



TOWN OF INDIAN SHORES, FLORIDA

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2017

Davidson, Jamieson & Cristini, P.L.
Certified Public Accountants

TOWN OF INDIAN SHORES, FLORIDA
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2017

Prepared by the
Department of Finance

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

Patrick Soranno, Mayor

Diantha Schear, Vice Mayor

William F. Smith, Councilor

Michael Petruccelli, Councilor

Michael Hackerson, Councilor

Town Clerk

Stephanie V. Waters

Director of Finance

Susan L. Scrogam, CMC

Town Administrator

Bonnie Dhonau

Chief of Police

Terry Hughes

INTRODUCTORY SECTION

TOWN OF INDIAN SHORES, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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TOWN OF INDIAN SHORES, FLORIDA

LISTING OF TOWN OFFICIALS

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

Town Attorney	Regina Kardash
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DEPARTMENT DIRECTORS

Town Administrator	Bonnie Dhonau
Town Clerk	Stephanie V. Waters
Finance	Susan L. Scrogam, CMC
Chief of Police	Terry Hughes

FINANCIAL SECTION

This section contains the following subsections:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Combining and Individual Financial Statements
and Schedules

INDEPENDENT AUDITOR'S REPORT

Davidson, Jamieson & Cristini, P.L.

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Certified Public Accountants
Florida Institute of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund, and the aggregate remaining fund information of the Town of Indian Shores, Florida, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the AICPA Professional Standards, at Sections 601.55 and 601.56. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, in making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Indian Shores, Florida as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-15 and the schedule of net pension liabilities, ratios for the 185 pension plan, contributions and investment returns for the 185 pension plan, and the schedule of the Town's net pension 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 statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

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

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

Davidson, Jamison & Crisler, P.L.

August 28, 2018

MANAGEMENT'S DISCUSSION
AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

- (a) Assist the reader in focusing on the financial issues
- (b) Provide an overview of the Town's financial activity
- (c) Identify changes in the Town's financial position
- (d) Identify any material deviations from the financial plan (the approved budget)
- (e) Identify individual fund issues or concerns for the fiscal year ended September 30, 2017.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2017 the Town's assets exceeded its liabilities, resulting in *net* position of \$7,791,774 Of this amount, the *unrestricted net position* of \$2,800,123 can be used for any purpose that is approved by the Town Council. (The net position is calculated on a full accrual basis in accordance with GASB 34.)
- At September 30, 2017, the Town's governmental funds reported an ending fund balance of \$2,981,684 which is an *increase* of \$189,952 in comparison with the prior year. This increase is attributable primarily to the increased reimbursement from Pinellas County reported in the Capital Improvement Fund, for Gulf Boulevard beautification.
- During the year, the Town's governmental activities program revenues were \$823,216 compared to expenses of \$3,890,307 which means that **only 21.16% of expenses were paid for with program revenues.**
- On September 30, 2017, unassigned fund balance for the General Fund was \$1,598,598.
- Governmental fund overall revenues increased over fiscal year 2016 with a reported increase of \$698,130 or 19.85%. Ad Valorem increased by \$122,073 or 9.1%, Licenses and Permits decreased significantly by (\$215,229) or (52.15)%, Fines increased by \$12,303 or 35.5% and Miscellaneous Revenues decreased by (\$14,497) or (47.1)%, Intergovernmental Revenues from Pinellas County increased by \$815,422 or 178.45%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the *Statement of Net Position* and the *Statement of Activities* which presents information presenting how the Town's net position changed during the fiscal year; (2) Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds; and (3) Notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

1. The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
2. The *statement of activities* presents information showing how the government's net position changed during fiscal year 2017. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

The government-wide financial statements can be found on pages 16 - 17 of this report.

FUND FINANCIAL STATEMENTS

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

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

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

GOVERNMENTAL FUNDS

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

The Town adopts an annual budget for all funds and a budgetary comparison statement has been provided for these funds to demonstrate budgetary compliance.

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

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

The basic fiduciary fund financial statement can be found on pages 23 and 24 of this report.

NOTES TO FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 – 73 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, including progress of funding pensions and other postemployment benefits (OPEB) to its employees. This includes the general fund original budget and final budget in comparison to actual expenses.

The supplementary information for the fiduciary fund's individual fund schedule information is reported on pages 75 – 80 of this report. The supplementary information for the Other Post-Employment Benefits is reported on page 74.

CAPITAL ASSETS

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position - As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, total assets exceeded total liabilities by \$7,791,774 at the close of fiscal year ended September 30, 2017. The Town uses capital assets to provide services to citizens; therefore, these assets are not available for future spending, because the Town has no intention of selling these assets to generate spendable assets (i.e., cash). The following table reflects the condensed Statement of Net Position.

**Table 1
CONDENSED STATEMENT OF NET POSITION ,
As of September 30**

	Total Primary Government	
	2017	2016
Current and other Assets	\$ 3,304,467	\$ 2,943,426
Capital assets (net of Allowance)	10,165,547	10,183,372
Total Assets	13,321,014	13,126,798
Deferred Outflows of Resources	\$ 224,553	\$ 170,910
Current and other Liabilities	298,087	126,545
Compensated Absences	50,793	52,468
Long-Term Liabilities Outstanding:		
Due within one year	359,843	384,160
Due in more than one year	4,650,110	5,357,638
Total Liabilities	5,358,833	5,920,811
Deferred Inflows of Resources	\$ 394,960	\$ 0
Net Position:		
Net investment in capital assets	\$ 4,978,843	\$ 4,803,080
Restricted:		
Police Education	7,025	2,302
Police Equipment	5,783	5,783
Unrestricted	2,800,123	2,565,732
Total Net Position	\$ 7,791,774	\$ 7,376,897

For more detailed information see Statement of Net Position on Page 16.

Of the Town's total net position, 36.1 % represents resources that are unrestricted on how they may be used with 0.2% being subject to external restrictions.

The remaining portion of the Town's net position, or 63.9%, represents its investment in capital assets (e. g. land, building, improvements and equipment), less any related outstanding debt used to acquire those assets. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position \$2,800,123 may be used to meet the government's ongoing obligations to citizens and creditors.

STATEMENT OF ACTIVITIES

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

Table 2
TOWN OF INDIAN SHORES
CHANGES IN NET POSITION

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
REVENUES		
Program Revenues:		
Charge for Services	\$ 822,154	\$ 1,057,138
Capital Grants	1,062	1,077
Total Program Revenues	823,216	1,058,215
General Revenues:		
Property Taxes	1,463,462	1,341,389
Franchise Fees	249,439	249,676
Utility Taxes	383,919	374,928
State Revenue Sharing	32,859	31,827
Half-Cent Sales Tax	90,267	89,354
Local Option Gas Tax	24,943	24,731
Local Option Sales Tax	178,788	174,366
Communications Services Tax	129,358	127,913
Other Taxes	815,080	7,667
Investment Income	7,994	6,632
Miscellaneous	105,859	50,833
Total General Revenues	3,481,968	2,479,316
		1,341,389
EXPENSES		
General Government	713,386	980,918
Public Safety	1,444,470	1,416,864
Physical Environment	1,689,384	968,659
Culture and Recreation	43,067	41,333
Total Expenses	3,890,307	3,407,774
CHANGE IN NET POSITION	414,877	129,757
Net Position - Beginning of year	7,376,897	7,247,140
Net Position - End of year	\$ 7,791,774	\$ 7,376,897

GOVERNMENTAL ACTIVITIES

Governmental Activities increased the Town's net position by \$414,877. Key elements of this increase are as follows:

- Actual property tax revenue increased by 9.1% or \$122,073 compared to the prior year. A 7.31% increase in the existing property values and a millage rate of 1.8700 that was 7.21% above the Rolled-Back Rate of 1.7443.
- Governmental fund overall revenues increased over fiscal year 2016 with a reported increase of \$698,130 or 19.85%. Ad Valorem increased by \$122,073 or 9.1%, Licenses and Permits decreased significantly by (\$215,229) or (52.15)%, Fines increased by \$12,303 or 35.5% and Miscellaneous Revenues decreased by (\$14,497) or (47.1)%, Intergovernmental Revenues from Pinellas County increased by \$815,422 or 178.45%.
- Local Option Sales Tax increased 2.5% or \$4,422 over the prior year. Utility Taxes increased 2.4% or \$8,991 with the Communications Services Tax increasing 1.1% or \$1,445 over last year. The Utility Tax and 2.5% of the Communications Services Tax are utilized for the retirement of the long-term debt and interest for the placement of utilities underground within the Town.
- Program revenues decreased (\$234,999) primarily due to a decrease in building permits and with small increases in fines assessed by the Town and an increase in charges for Police services.
- **Overall revenues increased 19.85% or \$698,130** in comparison with the prior year along with an **increase of 14.16% in expenditures or \$482,533 due to Gulf Boulevard Beautification project** in comparison with the prior year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

GOVERNMENTAL FUNDS

The focus of the Town's governmental fund is to provide a detailed short-term view of the Town's general government operations. The information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's program. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2017, the Town’s governmental funds reported ending fund balances of \$2,981,684 an increase of \$189,952 in comparison with the prior year. There was an increase in revenue of \$698,130 compared to the previous year and expenditures increased by \$482,533.

INTERGOVERNMENTAL REVENUES					
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Half-Cent Sales Tax	\$ 90,267	\$ 89,354	\$ 92,759	\$ 81,803	\$ 79,780
State Revenue Sharing	\$ 32,859	\$ 31,827	\$ 31,259	\$ 30,188	\$ 30,074
Local Option Gas Tax	\$ 24,943	\$ 24,731	\$ 24,195	\$ 23,295	\$ 23,109
1 Cent Surtax - LOST	\$178,788	\$174,366	\$178,937	\$142,068	\$145,686

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

Unassigned fund balance is \$1,598,598 and is available for spending at the Town’s discretion.

The remainder of the fund balance \$1,383,086 is non-spendable, restricted or committed and not available for new spending and is detailed on page 57 along with the Reserved Pension Trust Funds.

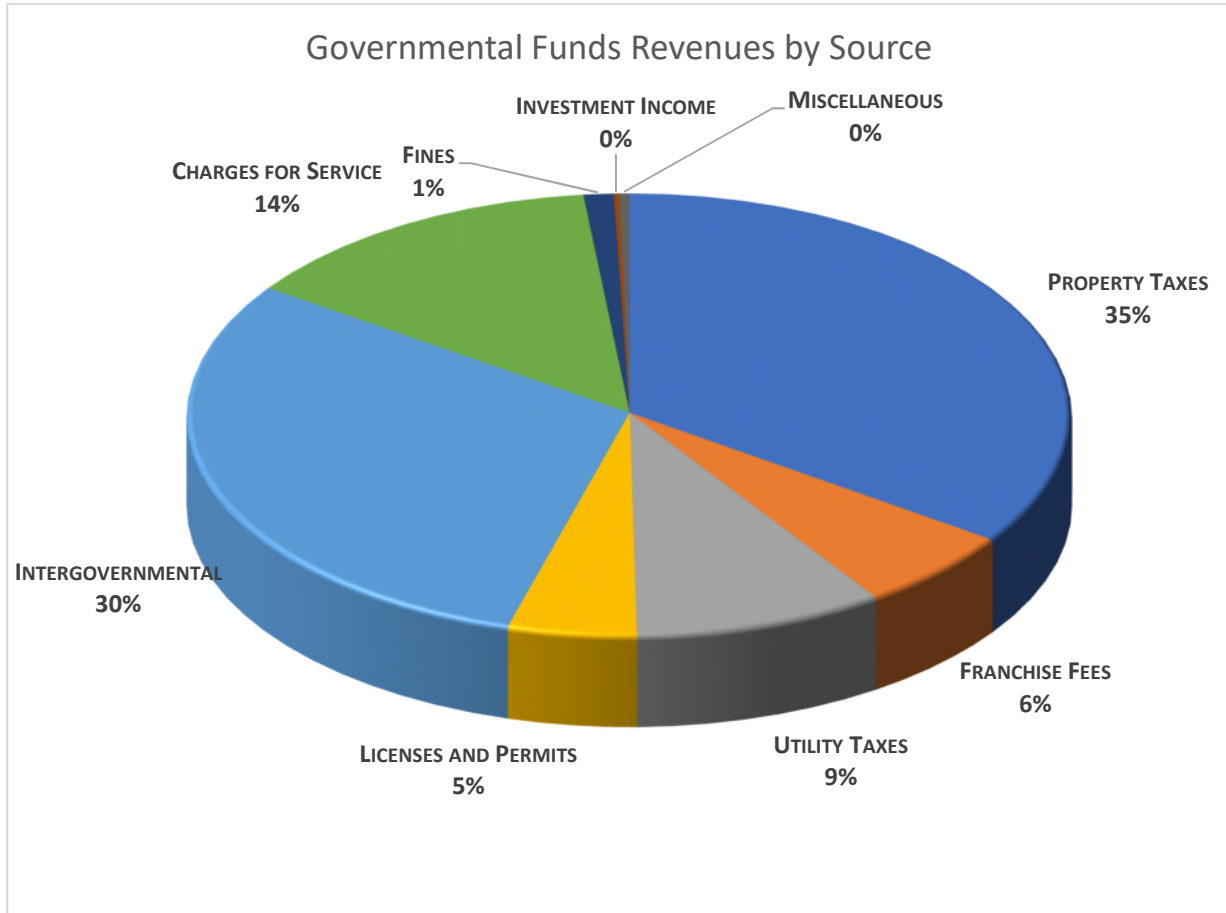
- The total governmental fund expenditures are 52.82% compared to total net position.

