,003	\$ 38,315	\$ 35,479
HIS contributions in relation to the contractually required contribution	(45,081)	(46,516)	(44,177)	(39,483)	(36,011)	(34,003)	(38,315)	(35,479)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,715,709	\$ 2,802,179	\$ 2,661,254	\$ 2,378,464	\$ 2,169,349	\$ 2,048,353	\$ 3,040,883	\$ 2,911,605
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.22%

\*Information is not available for periods prior to 2014.

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## **OTHER INFORMATION**

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**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
SUPPLEMENTARY INFORMATION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Nonmajor Funds		Total Nonmajor Governmental Funds
	Debt Service 1996	Debt Service 1996 Unit 17	
<b>REVENUES</b>			
Assessments	\$ -	\$ 33,721	\$ 33,721
Investment income	-	23	23
Total revenues	-	33,744	33,744
<b>EXPENDITURES</b>			
Current:			
General government	-	3,482	3,482
Debt service:			
Principal	-	150,000	150,000
Interest	-	9,750	9,750
Total expenditures	-	163,232	163,232
Excess (deficiency) of revenues over (under) expenditures	-	(129,488)	(129,488)
<b>OTHER FINANCING SOURCES</b>			
Transfer out	(13,699)	(1,835)	(15,534)
Total other financing sources (uses)	(13,699)	(1,835)	(15,534)
Net change in fund balances	(13,699)	(131,323)	(145,022)
Fund balances - beginning	13,699	131,323	145,022
Fund balances - ending	\$ -	\$ -	\$ -

**INDIAN TRAIL IMPROVEMENT DISTRICT  
WEST PALM BEACH, FLORIDA  
OTHER INFORMATION – DATA ELEMENTS  
REQUIRED BY FL STATUTE 218.39(3)(C)  
UNAUDITED**

<u>Element</u>	<u>Comments</u>
Number of district employees compensated at 9/30/2021	77
Number of independent contractors compensated in September 2021	2
Employee compensation for FYE 9/30/2021 (paid/accrued)	\$4,399,996
Independent contractor compensation for FYE 9/30/2021	\$1,079,814
Construction projects to begin on or after October 1,2020 (>\$65K)	Not applicable
Budget variance report	See page 44
Ad Valorem taxes;	Not applicable
Millage rate FYE 9/30/2021	Not applicable
Ad valorem taxes collected FYE 9/30/2021	Not applicable
Outstanding Bonds:	Not applicable
Non ad valorem special assessments;	
Special assessment rate FYE 9/30/2021	Operations and maintenance - see table on pg 51
	Debt service - see table on page 51
Special assessments collected FYE 9/30/2021	\$13,593,517
Outstanding Bonds:	
2005 R2 Road Bond Due 8/1/2022	see Note 6 page 29 for details
2015 Unit 18 Bond Due 8/1/2031	see Note 6 page 29 for details

**INDIAN TRAIL IMPROVEMENT DISTRICT**

**FY2021 Unit Assessments Per Acre  
Maintenance and Debt**

Unit	Rate	Unit	Rate
1	561.00	10 Debt	71.14
1A	561.00	10A	561.00
2	561.00	10A Debt	113.83
2 Debt	69.57	12A	556.63
2A	561.00	12B	556.63
2A Debt	111.31	12C	556.63
3	561.00	13	561.00
3 Debt	73.67	13 Debt	69.99
3A	561.00	13A	561.00
3A Debt	117.87	13A Debt	111.99
4	561.00	14	561.00
4 Debt	70.36	14 Debt	71.99
4A	561.00	14A	561.00
4A Debt	112.58	14A Debt	115.18
5	561.00	17 - Crestwood	101.08
5 Debt	71.83	17 Debt - Crestwood	179.81
5A	561.00	18 G - Madison Green Golf Course	11.92
5A Debt	114.92	18G Debt - Madison Green Golf Course	169.96
6	556.63	18R - Madison Green Resid	32.92
6A	556.63	18R Debt - Madison Green Resid	469.35
7	561.00	18RD - Madison Green Resid (.22+)	65.84
7 Debt	71.95	18RD Debt - Madison Green Resid (.22+)	938.70
7A	561.00	19A - Shoppes at Indian Trail	191.20
7A Debt	115.12	M1S - Stonewall / Bay Hill	243.73
9	561.00	M2D - Dellwood	175.67
9 Debt	74.05	M2L - Las Flores Ranchos	175.67
9A	561.00	7M - Vila Nursery	180.03
9A Debt	118.48	1H - Acreage Pines	193.92
10	561.00	2K - Rustic Lakes/Kramer	180.03



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## **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**

To the Board of Supervisors  
Indian Trail Improvement District  
West Palm Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Trail Improvement District, West Palm Beach, Florida ("District") as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated March 17, 2022

**Internal Control Over Financial Reporting**

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

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 have not been identified. However, as described in the accompanying Management Letter, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

*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.*

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

*Law & Associates*

March 17, 2022



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY  
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors  
Indian Trail Improvement District  
West Palm Beach, Florida

We have examined Indian Trail Improvement District, West Palm Beach, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2021.

This report 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, management, and the Board of Supervisors of Indian Trail Improvement District, West Palm Beach, Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Grau & Associates*

March 17, 2022



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**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors  
Indian Trail Improvement District  
West Palm Beach, Florida

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of Indian Trail Improvement District, West Palm Beach, Florida ("District") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 17, 2022.

**Auditor's Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor'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 17, 2022, should be considered in conjunction with this management letter.

**Purpose of this Letter**

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. **Current year findings and recommendations.**
- II. **Status of prior year findings and recommendations.**
- III. **Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of Indian Trail Improvement District, West Palm Beach, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Indian Trail Improvement District, West Palm Beach, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

*Grau & Associates*

March 17, 2022

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

#### 2020-01: Internal Control Policies and Procedures

Current Status: Item has been resolved.

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted above.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2020, except as noted above.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2021.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2021.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2021. It is management's responsibility to monitor 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.

7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 50.