

TOWN OF INDIAN SHORES, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022



TOWN OF INDIAN SHORES, FLORIDA
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Town Council,
Town of Indian Shores, Florida:

Report on the Audit of Financial Statements

Opinions

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

In our opinion, the accompanying financial statements 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, as of September 30, 2022, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

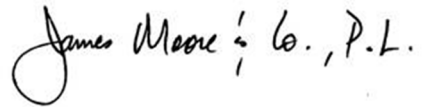
Other Information Included in the Financial Statements

Management is responsible for other information included in the financial statements. The other information comprises the Statistical Section in the financial statements but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Daytona Beach, Florida
June 22, 2023

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Indian Shores' management's 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 ending September 30, 2022.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2022 the Town's assets exceeded its liabilities, resulting in *net* position of \$10,609,664. Of this amount, the *unrestricted net position* of \$4,046,139 can be used for any purpose that is approved by the Town Council.
- On September 30, 2022, a portion of unrestricted funds is the unassigned fund balance for the General Fund was \$2,049,610.
- On September 30, 2022, the Town's governmental funds reported an ending fund balance of \$4,433,676 which is an *increase* of \$299,373 in comparison with the prior year.
- During the year, the Town's governmental activities program revenues were \$922,332 compared to expenses of \$4,373,485 which means that **only 21.08% of expenses were paid for with program revenues**. The percentage is less than the prior year by nearly 5 points.

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 on how the Town's net position changed during the fiscal year; (2) Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds; and (3) Notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

1. The *Statement of Net Position* presents information on all the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
2. The *Statement of Activities* presents information showing how the government's net position changed during fiscal year 2022. 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 14 – 15 of this report.

FUND FINANCIAL STATEMENTS

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

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

GOVERNMENTAL FUNDS

Governmental fund financial statements are prepared on a 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 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 funds is similar to proprietary funds.

The basic fiduciary fund financial statement can be found on pages 20 and 21 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 on the financial statements can be found on pages 22 – 41 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.

CAPITAL ASSETS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, total assets exceeded total liabilities by \$10,609,664 at the close of fiscal year ended September 30, 2022. The Town uses capital assets to provide services to citizens; therefore, these assets are not available for future spending, because the Town has no intention of selling these assets to generate spendable assets (i.e., cash). The following table reflects the condensed Statement of Net Position.

Table 1 Town of Indian Shores Florida Condensed Statement of Net Position¹ As of September 30		
	Total Primary Government	
	<u>2022</u>	<u>2021</u>
Current and other Assets	\$5,004,361	\$5,992,191
Capital assets (net of Allowance)	8,662,486	8,096,334
Total Assets	13,666,847	14,088,525
Deferred Outflows of Resources	98,793	98,793
Current and other Liabilities	199,503	561,035
Compensated Absences	89,948	33,868
Long-Term Liabilities Outstanding:		
Due within one year	458,962	461,523
Due in more than one year	2,714,152	3,176,455
Total Liabilities	3,405,885	4,232,881
Deferred Inflows of Resources	695,949	695,949
Net Position:		
Net investment in capital assets	5,641,413	4,613,738
Restricted:		
Pensions	743,523	726,740
Law Enforcement	12,323	18,210
Capital Projects	166,266	165,023
Unrestricted	4,046,139	3,734,777
Total Net Position	<u>\$10,609,664</u>	<u>\$9,258,488</u>

¹For more detailed information, see Statement of Net Position on Page 14.

Of the Town's total net position, **38.1%** represents resources that are unrestricted in how they may be used with **8.7%** being subject to external restrictions.

The remaining portion of the Town's net position, or **53.2%**, represents its investment in capital assets (e. g. land, building, improvements, and equipment), less any related outstanding debt used to acquire those assets. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position \$4,046,139 may be used to meet the government's ongoing obligations to citizens and creditors.

STATEMENT OF ACTIVITIES

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

<i>Table 2</i> Town of Indian Shores Florida Changes in Net Position For the Fiscal Year Ended September 30, Governmental Activities		
	<u>2022</u>	<u>2021</u>
REVENUES		
Program Revenues:		
Charge for Services	\$922,332	\$873,645
Operating Grants & Contributions	85,815	81,014
Total Program Revenues	1,008,147	954,659
General Revenues:		
Property Taxes	2,099,381	1,953,786
Infrastructure Surtax	211,584	193,782
Communications Service Tax	94,678	93,852
Public Service Taxes	472,907	449,976
Franchise Fees	305,240	287,488
State Revenue Sharing	1,090,839	502,287
Investment Income	3,701	2,541
Miscellaneous	32,823	143,221
Total General Revenues	4,311,153	3,626,933
EXPENSES		
General Government	1,623,774	1,717,191
Public Safety	2,056,902	1,602,226
Physical Environment	498,104	453,253
Transportation	102,303	103,084
Culture and Recreation	51,038	449,558
Interest on Long-Term Debt	41,364	144,863
Total Expenses	4,373,485	4,470,175
CHANGE IN NET POSITION	948,863	111,417
Net Position - Beginning of year	9,660,801	9,147,071
Net Position - End of year	\$10,609,664	\$9,258,488

GOVERNMENTAL ACTIVITIES

Governmental Activities increased the Town's net position by \$948,863. Key elements of this change are as follows:

- Actual property tax revenue increased by \$145,595 or 6.9% compared to the prior year. A 11.75% increase in the existing property values and a millage rate of 1.8700 that was 13.84% above the Rolled-Back Rate of 1.6427.
- Governmental fund overall revenues increased over fiscal year 2022 with a reported increase of \$684,220 or 15.9%.
 - Ad Valorem increased by \$145,595 or 6.9%
 - Infrastructure Surtax increased by \$17,802 or 8.4%
 - Communications Service Taxes increased by \$826 or 0.9%
 - Public Service Taxes increased by \$22,931 or 4.8%
 - Franchise Fees increased by \$17,752 or 5.8%
 - State Revenue Sharing increased by \$588,522 or 54%
 - Fines, Interest & Miscellaneous Revenues decreased by (\$110,398) or (336.3%)
- Program revenues increased \$48,687 primarily due to an increase in charges for Police Services.
- **Overall revenues increased 16% or \$684,220** in comparison with the prior year along with a **decrease of (2.2%) or (\$96,690) in program expenditures** in comparison with the prior year.

Function/Program Activities	2022	2021	Inc (Dec)	%
General Government	\$1,623,774	\$1,717,191	(\$93,417)	-5.7%
Public Safety	2,056,902	1,602,226	454,676	22.1%
Physical Environment	498,104	453,253	44,851	9.0%
Transportation	102,303	103,084	(781)	-.7%
Culture and Recreation	51,038	449,558	(398,520)	-780%
Interest on Long-Term Debt	41,364	144,863	(103,499)	-250%
Total Governmental Activities	<u>\$4,373,485</u>	<u>\$4,470,175</u>	<u>(\$96,690)</u>	-2.2%

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 2022, the Town's governmental funds reported ending fund balances of \$4,433,676 which is an *increase* of \$299,373 in comparison with the prior year.

<u>INTERGOVERNMENTAL REVENUES</u>						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Half-Cent Sales Tax	\$109,103	\$107,399	\$91,466	\$96,717	\$95,879	\$90,267
State Revenue Sharing	\$44,531	\$36,821	\$32,705	\$34,700	\$33,655	\$32,859
Local Option Gas Tax	\$19,431	\$20,646	\$16,870	\$20,300	\$21,518	\$24,943
1 Cent Surtax - LOST	\$211,584	\$193,782	\$154,655	\$199,799	\$190,354	\$178,788

100% of Utility taxes and \$5,000 of the Communications Services Tax are utilized to fund the long-term debt payments for the undergrounding of utilities on Gulf Boulevard.

The Assigned fund balance for designated projects is \$2,106,132 and the Unassigned fund balance is \$2,049,610 both of which are available for spending at the Town's discretion.