CALCULATION OF ALLOWABLE MAXIMUM MILLAGE

The rolled back rate is the rate that would generate approximately the same tax dollars as the previous year with the same properties (1.7443). During 2017 the Town was required to calculate and disclose the allowable Maximum Millage Levy Calculation. The current year rolled-back rate is allowed to be adjusted by the growth or loss in per capita Florida personal income that is certified by the Department of Revenue which was **1.0311%**. The **majority vote** maximum millage rate allowed for the Town of Indian Shores was 2.457. With a **two-thirds vote** the maximum millage rate allowed would have been 2.7027. **The Town Council approved a rate of 1.8700 per \$1,000 of valuation** which was 7.21% **more than** the rolled back rate of **1.7443**.

For the Fiscal 2017/2018 year the maximum millage rate that can be levied will be calculated much the same as in FY 2016/2017 subject to any legislative changes.

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



GOVERNMENTAL FUNDS - BUDGETARY HIGHLIGHTS

There was one amendment to the original budget to the final budget as follows:

Budget Amendment # 1 was authorized by Resolution No. 23 – 2017

- Police – Personal Services \$67,965

The Police department required additional funds to cover overtime salaries and related payroll taxes and costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS - GOVERNMENTAL FUNDS

The Town's investment in capital assets for its governmental activities as of September 30, 2017 amounts to \$10,016,547 net of accumulated depreciation. This investment in capital assets includes land, building, improvements other than buildings, and equipment.

		Governmental Activities	
		<u>2017</u>	<u>2016</u>
Land	\$ 827,462	\$ 827,462	
Buildings	5,345,398	5,345,398	
Improvements other than Buildings	9,564,501	9,186,704	
Equipment	<u>741,914</u>	<u>739,112</u>	
Less Accumulated Depreciation	<u>(6,462,728)</u>	<u>(5,915,304)</u>	
Totals	<u>\$ 10,016,547</u>	<u>\$ 10,183,372</u>	

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

LONG-TERM DEBT

At the end of Fiscal Year 2017, the Town had no outstanding general obligation bonds.

On October 6, 2015 the Town approved a loan agreement for \$4,794,532 for the purpose of undergrounding utilities within the Town. The Revenue Note Series 2015 refunded Revenue Bonds Series 2005A.

	<u>Governmental Activities</u>
Revenue Note - Principal	<u>\$ 3,884,660</u>

During Fiscal Year 2016/2017 the Town paid \$206,936 towards retirement of Principal and \$143,573 for interest and fees paid semi-annually in February and August.

On September 27, 2012 the Town refinanced Municipal Revenue Bonds in the amount of \$1,820,000 that was utilized for the construction of a new Municipal Center. During Fiscal Year 2016/2017 the Town paid \$135,652 towards retirement of the Principal and \$36,431 for Interest payments. Debt payments are paid monthly and there is no pre-payment penalty after five-years from the date of issue.

	<u>Governmental Activities</u>
Revenue Note - Principal	<u>\$ 1,153,044</u>

The Town has recorded a liability for compensated absences in the amount of \$69,021.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the County at September 30, 2017 was 3.5 percent which represents a decrease of 20.5 percent from the prior year. The State rate of unemployment was 3.9 percent as of September 30, 2017.
- The Town of Indian Shores is primarily a residential community with less than 16 percent of properties currently claiming Homestead Exemption. Latest report shows 439 out of 2802 parcels.
- The Town of Indian Shores witnessed new construction costs estimated value of \$6,185,750 for the fiscal year ended September 2017. Permit Fees totaled over \$196,628 during this time. Due to new construction and increasing values, the Town is in good condition to raise sufficient tax revenue in FY2018 to meet projected expenditures without utilizing reserves. With new construction and increased issuances of Certificates of Occupancy and assessed values of real property continuing to increase well into 2018, the Town's ability to provide salary and benefit increases is likely.
 - The Town issued Revenue Bonds in February 2005 to place all utilities in Town underground with construction being completed in September 2008, that carried an initial locked in rate for 10 years. In FY 2016 the Town was able to refinance those bonds at a more favorable interest rate and make a principal reduction payment of \$542,550
 - This financial report is designed to present users with a general overview of the Town's finances to all those interested in the government finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Town's Finance Officer at 19305 Gulf Blvd., Indian Shores, Florida 33785 or email: sscrogham@myindianshores.com.

BASIC FINANCIAL STATEMENTS

This section contains the following subsections:

Government-Wide Financial Statements

Statement of Net Position

Statement of Activities

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet - Governmental Funds

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

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

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

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

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position - Fiduciary Fund

Statement of Changes in Fiduciary Net Position - Fiduciary Fund

Notes to Financial Statements

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

ASSETS	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 2,088,592
Investments	1,055,398
Receivables (net of allowance for uncollectibles)	148,126
Prepaid items	12,351
Capital Assets:	
Land	827,462
Buildings	5,345,398
Improvements other than buildings	9,564,501
Equipment	741,914
Accumulated depreciation	<u>(6,462,728)</u>
Total Assets	<u>13,321,014</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension plan	224,553
LIABILITIES	
Accounts payable	271,990
Accrued payroll	50,793
Accrued interest payable	26,097
Noncurrent liabilities:	
Due within one year	359,843
Due in more than one year	4,650,110
Total Liabilities	<u>5,358,833</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pension plan	394,960
NET POSITION	
Net investment in capital assets	4,978,843
Restricted for:	
Police education	7,025
Police equipment	5,783
Unrestricted	<u>2,800,123</u>
Total Net Position	\$ <u><u>7,791,774</u></u>

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Primary Government</u>
Function/Program Activities	
General government	\$ 713,386
Public Safety	1,444,470
Physical environment	1,689,384
Culture and recreation	<u>43,067</u>
Total program expenses	<u>3,890,307</u>
Program Revenues:	
Charges for services	822,154
Capital grants and contributions	<u>1,062</u>
Total program revenues	<u>823,216</u>
Net program expenses	3,067,091
GENERAL REVENUES:	
Taxes:	
Property taxes	1,463,462
Franchise fees	249,439
Utility taxes	383,919
Intergovernmental Revenue:	
State revenue sharing	32,859
Half-cent sales tax	90,267
Local option gas tax	24,943
Local option sales tax	178,788
Communications tax	129,358
Other taxes	815,080
Investment income	7,994
Miscellaneous	<u>105,859</u>
Total General Revenues	<u>3,481,968</u>
Change in net position	414,877
Net Position - Beginning	<u>7,376,897</u>
Net Position - Ending	<u>\$ 7,791,774</u>

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

ASSETS

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,575,057	\$ 444,158	\$ 69,377	\$ 2,088,592
Investments	1,055,398	-	-	1,055,398
Receivables (net of allowance for uncollectible accounts):				
Taxes:				
Franchise	25,772	-	-	25,772
Utility	47,540	-	-	47,540
Intergovernmental:				
State	42,443	-	-	42,443
County	-	28,273	4,098	32,371
Prepaid items	12,351	-	-	12,351
TOTAL ASSETS	\$ <u>2,758,561</u>	\$ <u>472,431</u>	\$ <u>73,475</u>	\$ <u>3,304,467</u>

LIABILITIES AND FUND BALANCE

LIABILITIES:				
Accounts payable	\$ 271,990	\$ -	\$ -	\$ 271,990
Accrued payroll	50,793	-	-	50,793
TOTAL LIABILITIES	322,783	-	-	322,783
FUND BALANCE:				
Nonspendable	12,351	-	-	12,351
Restricted	12,808	472,431	73,475	558,714
Committed	125,147	-	-	125,147
Assigned	772,398	-	-	772,398
Unassigned	1,513,074	-	-	1,513,074
TOTAL FUND BALANCE	<u>2,435,778</u>	<u>472,431</u>	<u>73,475</u>	<u>2,981,684</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>2,758,561</u>	\$ <u>472,431</u>	\$ <u>73,475</u>	\$ <u>3,304,467</u>

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

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

SEPTEMBER 30, 2017

Fund balances - total governmental funds \$ 2,981,684

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 16,519,143	
Less accumulated depreciation	<u>(6,502,596)</u>	
		10,016,547

Deferred outflows of resources related to pension plans 224,553

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

Other postemployment benefits payable	(40,511)	
Accrued interest payable	(26,097)	
2012 Revenue note payable	(1,153,044)	
2015 Revenue note payable	(3,884,660)	
Net pension liability (asset)	137,283	
Compensated absences	<u>(69,021)</u>	
		<u>(5,036,050)</u>

Deferred inflows of resources related to pension plans (394,960)

Net position of governmental activities \$ 7,791,774

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	General Fund	Capital Improvements Fund	Other Governmental Fund	Total
REVENUES:				
Taxes:				
Ad valorem	\$ 1,463,462	\$ -	\$ -	\$ 1,463,462
Franchise taxes	249,439	-	-	249,439
Utility taxes	383,919	-	-	383,919
Licenses and permits	197,478	-	-	197,478
Intergovernmental	248,634	980,462	43,261	1,272,357
Charges for services	528,323	-	49,390	577,713
Fines	46,963	-	-	46,963
Interest	7,994	-	-	7,994
Miscellaneous	16,288	-	-	16,288
	3,142,500	980,462	92,651	4,215,613
TOTAL REVENUES				
EXPENDITURES:				
Current:				
General government	1,012,943	-	-	1,012,943
Public safety	1,470,583	36,177	-	1,506,760
Physical environment	231,402	732,486	103,832	1,067,720
Culture and recreation	5,217	-	-	5,217
Debt service:				
Principal	-	342,589	-	342,589
Interest	-	180,003	-	180,003
	2,720,145	1,291,255	103,832	4,115,232
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	422,355	(310,793)	(11,181)	100,381
OTHER FINANCING SOURCES (USES):				
Proceeds from insurance	89,571	-	-	89,571
Transfers in	-	383,272	43,130	426,402
Transfers (out)	(426,402)	-	-	(426,402)
	(336,831)	383,272	43,130	89,571
TOTAL OTHER FINANCING SOURCES (USES)				
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	85,524	72,479	31,949	189,952
FUND BALANCE, OCTOBER 1	2,350,254	399,952	41,526	2,791,732
FUND BALANCE, SEPTEMBER 30	\$ 2,435,778	\$ 472,431	\$ 73,475	\$ 2,981,684

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

Net change in fund balances - total governmental funds \$ 189,952

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

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

Expenditures for capital assets	\$ 444,383	
Less current year depreciation	<u>(610,310)</u>	
		(165,927)

Deferred outflows of resources related to pension plans		53,643
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Other post-employment benefit costs	-	
Change in compensated absences	13,398	
Principal payment on 2012 revenue note	135,652	
Principal payment on 2015 revenue note	206,936	
Change in accrued interest expense	1,222	
Change in net pension liability	375,859	
Loss on disposal of capital assets	<u>(898)</u>	
		<u>732,169</u>

Deferred inflows of resources related to pension plans		(394,960)
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Change in net position of governmental activities		<u>\$ 414,877</u>
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See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