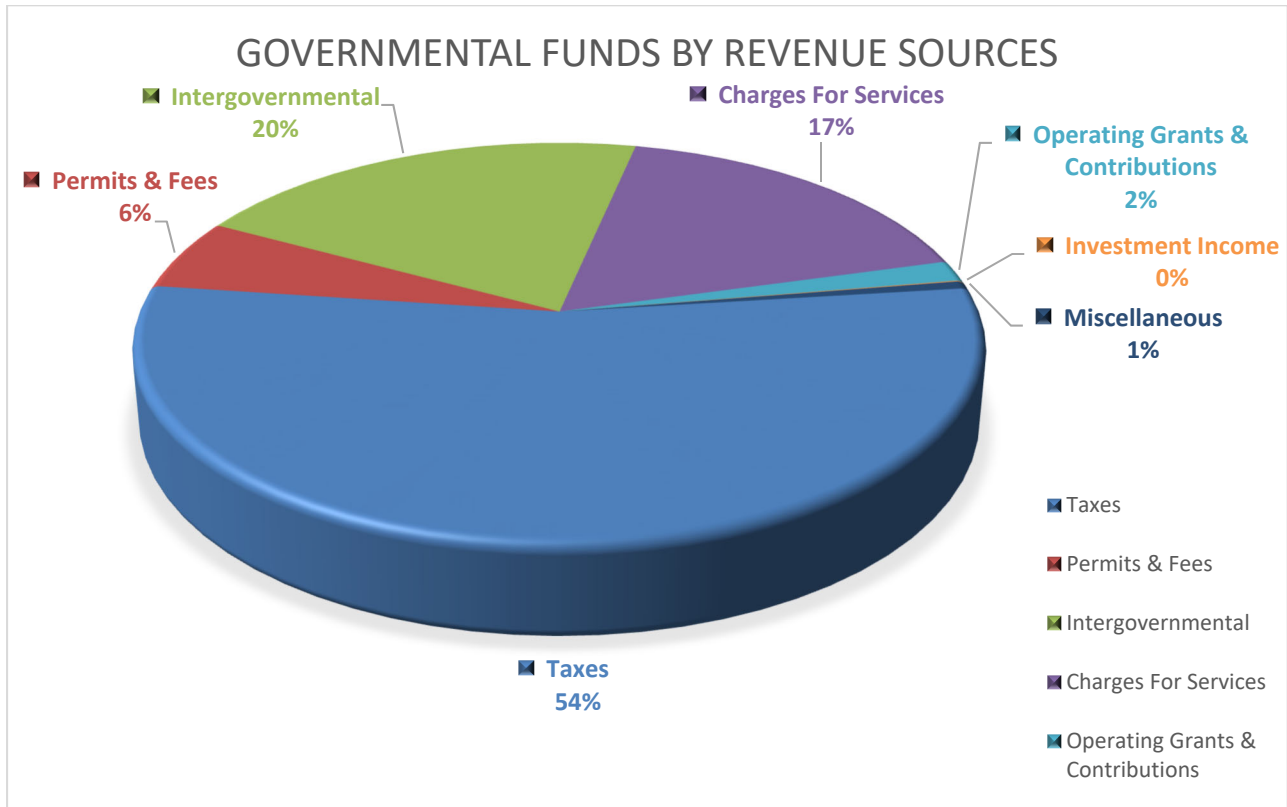
The remainder of the fund balance \$277,934 is non-spendable, restricted, or committed fund balance is not available for new spending and is detailed in the balance sheet on page 16.

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 (1.6427). During 2022 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 1.0613%. The **majority vote** maximum millage rate allowed for the Town of Indian Shores was 2.0638. With a **two-thirds vote** the maximum millage rate allowed would have been 2.2702. **The Town Council approved a rate of 1.8700** (which has been the millage rate since FY12-13) **per \$1,000 of valuation** which was 13.84% **more than** the rolled back rate of 1.6427.

For the Fiscal 2023/2024 year the maximum millage rate that can be levied will be calculated much the same as in FY 2022/2023 subject to any legislative changes.

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



GOVERNMENTAL FUNDS - BUDGETARY HIGHLIGHTS

There were three amendments to the original budget as follows:

Budget Amendment #1 was authorized by Resolution No. 12-2021

- | | |
|--|-----------|
| ➤ Road & Bridge – Public Services Municipal Center Parking Lot | \$ 15,806 |
| ➤ Capital Fund – Police Bolo Wraps | \$ 11,069 |
| ➤ Capital Fund – Public Services GBB Concrete Plaza | \$ 11,528 |

Budget Amendment #2 was authorized by Resolution No. 05-2022

- | | |
|---|----------|
| ➤ Police, Restricted Confiscated Property | \$ 8,000 |
|---|----------|

Budget Amendment #3 was authorized by Resolution No. 10-2022

- | | |
|--|-----------|
| ➤ General Fund - Salary Study General Employees, Equity Increase Police Officers,
Vacation Payout Police Officers | \$169,314 |
| ➤ General Fund - Public Services 5-year Monument & Sign Maintenance Contract | \$ 16,320 |
| ➤ Capital Fund – Police New Vehicle | \$ 50,000 |
| ➤ Capital Fund – Public Services Video Camera Equipment | \$ 12,068 |

➤ Capital Fund – Public Services New Vehicle	\$ 32,790
➤ Capital Fund – Public Services GBB Sign Star Change Orders	\$ 51,809
➤ Capital Fund – Public Services 19305 Marine Improvement	\$ 39,095

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS - GOVERNMENTAL FUNDS

The Town's investment in capital assets for its governmental activities as of September 30, 2022, amounts to \$8,662,486 net of accumulated depreciation. This investment in capital assets includes land, building, improvements other than buildings, and equipment.

Town of Indian Shores, Florida Capital Assets (Net of Accumulated Depreciation) As of September 30		
	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Land	\$777,823	\$777,823
Buildings	5,572,749	5,544,473
Improvements other than Buildings	10,716,886	9,692,197
Equipment	878,990	734,656
Construction in progress	-	-
Less Accumulated Depreciation	(9,283,962)	(8,652,815)
Totals	<u>\$8,662,486</u>	<u>\$8,096,334</u>

Additional information on the Town's capital assets can be found on page 32 of this report.

LONG-TERM DEBT

At the end of Fiscal Year 2021, the Town had no outstanding general obligation bonds.

On December 8, 2020, the Council passed Resolution No. 19-2020 authorizing the issuance of the Refunding Revenue Note, Series 2020 (Note) in the amount of \$3,677,126. The purpose of this debt is to repay the Series 2012 Revenue Note and the Series 2015 Revenue Note.

	<u>Governmental Activities</u>
Revenue Note - Principal	<u>\$2,930,504</u>

During Fiscal Year 2021/2022 the Town paid \$421,924 towards retirement of the principal and \$38,012 for the retirement of interest. Debt payments are paid semi-annually in February and August and there is no pre-payment penalty after five years from the date of issue.

The Town has recorded a liability for compensated absences in the amount of \$123,216.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the County on September 30, 2022, was 2.5 percent which represents a decrease of 1 percent from the prior year. The State rate of unemployment was 2.7 percent as of September 30, 2022.
- The Town of Indian Shores is primarily a residential community with less than 17 percent of properties currently claiming Homestead Exemption. The latest report shows 463 out of 2840 parcels.
- The Town of Indian Shores witnessed new construction costs estimated value of \$1,400,000 for the fiscal year ended September 2022. Permit Fees totaled over \$19,310. during this time. Due to new construction and increasing values, the Town is in good condition to raise sufficient tax revenue in FY22-23 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 2022, the Town's ability to provide salary and benefit increases is likely.
 - This financial report is designed to present users with a general overview of the Town's finances to all those interested in the government finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

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

TOWN OF INDIAN SHORES, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities
ASSETS	
Equity in pooled cash and cash equivalents	\$ 973,301
Investments	3,456,116
Receivables, net	84,974
Due from other governments	86,163
Prepays	8,986
Restricted assets:	
Net pension asset	394,821
Capital assets:	
Capital assets, not being depreciated	777,823
Other capital assets, net of depreciation	7,884,663
Total assets	<u>\$ 13,666,847</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	\$ 554,248
Total deferred outflows	<u>\$ 554,248</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 174,864
Customer deposits	1,000
Accrued interest payable	23,639
Noncurrent liabilities:	
Due within one year:	
Bonds and notes payable	417,229
Financed purchases	41,733
Compensated absences	33,268
Due in more than one year:	
Bonds and notes payable	2,513,275
Financed purchases	48,836
Compensated absences	89,948
Total OPEB liability	62,093
Total liabilities	<u>\$ 3,405,885</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	\$ 205,546
Total deferred inflows of resources	<u>\$ 205,546</u>
NET POSITION	
Net investment in capital assets	\$ 5,641,413
Restricted for:	
Pensions	743,523
Law enforcement	12,323
Capital projects	166,266
Unrestricted	4,046,139
Total net position	<u>\$ 10,609,664</u>

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF INDIAN SHORES, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 1,623,774	\$ 231,277	\$ -	\$ -	\$ (1,392,497)
Public safety	2,056,902	524,065	-	-	(1,532,837)
Physical environment	498,104	156,936	1,048	-	(340,120)
Transportation	102,303	10,054	82,522	3,048	(6,679)
Culture and recreation	51,038	-	2,245	-	(48,793)
Interest on long-term debt	41,364	-	-	-	(41,364)
Total primary government	<u>\$ 4,373,485</u>	<u>\$ 922,332</u>	<u>\$ 85,815</u>	<u>\$ 3,048</u>	<u>(3,362,290)</u>
General revenues:					
Property taxes					2,099,381
Infrastructure surtax					211,584
Communications service tax					94,678
Public service taxes					472,907
Franchise fees					305,240
State revenue sharing					1,090,839
Investment earnings					3,701
Miscellaneous revenues					32,823
Total general revenues					<u>4,311,153</u>
Change in net position					948,863
Net position - beginning of year, as restated (see Note 12)					9,660,801
Net position - ending of year					<u>\$ 10,609,664</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF INDIAN SHORES, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	<u>General</u>	<u>Capital Improvements</u>	<u>Nonmajor Fund Road and Bridge</u>	<u>Total Governmental Funds</u>
ASSETS				
Equity in pooled cash and cash equivalents	\$ 660,609	\$ 148,149	\$ 164,543	\$ 973,301
Investments	3,456,116	-	-	3,456,116
Receivables, net	84,974	-	-	84,974
Due from other governments	31,353	50,039	4,771	86,163
Prepaid items	8,986	-	-	8,986
Total assets	<u>\$ 4,242,038</u>	<u>\$ 198,188</u>	<u>\$ 169,314</u>	<u>\$ 4,609,540</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 137,952	\$ 34,864	\$ 3,048	\$ 175,864
Total liabilities	<u>137,952</u>	<u>34,864</u>	<u>3,048</u>	<u>175,864</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	8,986	-	-	8,986
Restricted for:				
Police education	1,069	-	-	1,069
Police forfeiture	11,254	-	-	11,254
Capital projects	-	-	166,266	166,266
Committed to:				
Insurance deductible	31,500	-	-	31,500
Beautification	34,018	-	-	34,018
Public works equipment	2,841	-	-	2,841
Beach cleanup	22,000	-	-	22,000
Assigned to:				
Building facilities	755,872	-	-	755,872
Park facilities	121,312	-	-	121,312
Nature park, beach access	85,000	-	-	85,000
Public services equipment	88,024	-	-	88,024
Signage	76,000	-	-	76,000
Street/parking lot maintenance	216,600	-	-	216,600
Emergency management recovery	300,000	-	-	300,000
Debt reduction	300,000	-	-	300,000
Capital projects	-	163,324	-	163,324
Unassigned	2,049,610	-	-	2,049,610
Total fund balances	<u>4,104,086</u>	<u>163,324</u>	<u>166,266</u>	<u>4,433,676</u>
Total liabilities and fund balances	<u>\$ 4,242,038</u>	<u>\$ 198,188</u>	<u>\$ 169,314</u>	<u>\$ 4,609,540</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF INDIAN SHORES, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Fund balances - total governmental funds \$ 4,433,676