GENERAL FUND

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		With Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes:				
Ad valorem	\$ 1,467,142	\$ 1,467,142	\$ 1,463,462	\$ (3,680)
Franchise taxes	248,000	248,000	249,439	1,439
Utility tax	322,800	322,800	383,919	61,119
Licenses and permits	141,000	141,000	197,478	56,478
Intergovernmental	245,602	245,602	248,634	3,032
Charges for services	513,398	513,398	528,323	14,925
Fines	37,098	37,098	46,963	9,865
Interest	3,000	3,000	7,994	4,994
Miscellaneous	5,901	5,901	16,288	10,387
Total Revenues	<u>2,983,941</u>	<u>2,983,941</u>	<u>3,142,500</u>	<u>158,559</u>
Expenditures:				
Current:				
General Government:				
Legislative	67,000	67,000	69,097	(2,097)
Financial and administrative	796,829	807,038	795,491	11,547
Facilities maintenance	144,301	150,926	148,355	2,571
	<u>1,008,130</u>	<u>1,024,964</u>	<u>1,012,943</u>	<u>12,021</u>
Public Safety:				
Police	1,192,653	1,262,282	1,252,732	9,550
Protective inspections	205,296	224,633	217,851	6,782
	<u>1,397,949</u>	<u>1,486,915</u>	<u>1,470,583</u>	<u>16,332</u>
Physical Environment:				
Public Service	216,078	253,483	231,402	22,081
	<u>216,078</u>	<u>253,483</u>	<u>231,402</u>	<u>22,081</u>
Culture and Recreation:				
Library	5,550	5,550	5,217	333
	<u>5,550</u>	<u>5,550</u>	<u>5,217</u>	<u>333</u>
Total Expenditures	<u>2,627,707</u>	<u>2,770,912</u>	<u>2,720,145</u>	<u>50,767</u>
Excess of Revenues Over (Under) Expenditures	<u>356,234</u>	<u>213,029</u>	<u>422,355</u>	<u>209,326</u>
Other Financing Sources (Uses):				
Proceeds from insurance	5,000	80,240	89,571	84,571
Transfer (out) - Road and Bridge Fund	(43,130)	(43,130)	(43,130)	-
Transfer (out) - Capital Improvements Fund	(361,236)	(361,236)	(383,272)	(22,036)
Total Other Financing Sources (Uses)	<u>(399,366)</u>	<u>(324,126)</u>	<u>(336,831)</u>	<u>62,535</u>
Net Change in Fund Balance	(43,132)	(111,097)	85,524	196,621
Fund Balance, Beginning of Year	<u>2,350,254</u>	<u>2,350,254</u>	<u>2,350,254</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,307,122</u>	<u>\$ 2,239,157</u>	<u>\$ 2,435,778</u>	<u>\$ 196,621</u>

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

SEPTEMBER 30, 2017

Assets

	<u>Public Safety Pension Fund</u>
Receivables:	
Employer contributions	\$ 37,693
State excise tax rebate	15,691
Participant contributions	191
Investment income	<u>5,329</u>
Total receivables	58,904
Investments at fair value:	
Government obligations	26,345
Corporate obligations	446,369
Municipal bonds	83,026
Domestic stock	2,024,746
Foreign stock	204,228
Temporary investments	<u>398,404</u>
Total investments	<u>3,183,118</u>
Total assets	3,242,022

Liabilities

Accounts payable	<u>7,945</u>
Net position restricted for pension benefits	<u>\$ 3,234,077</u>

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Public Safety Pension Fund</u>
ADDITIONS:	
Contributions:	
Employer	\$ 95,637
Plan members	<u>32,715</u>
Total Contributions	128,352
Intergovernmental revenue:	
State excise tax rebate	15,691
Investment earnings:	
Interest/dividends	53,486
Net appreciation (depreciation) in fair value of investments	<u>347,112</u>
Investment earnings	400,598
Less investment expenses	<u>20,929</u>
Net investment earnings	<u>379,669</u>
Total additions	523,712
DEDUCTIONS:	
Benefits	
Age and service	83,981
Disability	11,174
Refund of contributions	6,962
Administrative expenses	<u>11,473</u>
Total deductions	<u>113,590</u>
Net increase in net position	410,122
Net position restricted for pension benefits:	
Beginning of year	<u>2,823,955</u>
End of year	<u>\$ 3,234,077</u>

See Notes to Financial Statements.

NOTES TO
FINANCIAL STATEMENTS

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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

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

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

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

Additionally, the Town reports the following fund type:

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Establishment/Elimination of Funds

No funds were established or eliminated during the fiscal year ended September 30, 2017.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position/Equity:

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

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

The tax levy of the Town is established by the Town Council prior to October 1 of each year and the Pinellas County Property Appraiser incorporates the Town's millages into the total tax levy, which includes the Pinellas County School Board tax requirements. The Town is permitted by state law to levy taxes up to ten mills of assessed valuation, exclusive of taxes levied for the payment of bonds. The 2017 millage rate assessed by the Town was 1.8700.

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

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

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

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

a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or

b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances.

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

Fund Balance/ Net Position Policy

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

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

This Fund Balance/Net Position Policy establishes:

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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

RESTRICTED

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

COMMITTED

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

ASSIGNED

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

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

UNASSIGNED

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

UNASSIGNED (Continued)

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

NON-SPENDABLE

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

MINIMUM LEVEL OF UNASSIGNED FUND BALANCE

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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

Accrued Leave - Regular, full-time, permanent employees (general employees) earn vacation, sick leave, holidays and, prior to October 1, 1988 and after June 13, 1991, compensatory time, starting with the first day of employment. Part-time and temporary employees do not earn or accrue any vacation, sick leave or any other leave, except as may be approved by the Town Council.

Vacation Leave:

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

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

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

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

Sick Leave:

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

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

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

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

Compensatory Time:

Compensatory time (comp time) is earned at a maximum rate of one and one-half hours of comp time for each hour of overtime and for general employees may be carried forward from one calendar year to the next. The maximum amount of comp time that can be accrued by a general employee is two hundred and forty hours. In accordance with their union agreement, police officers are paid overtime for any hours worked over eighty hours biweekly and do not earn comp time. The Town Administrator, Town Clerk, Director of Finance and Personnel, and all Department Heads are not eligible to earn comp time.

Accrued comp time can be converted to a monetary payment only when an employee terminates, and only if the Department Head is unable to give said employee an adequate number of paid hours off.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

1. Summary of Significant Accounting Policies (Continued)

Net Position:

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

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.

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

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

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

Fund Balance:

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Subsequent Events - Management has adopted the provisions set forth in GASB Statement No. 56, *Subsequent Events*, and considered subsequent events through the date of the audit report.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

2. **Stewardship, Compliance, and Accountability**

Budget Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and the enterprise funds and are controlled on a fund and department level. On or before May 31 of each year, all departments of the Town submit requests for appropriation to the Finance Officer so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. All annual appropriations lapse at fiscal year-end.

The proposed budget is presented by the Mayor to the Town Council for review on or before July 1. The Town Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Finance Officer or the revenue estimates must be changed by an affirmative vote of a majority of the Town Council.

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

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

3. **Cash and Cash Equivalents**

The Town maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents". In addition, investments are separately held by several of the Town's funds.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

4. Deposits

At year-end the carrying amount of the Town's deposits was \$2,088,592 and the bank balance was \$1,950,511. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Security for Public Deposits Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default.

5. Investments

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

Investments held by Town:	<u>Fair Value</u>	<u>Bond Rating</u>	<u>Weighted Average Duration in Years</u>
Florida Cooperative Liquid Asset Securities System	\$ 56,167	N/A	N/A
FMIVT Portfolio	999,231	N/A	N/A
Investments held by Pension Trust Fund:			
Domestic Stock	2,024,746	N/A	N/A
Foreign Stock	204,228	N/A	N/A
Corporate Obligations	446,369	AA	3.81
Municipal Bonds	83,026	AA	2.74
Government obligations	26,345	N/A	N/A
Temporary Investments	<u>398,404</u>	AA	N/A
Total investments	<u>\$ 4,238,516</u>		

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

5. Investments (Continued)

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

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

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

Policemen's Pension Fund

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

Investments in foreign securities are denominated in United States currency.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

6. Investment Measurement at Fair Value

Fair Value Hierarchy

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

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

6. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

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

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

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

The Plan categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following total recurring fair value measurements as of September 30, 2017 and 2016:

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

6. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

6. Investment Measurement at Fair Value (Continued)

Fair Value Hierarchy (Continued)

	September 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Government obligations	\$ 26,345	\$ -	\$ 26,345	\$ -
Corporate obligations	446,369	-	446,369	-
Municipal bonds	83,026	-	83,026	-
Domestic stocks	2,024,746	2,024,746	-	-
Foreign stocks	204,228	204,228	-	-
Temporary investments	398,404	398,404	-	-
Florida Cooperative Liquid Assets Securities System	56,167	-	56,167	-
FMIVT portfolio	999,231	-	999,231	-
Total investment measured by fair value level	\$ <u>4,238,516</u>	\$ <u>2,627,378</u>	\$ <u>1,611,138</u>	\$ <u>-</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

7. Receivables

Receivables at September 30, 2017, consist of the following:

	<u>General Fund</u>	<u>Pension Trust Fund</u>	<u>Capital Improvement Fund</u>	<u>Road and Bridge Fund</u>	<u>Total</u>
Receivables:					
Taxes	\$ 73,312	\$ -	\$ -	\$ -	\$ 73,312
Accounts	-	43,213	-	-	43,213
Intergovernmental	<u>42,443</u>	<u>15,691</u>	<u>28,273</u>	<u>4,098</u>	<u>90,505</u>
Gross receivables	115,755	58,904	28,273	4,098	207,030
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 115,755</u>	<u>\$ 58,904</u>	<u>\$ 28,273</u>	<u>\$ 4,098</u>	<u>\$ 207,030</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

8. Capital Assets

Capital assets activity for the year ended September 30, 2017 was as follows:

<u>Governmental activities:</u>	<u>Balance October 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2017</u>
Capital assets, not being depreciated:				
Land	\$ 827,462	\$ -	\$ -	\$ 827,462
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	827,462	-	-	827,462
Capital assets, being depreciated:				
Buildings	5,345,398	-	-	5,345,398
Improvements other than buildings	9,186,704	401,713	(23,916)	9,564,501
Equipment	<u>739,112</u>	<u>42,670</u>	<u>(39,868)</u>	<u>741,914</u>
Total capital assets, being depreciated	15,271,214	444,383	(63,784)	15,651,813
Less accumulated depreciation for:				
Buildings	(749,665)	(111,991)	-	(861,656)
Improvements other than buildings	(4,618,706)	(452,314)	23,018	(5,048,002)
Equipment	<u>(546,933)</u>	<u>(46,005)</u>	<u>39,868</u>	<u>(553,070)</u>
Total accumulated depreciation	<u>(5,915,304)</u>	<u>(610,310)</u>	<u>62,886</u>	<u>(6,462,728)</u>
Total capital assets, being depreciated, net	<u>9,355,910</u>	<u>(165,927)</u>	<u>(898)</u>	<u>9,189,085</u>
Governmental activities				
Capital assets, net	<u>\$ 10,183,372</u>	<u>\$ (165,927)</u>	<u>\$ (898)</u>	<u>\$ 10,016,547</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

8. Capital Assets (Continued)

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

Governmental activities:

General government	\$	114,656
Public safety		14,922
Physical environment		442,882
Culture and recreation		<u>37,850</u>
Total depreciation expenses - governmental activities	\$	<u><u>610,310</u></u>

9. Interfund Transfers

Transfers were made from the General Fund to subsidize the budgeted operations of the other funds for the fiscal year ended September 30, 2017 as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ -	\$ 426,402
Road and Bridge Fund	43,130	-
Capital Improvement Fund	<u>383,272</u>	<u>-</u>
Total	<u><u>\$ 426,402</u></u>	<u><u>\$ 426,402</u></u>

10. Risk Management

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

11. Long-Term Debt

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended September 30, 2017 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Compensated absences	\$ 82,419	\$ 111,680	\$ 125,078	\$ 69,021	\$ 17,255
Other postemployment benefits	40,511	-	-	40,511	-
Revenue note, 2012	1,288,696	-	135,652	1,153,044	135,652
Revenue note, 2015	4,091,596	-	206,936	3,884,660	206,936
Net pension liability	<u>238,576</u>	<u>-</u>	<u>375,859</u>	<u>(137,283)</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 5,741,798</u>	<u>\$ 111,680</u>	<u>\$ 843,525</u>	<u>\$ 5,009,953</u>	<u>\$ 359,843</u>

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

11. Long-Term Debt (Continued)

Changes in long-term liabilities (Continued)

Revenue Note, Series 2015

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

Term:	October 8, 2015 through February 1, 2030
Annual Principal Payments:	\$206,936 to \$363,370
Interest Rate:	3.60%
Amount outstanding at September 30, 2017:	<u>\$ 3,884,660</u>

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
2018	\$ 206,936	\$ 134,784
2019	244,943	126,067
2020	255,450	117,060
2021	265,834	112,462
2022-2026	1,476,107	411,976
2027-2030	<u>1,435,390</u>	<u>70,388</u>
	<u>\$ 3,884,660</u>	<u>\$ 972,737</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

11. Long-Term Debt

Changes in long-term liabilities (Continued)

Revenue Note, Series 2012

On September 19, 2012, the Town Council adopted Resolution 8-2012 to approve a loan agreement with SunTrust Bank providing for a \$1,820,000 loan to refinance the series 2010 revenue note at a reduced interest rate.