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

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

Total governmental capital assets	17,946,448	
Less: accumulated depreciation	<u>(9,283,962)</u>	8,662,486

On the governmental fund statements, a net pension liability (asset) is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the Town's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension asset	394,821	
Deferred outflows related to pensions	554,248	
Deferred inflows related to pensions	<u>(205,546)</u>	743,523

On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the Town's total OPEB liability is reported as a noncurrent liability. (62,093)

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:

Bonds and notes payable	(2,930,504)	
Financed purchases	(90,569)	
Accrued interest payable	(23,639)	
Compensated absences	<u>(123,216)</u>	(3,167,928)

Net position of governmental activities \$ 10,609,664

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF INDIAN SHORES, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>General</u>	<u>Capital Improvements</u>	<u>Nonmajor Fund Road and Bridge</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 2,666,966	\$ -	\$ -	\$ 2,666,966
Permits and fees	466,231	-	-	466,231
Intergovernmental	891,887	411,584	82,522	1,385,993
Charges for services	706,809	-	3,048	709,857
Fines and forfeitures	37,393	-	-	37,393
Investment income	3,701	-	-	3,701
Miscellaneous	67,833	-	-	67,833
Total revenues	<u>4,840,820</u>	<u>411,584</u>	<u>85,570</u>	<u>5,337,974</u>
Expenditures				
Current:				
General government	1,172,444	31,728	-	1,204,172
Public safety	1,965,932	19,086	-	1,985,018
Physical environment	391,397	18,350	84,327	494,074
Culture and recreation	4,275	-	-	4,275
Capital outlay	-	844,771	-	844,771
Debt service:				
Principal retirement	-	461,523	-	461,523
Interest and fiscal charges	-	44,768	-	44,768
Total expenditures	<u>3,534,048</u>	<u>1,420,226</u>	<u>84,327</u>	<u>5,038,601</u>
Excess (deficiency) of revenues over expenditures	<u>1,306,772</u>	<u>(1,008,642)</u>	<u>1,243</u>	<u>299,373</u>
Other financing sources (uses)				
Transfers in	-	647,247	-	647,247
Transfers out	<u>(647,247)</u>	<u>-</u>	<u>-</u>	<u>(647,247)</u>
Total other financing sources (uses)	<u>(647,247)</u>	<u>647,247</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>659,525</u>	<u>(361,395)</u>	<u>1,243</u>	<u>299,373</u>
Fund balances, beginning of year	3,444,561	524,719	165,023	4,134,303
Fund balances, end of year	<u>\$ 4,104,086</u>	<u>\$ 163,324</u>	<u>\$ 166,266</u>	<u>\$ 4,433,676</u>

The accompanying notes to financial statements are an integral part of this statement.

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
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds	\$ 299,373
Differences in amounts reported for governmental activities in the statement of activities are:	
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.	
Capital outlay expenditures	844,771
Depreciation expense	(665,439)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, CIP project abandoned) is to decrease net position.	
	(15,493)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of general long-term debt	461,523
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.	
Change in net pension liability (asset) and deferred inflows/outflows related to pensions	16,783
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:	
Change in accrued interest on long-term debt	3,404
Change in compensated absences liability	2,220
Change in total OPEB liability	1,721
Change in net position of governmental activities	\$ 948,863

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF INDIAN SHORES, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022**

	Pension Trust Fund
ASSETS	
Cash and cash equivalents with trustee	\$ 286,300
Total cash and cash equivalents	<u>286,300</u>
Receivables	
State contributions receivable	19,306
Interest and dividends receivable	5,666
Total receivables	<u>24,972</u>
Investments, at fair value	
Corporate debt obligations	750,501
Foreign debt obligations	49,664
Municipal debt obligations	33,986
Corporate equity securities	2,542,836
Foreign equity securities	81,796
Total investments	<u>3,458,783</u>
Total assets	<u><u>\$ 3,770,055</u></u>
NET POSITION	
Restricted for pensions	<u><u>\$ 3,770,055</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF INDIAN SHORES, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 49,895
Plan members	39,346
State - insurance premium taxes	19,306
Total contributions	<u>108,547</u>
Investment earnings:	
Net appreciation (depreciation) in fair value of investments	(642,609)
Interest and dividends	67,203
Total investment earnings (loss)	<u>(575,406)</u>
Less: investment expense	-
Net investment income (loss)	<u>(575,406)</u>
Total additions	<u>(466,859)</u>
Deductions	
Benefit payments and refunds	225,651
Administrative expenses	57,476
Total deductions	<u>283,127</u>
Change in net position	<u>(749,986)</u>
Net position restricted for pensions, beginning of year	4,520,041
Net position restricted for pensions, end of year	<u><u>\$ 3,770,055</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) Summary of Significant Accounting Policies:

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

(a) **Reporting entity**— The Town of Indian Shores, Florida, is incorporated under the provisions of the State of Florida and operates under a Council-Manager form of government. The Town is a full-service municipality which provides its citizens with full municipal services except for fire protection.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government. These statements do not report fiduciary funds or fiduciary component units such as retirement trust funds. Those activities are reported only in fund financial statements. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds. The Town had no business-type activities in the current fiscal year.

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. Indirect costs are included in the program expense reported for individual functions and activities. 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 are reported as separate columns in the fund financial statements.

(c) **Measurement focus, basis of accounting, and financial statement presentation**—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 balance, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and financial reporting treatment is determined by the applicable measurement focus and the basis of accounting. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus indicates the type of resources being measured such as current financial resources (current assets, less current liabilities) or economic resources (all assets and liabilities).

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grants, other intergovernmental revenues, charges for services, 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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, certain expenditures relating to future periods, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

General Fund—The General Fund is the principal fund of the Town which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Town are financed through revenues received by the General Fund.

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

The Town reports the following nonmajor governmental fund:

Road and Bridge Fund—The Road and Bridge Fund is a special revenue fund that accounts for repair and maintenance projects.

Additionally, the Town reports the following fund types:

Pension Trust Fund—Accounts for the net position held in trust for defined pension benefits and the related financial activities of the Town's police officers in the Police Pension Fund.

As a general rule, the effect of the Town's interfund activity has been eliminated from the government-wide financial statements.

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

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

- i. On or before September 15th, the Town Finance Director submits a preliminary budget to the Town Council for the ensuing fiscal year.
- ii. Budget workshop sessions are scheduled by the Town Council, as needed.
- iii. A general summary of the budget and notice of public hearing is made available to the public.
- iv. Prior to October 1st, the budget is legally enacted through passage of a resolution.
- v. The Town Council, by resolution, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Council.
- vi. The Town Council must approve all budget amendments and/or appropriations transfers.
- vii. Budgetary control is exercised at the fund level.
- viii. Every appropriation lapses at the close of the fiscal year.

The budgets for governmental funds that were either adopted or amended during the year by the Town Council were prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The general, capital improvements, and road and bridge funds have legally adopted budgets.

The general fund expenditures for the fiscal year exceeded the final approved budget by \$5,076.

(e) **Deposits and investments**—The Town's cash and cash equivalents include cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash. Investments with original maturities of three months or less are considered to be cash equivalents.

The Town has adopted the reporting required by Accounting and Financial Reporting for Certain Investments and for External Investment Pools. All investments including investments in the Town's fiduciary funds are recorded at fair value based on quoted market values.

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(f) **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 “due to/from other funds” (i.e., the current portion of interfund loans).

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends.

(g) **Inventories and prepaid items**—The cost of inventory is accounted for on the consumption basis wherein inventories are charged as expenditures when used, rather than when purchased. All inventories are valued at cost, which approximates market, by using the weighted average valuation method. The effect of this method is to flow the costs of the materials and supplies in the order in which they are purchased and to assign a balance sheet inventory valuation more nearly at current replacement value. No required minimum levels of inventory are maintained.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(h) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage improvements, sidewalks, and similar items), are reported in the applicable governmental activities in the government-wide financial statements. Capital assets are defined by the government as assets with an initial threshold of \$5,000 and an estimated useful life of greater than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	45 – 55
Improvements	20 – 30
Public domain infrastructure	45 – 55
Machinery and equipment	5 – 15

(i) **Compensated absences**—The Town reports compensated absences in the applicable governmental activity columns in the governmental-wide financial statements. The portion of employee payroll costs paid subsequent to year-end attributable to services performed prior to year-end and accumulated unpaid vacation, sick-leave, and personal leave is recorded and recognized as a current liability. The remainder of the liability for compensated absences payable beyond the current period is recorded as a long-term liability.

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(j) **Long-term obligations**—In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the government-wide statement of net position. Original issue bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(k) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – amounts not available to be spent or not in spendable form, such as inventory and prepaid items.

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes based on actions taken by the Town Council through ordinance or resolution.

Assigned – amounts the Town intends to use for a specific purpose. Intent can be expressed by Town Council or by an official or body which the Town Council delegates authority.

Unassigned – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available; the Town considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally, unassigned funds, as needed.

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(l) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has deferred outflows related to pensions which qualify for reporting in this category and are discussed further in Note (11).

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred inflows related to pensions which qualify for reporting in this category and are discussed further in Note (11).

(m) **Property taxes**— Property tax revenues are recognized when levied, to the extent that they result in current receivables. Details of the property tax calendar are presented below:

Lien date	January 1
Levy date	October 1
Discount periods	November – February
No discount period	March
Delinquent date	April 1

(n) **Net position flow assumption**—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Town's policy to consider restricted net position to have been used before unrestricted net position is applied.

(o) **Impact fees**—No authorized impact fees in accordance with Section 163.31801, Florida Statutes were in effect for fiscal year 2022.

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

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(2) Reconciliation of Government-Wide and Fund Financial Statements:

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) Deposits and Investments:

The Town's investment policies are governed by Chapter 280 and 218, Florida Statutes. For all investments authorized by statute the Town applies the "Prudent Person" standard when developing investment strategies. The basic allowable investment instruments are as follows:

The Local Government Surplus Trust Funds or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01.

Securities and Exchange Council registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Interest bearing time deposits or savings accounts in qualified public depositories as defined in Chapter 280, Florida Statutes.

Direct obligations of the United States Treasury.

Deposits include cash on hand and amounts held in the Town's demand accounts. At September 30, 2022, the carrying amount of the Town's deposits was \$973,301. Each demand account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Any balance in excess of FDIC insurance is covered by collateral held by the Town's custodial bank, which is pledged to a state trust fund that provides security in accordance with Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act (the Act) established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act.

Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(3) Deposits and Investments: (Continued)

The Town measures and records its investments, assets whose use is limited, and restricted assets using fair value measurement guidelines, which recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

As of September 30, 2022, the Town's governmental investment portfolio was composed of the following investments:

Investment Type	Credit Quality Rating (S&P)	Carrying Value	Weighted Average Investment Maturities (in Years)		Fair Value Hierarchy Classification
			Less Than 1	1 – 5	
FMIT 0-2 Yr High Quality Bond Fund	AAAf/S1	\$ 1,620,512	\$ 1,620,512	\$ -	Level 2
FLCLASS General Fund	AAAm	1,835,604	1,835,604	-	N/A
Total Portfolio		<u>\$ 3,456,116</u>	<u>\$ 3,456,116</u>	<u>\$ -</u>	

Interest Rate Risk: The Town's fixed rate investments are generally tied to bond reserve requirements and are intended to be held until the funds are needed, at maturity. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's pension funds limit their risk by averaging investment maturities at approximately seven to ten years.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Town's portfolio is held entirely with public depositories and is invested in SBA funds, as described above.

Concentration of Credit Risk: The pension funds' investment policies and practices require investments to be diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are purchased and sold. No more than 3% of the trust fund shall be invested in any one issuer.

Custodial Credit Risk—Investments: In the case of investments, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town generally utilizes third party custodians to help manage custodial credit risk.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The investment policy does not permit general obligations issued by a foreign government and is, therefore, not exposed to foreign currency risk.

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(3) Deposits and Investments: (Continued)

Pension Plan Investments

The Town's Pension plans have adopted investment policies which authorizes the pension managers to invest in the following:

Police Plan—Bank deposits and money market accounts, US government and agency obligations, mortgage-backed securities, guaranteed investment contracts, treasury inflation indexed securities (TIPS), equities listed on a national stock exchange (5% issuer limitation), private real estate trusts with quarterly liquidity and valuations, and exchange-traded funds (ETF) or similar index funds.

The pension plans measure and record investments using fair value measurement guidelines utilizing the same three-tiered fair value hierarchy as the Town.

The following is a description of the valuation techniques used for assets measured at fair value:

Corporate, Municipal and Foreign Debt Obligations—Valued based on face value of the instruments adjusted for inflation and interest maturities.

Corporate and Foreign Equity Securities—Valued at fair value based on quoted market prices at year end.

A summary of investments held at fair value as of September 30, 2022, is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments, at fair value				
Corporate debt obligations	\$ 750,501	\$ -	\$ 750,501	\$ -
Foreign debt obligations	49,664	-	49,664	-
Municipal debt obligations	33,986	-	33,986	-
Corporate equity securities	2,542,836	2,542,836	-	-
Foreign equity securities	81,796	81,796	-	-
Total investments	<u>\$ 3,458,783</u>	<u>\$ 2,624,632</u>	<u>\$ 834,151</u>	<u>\$ -</u>

The pension plans also held a total of \$286,300 of cash and cash equivalents held in the pension trust funds.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The Town does not have a policy regarding interest rate risk.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Pension Plans utilize portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies and credit rating limitations are in place through the plan investment policies. All investments rated within the investment policy guidelines at September 30, 2022.

Concentration of Credit Risk: The Town's pension plans have varying limitations on investment in single-issuers as discussed in the authorized investments note. At September 30, 2022, the investment portfolios met the single issuer limitations.

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(3) Deposits and Investments: (Continued)

Custodial Credit Risk: Custodial credit risk is the risk that the Town may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited since investments are held in independent custodial safekeeping accounts or mutual funds.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Pension trust funds policies allow for up to 20-25% percent of its investments in common stock, capital stock and convertible securities at market value in foreign securities. At September 30, 2022, the investment portfolios met the foreign securities limitations.

(4) Accounts Receivable:

The Town's receivables consisted of the following at September 30, 2022:

	<u>Gross Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Governmental Activities:			
General Fund	\$ 84,974	\$ -	\$ 84,974

(5) Interfund Loans and Transfers:

The outstanding balances between funds result mainly from the time lag between the dates reimbursable expenditures occur, when transactions are recorded in the accounting system, and when payments between funds are made. At September 30, 2022, the Town did not have individual fund interfund receivables and payables for the primary government.

Transfers are used to move unrestricted revenues to finance various programs that the Town accounts for in other funds in accordance with budgetary authorizations.

For the year ended September 30, 2022, individual fund transfers to and from other funds for the primary government were comprised of the following:

	<u>Transfer From</u>	<u>Transfer To</u>
Government Activities:		
General Fund		
Capital Improvements Fund	\$ -	\$ 647,247
Capital Improvements Fund:		
General Fund	647,247	-
Totals – All Funds	<u>\$ 647,247</u>	<u>\$ 647,247</u>

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(6) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2022, is as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 777,823	\$ -	\$ -	\$ 777,823
Total assets not being depreciated	<u>777,823</u>	<u>-</u>	<u>-</u>	<u>777,823</u>
Capital assets being depreciated, as restated:				
Buildings	5,544,473	28,276	-	5,572,749
Infrastructure	9,692,197	1,024,689	-	10,716,886
Equipment & Furniture	<u>734,656</u>	<u>194,119</u>	<u>(49,785)</u>	<u>878,990</u>
Total assets being depreciated, as restated	15,971,326	1,247,084	(49,785)	17,168,625
Less: accumulated depreciation, as restated	<u>(8,652,815)</u>	<u>(665,439)</u>	<u>34,292</u>	<u>(9,283,962)</u>
Total capital assets being depreciated, as restated, net	<u>7,318,511</u>	<u>581,645</u>	<u>(15,493)</u>	<u>7,884,663</u>
Governmental activities capital assets, as restated, net	<u>\$ 8,096,334</u>	<u>\$ 581,645</u>	<u>\$ (15,493)</u>	<u>\$ 8,662,486</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 124,987
Public safety	89,214
Public works	408,021
Culture and recreation	<u>43,217</u>
Total depreciation expense - governmental activities	<u>\$ 665,439</u>

(7) Long-Term Liabilities:

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable	\$ 3,352,428	\$ -	\$ (421,924)	\$ 2,930,504	\$ 417,229
Financed purchases	130,168	-	(39,599)	90,569	41,733
Compensated absences	<u>125,436</u>	<u>273,189</u>	<u>(275,409)</u>	<u>123,216</u>	<u>33,268</u>
Total long-term liabilities	<u>\$ 3,608,032</u>	<u>\$ 273,189</u>	<u>\$ (736,932)</u>	<u>\$ 3,144,289</u>	<u>\$ 492,230</u>

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(7) Long-Term Liabilities: (Continued)

Bonds and notes payable in the Town's governmental activities at September 30, 2022, were comprised of the following obligations:

Refunding Bonds, Series 2020, issued to (1) refund the Town's outstanding sales tax revenue refunding bonds, series 2012 and 2015, (2) fund a required deposit to the reserve account through purchase of a reserve account insurance policy, and (3) pay related costs of issuance. The bonds are for 100% governmental type activities. The interest rate is 1.21% and the bonds mature February 2030. Bonds are due in payments semi-annually of principal and interest in February and interest only in August. The outstanding balance at September 30, 2022, was \$2,930,504.