SunTrust Loan Agreement

Term:	September 1, 2012 through March 1, 2026
Amount borrowed:	\$1,820,000
Principal payments:	\$11,304 monthly
Interest rate:	2.93%
Amount outstanding at September 30, 2017	<u>\$ 1,153,044</u>

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
2018	\$ 135,652	\$ 32,402
2019	135,652	28,372
2020	135,652	24,409
2021	135,652	20,312
2022-2026	<u>610,436</u>	<u>41,560</u>
	<u>\$ 1,153,044</u>	<u>\$ 147,055</u>

12. Reserved Net Position

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

Policemen's Pension Fund	\$ <u>3,234,077</u>
Net position restricted for pensions	\$ <u><u>3,234,077</u></u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

13. Details of Constraints on Fund Balances of Governmental Funds

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Road and Bridge Fund</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Prepays	\$ 12,351	\$ -	\$ -	\$ 12,351
Restricted for:				
Police education	7,025	-	-	7,025
Police equipment	5,783	-	-	5,783
Capital projects	-	472,431	73,475	545,906
Committed to:				
Insurance deductible	31,500	-	-	31,500
Beautification	18,806	-	-	18,806
Public works equipment	52,841	-	-	52,841
Beach cleanup	22,000	-	-	22,000
Assigned:				
MuniCenter	469,700	-	-	469,700
Landscaping/grounds/parking lots	61,833	-	-	61,833
Nature park & beach accesses	85,000	-	-	85,000
Public services equipment	70,341	-	-	70,341
Debt service	85,524	-	-	85,524
Unassigned:	<u>1,513,074</u>	<u>-</u>	<u>-</u>	<u>1,513,074</u>
Total fund balances	<u>\$ 2,435,778</u>	<u>\$ 472,431</u>	<u>\$ 73,475</u>	<u>\$ 2,981,684</u>

14. Budgetary - GAAP Reporting Reconciliation

The accompanying financial statements present comparisons of the legally adopted budget with actual data on a GAAP (generally accepted accounting principles) basis. Accounting principles applied by the Town for purposes of developing data on a budgetary basis did not differ significantly from those used to present financial statements in conformity with generally accepted accounting principles for the year ended September 30, 2017.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

15. Contingent Liabilities

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

The Town did not receive federal grant funds during the fiscal year ended September 30, 2017, and is not, therefore, subject to the program compliance audit by the grantee under the Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations".

The Town has not entered into any operating leases with scheduled rent increases as of September 30, 2017.

16. Postemployment Benefits

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

17. Defined Benefit Plan

Plan Description:

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

17. Defined Benefit Plan (Continued)

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

<u>September 30,</u>	<u>2017</u>
Retirees and beneficiaries currently receiving benefits	<u>4</u>
Terminated plan members entitled to but not yet receiving benefits	<u>-</u>
Active plan members:	
Fully vested	6
Nonvested	<u>5</u>
Total	<u>11</u>

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

17. Defined Benefit Plan (Continued)

The Plan has not issued a stand-alone financial report for the year ended September 30, 2017.

Basis of Accounting:

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

New Accounting Pronouncements - The GASB has issued the following statement which became effective for fiscal year 2016.

Statement No. 68, "Accounting and Financial Reporting for Pensions" - This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date.

Government Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application" requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported in certain entities that calculate net asset value per share (or its equivalent).

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

17. Defined Benefit Plan (Continued)

Asset Allocation - The Plan's adopted asset allocation policy as of September 30, 2017 is as follows:

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

Rate of Return - For the year ended September 30, 2017, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 13.37 percent adjusted for the changing amounts actually invested.

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

Funding Policy:

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

17. Defined Benefit Plan (Continued)

The annual required contribution for the current year was determined as part of the September 30, 2017 (most recent) actuarial valuation using the frozen entry age actuarial cost method. The actuarial assumptions included (a) 7.0% reinvestment rate of return (net of administrative expenses) and (b) projected salary increases based on credited service. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at October 1, 2014 was 27 years.

18. Net Pension Liability of the Town

The Town's pension liability on September 30, 2017 was as follows:

Total pension liability	\$ 3,096,794
Plan fiduciary net position	<u>(3,234,077)</u>
Town's net pension liability (asset)	<u>\$ (137,283)</u>
Total pension liability (asset)	(104.43%)

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

18. Net Pension Liability of the Town (Continued)

Actuarial Assumptions:

Inflation	3.0%
Salary increases	5.50% - 10.0%
Investment rate of return	7.0%

Mortality rate: RP-2000 Table - Sex Distinct.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

<u>Target Allocation</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
55%	Domestic equity	8.5%
10%	International equity	7.5%
<u>35 %</u>	Broad market fixed income	2.5 %
<u><u>100%</u></u>		

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

18. Net Pension Liability of the Town (Continued)

Discount rate:

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Town's net pension liability (asset)	\$ <u>236,381</u>	\$ <u>(137,283)</u>	\$ <u>(450,209)</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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

For the year ended September 30, 2017, the Town will recognize a pension expense of \$76,786.

On September 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual	\$ 311,790	\$ 285,440
Changes of assumptions	(87,237)	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>109,520</u>
Total	<u>\$ 224,553</u>	<u>\$ 394,960</u>

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

Year ended September 30:

2017	\$ 28,913
2018	28,912
2019	28,912
2020	28,912
2021	28,912
Thereafter	25,846

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

20. Schedule of Investment and Administrative Expenses - Chapter 185

Pension Plan

The schedule of investment and administrative expenses , investment income and investment cost and fair value of the Policemen’s Pension Trust Fund for the fiscal year ended September 30, 2017 is as follows:

	Investment Expenses	Administrative Expenses
Legal fees	\$ -	\$ 8,796
Insurance	-	2,677
Custodial fees	1,319	-
Investment management fees	19,610	-
Total	\$ 20,929	\$ 11,473

Appreciation (Depreciation) in Fair Value
of Investments

Investment Type	Realized Appreciation (Depreciation)	Unrealized Appreciation (Depreciation)	Total
Government obligations	\$ -	\$ (115)	\$ (115)
Corporate obligations	345	8,136	8,481
Municipal bonds	750	7,831	8,581
Domestic stock	102,654	204,519	307,173
Foreign stock	7,734	15,258	22,992
Total	\$ 111,483	\$ 235,629	\$ 347,112

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

21. Investments

The Plan's investments at both fair value and adjusted cost as of September 30, 2017 are summarized as follows:

<u>Investment</u>	<u>Cost</u>	<u>Fair Value</u>
Government obligations	\$ 26,460	\$ 26,345
Corporate obligations	438,233	446,369
Domestic stock	1,383,122	2,024,746
Foreign stock	188,969	204,228
Municipal bonds	75,195	83,026
Temporary investments	<u>398,404</u>	<u>398,404</u>
Total	<u>\$2,510,383</u>	<u>\$ 3,183,118</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

22. Employees' Pension Fund

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

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

The Town's total payroll in fiscal year 2017 was \$1,294,364. The Town's contributions were calculated using the participants' salary amount of \$497,777. The Town made the required 13% contribution offset by any forfeitures during the year ended September 30, 2017. The employees who participate in this Plan must make a minimum contribution of 7% of their total salaries. Both the Town and the covered employees made the required contributions summarized as follows:

	<u>Contribution Amount</u>	<u>Percentage of Current Covered Payroll</u>
Required:		
Town	\$ 64,711	13%
Employees	<u>35,441</u>	7%
Total contributions	<u>\$ 100,152</u>	

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

23. Deferred Compensation Plan

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

24. Post-Employment Health Care Benefits

GASB Statement No. 45: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB), established new accounting standards for postretirement benefits. The new standard does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's financial statement as an increase (or decrease) in the net OPEB obligation. The effective date for implementation of GASB 45 by the Town of Indian Shores was October 1, 2009. The Town did obtain an actuarial valuation in accordance with GASB 45 standards as of October 1, 2015, and discloses the following:

Plan Description and Funding Policy

Employees who retire from the Town of Indian Shores (Town), and eligible dependents and survivors, are eligible to continue to participate in the Town's health insurance programs at the "blended" employee group rate which is determined annually by the Town and approved by the Town Council. Retirees have 31 days to elect to enroll in the Town's health insurance plan in which they were participating at the time of retirement unless otherwise stated in a plan document or collective bargaining agreement. As of September 30, 2017, there were no eligible retirees participating in the Town's health program.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

24. Post Employment Health Care Benefits (Continued)

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

Annual OPEB Cost and Net OPEB Obligation

The Town’s annual other post-employment (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The Town’s annual OPEB cost for its plan is as follows:

	<u>OPEB Cost</u>	
	<u>9/30/16</u>	<u>9/30/14</u>
Annual required contribution (ARC)	\$ 10,884	\$ 15,564
Interest on net OPEB obligation	1,456	1,284
Adjustment to ARC	<u>(2,285)</u>	<u>(1,663)</u>
Annual OPEB cost	10,055	15,185
Contribution made (pay-as-you-go basis)	<u>*(5,954)</u>	<u>(9,519)</u>
Increase in net OPEB obligation	4,101	5,666
Net OPEB obligation, beginning of year	<u>36,410</u>	<u>25,682</u>
Net OPEB obligation, end of year	<u>\$ 40,511</u>	<u>\$ 31,348</u>

*Funding provided by the General Fund.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

24. Post Employment Health Care Benefits (Continued)

<u>Year Ended September 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2016	10,055	59.2%	\$40,511
2015	15,525	67.4%	36,410
2014	15,185	62.7%	31,348

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the status of the plan and the annual required contributions of the Town are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the Town and the plan members at that point. Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce the short term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions used for this valuation are as follows:

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

24. Post Employment Health Care Benefits (Continued)

Actuarial Assumptions

Valuation Measurement Date	October 1, 2015										
Fiscal Year End	September 30, 2016										
Actuarial Value of Assets	Market Value										
Mortality Rate	RP-2000 Combined Healthy Mortality Table with no projection										
Interest Rate	4.00% per year compounded annually, net of investment related expenses										
Retirement Rate	100% at age 55										
Termination Rates	Selected rates for various ages listed below:										
	<table><thead><tr><th><u>Age</u></th><th><u>% Remaining Employed Until Assumed Retirement Age</u></th></tr></thead><tbody><tr><td>20</td><td>29.60%</td></tr><tr><td>30</td><td>59.30%</td></tr><tr><td>40</td><td>84.10%</td></tr><tr><td>50</td><td>100.00%</td></tr></tbody></table>	<u>Age</u>	<u>% Remaining Employed Until Assumed Retirement Age</u>	20	29.60%	30	59.30%	40	84.10%	50	100.00%
<u>Age</u>	<u>% Remaining Employed Until Assumed Retirement Age</u>										
20	29.60%										
30	59.30%										
40	84.10%										
50	100.00%										
Participation Rate	20% of active employees are assumed to maintain benefit coverage after retirement										
Spousal Coverage	50% of active employees who have elected benefit coverages are assumed to cover their spouses										
Administrative Expenses	\$3,000										
Credited Service	Total completed years of employment with the Town										
Eligibility for Insurance Coverage	Must meet the eligibility requirements for Normal or Early Retirement										
Health and Dental Contributions											
Employee	100% of the active premium rate										
Town	Remaining amount necessary for payment of claims										

REQUIRED

SUPPLEMENTARY INFORMATION

OTHER THAN MD&A

OTHER POST-EMPLOYMENT

BENEFITS

TOWN OF INDIAN SHORES, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

OTHER POST-EMPLOYEMENT BENEFITS

SEPTEMBER 30, 2017

Schedule of Employer Contributions:

<u>Year ended</u>	<u>Annual Required Contribution</u>	<u>Estimated Contributions</u>	<u>Percentage Contributed</u>
September 30, 2016	\$ 10,055	\$ -	0.0%
September 30, 2015	15,525	-	0.0%
September 30, 2014	15,185	-	0.0%