In June 2018, the Town entered into a financed purchase with the Bancorp Bank for six police vehicles, with payments due annually for each vehicle. The outstanding balance at September 30, 2022, was \$90,569.

Annual debt service requirements to maturity for the Town's governmental activities bonds and notes payable and financed purchases are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 458,962	\$ 37,557	\$ 496,519
2024	470,899	30,229	501,128
2025	421,241	22,755	443,996
2026	352,804	18,072	370,876
2027-2030	1,317,167	32,116	1,349,283
Total	<u>\$ 3,021,073</u>	<u>\$ 140,729</u>	<u>\$ 3,161,802</u>

(8) Commitments and Contingencies:

The Town may periodically be engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2022. The outcomes of any established claims are included in these financial statements. In the opinion of the Town's legal counsel, no legal proceedings are pending or threatened against the Town which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

(9) Risk Management:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by limited risk, high deductible commercial general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(10) Other Postemployment Benefits (OPEB):

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

Funding Policy— The numbers shown in the OPEB report reflect a decision not to fund the program. Therefore, the contributions made to the program are assumed to be the benefits paid to retirees and administrative expenses.

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

Plan Membership—At October 1, 2021, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	23
Covered Spouses	0
Inactive Employees	0
	23

Total OPEB Liability—The Town's total OPEB liability of \$62,093 was measured as of September 30, 2022, and was determined by an actuarial valuation as of September 30, 2022, utilizing the alternative measurement method.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the September 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.50%
Discount rate	4.77%
Healthcare cost trend rate	7.50%
Ultimate rate reached in 2076	4.00%
Years to Ultimate	53

For general employees, mortality rates were PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2019. For police employees, mortality rates were PubS- 2010 Mortality Tables projected to the valuation date using Projection Scale MP-2019.

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(10) Other Postemployment Benefits (OPEB): (Continued)

For the fiscal year ended September 30, 2022, changes in the total OPEB liability were as follows:

Balance at September 30, 2021	\$ 63,814
Changes for a year:	
Service cost	11,392
Interest	2,189
Changes of assumptions	(28,574)
Benefit payments – implicit rate subsidy	(3,210)
Net changes	(1,721)
Balance at September 30, 2022	<u>\$ 62,093</u>

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the Town calculated using the discount rate of 4.77%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 70,301	\$ 62,093	\$ 55,279

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

The following presents the total OPEB liability of the Town as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.00%-6.50%) or 1% higher (5.00%-8.50%) than the current healthcare cost trend rates (4.00%-7.50%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 54,045	\$ 62,093	\$ 71,919

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2022, the Town recognized OPEB expense of \$5,189. At September 30, 2022, the Town reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

(11) Employee Retirement Systems and Pension Funds:

Defined Contribution Plan

The Town contributes to a Money Purchase Pension 401 Plan (the Plan) adopted on October 1, 1986. Plan provisions, benefit terms, and contribution requirements are established and may be amended by the Council. Employer and plan member contributions are recognized in the period that contributions are due. For each participating employee in the pension plan, the Town is required to contribute 13% of employees' earnings to an individual employee account. During the year ended September 30, 2022, the employer recognized pension expense of \$84,547.

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) **Employee Retirement Systems and Pension Funds:** (Continued)

Defined Benefit Plan

The Town's pension plan is established by ordinance. The Town maintains a single employer benefit pension plans which covers police officers. The Town's ordinances governing the police officers' plan were written in compliance with the provisions of Florida Statutes, Chapter 185.

Plan Description and Administration

The Town's pension plan is a single-employer defined benefit pension plan administered by a board of trustees. The board of trustees for the pension plan consists of two Town residents appointed by the Council, two members of the plan elected by the plan membership, and one member elected by the other four members and appointed by the Council.

No standalone financial reports exist for the pension plan. All financial activity is reported within the accompanying financial statements. Investments are reported at fair value and are managed by third party money managers. The Town's independent custodian and the individual money managers price each instrument (using various third-party pricing sources) and reconcile material differences. Investments that do not have an established market are reported at estimated fair value. Performance reporting, manager fees, and the Town's asset valuation are based on the custodian's determination of value.

Costs incurred by the plan for administration of the plan, which includes legal and actuarial fees, trustee fees and investment advisory fees, are borne by the retirement plan and are included in the actuarial analysis of the required funding amounts.

Benefits Provided and Employees Covered

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. Cost of living adjustments are provided to retirees and beneficiaries in accordance with the plan provisions. The Plan has contracted with an actuary to provide an actuarial valuation of each plan as of October 1 of each year. Current membership in the employee retirement plan was composed of the following at October 1, 2021:

	<u>Police Plan</u>
Inactive plan members or beneficiaries receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	2
Active participants	<u>12</u>
Total current membership	<u><u>20</u></u>

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) **Employee Retirement Systems and Pension Funds:** (Continued)

A summary of the benefits provided under the Plan is as follows:

Police Officers Plan

- Normal Retirement Benefits: 2.5% of average final compensation times credited service
- Normal Retirement Age: Earlier of: 1) age 55 and 10 years of credited service or 2) age 52 and 25 years of credited service Early
- Retirement Benefits: Accrued benefit reduced 3% for each year that early retirement precedes normal retirement
- Early Retirement Age: Age 50 and 10 Years of credited service
- Vesting Schedule: 100% after 10 years of credited service
- Vesting Benefit Amount: Members will receive the vested portion of accrued benefit at the otherwise normal retirement date
- Disability Eligibility Service Incurred: Covered from date of employment
- Disability Eligibility Nonservice Incurred: 10 years of credited service
- Disability Benefit: Benefit accrued to date of disability but not less than 42% of average final compensation (service incurred) or 25% of average final compensation (nonservice incurred)
- Pre-Retirement Death Benefits Vested: Monthly accrued benefit payable to designated beneficiary for 10 years
- Pre-Retirement Death Benefits Non-contributions without interest

Contributions

Members contribute five percent of their pretax earnings. The Town contributes the remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over thirty years. The State of Florida contributes any monies received by reason of the laws of the State for the purpose of funding and paying for retirement benefits.

For the year ended September 30, 2022, contributions to the police pension plan were as follows:

Employee contributions	\$ 39,346
Town contributions	49,895
State contributions	19,306
Total contributions	<u>\$ 108,547</u>

Investment Policy

See Note (3) for additional discussion of the investment policies for the Plan. The following was the asset allocation policy at September 30, 2022:

<u>Asset Class</u>	<u>Police Plan</u>
Equities	65%
Fixed income	35%

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) Employee Retirement Systems and Pension Funds: (Continued)

Net Pension Liability

The components of the net pension liability at September 30, 2022, were as follows:

	<u>Police Plan</u>
Total pension liability	\$ 3,375,234
Plan fiduciary net position	(3,770,055)
Net pension liability (asset)	<u>\$ (394,821)</u>
Plan fiduciary net position as percentage of total pension liability (asset)	111.70%

The total pension liability was determined by an actuarial valuation as of October 1, 2021, and measurement date of September 30, 2022, using the following actuarial assumptions to all measurement periods.

	<u>Police Plan</u>
Inflation	2.50%
Salary increases	5.0%
Investment rate of return	6.5%
Mortality table	MP-2018, projected

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.

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Police Plan</u>
Equities	6.08%
Fixed income	0.53%

Discount rate:

A discount rate of 6.5% was used to measure the TPL. This discount rate was based on the expected rate of return on Fund investments of 6.5%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current member contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member contribution rate. Based on these assumptions, the Fund's fiduciary net position was projected to be available to make all projected future expected benefit payments of current Fund members. Therefore, the long-term expected rate of return on Fund investments was applied to all periods of projected benefit payments to determine the TPL.

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) **Employee Retirement Systems and Pension Funds:** (Continued)

Changes in net pension liability:

Changes in the plan's net pension liability were as follows:

	Police Plan		
	Total Pension Liability (a)	Fund Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance	\$ 3,196,145	\$ 4,520,041	\$ (1,323,896)
Changes for year:			
Service cost	97,083	-	97,083
Interest	212,886	-	212,886
Differences between expected/actual experience	94,771	-	-
Changes of assumptions	-	-	-
Contributions - town and state	-	69,201	(69,201)
Contributions - member	-	39,346	(39,346)
Net investment income	-	(575,406)	575,406
Benefit payments, including refunds	(225,651)	(225,651)	-
Administrative expenses	-	(57,476)	57,476
	<u>179,089</u>	<u>(749,986)</u>	<u>929,075</u>
	<u>\$ 3,375,234</u>	<u>\$ 3,770,055</u>	<u>\$ (394,821)</u>

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the Town calculated using the selected discount rates, as well as what the Town's net pension liability (net pension asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL (NPA) with 1% Decrease	NPL (NPA) at Current Discount Rate	NPL (NPA) with 1% Increase
Police	6.50%	\$ 32,698	\$ (394,821)	\$ (748,653)

For the year ended September 30, 2022, the annual-money weighted rate of return on pension plan investments, net of pension plan investment expense was as follows:

	Police Plan
Annual money-weighted rate of return	-13.01%

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

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) **Employee Retirement Systems and Pension Funds:** (Continued)

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

For the year ended September 30, 2022, the Town recognized pension expense of \$52,418 in the police pension plan.

At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 69,831	\$ 163,323
Changes of assumptions	60,872	42,223
Net difference between projected and actual investment earnings	423,545	-
	<u>\$ 554,248</u>	<u>\$ 205,546</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	Police Plan
2023	\$ 44,683
2024	48,355
2025	82,957
2026	172,707
2027	-
Thereafter	-

(12) **Net Position Restatement:**

Net position at September 30, 2021, has been adjusted as follows:

	Governmental Activities
Net Position Setpember 30, 2021, as previously reported	\$ 9,258,488
To increase net position for impact of capital asset activity (monument project) recognized in prior year	402,313
Net position September 30, 2021, as restated	<u><u>\$ 9,660,801</u></u>

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(13) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Town's financial statements:

- (a) GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This statement becomes effective for fiscal years beginning after June 15, 2022.
- (b) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF INDIAN SHORES, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 2,609,117	\$ 2,609,117	\$ 2,666,966	\$ 57,849
Permits and fees	415,704	415,704	466,231	50,527
Intergovernmental	138,910	138,910	891,887	752,977
Charges for services	700,063	700,063	706,809	6,746
Fines and forfeitures	16,360	16,360	37,393	21,033
Investment income	2,500	2,500	3,701	1,201
Miscellaneous	66,841	66,841	67,833	992
Total revenues	<u>3,949,495</u>	<u>3,949,495</u>	<u>4,840,820</u>	<u>891,325</u>
Expenditures				
Current:				
General government	1,188,270	1,208,336	1,172,444	35,892
Planning and code enforcement	1,797,783	1,913,191	1,965,932	(52,741)
Public safety	367,105	400,945	391,397	9,548
Culture and recreation	6,500	6,500	4,275	2,225
Total expenditures	<u>3,359,658</u>	<u>3,528,972</u>	<u>3,534,048</u>	<u>(5,076)</u>
Excess (deficiency) of revenues over expenditures	<u>589,837</u>	<u>420,523</u>	<u>1,306,772</u>	<u>886,249</u>
Other financing sources (uses)				
Transfers out	(589,837)	(589,837)	(647,247)	(57,410)
Net change in fund balances	<u>-</u>	<u>(169,314)</u>	<u>659,525</u>	<u>828,839</u>
Fund balances, beginning of year	3,444,561	3,444,561	3,444,561	-
Fund balances, end of year	<u><u>\$ 3,444,561</u></u>	<u><u>\$ 3,275,247</u></u>	<u><u>\$ 4,104,086</u></u>	<u><u>\$ 828,839</u></u>

TOWN OF INDIAN SHORES, FLORIDA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL
SEPTEMBER 30, 2022

(1) **Summary of Significant Accounting Policies:**

Budgets—Annual budgets for all governmental funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting.

TOWN OF INDIAN SHORES, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 11,392	\$ 11,186	\$ 10,136	\$ 5,897	\$ 6,206
Interest	2,189	1,398	1,849	2,887	2,443
Difference between expected and actual experience	16,482	-	(33,240)	-	-
Changes of assumptions	(28,574)	(2,164)	2,212	4,816	(4,057)
Benefit payments	(3,210)	(1,500)	(1,627)	(2,407)	(2,218)
Net change in total OPEB liability	(1,721)	8,920	(20,670)	11,193	2,374
Total OPEB liability - beginning of year	63,814	54,894	75,564	64,371	61,997
Total OPEB liability - end of year	<u>\$ 62,093</u>	<u>\$ 63,814</u>	<u>\$ 54,894</u>	<u>\$ 75,564</u>	<u>\$ 64,371</u>
 Covered payroll	 \$ 1,432,996	 \$ 1,160,351	 \$ 1,132,050	 \$ 1,062,431	 \$ 1,036,518
Total OPEB liability as a percentage of covered payroll	4.33%	5.50%	4.85%	7.11%	6.21%

Notes to Schedule:

Valuation date:	10/1/2021	10/1/2019	10/1/2019	10/1/2017	10/1/2017
Measurement date:	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018

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

4.77%	2.43%	2.14%	3.58%	4.18%
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Benefit Payments : There are no assets in a trust to pay for related benefits. The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal years above. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

*10 years of data will be presented as it becomes available.

TOWN OF INDIAN SHORES, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PLAN
SEPTEMBER 30, 2022
(UNAUDITED)

Fiscal Year Ending September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 97,083	\$ 91,827	\$ 86,223	\$ 87,098	\$ 99,744	\$ 92,570	\$ 102,476	\$ 95,105	\$ 84,581
Interest	212,886	201,490	196,103	199,766	232,433	217,283	195,271	180,970	167,384
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Difference between actual and expected experience	94,771	-	(43,748)	(347,315)	-	(173,473)	-	5,375	-
Changes of assumptions	-	-	(90,943)	147,832	-	-	113,266	-	-
Benefit payments including refunds of contributions	(225,651)	(210,370)	(199,763)	(215,532)	(135,494)	(102,117)	(85,922)	(68,394)	(68,394)
Net change in total pension liability	179,089	82,947	(52,128)	(128,151)	196,683	34,263	325,091	213,056	183,571
Total pension liability - beginning	3,196,145	3,113,198	3,165,326	3,293,477	3,096,794	3,062,531	2,737,440	2,524,384	2,340,813
Total pension liability - ending (a)	<u>\$ 3,375,234</u>	<u>\$ 3,196,145</u>	<u>\$ 3,113,198</u>	<u>\$ 3,165,326</u>	<u>\$ 3,293,477</u>	<u>\$ 3,096,794</u>	<u>\$ 3,062,531</u>	<u>\$ 2,737,440</u>	<u>\$ 2,524,384</u>
Total Fund Fiduciary Net Position									
Contributions - town and state	\$ 69,201	\$ 98,199	\$ 107,863	\$ 131,464	\$ 79,852	\$ 111,328	\$ 98,980	\$ 156,264	\$ 143,711
Contributions - member	39,346	34,696	33,544	32,006	36,131	32,715	31,776	31,632	29,009
Net investment income	(575,406)	615,843	359,809	247,244	367,644	379,669	348,353	(172,176)	257,445
Benefit payments, including refunds of contributions	(225,651)	(210,370)	(199,763)	(215,532)	(135,494)	(102,117)	(85,922)	(68,394)	(68,394)
Administrative expense	(57,476)	(16,405)	(28,586)	(34,571)	(17,610)	(11,473)	(15,086)	(5,212)	(8,366)
Net change in plan fiduciary net position	(749,986)	521,963	272,867	160,611	330,523	410,122	378,101	(57,886)	353,405
Plan fiduciary net position - beginning	4,520,041	3,998,078	3,725,211	3,564,600	3,234,077	2,823,955	2,445,854	2,503,740	2,150,335
Plan fiduciary net position - ending (b)	<u>\$ 3,770,055</u>	<u>\$ 4,520,041</u>	<u>\$ 3,998,078</u>	<u>\$ 3,725,211</u>	<u>\$ 3,564,600</u>	<u>\$ 3,234,077</u>	<u>\$ 2,823,955</u>	<u>\$ 2,445,854</u>	<u>\$ 2,503,740</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (394,821)</u>	<u>\$ (1,323,896)</u>	<u>\$ (884,880)</u>	<u>\$ (559,885)</u>	<u>\$ (271,123)</u>	<u>\$ (137,283)</u>	<u>\$ 238,576</u>	<u>\$ 291,586</u>	<u>\$ 20,644</u>
Plan fiduciary net position as a percentage of the total pension liability	111.70%	141.42%	128.42%	117.69%	108.23%	104.43%	92.21%	89.35%	99.18%
Covered payroll	\$ 786,920	\$ 693,912	\$ 670,880	\$ 640,129	\$ 722,605	\$ 654,300	\$ 635,520	\$ 632,640	\$ 580,180
Net pension liability as a percentage of covered payroll	-50.17%	-190.79%	-131.90%	-87.46%	-37.52%	-20.98%	37.54%	46.09%	3.56%

*10 years of data will be presented as it becomes available.

TOWN OF INDIAN SHORES, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE PLAN
SEPTEMBER 30, 2022
(UNAUDITED)

Fiscal Year	Actuarially Determined Contribution (ADC)	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Employee Payroll
2022	\$ 1,574	\$ 69,201	\$ (67,627)	\$ 786,920	8.79%
2021	1,187	98,199	(97,012)	693,912	14.15%
2020	103,316	107,863	(4,547)	670,880	16.08%
2019	98,580	131,464	(32,884)	640,129	20.54%
2018	99,048	118,059	(19,011)	722,605	16.34%
2017	78,516	111,328	(32,812)	654,300	17.01%
2016	80,521	98,980	(18,459)	635,520	15.57%
2015	88,153	156,264	(68,111)	632,640	24.70%
2014	143,304	143,711	(407)	580,180	24.77%

Notes to Schedule:

Valuation Date: 10/1/2020

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Aggregate
Amortization Method: N/A
Asset Valuation Method: Market value
Inflation: 2.50%
Salary Increases: 5.0% (Projected Salary in the year of retirement increased 12% for those hired before July 1, 2015)
Investment Rate of Return: 6.5% (net of investment related expenses)
Mortality: For healthy participants during employment, PUB-2010 Headcount Weighted Safety Employee Female Mortality Table and Safety Below Median Employee Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018
For healthy participants post employment, PUB-2010 Headcount Weighted Safety Healthy Retiree Female Mortality Table and Safety Below Median Healthy Retiree Male Mortality Table, both set forward 1 year, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.
For disabled participants, 80% PUB-2010 Headcount Weighted General Disabled Retiree Mortality Table / 20% PUB-2010 Headcount Weighted Safety Disabled Retiree Mortality Table, separate rates for males and females, without projected mortality improvements.
Retirement Age: Varies by Age and Service
Disability Rate Table:

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

Employee Withdrawal Rates

<u>Years of Service</u>	<u>Withdrawal Rate</u>
0-3	25.00%
4	15.00%
5+	7.50%

Retirement Rates

<u>Age</u>	<u>Retirement Rate</u>
50-54	5.00%
55-61	10.00%
62+	50.00%

*10 years of data will be presented as it becomes available.