Schedule of Funding Progress:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) EAN (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
October 1, 2015	\$ -	\$ 55,063	\$ 55,063	0.00%	\$ 1,035,954	5.32%
October 1, 2014	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2013	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2012	-	98,388	98,388	0.00%	1,082,685	9.09%

REQUIRED SUPPLEMENTARY

INFORMATION FOR

SINGLE EMPLOYER POLICE OFFICERS'

DEFINED BENEFIT PENSION PLAN

UNDER GASB 68

TOWN OF INDIAN SHORES, FLORIDA

Required Supplementary Information

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	Last Four Fiscal Years			
	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Total pension liability:				
Service cost	\$ 92,570	102,476	\$ 95,105	\$ 84,581
Interest	217,283	195,271	180,970	167,384
Changes in excess state money	-	-	-	-
Changes in funding standard	-	-	-	-
Share plan allocation	-	-	-	-
Changes of benefit terms	-	-	-	-
Differences between expected and			5,375	-
Changes of assumptions	(173,473)	113,266	-	-
Contributions - buy back	-	-	-	-
Benefit payments, including	-			
of employee contributions	(102,117)	(85,922)	(68,394)	(68,394)
Net change in total pension liability	34,263	325,091	213,056	183,571
Total pension liability - beginning	<u>3,062,531</u>	<u>2,737,440</u>	<u>2,524,384</u>	<u>2,340,813</u>
Total pension liability - ending (a)	<u>\$ 3,096,794</u>	<u>3,062,531</u>	<u>\$ 2,737,440</u>	<u>\$ 2,524,384</u>

TOWN OF INDIAN SHORES, FLORIDA

Required Supplementary Information (Continued)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (CONTINUED)

Last Four Fiscal Years

	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Plan fiduciary net position:				
Contributions - employer	\$ 95,637	\$ 78,774	\$ 140,058	\$ 129,715
Contributions - State	15,691	20,206	16,206	13,996
Contributions - employees	32,715	31,776	31,632	29,009
Contributions - buy back	-	-	-	-
Net investment income	379,669	348,353	(172,176)	257,445
Benefit payments, including refunds of employee contributions	(102,117)	(85,922)	(68,394)	(68,394)
Administrative expenses	(11,473)	(15,086)	(5,212)	(8,366)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	410,122	378,101	(57,886)	353,405
Plan fiduciary net position - beginning	<u>2,823,955</u>	<u>2,445,854</u>	<u>2,503,740</u>	<u>2,150,335</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,234,077</u>	<u>\$ 2,823,955</u>	<u>\$ 2,445,854</u>	<u>\$ 2,503,740</u>
Net pension liability (a) - (b)	<u>\$ (137,283)</u>	<u>\$ 238,576</u>	<u>\$ 291,586</u>	<u>\$ 20,644</u>

TOWN OF INDIAN SHORES, FLORIDA

Required Supplementary Information (Continued)

SCHEDULE OF RELATED RATIOS

Last Four Fiscal Years

	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/14</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>104.43%</u>	<u>92.21%</u>	<u>89.35%</u>	<u>99.18%</u>
Covered employee payroll	\$ <u>654,300</u>	\$ <u>635,520</u>	\$ <u>632,640</u>	\$ <u>580,180</u>
Net pension liability as a percentage of covered payroll	<u>(20.98)%</u>	<u>37.54%</u>	<u>46.09%</u>	<u>3.56%</u>

SCHEDULE OF CONTRIBUTIONS

Last Four Fiscal Years

	<u>9/30/17</u>	<u>9/30/16</u>	<u>9/30/15</u>	<u>9/30/14</u>
Actuarially determined contribution	\$ 78,516	\$ 80,521	\$ 88,143	\$ 143,304
Contributions in relation to the actuarially determined contributions	<u>111,328</u>	<u>98,980</u>	<u>156,264</u>	<u>143,711</u>
Contributions deficiency (Excess)	\$ <u>(32,812)</u>	\$ <u>(18,459)</u>	\$ <u>(68,121)</u>	\$ <u>(407)</u>
Covered employee payroll	\$ <u>654,300</u>	\$ <u>635,520</u>	\$ <u>632,640</u>	\$ <u>580,180</u>
Contributions as a percentage of covered employee payroll	<u>17.01%</u>	<u>15.57%</u>	<u>24.70%</u>	<u>24.77%</u>

TOWN OF INDIAN SHORES, FLORIDA

Required Supplementary Information (Continued)

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation date: 10/01/2014
Actuarially determined contribution rates are calculated as of October 1, three years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding method: Frozen entry age actuarial cost method.
Amortization method: Level percentage of pay.
Remaining amortization period: 27 years (as of 10/1/14)
Inflation increases: 3.0% per year.
Salary increases:

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

Projected salary at retirement is increased 12% to account for non-regular compensation.

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

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

TOWN OF INDIAN SHORES, FLORIDA

Required Supplementary Information (Continued)

NOTES TO SCHEDULE OF CONTRIBUTIONS (CONTINUED)

Disability Rate:		% Becoming Disabled
	<u>Age</u>	<u>During the Year</u>
	20	0.03%
	30	0.04%
	40	0.07%
	50	0.18%
Termination Rates:		% Terminating
	<u>Service</u>	<u>During the Year</u>
	0-2 Years	20.0%
	3-4 Years	15.0%
	5+ Years	5.0%
Mortality:	RP-2000 mortality table, sex distinct.	

TOWN OF INDIAN SHORES, FLORIDA

Required Supplementary Information

SCHEDULE OF INVESTMENT RETURNS

Last Two Fiscal Years

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

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUND

SPECIAL REVENUE FUND

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

Road and Bridge Fund

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

STATE - 8th Cent Motor Fuel Tax Receipts

COUNTY - Local Option Gas Tax Receipts

COUNTY - Transportation Impact Fee Receipts

TOWN OF INDIAN SHORES, FLORIDA

BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND

SEPTEMBER 30, 2017

<u>ASSETS</u>	<u>Special Revenue Fund</u>	<u>Road and Bridge Fund</u>
Equity in pooled cash	\$ 69,377	
Receivables:		
Intergovernmental - County		<u>4,098</u>
TOTAL ASSETS	\$ <u>73,475</u>	
 <u>LIABILITIES AND FUND BALANCES</u>		
LIABILITIES:		
Accounts payable	\$ <u>-</u>	
TOTAL LIABILITIES		-
 FUND BALANCES:		
Restricted		<u>73,475</u>
TOTAL FUND BALANCES		<u>73,475</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>73,475</u>	

TOWN OF INDIAN SHORES, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Fund <u>Road and Bridge Fund</u>
REVENUES:	
Intergovernmental revenues	\$ 43,261
Charges for services	<u>49,390</u>
TOTAL REVENUES	92,651
EXPENDITURES:	
Current:	
Physical environment:	
Public works	<u>103,832</u>
TOTAL EXPENDITURES	<u>103,832</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,181)
OTHER FINANCING SOURCES:	
Transfer in	<u>43,130</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	31,949
FUND BALANCE, OCTOBER 1	<u>41,526</u>
FUND BALANCE, SEPTEMBER 30	\$ <u><u>73,475</u></u>

TOWN OF INDIAN SHORES, FLORIDA

SPECIAL REVENUE FUND

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Road and Bridge Fund</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenues	\$ 27,820	\$ 27,820	\$ 43,261	\$ 15,441
Charges for services	<u>45,100</u>	<u>45,100</u>	<u>49,390</u>	<u>4,290</u>
TOTAL REVENUES	72,920	72,920	92,651	19,731
EXPENDITURES:				
Current:				
Public Works	<u>116,050</u>	<u>116,050</u>	<u>103,832</u>	<u>12,218</u>
TOTAL EXPENDITURES	<u>116,050</u>	<u>116,050</u>	<u>103,832</u>	<u>12,218</u>
EXCESS OF REVENUES OVER EXPENDITURES	(43,130)	(43,130)	(11,181)	31,949
OTHER FINANCING SOURCES:				
Transfer in	<u>43,130</u>	<u>43,130</u>	<u>43,130</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-	-	31,949	31,949
FUND BALANCE, OCTOBER 1	<u>41,526</u>	<u>41,526</u>	<u>41,526</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 41,526</u>	<u>\$ 41,526</u>	<u>\$ 73,475</u>	<u>\$ 31,949</u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

TOWN OF INDIAN SHORES, FLORIDA

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

SEPTEMBER 30, 2017

Governmental Funds Capital Assets:	
Land	\$ 827,462
Buildings	5,345,398
Improvements other than buildings	9,564,501
Equipment	<u>741,914</u>
Total Governmental Funds Capital Assets	<u>\$ 16,479,275</u>
Governmental Funds Capital Assets by Source:	
General Fund	\$ 2,320,695
Special Revenue Funds	4,276,874
Federal and state entitlements and grants	2,683,373
Long-term borrowing	<u>7,198,333</u>
Total Governmental Funds Capital Assets	<u>\$ 16,479,275</u>

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

TOWN OF INDIAN SHORES, FLORIDA

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

SEPTEMBER 30, 2017

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment
General Government:					
Control:					
Administrative	\$ 4,579,856	\$ -	\$ 3,036,389	\$ 1,510,691	\$ 32,776
Finance	50,384	-	-	7,875	42,509
Legislative	<u>522,400</u>	<u>483,299</u>	<u>-</u>	<u>28,878</u>	<u>10,223</u>
Total control	5,152,640	483,299	3,036,389	1,547,444	85,508
Staff agencies:					
Public services	<u>9,190,568</u>	<u>344,163</u>	<u>678,960</u>	<u>7,975,451</u>	<u>191,994</u>
Total staff agencies	<u>9,190,568</u>	<u>344,163</u>	<u>678,960</u>	<u>7,975,451</u>	<u>191,994</u>
Total General Government	<u>14,343,208</u>	<u>827,462</u>	<u>3,715,349</u>	<u>9,522,895</u>	<u>277,502</u>
Public Safety:					
Police protection	2,080,458	-	1,630,049	7,180	443,229
Maintenance	25,190	-	-	24,371	819
Protective inspections	<u>19,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,251</u>
Total public safety	2,124,899	-	1,630,049	31,551	463,299
Culture and Recreation:					
Library	<u>11,168</u>	<u>-</u>	<u>-</u>	<u>10,055</u>	<u>1,113</u>
Total culture and recreation	<u>11,168</u>	<u>-</u>	<u>-</u>	<u>10,055</u>	<u>1,113</u>
Total governmental fund					
Capital Assets	<u>\$ 16,479,275</u>	<u>\$ 827,462</u>	<u>\$ 5,345,398</u>	<u>\$ 9,564,501</u>	<u>\$ 741,914</u>

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

TOWN OF INDIAN SHORES, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

<u>Function and Activity</u>	<u>Governmental Fund Capital Assets October 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Fund Capital Assets September 30, 2017</u>
General Government:				
Control:				
Administrative	\$ 4,202,060	\$ 401,713	\$ 23,916	\$ 4,579,857
Finance	50,384	-	-	50,384
Legislative	<u>522,400</u>	<u>-</u>	<u>-</u>	<u>522,400</u>
Total control	4,774,844	401,713	23,916	5,152,641
Staff agencies:				
Public services	<u>9,190,568</u>	<u>-</u>	<u>-</u>	<u>9,190,568</u>
Total staff agencies	<u>9,190,568</u>	<u>-</u>	<u>-</u>	<u>9,190,568</u>
Total General Government	13,965,412	401,713	23,916	14,343,209
Public Safety:				
Police protection	2,077,656	42,670	39,868	2,080,458
Maintenance	25,190	-	-	25,190
Protective inspections	<u>19,250</u>	<u>-</u>	<u>-</u>	<u>19,250</u>
Total public safety	2,122,096	42,670	39,868	2,124,898
Culture and Recreation:				
Library	<u>11,168</u>	<u>-</u>	<u>-</u>	<u>11,168</u>
Total culture and recreation	<u>11,168</u>	<u>-</u>	<u>-</u>	<u>11,168</u>
Total governmental funds				
Capital Assets	<u>\$ 16,098,676</u>	<u>\$ 444,383</u>	<u>\$ 63,784</u>	<u>\$ 16,479,275</u>

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

STATISTICAL SECTION

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

Content	Page
Financial Trends	87
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time</i>	
Revenue Capacity	94
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	98
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue debt in the future.</i>	
Demographic and Economic Information	102
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	104
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