**TOWN OF INDIAN SHORES, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF INVESTMENT RETURNS
SEPTEMBER 30, 2022**

For the Year Ending September 30,	Police Plan
2022	-13.01%
2021	15.65%
2020	9.84%
2019	6.79%
2018	9.95%
2017	13.37%
2016	14.16%
2015	-6.72%
2014	111.71%

*10 years of data will be presented as it becomes available.

Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.

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

TOWN OF INDIAN SHORES, FLORIDA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities										
Net investment in capital										
assets	\$ 5,641,413	\$ 4,613,738	\$ 4,667,821	\$ 4,778,544	\$ 4,944,695	\$ 4,978,843	\$ 4,803,080	\$ 4,646,801	\$ 4,861,765	\$ 4,805,460
Restricted	922,112	909,973	7,555	7,341	13,958	12,808	8,085	8,085	8,085	8,085
Unrestricted	<u>4,046,139</u>	<u>3,734,777</u>	<u>4,471,695</u>	<u>4,031,234</u>	<u>2,495,677</u>	<u>2,800,123</u>	<u>2,565,732</u>	<u>2,592,254</u>	<u>2,253,161</u>	<u>2,223,386</u>
Total governmental activities										
net assets	<u>\$ 10,609,664</u>	<u>\$ 9,258,488</u>	<u>\$ 9,147,071</u>	<u>\$ 8,817,119</u>	<u>\$ 7,454,330</u>	<u>\$ 7,791,774</u>	<u>\$ 7,376,897</u>	<u>\$ 7,247,140</u>	<u>\$ 7,123,011</u>	<u>\$ 7,036,931</u>
Primary Government										
Net investment in capital										
assets	\$ 5,641,413	\$ 4,613,738	\$ 4,667,821	\$ 4,778,544	\$ 4,944,695	\$ 4,978,843	\$ 4,803,080	\$ 4,646,801	\$ 4,861,765	\$ 4,805,460
Restricted	922,112	909,973	7,555	7,341	13,958	12,808	8,085	8,085	8,085	8,085
Unrestricted	<u>4,046,139</u>	<u>3,734,777</u>	<u>4,471,695</u>	<u>4,031,234</u>	<u>2,495,677</u>	<u>2,800,123</u>	<u>2,565,732</u>	<u>2,592,254</u>	<u>2,253,161</u>	<u>2,223,386</u>
Total primary government										
net position	<u>\$ 10,609,664</u>	<u>\$ 9,258,488</u>	<u>\$ 9,147,071</u>	<u>\$ 8,817,119</u>	<u>\$ 7,454,330</u>	<u>\$ 7,791,774</u>	<u>\$ 7,376,897</u>	<u>\$ 7,247,140</u>	<u>\$ 7,123,011</u>	<u>\$ 7,036,931</u>

TOWN OF INDIAN SHORES, FLORIDA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund										
Nonspendable	\$ 8,986	\$ 8,488	\$ 7,945	\$ 8,198	\$ 7,985	\$ 12,351	\$ 8,417	\$ 1,284	\$ 50,441	\$ 50,754
Restricted	12,323	18,210	7,555	7,241	13,957	12,808	8,085	8,085	8,085	8,085
Committed	90,359	96,667	96,003	95,198	125,147	125,147	108,147	108,147	108,147	108,147
Assigned	1,942,808	1,533,725	1,319,824	1,181,529	697,140	772,398	-	-	-	-
Unassigned	<u>2,049,610</u>	<u>1,787,471</u>	<u>1,998,785</u>	<u>1,556,401</u>	<u>1,579,136</u>	<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>
Total General Fund	<u>\$ 4,104,086</u>	<u>\$ 3,444,561</u>	<u>\$ 3,430,112</u>	<u>\$ 2,848,567</u>	<u>\$ 2,423,365</u>	<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>
All other Governmental Funds										
Restricted, reported in:										
Special Revenue Fund	\$ 166,266	\$ 165,023	\$ 152,810	\$ 133,352	\$ 92,206	\$ 73,475	\$ 41,526	\$ 36,364	\$ 35,183	\$ 29,486
Capital Projects Fund	-	-	593,860	1,044,692	117,096	472,431	399,952	997,891	769,549	761,707
Assigned, reported in:	-	-	-	-	-	-	-	-	-	-
Capital Projects Fund	<u>163,324</u>	<u>524,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 329,590</u>	<u>\$ 689,742</u>	<u>\$ 746,670</u>	<u>\$ 1,178,044</u>	<u>\$ 209,302</u>	<u>\$ 545,906</u>	<u>\$ 441,478</u>	<u>\$ 1,034,255</u>	<u>\$ 804,732</u>	<u>\$ 791,193</u>
Total governmental funds	<u>\$ 4,433,676</u>	<u>\$ 4,134,303</u>	<u>\$ 4,176,782</u>	<u>\$ 4,026,611</u>	<u>\$ 2,632,667</u>	<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>

TOWN OF INDIAN SHORES, FLORIDA

CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
Taxes	\$ 2,666,966	\$ 2,497,614	\$ 2,543,255	\$ 2,434,106	\$ 2,238,922	\$ 2,096,820	\$ 1,965,993	\$ 1,892,832	\$ 1,802,054	\$ 1,742,050
Licenses, fees, and permits	466,231	482,021	211,825	217,548	177,319	197,478	412,707	128,670	110,735	55,944
Intergovernmental	1,385,993	775,943	566,730	1,735,540	1,190,946	1,272,357	456,935	871,524	812,673	815,068
Charges for services	709,857	640,784	650,906	642,053	596,060	577,713	609,771	591,937	557,838	527,764
Fines and forfeits	37,393	34,026	72,158	60,453	47,138	46,963	34,660	19,870	33,153	34,801
Interest earnings	3,701	2,541	58,326	31,776	13,959	7,994	6,632	8,948	3,260	2,320
Miscellaneous	67,833	148,663	9,232	19,051	31,202	16,288	30,785	6,183	16,022	50,626
Total Revenues	5,337,974	4,581,592	4,112,432	5,140,527	4,295,546	4,215,613	3,517,483	3,519,964	3,335,735	3,228,573
EXPENDITURES										
General Government	1,204,172	1,256,342	1,182,717	1,266,522	955,741	1,012,943	906,179	844,917	845,561	806,518
Public safety	1,985,018	1,783,595	1,725,504	1,553,695	1,856,439	1,506,760	1,330,339	1,350,835	1,347,323	1,327,061
Physical environment	494,074	428,056	1,109,023	938,606	2,051,855	1,590,312	1,438,124	943,663	809,151	792,131
Culture and recreation	4,275	391,133	3,197	5,382	4,519	5,217	4,305	3,978	317,558	41,340
Capital outlay	844,771	77,224	-	-	-	-	-	-	-	-
Repayment of debt	506,291	4,364,847	-	-	-	-	-	-	-	-
Total Expenditures	\$ 5,038,601	\$ 8,301,197	\$ 4,020,441	\$ 3,764,205	\$ 4,868,554	\$ 4,115,232	\$ 3,678,947	\$ 3,143,393	\$ 3,319,593	\$ 2,967,050
Excess of revenues over (under) expenses	299,373.00	(3,719,605.00)	91,991.00	1,376,322.00	(573,008.00)	100,381.00	(161,464.00)	376,571.00	16,142.00	261,523.00
OTHER FINANCING SOURCES (USES)										
Sale of equipment	-	-	\$ 6,880	\$ 8,190	\$ 18,800	\$ -	\$ -	\$ 7,250	\$ -	\$ 68
Proceeds from insurance	-	-	11,300	9,432	9,581	89,571	20,048	-	-	-
Proceeds from litigation	-	-	40,000	-	-	-	-	-	-	-
Transfers in	647,247	866,959	456,722	462,111	435,309	426,402	421,256	416,337	425,504	401,432
Transfers out	(647,247)	(866,959)	(456,722)	(462,111)	(435,309)	(426,402)	(421,256)	(416,337)	(425,504)	(401,432)
Proceeds from debt	-	3,677,126	-	-	195,610	-	-	-	-	-
Total other financing sources (uses)	\$ -	\$ 3,677,126	\$ 58,180	\$ 17,622	\$ 223,991	\$ 89,571	\$ 20,048	\$ 7,250	\$ -	\$ 68
	\$ 299,373	\$ (42,479)	\$ 150,171	\$ 1,393,944	\$ (349,017)	\$ 189,952	\$ (141,416)	\$ 383,821	\$ 16,142	\$ 261,591

TOWN OF INDIAN SHORES, FLORIDA

TAX REVENUE 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>
2013	\$ 1,151,961	\$ 349,127	\$ 240,962	\$ 1,742,050
2014	1,171,055	370,330	260,669	1,802,054
2015	1,251,735	372,188	268,909	1,892,832
2016	1,341,389	374,928	249,676	1,965,993
2017	1,463,462	383,919	249,439	2,096,820
2018	1,585,698	388,329	264,895	2,238,922
2019	1,726,302	419,939	287,865	2,434,106
2020	1,849,645	423,736	269,874	2,543,255
2021	1,953,786	449,976	287,488	2,691,250
2022	2,099,381	472,907	305,240	2,877,528