FINANCIAL TRENDS

TOWN OF INDIAN SHORES, FLORIDA

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
EXPENSES										
Governmental Activities:										
General government	\$ 713,386	\$ 980,918	\$ 942,067	\$ 961,226	\$ 932,985	\$ 289,805	\$ 786,036	\$ 685,884	\$ 716,258	\$ 690,225
Public safety	1,444,470	1,416,864	1,322,445	1,338,956	1,331,741	1,709,958	1,332,892	1,259,272	1,249,656	1,112,913
Physical environment	1,689,384	968,659	1,042,111	609,083	920,764	1,548,023	1,107,363	1,158,904	1,147,173	977,860
Culture and recreation	<u>43,067</u>	<u>41,333</u>	<u>38,006</u>	<u>340,390</u>	<u>18,540</u>	<u>3,942</u>	<u>4,147</u>	<u>4,932</u>	<u>4,697</u>	<u>4,945</u>
Total governmental activities expenses	<u>3,890,307</u>	<u>3,407,774</u>	<u>3,344,629</u>	<u>3,249,655</u>	<u>3,204,030</u>	<u>3,551,728</u>	<u>3,230,438</u>	<u>3,108,992</u>	<u>3,117,784</u>	<u>2,785,943</u>
Business-type activities:										
Parking fee	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,829</u>	<u>9,467</u>	<u>12,120</u>
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,829</u>	<u>9,467</u>	<u>12,120</u>
Total primary government expenses	<u>\$ 3,890,307</u>	<u>\$ 3,407,774</u>	<u>\$ 3,344,629</u>	<u>\$ 3,249,655</u>	<u>\$ 3,204,030</u>	<u>\$ 3,551,728</u>	<u>\$ 3,230,438</u>	<u>\$ 3,142,821</u>	<u>\$ 3,127,251</u>	<u>\$ 2,798,063</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services	\$ 822,154	\$ 1,057,138	\$ 740,477	\$ 701,726	\$ 618,509	\$ 555,740	\$ 552,536	\$ 510,934	\$ 495,331	\$ 472,573
Capital grants and contributions	<u>1,062</u>	<u>1,077</u>	<u>2,182</u>	<u>5,541</u>	<u>7,407</u>	<u>1,000</u>	<u>98,755</u>	<u>64,300</u>	<u>-</u>	<u>57,525</u>
Total governmental activities program revenues	823,216	1,058,215	742,659	707,267	625,916	556,740	651,291	575,234	495,331	530,098
Business-type activities:										
Charges for services:										
Parking fee	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,164</u>	<u>21,552</u>	<u>21,970</u>
Total business-type activities revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,164</u>	<u>21,552</u>	<u>21,970</u>
Total primary government program revenues	<u>\$ 823,216</u>	<u>\$ 1,058,215</u>	<u>\$ 742,659</u>	<u>\$ 707,267</u>	<u>\$ 625,916</u>	<u>\$ 556,740</u>	<u>\$ 651,291</u>	<u>\$ 626,398</u>	<u>\$ 516,883</u>	<u>\$ 552,068</u>
NET (EXPENSE) REVENUE										
Governmental activities	\$ (3,067,091)	\$ (2,349,559)	\$ (2,601,970)	\$ (2,574,523)	\$ (2,994,988)	\$ (2,994,988)	\$ (2,533,758)	\$ (2,622,453)	\$ (2,255,845)	\$ (1,902,160)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,335</u>	<u>12,085</u>	<u>9,850</u>	<u>18,067</u>
Total primary government net expense	<u>\$ (3,067,091)</u>	<u>\$ (2,349,559)</u>	<u>\$ (2,601,970)</u>	<u>\$ (2,574,523)</u>	<u>\$ (2,994,988)</u>	<u>\$ (2,994,988)</u>	<u>\$ (2,516,423)</u>	<u>\$ (2,610,368)</u>	<u>\$ (2,245,995)</u>	<u>\$ (1,884,093)</u>

TOWN OF INDIAN SHORES, FLORIDA

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental Activities:										
Taxes:										
Property taxes	\$ 1,463,462	\$ 1,341,389	\$ 1,251,735	\$ 1,171,055	\$ 1,151,961	\$ 1,122,813	\$ 1,133,086	\$ 1,269,429	\$ 1,407,705	\$ 1,609,971
Franchise taxes	249,439	249,676	268,909	260,669	240,962	250,416	259,710	282,121	272,978	230,276
Sales taxes	269,055	263,720	271,696	223,871	225,466	202,003	218,139	216,163	220,660	226,422
Other taxes	1,353,300	535,239	938,574	923,403	901,248	886,145	533,205	546,787	518,241	479,609
State revenue sharing	32,859	31,827	31,260	30,188	30,074	36,634	28,090	30,365	30,222	34,284
Investment earnings	7,994	6,632	8,948	3,260	2,320	5,538	8,667	26,287	47,297	124,546
Miscellaneous	105,859	50,833	4,933	16,022	50,626	393,744	42,247	34,869	56,820	90,765
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	7,547	12,085	12,320
Total governmental activities	<u>3,481,968</u>	<u>2,479,316</u>	<u>2,776,055</u>	<u>2,628,468</u>	<u>2,602,657</u>	<u>2,897,293</u>	<u>2,223,144</u>	<u>2,413,568</u>	<u>2,566,008</u>	<u>2,808,193</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	(7,547)	(12,085)	(12,320)
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,547)</u>	<u>(12,085)</u>	<u>(12,320)</u>
Total primary government	<u>\$ 3,481,968</u>	<u>\$ 2,479,316</u>	<u>\$ 2,776,055</u>	<u>\$ 2,628,468</u>	<u>\$ 2,602,657</u>	<u>\$ 2,897,293</u>	<u>\$ 2,223,144</u>	<u>\$ 2,406,021</u>	<u>\$ 2,553,923</u>	<u>\$ 2,795,873</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 414,877	\$ 129,757	\$ 174,085	\$ 86,080	\$ 24,543	\$ (97,695)	\$ (356,003)	\$ (120,190)	\$ (45,661)	\$ 552,348
Business-type activities	-	-	-	-	-	-	-	9,788	-	(2,470)
Total primary government	<u>\$ 414,877</u>	<u>\$ 129,757</u>	<u>\$ 174,085</u>	<u>\$ 86,080</u>	<u>\$ 24,543</u>	<u>\$ (97,695)</u>	<u>\$ (356,003)</u>	<u>\$ (110,402)</u>	<u>\$ (45,661)</u>	<u>\$ 549,878</u>

TOWN OF INDIAN SHORES, FLORIDA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</u>		<u>2012</u>		<u>2011</u>		<u>2010</u>		<u>2009</u>		<u>2008</u>	
Governmental activities:																					
Net investment in																					
capital assets:	\$	4,978,843	\$	4,803,080	\$	4,646,801	\$	4,861,765	\$	4,805,460	\$	5,162,660	\$	5,215,856	\$	2,857,899	\$	3,680,203	\$	4,061,393	
Restricted		12,808		8,085		8,085		8,085		8,085		302		2,096	#	62,412		47,660		495,467	
Unrestricted		<u>2,800,123</u>		<u>2,565,732</u>		<u>2,592,254</u>		<u>2,253,161</u>		<u>2,223,386</u>		<u>1,849,426</u>		<u>1,892,131</u>		<u>4,545,775</u>		<u>3,868,997</u>		<u>3,085,661</u>	
Total governmental activities																					
net assets	\$	<u>7,791,774</u>	\$	<u>7,376,897</u>	\$	<u>7,247,140</u>	\$	<u>7,123,011</u>	\$	<u>7,036,931</u>	\$	<u>7,012,388</u>	\$	<u>7,110,083</u>	\$	<u>7,466,086</u>	\$	<u>7,596,860</u>	\$	<u>7,642,521</u>	
Business-type activities:																					
Net investment in																					
capital assets:	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
Unrestricted		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>(9,788)</u>		<u>(9,788)</u>	
Total business-type																					
activities net assets	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>(9,788)</u>	\$	<u>(9,788)</u>	
Primary government:																					
Net investment in																					
capital assets:	\$	4,978,843	\$	4,803,080	\$	4,646,801	\$	4,861,765	\$	4,805,460	\$	5,162,660	\$	5,215,856	\$	2,857,899	\$	3,680,203	\$	4,061,393	
Restricted		12,808		8,085		8,085		8,085		8,085		302		2,096		62,412		47,660		495,467	
Unrestricted		<u>2,800,123</u>		<u>2,565,732</u>		<u>2,592,254</u>		<u>2,253,161</u>		<u>2,223,386</u>		<u>1,849,426</u>		<u>1,892,131</u>		<u>4,545,775</u>		<u>3,868,997</u>		<u>3,075,873</u>	
Total primary government																					
net position	\$	<u>7,791,774</u>	\$	<u>7,376,897</u>	\$	<u>7,247,140</u>	\$	<u>7,123,011</u>	\$	<u>7,036,931</u>	\$	<u>7,012,388</u>	\$	<u>7,110,083</u>	\$	<u>7,466,086</u>	\$	<u>7,596,860</u>	\$	<u>7,632,733</u>	

TOWN OF INDIAN SHORES, FLORIDA

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Utility Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2008	\$ 1,609,971	\$ 310,121	\$ 230,276	\$ 2,150,368
2009	1,407,705	328,578	272,978	2,009,261
2010	1,269,429	362,487	282,121	1,914,037
2011	1,133,086	358,061	259,710	1,750,857
2012	1,122,813	337,506	250,416	1,710,735
2013	1,151,961	349,127	240,962	1,742,050
2014	1,171,055	370,330	260,669	1,802,054
2015	1,251,735	372,188	268,909	1,892,832
2016	1,341,389	374,928	249,676	1,965,993
2017	1,463,462	249,439	383,919	2,096,820

TOWN OF INDIAN SHORES, FLORIDA

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:										
Nonspendable	\$ 12,351	\$ 8,417	\$ 1,284	\$ 50,441	\$ 50,754	\$ 39,368	\$ 36,633	\$ 42,895	\$ 61,028	\$ 87,645
Restricted	12,808	8,085	8,085	8,085	8,085	302	2,096	-	-	-
Committed	125,147	108,147	108,147	108,147	108,147	108,147	129,498	132,921	132,425	129,857
Assigned	772,398	-	-	-	-	-	-	-	-	-
Unassigned	<u>1,513,074</u>	<u>2,225,605</u>	<u>1,781,377</u>	<u>1,577,922</u>	<u>1,575,006</u>	<u>1,617,318</u>	<u>1,351,725</u>	<u>1,324,062</u>	<u>2,474,591</u>	<u>2,139,170</u>
Total general fund	<u>\$ 2,435,778</u>	<u>\$ 2,350,254</u>	<u>\$ 1,898,893</u>	<u>\$ 1,744,595</u>	<u>\$ 1,741,992</u>	<u>\$ 1,765,135</u>	<u>\$ 1,519,952</u>	<u>\$ 1,499,878</u>	<u>\$ 2,668,044</u>	<u>\$ 2,356,672</u>
All Other Governmental Funds:										
Restricted, reported in:										
Special revenue fund	\$ 73,475	\$ 41,526	\$ 36,364	\$ 35,183	\$ 29,486	\$ 28,299	\$ 62,786	\$ 59,649	\$ 54,276	\$ 101,976
Capital projects fund	<u>472,431</u>	<u>399,952</u>	<u>997,891</u>	<u>769,549</u>	<u>761,707</u>	<u>478,160</u>	<u>703,425</u>	<u>3,705,832</u>	<u>1,507,650</u>	<u>1,465,846</u>
Total all other governmental funds	<u>\$ 545,906</u>	<u>\$ 441,478</u>	<u>\$ 1,034,255</u>	<u>\$ 804,732</u>	<u>\$ 791,193</u>	<u>\$ 506,459</u>	<u>\$ 766,211</u>	<u>\$ 3,765,481</u>	<u>\$ 1,561,926</u>	<u>\$ 1,567,822</u>
Total governmental funds	<u>\$ 2,981,684</u>	<u>\$ 2,791,732</u>	<u>\$ 2,933,148</u>	<u>\$ 2,549,327</u>	<u>\$ 2,533,185</u>	<u>\$ 2,271,594</u>	<u>\$ 2,286,163</u>	<u>\$ 5,265,359</u>	<u>\$ 4,229,970</u>	<u>\$ 3,924,494</u>

TOWN OF INDIAN SHORES, FLORIDA

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
REVENUES										
Taxes	\$ 2,096,820	\$ 1,965,993	\$ 1,892,832	\$ 1,802,054	\$ 1,742,050	\$ 1,710,735	\$ 1,750,857	\$ 1,914,037	\$ 2,009,261	\$ 2,150,368
Licenses, fees and permits	197,478	412,707	128,670	110,735	55,944	41,231	65,122	54,639	51,349	45,249
Intergovernmental	1,272,357	456,935	871,524	812,673	815,068	788,276	520,128	495,128	443,499	487,719
Charges for services	577,713	609,771	591,937	557,838	527,764	496,959	471,288	421,767	395,433	400,517
Fines and forfeits	46,963	34,660	19,870	33,153	34,801	17,550	16,126	21,118	48,549	26,807
Interest earnings	7,994	6,632	8,948	3,260	2,320	5,538	8,667	26,287	47,297	124,546
Miscellaneous	16,288	30,785	6,183	16,022	50,626	393,744	42,247	43,597	49,200	90,763
Total revenues	4,215,613	3,517,483	3,519,964	3,335,735	3,228,573	3,454,033	2,874,435	2,976,573	3,044,588	3,325,969
EXPENDITURES										
General government	1,012,943	906,179	844,917	845,561	806,518	749,678	699,540	664,794	696,311	681,746
Public safety	1,506,760	1,330,339	1,350,835	1,347,323	1,327,061	1,326,450	1,336,342	1,330,917	1,220,155	1,201,711
Physical environment	1,590,312	1,438,124	943,663	809,151	792,131	1,412,767	3,815,797	1,954,183	824,159	2,875,311
Culture and recreation	5,217	4,305	3,978	317,558	41,340	3,849	4,054	4,837	4,602	4,850
Total expenditures	4,115,232	3,678,947	3,143,393	3,319,593	2,967,050	3,492,744	5,855,733	3,954,731	2,745,227	4,763,618
Excess of revenues over (under) expenses	100,381	(161,464)	376,571	16,142	261,523	(38,711)	(2,981,298)	(978,158)	299,361	(1,437,649)
OTHER FINANCING SOURCES (USES)										
Sale of equipment	-	-	7,250	-	68	4,142	2,102	-	-	1,550
Proceeds from insurance	89,571	20,048	-	-	-	-	-	-	-	-
Transfers in	426,402	421,256	416,337	425,504	401,432	404,907	416,673	7,547	416,814	929,794
Transfers out	(426,402)	(421,256)	(416,337)	(425,504)	(401,432)	(404,907)	(416,673)	-	(404,729)	(917,474)
Repayment of debt	-	-	-	-	-	(1,800,000)	-	-	-	-
Proceeds from debt	-	-	-	-	-	1,820,000	-	2,000,000	-	-
Total other financing sources (uses)	89,571	20,048	7,250	-	68	24,142	2,102	2,007,547	12,085	13,870
Net change in fund balances	\$ 189,952	\$ (141,416)	\$ 383,821	\$ 16,142	\$ 261,591	\$ (14,569)	\$ (2,979,196)	\$ 1,029,389	\$ 311,446	\$ (1,423,779)

TOWN OF INDIAN SHORES, FLORIDA

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Physical Environment</u>	<u>Transportation</u>	<u>Culture and Recreation</u>	<u>Total</u>
2008	\$ 681,746	\$ 1,201,711	\$ 824,159	\$ 77,486	\$ 4,850	\$ 2,789,952
2009	696,311	1,220,155	668,448	155,711	4,602	2,745,227
2010	664,794	1,330,917	1,758,981	195,202	4,837	3,954,731
2011	699,540	1,336,342	3,704,335	111,462	4,054	5,855,733
2012	749,678	1,326,560	1,269,980	142,787	3,849	3,492,744
2013	806,518	1,327,061	679,593	112,538	41,340	2,967,050
2014	845,561	1,347,323	695,479	113,672	317,558	3,319,593
2015	844,917	1,350,835	825,033	118,630	3,978	3,143,393
2016	906,179	1,330,339	1,317,902	120,222	4,305	3,678,947
2017	1,012,943	1,506,760	1,486,480	103,832	5,217	4,115,232

⁽¹⁾ Includes general and special revenue funds.

REVENUE CAPACITY

TOWN OF INDIAN SHORES, FLORIDA

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

<u>Fiscal Year Ended September 30</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Other Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate (Millage)</u>
2008	1,102,315,305	57,374,400	26,277,900	145,788,511	1,040,179,094	1.6000
2009	844,183,588	56,240,569	20,855,872	15,333,040	905,946,989	1.6000
2010	701,565,935	41,395,339	1,201,187	12,302,326	744,162,461	1.7500
2011	653,805,048	44,028,361	1,069,846	10,349,760	664,827,856	1.7500
2012	611,537,753	41,708,642	1,054,662	9,723,206	621,221,419	1.8500
2013	614,682,714	33,880,610	1,071,883	10,873,421	617,540,369	1.8700
2014	685,893,091	33,033,711	1,083,452	11,514,648	687,444,356	1.8700
2015	734,909,414	34,406,073	1,155,229	11,739,867	737,177,938	1.8700
2016	799,201,617	36,874,297	1,238,698	13,290,289	849,605,990	1.8700
2017	861,708,507	41,293,325	1,360,612	12,600,994	916,963,438	1.87000

TOWN OF INDIAN SHORES, FLORIDA

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town of Indian Shores										
Operating	<u>1.6000</u>	<u>1.6000</u>	<u>1.7500</u>	<u>1.7500</u>	<u>1.8500</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>
Total Town millage	<u>1.6000</u>	<u>1.6000</u>	<u>1.7500</u>	<u>1.7500</u>	<u>1.8500</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>
Pinellas County School Board										
Operating	<u>7.7310</u>	<u>8.0440</u>	<u>8.3568</u>	<u>8.3400</u>	<u>8.3850</u>	<u>8.0600</u>	<u>7.8410</u>	<u>7.7700</u>	<u>7.3180</u>	<u>7.0090</u>
Pinellas County										
Operating	<u>4.8730</u>	<u>4.8108</u>	<u>4.8108</u>	<u>4.8730</u>	<u>4.8730</u>	<u>5.2755</u>	<u>5.2755</u>	<u>5.2755</u>	<u>5.2755</u>	<u>5.2755</u>
EMS	<u>0.5832</u>	<u>0.5832</u>	<u>0.5832</u>	<u>0.5832</u>	<u>0.8506</u>	<u>0.9158</u>	<u>0.9158</u>	<u>0.9158</u>	<u>0.9158</u>	<u>0.9158</u>
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total County millage	<u>5.4562</u>	<u>5.3940</u>	<u>5.3940</u>	<u>5.4562</u>	<u>5.7236</u>	<u>6.1913</u>	<u>6.1913</u>	<u>6.1913</u>	<u>6.1913</u>	<u>6.1913</u>
County-wide millage set by other taxing authorities:										
-Pinellas Suncoast Transit Authority	<u>0.5601</u>	<u>0.5601</u>	<u>0.5601</u>	<u>0.5601</u>	<u>0.7305</u>	<u>0.7305</u>	<u>0.7305</u>	<u>0.7305</u>	<u>0.7500</u>	<u>0.7500</u>
-Pinellas County Planning Council	<u>0.0170</u>	<u>0.0107</u>	<u>0.0125</u>	<u>0.0125</u>	<u>0.0125</u>	<u>0.0160</u>	<u>0.0160</u>	<u>0.0160</u>	<u>0.0150</u>	<u>0.0150</u>
-Juvenile Welfare Board	<u>0.7384</u>	<u>0.7915</u>	<u>0.7915</u>	<u>0.7915</u>	<u>0.8337</u>	<u>0.8981</u>	<u>0.8981</u>	<u>0.8981</u>	<u>0.8981</u>	<u>0.8981</u>
-South West Florida Water Management District	<u>0.3866</u>	<u>0.3866</u>	<u>0.3866</u>	<u>0.3770</u>	<u>0.3928</u>	<u>0.3818</u>	<u>0.3658</u>	<u>0.3488</u>	<u>0.3317</u>	<u>0.3131</u>
-Pinellas County Anclote River Basin	<u>0.3701</u>	<u>0.3600</u>	<u>0.3200</u>	<u>0.2600</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total County-wide millage	<u>2.0722</u>	<u>2.1089</u>	<u>2.0707</u>	<u>2.0011</u>	<u>1.9695</u>	<u>2.0264</u>	<u>2.0104</u>	<u>1.9934</u>	<u>1.9948</u>	<u>1.9762</u>
TOTAL	<u><u>16.8594</u></u>	<u><u>17.1469</u></u>	<u><u>17.5715</u></u>	<u><u>17.5473</u></u>	<u><u>17.9281</u></u>	<u><u>17.2941</u></u>	<u><u>17.9127</u></u>	<u><u>17.8247</u></u>	<u><u>17.3741</u></u>	<u><u>17.0465</u></u>

Source: Pinellas County Property Appraiser

TOWN OF INDIAN SHORES, FLORIDA

PRINCIPAL PROPERTY TAX PAYERS

September 30, 2017

	2017			2016		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Balthasar, Susan M	\$ 4,910,928	1	0.56%	\$ 4,808,881	1	0.59%
Smith, Hugh N.	2,935,128	2	0.33%	2,873,730	2	0.36%
Aloha Bay Condo Assn., Inc.	2,612,640	4	0.30%	2,601,480	3	0.32%
Dede Playa LLC	2,285,783	9	0.26%	2,490,241	4	0.31%
Indian Pass Cattlemen"s Assn Inc	2,545,000	5	0.29%	2,475,000	5	0.30%
Sole Lido Development LLC	2,439,670	6	0.28%	2,366,672	6	0.29%
Savino, Michael K	2,822,610	3	0.32%	2,322,037	7	0.29%
Atassi, Hayan S	2,237,886	10	0.26%	2,271,126	8	0.28%
Fernandez, Danilo & Carmelina	2,383,000	7	0.27%	2,269,000	9	0.28%
SFMB Indian Shores Property	<u>2,366,000</u>	8	<u>0.27%</u>	<u>2,261,186</u>	10	<u>0.28%</u>
	<u>\$ 27,538,645</u>		<u>3.14%</u>	<u>\$ 26,739,353</u>		<u>3.30%</u>

Source: Pinellas County Property Appraiser

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

Fiscal Year	Total Assessed Valuation	Taxable Assessed Valuation	Levy	Collections within the Fiscal Year of Levy		Collections in Subsequent Years	Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of levy
2008	1,191,725,805	1,040,179,094	1,664,287	1,609,971	97	-	1,609,971	97
2009	1,029,262,890	905,946,989	1,449,515	1,407,705	97	-	1,407,705	97
2010	844,799,088	749,562,914	1,311,735	1,269,429	97		1,269,429	97
2011	747,095,662	670,029,812	1,172,553	1,133,086	97		1,133,086	97
2012	670,470,390	626,503,903	1,159,032	1,122,337	97	476	1,122,813	97
2013	644,963,529	618,622,003	1,151,961	1,122,118	97	29,843	1,151,961	97
2014	693,108,122	644,963,529	1,206,082	1,169,899	97		1,206,082	97
2015	788,125,742	742,290,890	1,388,084	1,251,735	99		1,251,735	99
2016	855,421,517	808,833,024	1,512,518	1,341,389	99		1,341,389	99
2017	922,978,531	876,346,903	1,638,769	1,463,462	99		1,463,462	99

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

Source: Pinellas County Property Appraiser.

DEBT CAPACITY

TOWN OF INDIAN SHORES, FLORIDA

RATIOS OF REVENUE DEBT OUTSTANDING
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Revenue Debt</u>	<u>Less: Amounts for Debt Service</u>	<u>Total</u>	<u>Per Capita</u>
2008	5,615,000	302,284	5,312,716	2,942
2009	5,500,000	277,318	5,222,682	2,923
2010	7,385,000	267,529	7,117,471	5,012
2011	7,198,333	252,284	6,946,049	4,892
2012	6,960,000	215,935	6,744,065	4,749
2013	6,705,652	247,065	6,458,587	4,548
2014	6,435,000	275,652	6,159,348	4,274
2015	6,159,348	280,652	5,878,696	4,128
2016	5,722,880	342,588	5,380,292	3,347
2017	5,380,292	342,588	5,037,704	3,363

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

TOWN OF INDIAN SHORES, FLORIDA
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATIONS BONDS⁽²⁾

SEPTEMBER 30, 2017

	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Net General Nonsell- Supporting Revenue Debt</u>	<u>Total</u>	<u>Percentage Applicable to Town of Indian Shores</u>	<u>Amount Applicable to Town of Indian Shores</u>
Direct Debt:					
Town of Indian Shores	\$ -	\$ 5,037,704	\$ 5,037,704	100%	\$ 5,037,704
Overlapping Debt:					
Pinellas County School Board ⁽¹⁾	6,045,000	-	6,045,000	1.19^%	<u>71,936</u>
Total Town Direct and Overlapping Debt					<u>\$ 5,109,640</u>
RATIO:					
Overall debt per capita, 1,498 residents					\$ <u>3,411</u>

⁽¹⁾ The Town's share is calculated based on the ratio of the 2017 County Taxable Value of \$73,543,238,292 to the Town's Taxable Value of \$876,346,903.