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>
2011	653,805,048	44,028,361	1,069,846	10,349,760	664,827,856	1.7500
2012	611,537,753	41,708,642	1,054,662	9,723,206	621,221,419	1.8500
2013	614,682,714	33,880,610	1,071,883	10,873,421	617,540,369	1.8700
2014	685,893,091	33,033,711	1,083,452	11,514,648	687,444,356	1.8700
2015	734,909,414	34,406,073	1,155,229	11,739,867	737,177,938	1.8700
2016	799,201,617	36,874,297	1,238,698	13,290,289	849,605,990	1.8700
2017	861,708,507	41,293,325	1,360,612	12,600,994	916,963,438	1.8700
2018	940,460,531	56,485,285	1,470,673	13,595,185	998,416,489	1.8700
2019	1,004,259,290	48,349,963	1,590,851	14,345,151	1,068,545,255	1.8700
2020	1,028,805,387	85,698,081	590,189	15,574,583	1,130,668,240	1.8700
2021	1,103,973,800	87,596,337	616,776	16,567,595	1,208,754,508	1.8700
2022	1,257,985,897	96,590,536	654,905	17,710,550	1,372,941,888	1.8700

Source: *Pinellas County Property Appraiser*
Tax Roll Value, Parcels & Accounts Data DR-403V Page 1&2
Land Use Recaps

TOWN OF INDIAN SHORES, FLORIDA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Town of Indian Shores Operating	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>	<u>1.8700</u>
Total Town millage	1.8700	1.8700	1.8700	1.8700	1.8700	1.8700	1.8700	1.8700	1.8700	1.8700
Pinellas County School Board Operating	5.9630	6.3250	6.4270	6.5840	6.7270	7.0090	7.3180	7.7700	7.8410	8.0600
Pinellas County Operating	4.7398	5.1302	5.2755	5.2755	5.2755	5.2755	5.2755	5.2755	5.2755	5.2755
EMS	0.8775	0.9158	0.9158	0.9158	0.9158	0.9158	0.9158	0.9158	0.9158	0.9158
Total County millage	5.6173	6.0460	6.1913	6.1913	6.1913	6.1913	6.1913	6.1913	6.1913	6.1913
County-wide millage set by other taxing authorities:										
-Pinellas Suncoast Transit Authority	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7305	0.7305	0.7305
-Pinellas County Planning Council	0.0210	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0160	0.0160	0.0160
-Juvenile Welfare Board	0.8508	0.8981	0.8981	0.8981	0.8981	0.8981	0.8981	0.8981	0.8981	0.8981
-South West Florida Water Management District	0.2260	0.2535	0.2669	0.2801	0.2955	0.3131	0.3317	0.3488	0.3658	0.3818
-Pinellas County Anclote River Basin	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total County-wide millage	<u>1.8478</u>	<u>1.9166</u>	<u>1.9300</u>	<u>1.9432</u>	<u>1.9586</u>	<u>1.9762</u>	<u>1.9948</u>	<u>1.9934</u>	<u>2.0104</u>	<u>2.0264</u>
TOTAL	<u>15.2981</u>	<u>16.1576</u>	<u>16.4183</u>	<u>16.5885</u>	<u>16.7469</u>	<u>17.0465</u>	<u>17.3741</u>	<u>17.8247</u>	<u>17.9127</u>	<u>17.2941</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
2013	644,963,529	618,622,003	1,151,961	1,122,118	97	29,843	1,151,961	97
2014	693,108,122	644,963,529	1,206,082	1,169,899	97		1,206,082	97
2015	788,125,742	742,290,890	1,388,084	1,251,735	99		1,251,735	97
2016	855,421,517	808,833,024	1,512,518	1,341,389	99		1,341,389	99
2017	922,978,531	876,346,903	1,638,769	1,463,462	99		1,463,462	99
2018	1,004,519,394	956,182,345	1,788,061	1,585,698	99		1,585,698	99
2019	1,074,914,949	1,023,627,396	1,914,183	1,726,302	99		1,726,302	99
2020	1,137,325,887	1,084,767,651	2,028,514	1,849,645	99		1,849,645	99
2021	1,215,502,495	1,158,466,195	2,166,332	1,953,786			1,953,786	
2022	1,375,686,722	1,320,304,741	2,468,970	2,099,381			2,099,381	

(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.

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>Population</u>	<u>Per Capita</u>
2013	6,705,652	247,065	6,458,587	1,420	4,548
2014	6,435,000	275,652	6,159,348	1,441	4,274
2015	6,159,348	280,652	5,878,696	1,424	4,128
2016	5,722,880	342,588	5,380,292	1,607	3,347
2017	5,380,292	342,588	5,037,704	1,498	3,363
2018	5,037,704	342,588	4,695,116	1,420	3,306
2019	4,695,116	342,589	4,352,527	1,473	2,955
2020	4,352,527	482,492	3,870,035	1,464	2,643
2021	3,870,035	517,607	3,352,428	1,200	2,794
2022	3,352,428	421,924	2,930,504	1,199	2,444

TOWN OF INDIAN SHORES, FLORIDA

FULL-TIME GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Government	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.33
Public Safety:										
Police										
Officers	15.00	15.00	12.00	12.00	12.00	14.00	11.00	11.00	10.67	10.67
Civilians	2.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
Building	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Works:										
Maintenance	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>3.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>3.00</u>	<u>1.50</u>
Total	<u><u>27.00</u></u>	<u><u>26.00</u></u>	<u><u>22.00</u></u>	<u><u>22.00</u></u>	<u><u>22.00</u></u>	<u><u>24.00</u></u>	<u><u>21.00</u></u>	<u><u>16.00</u></u>	<u><u>22.67</u></u>	<u><u>21.50</u></u>

Source: Town Budget Office

TOWN OF INDIAN SHORES, FLORIDA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Police										
Physical arrests	105	79	61	118	90	121		126	112	101
Parking violations	781	491	557	552	431	339		492	700	357
Traffic violations	295	93	743	235	342	578		330	862	706
Culture and recreation										
Library Cards Issued	40	5	124	124	234	275	275	333	282	294
Building										
Number of permits issued	522	534	574	677	453	734	672	573	450	408

OTHER REPORTS

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

To the Honorable Mayor and Town Council,
Town of Indian Shores, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Indian Shores, Florida (the Town), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 22, 2023.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

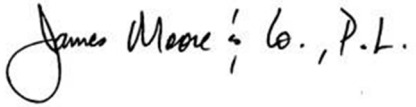
Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify deficiencies in internal control, that we consider to be material weaknesses.

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 financial statements. 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Daytona Beach, Florida
June 22, 2023

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor and Town Council,
Town of Indian Shores, Florida:

Report on the Financial Statements

We have audited the basic financial statements of Town of Indian Shores, Florida (the Town), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 22, 2023.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 22, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The following is a summary of prior year recommendations:

2021-001 – Audit Adjustments and Preparation of Financial Statements – Corrective action taken.

2021-002 – Journal Entry Segregation of Duties – Corrective action taken.

2021-003 – Police Pension Plan Oversight – Corrective action taken.

2021-004 – Budgetary Compliance and Transfers – Corrective action taken.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have the following recommendation:

2022-001 – Identification of Asset Ownership and Construction in Progress

During our testing of capital asset additions, we noted that additions exceeded capital outlay in the governmental funds. This was a result of improper identification of asset ownership in the prior year as well as inadequate tracking of construction in progress relating to capital assets. The Town's controls should provide for the proper identification and capitalization of capital assets. We recommend the Town review significant expense balances in repair and maintenance accounts to assist in identifying potential capital outlay that should be recognized in the period incurred as capital assets, even if the asset is not yet complete or in service.

2022-002 Budget Versus Actual Expenditures

We noted expenditures in the general fund exceeded final budget in the amount of \$5,076 at year-end. In addition to any ongoing budget amendments during the year, we recommend the Town to perform a budget versus actual analysis subsequent to year end to identify and present any necessary budget amendments to the Town Council within the 60-day period subsequent to year-end as permitted by state statutes.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we noted no special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

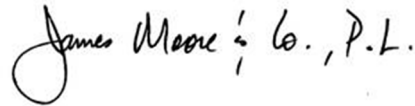
Town's Response to Recommendations

The Town's responses to the recommendations identified in our audit are described in the management's response as listed in the table of contents. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Town Council, management, others within the Town, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Daytona Beach, Florida
June 22, 2023

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.



INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor and Town Council,
Town of Indian Shores, Florida:

We have examined the Town of Indian Shores, Florida's (the Town) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2022. Management is responsible for the Town's compliance with the Statute. Our responsibility is to obtain reasonable assurance by evaluate the Town's compliance with the Statute and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain reasonable assurance for evaluating the Town's compliance with the Statute, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the Town's compliance with the Statute. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks that the Town was not in compliance with the Statutes in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Town of Indian Shores, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

Daytona Beach, Florida
June 22, 2023

Management's Responses to Findings

2022-001 – Identification of Asset Ownership and Construction in Progress

The Town will review significant capital expense balances to assist in identifying potential capital outlay that should be recognized in the period incurred as a capital asset, even if the asset is not yet complete or in service.

2022-002 – Budget Versus Actual Expenditures

The Town will implement analysis subsequent to year end to identify and present any necessary budget amendments to Town Council with the 60-day period subsequent to year-end as permitted by state statutes.