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

TOWN OF INDIAN SHORES, FLORIDA

COMPUTATION OF LEGAL DEBT MARGIN

September 30, 2017

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

TOWN OF INDIAN SHORES, FLORIDA

PLEGDED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Public Service Tax	Communications Services Tax	Other ⁽¹⁾	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2007	\$ 291,005	\$ 3,180	\$ 137,619	\$ 431,804	\$ 105,000	\$ 271,002	115 %
2008	\$ 310,121	\$ 2,953	\$ 78,984	\$ 392,058	\$ 110,000	\$ 261,790	105 %
2009	328,578	3,417	96,540	428,535	115,000	258,134	115 %
2010	362,487	3,214	73,631	439,331	115,000	264,771	116 %
2011	358,061	3,012	177,016	538,089	186,667	330,215	104 %
2012	337,506	3,031	161,278	501,815	258,333	315,845	88 %
2013	349,627	3,105	145,686	498,418	254,348	289,861	92 %
2014	370,330	3,104	142,068	515,502	270,652	290,328	92 %
2015	370,020	3,187	178,937	552,144	275,652	281,311	99 %
2016	374,928	3,198	174,366	552,492	342,588	269,757	90 %
2017	383,919	4,100	194,670	582,689	342,588	180,003	115 %

⁽¹⁾ Includes transfers from Local Option Sales Tax (Infrastructure) funds and General Fund.

DEMOGRAPHIC AND

ECONOMIC

INFORMATION

TOWN OF INDIAN SHORES, FLORIDA

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population⁽¹⁾</u>	<u>Household Income⁽²⁾</u>	<u>Per Capita Income⁽²⁾</u>	<u>Median Age⁽²⁾</u>	<u>Education Level of Years of Formal Schooling⁽³⁾</u>	<u>School Enrollment⁽⁴⁾</u>	<u>Unemployment Rate⁽⁵⁾</u>
2008	1,806	61,641	45,000	56	12.5	35	7.1
2009	1,787	61,641	45,002	56	12.5	44	11.2
2010	1,782	61,641	40,002	56	12.5	65	12.4
2011	1,420	54,678	45,343	59.1	12.5	24	10.7
2012	1,420	52,787	44,868	59.5	12.5	33	4.7
2013	1,429	66,304	59,200	60.5	14.67	24	7
2014	1,441	66,304	59,200	55.4	14.72	62	5.7
2015	1424*	66,304	59,200	55.4	15.4	56	4.7*
2016	1,499	54,115	61,641	62.2	15	44	5.1
2017	1,498	57,404	53,864	61.5	16	121	3.7

(1) Google Public Data Sept. 2017

(2) City-Data.com Jan. 2017

(3) www.towncharts.com 2017

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

TOWN OF INDIAN SHORES, FLORIDA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

September 30, 2017

<u>Employer</u>	<u>2017</u>		<u>2007</u>	
	<u>Number of Employees</u>	<u>Rank</u>	<u>Number of Employees</u>	<u>Rank</u>
Salt Rock Grill	125	1		1
The Pub	95	2		3
Town of Indian Shores	29	3		4
Smugglers Cove	12	4		5
Mickey Quinn's	9	5		9
Seven-11 Store	N/A			8
Sun Vista Realty	7	6		6
Beach & Bay Realty	3	7		7
Jack Collins Realty	0*	-		5
Fathom's Island Grill	0*	-		2
Fifth Third Bank	4	8		10

Source: Finance Office, Town of Indian Shores, FL

*Out of business

OPERATING
INFORMATION

TOWN OF INDIAN SHORES, FLORIDA

FULL-TIME GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Government	5.00	5.00	5.00	5.00	5.33	6.33	6.33	6.33	6.33	6.33
Public Safety:										
Police										
Officers	14.00	11.00	11.00	10.67	10.67	10.67	10.67	10.67	10.67	10.67
Civilians	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Building	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Public Works:										
Maintenance	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>3.00</u>	<u>1.50</u>	<u>1.50</u>	<u>2.50</u>	<u>3.00</u>	<u>3.50</u>	<u>4.00</u>
Total	<u>24.00</u>	<u>21.00</u>	<u>21.00</u>	<u>22.67</u>	<u>21.50</u>	<u>23.50</u>	<u>24.50</u>	<u>25.00</u>	<u>25.50</u>	<u>26.00</u>

Source: Town Budget Office

TOWN OF INDIAN SHORES, FLORIDA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police										
Physical arrests	121		126	112	101	146	154	165	200	226
Parking violations	339		492	700	357	386	103	488	581	890
Traffic violations	578		330	862	706	724	706	860	739	1,167
Highways and Streets										
Street resurfacing (miles)	-	-	-	-	-	-	-	-	-	-
Potholes repaired	-	-	-	-	-	-	-	1	-	-
Culture and recreation										
Library Cards Issued	275	275	333	282	294	230	93	118	123	116
Building										
Number of permits issued	734	672	573	450	408	411	458	456	468	387

Sources: Various government departments.

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

TOWN OF INDIAN SHORES, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	5	5	5	5	5	5	5	5	5	5
Highways and Streets										
Streets (miles)	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05
Street lights	146	146	146	146	146	146	146	146	146	146
Traffic signals	1	1	1	1	1	1	1	1	1	1
Culture and recreation										
Park acreage	2.66	2.66	2.66	2.66	2.66	2.66	2.57	2.57	2.57	2.57
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1	1	1	1	1

Sources: Various Town departments.

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

TOWN OF INDIAN SHORES, FLORIDA
SCHEDULE OF INSURANCE IN FORCE
OCTOBER 1, 2016 TO SEPTEMBER 30, 2017

Type of Coverage	Policy Number	Company	Deductible	Amount	Term		Premium
					From	To	
<u>Property</u>	PRIA/PGIT	Public Risk Insurance		1,500,000	10/1/2016	9/30/2017	
Buildings & Contents				7,582,747			\$ 36,521.00
Equip Breakdown				7,582,747			
Flood			1,000	5,000,000			
TRIA Terrorism			1,000	5,000,000			
Named Windstorm			5% Min \$10,000	7,582,747			
Accts Receivable			1,000	250,000			
Add'l Expense			1,000	1,000,000			
Business Income			1,000	500,000			
Errors & Omissions			1,000	250,000			
Demo & Inc Cost of Construction			1,000	500,000			
<u>Inland Marine</u>			1,000	1,000,000			
<u>Crime</u>							
Employee Dishonesty			1,000	500,000			1,000
Theft, Disappear & Destruction			1,000	500,000			
Funds Transfer			1,000	500,000			
Computer Fraud			1,000	500,000			
Forgery/Alterations			1,000	500,000			
<u>General Liability</u>				1,500,000			4,599
Employee Benefits				1,500,000			
LE Liability				1,500,000			13,225
<u>Public Officials</u>			2,500 deductible	1,500,000	10/1/2016	9/30/2017	8,720.00
Employment Practices Liab			2,500 deductible	1,500,000			
Cyber Liability			2,500 deductible	1,000,000			
<u>Workers Comp</u>				Statutory	10/1/2016	9/30/2017	42,262.00
<u>Automobile</u>					10/1/2016	9/30/2017	
Auto Liability				1,500,000			2,881
Uninsured Motorist				20,000			
Comp/Collision			500 deductible				3,382
Hired Phys Damage			500 deductible	35,000			
Medical Pymts				5,000			
<u>Special Event</u>							
Liquor Liability							
St Patrick' Day							785
<u>AD&D, D-5</u>							670.00
						Total	\$ 114,045.00
<u>Flood Insurance</u>							
Town Hall Bldg 19305 Gulf Blvd.	09 1150116759 07	Wright National Flood Prop & Casualty Agent: Mitchell	5,000 5,000	500,000 214,800	10/15/2016	10/15/2017	3,193.00
Nature Refuge Restrooms & Pavilions - 19019 Gulf Blvd (Rec Area)	09 1150125762 07	Wright National Flood Prop & Casualty Agent: Mitchell	1,250	392,300	10/23/2016	10/23/2017	1,930.00
						Total	\$ 5,123.00

OTHER REPORTS

TOWN OF INDIAN SHORES

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

AND

MANAGEMENT LETTER

AND

REPORT ON ATTESTATION

AND

MANAGEMENT MEMORANDUM
ON REVIEW OF INTERNAL CONTROL STRUCTURE

September 30, 2017

DAVIDSON, JAMIESON & CRISTINI, P.L.
Certified Public Accountants

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the AICPA Professional Standards AT Sections 601.55 and 601.56, the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund and the aggregate remaining fund information of the Town of Indian Shores, Florida, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Indian Shores, Florida's (Town) basic financial statements, and have issued our report thereon dated August 28, 2018.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Davidson, Jamison & Crivello, P.L.L.C.

August 28, 2018

MANAGEMENT LETTER

Davidson, Jamieson & Cristini, P.L.
Certified Public Accountants

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

Report on the Financial Statements

We have audited the financial statements of the Town of Indian Shores, Florida as of and for the fiscal year ended September 30, 2017 and have issued our report thereon dated August 28, 2018.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General Disclosures in those reports and schedule, which are dated August 28, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This disclosure has been included in the Town's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017.

Financial Condition

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

Pursuant to Section 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town of Indian Shores, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

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

Other Matters

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

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

Purpose of this Letter

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

Davidson, Jamison & Cricklin, P.L.

August 28, 2018

ATTESTATION REPORT

Davidson, Jamieson & Cristini, P.L.

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the Town of Indian Shores, Florida's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

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

Davidson, Jamieson & Cristini, P.L.

August 28, 2018

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

Davidson, Jamieson & Cristini, P.L.
Certified Public Accountants

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August 28, 2018

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for that general fund and the aggregate remaining fund information which collectively comprise the basic financial statements of the of the Town of Indian Shores, Florida as of and for the year ended September 30, 2017, and have issued our report thereon dated August 28, 2018.

We have issued our Report on Compliance and Internal Accounting Controls in Accordance with *Government Auditing Standards* dated August 28, 2018. Disclosure in that report, if any, should be considered in conjunction with this management memorandum.

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

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

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

2016-2017

- A. Segregation of Duties
- B. Accounts Payable

2015-2016

- A. Audit Schedule

2016-2017

2017-1 Segregation of Duties

The accounting specialist currently is responsible for both the accounts receivable and accounts payable functions.

We recommend that the Town consider implementing segregation of these duties or use increased supervision to strengthen the internal controls over these functions.

2017-2 Accounts Payable

There were several issues noted during this year's audit regarding accounts payable.

At the present time the accounts payable review is done outside of the accounting software.

We recommend that the accounts payable be checked within the general ledger accounting system for proper posting.

There was another issue with cutoff and incorrect dating of checks that resulted in audit adjustments to accounts payable and cash.

We recommend that proper cutoff procedures be implemented and that no checks will be back dated.

All journal entries should be reviewed and posted by the Finance Director.

2015-2016

2016-1 Audit Schedule

In order to expedite the 2016-17 audit fieldwork, it is *imperative* that the Town's Finance Department complete *all* of the audit preparation prior to the start of fieldwork. This includes debt schedules, compensated absences, and fixed asset schedules. The preparation of all of the audit schedules in advance will make the audit process much more efficient.

This recommendation has been implemented.

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

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

DAVIDSON, JAMIESON & CRISTINI, P.L.

MANAGEMENT RESPONSE

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RE: Fiscal Year 2016-2017
Audit Recommendations

Management's response to current year recommendations:

Segregation of Duties

We are seeking to hire a part-time finance clerk who will be assigned the duties of accounts receivable.

Accounts Payable

We will implement a policy to check accounts payable within the general ledger accounting system prior to posting.

Policy and procedures of the town have been changed to no longer back date checks for any period and especially for September year end purposes.


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

Patrick C. Soranno
Mayor

Diantha Schear
Vice Mayor

Mike Hackerson
Councilor

Michael (Mike) Petruccelli
Councilor

William F. (Bill) Smith
Councilor

Bonnie Dhonau
Town Administrator

Terry E. Hughes
Chief of Police

Susan L. Scrogam
Director of Finance
and Personnel

Freddie G. Lozano
Town Clerk

Gregory Yantorno
Building Official

Regina Kardash, Esq.
Town Attorney