



**Town of Indialantic, Florida**  
**FINANCIAL STATEMENTS**  
Year Ended September 30, 2018



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**Town of Indialantic, Florida**  
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**September 30, 2018**

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**Town of Indialantic, Florida  
Town Officials  
As of September 30, 2018**

Dave Berkman  
*Mayor*

Stuart Glass  
*Deputy Mayor*

Richard Dunn  
Mary Jo Kilcullen  
Randall Greer  
*Council Members*

Paul R. Gougelman, III  
*Town Attorney*

Christopher W. Chinault  
*Town Manager*

Joan Clark  
*Town Clerk*

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and Members of the Town Council  
of the Town of Indialantic, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the Business-type activities, each major fund, and the aggregate remaining fund information of the Town of Indialantic, Florida, (the "Town") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

#### ***Auditors' Responsibility***

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

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

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

## ***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Qualified
General Fund	Unmodified
Wavecrest Park Fund	Qualified
Indialantic (Nance) Park Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

### **Basis for Qualified Opinion on the Business-type Activities, Wavecrest Park Fund, and the Indialantic (Nance) Park Fund**

Due to the material weakness in internal controls surrounding backup and recovery of some of the City's information, we were unable to determine if the parking fines revenue, accounts receivable, and bad debt expense are presented fairly in all material respects. The amount by which this departure would affect the revenues, assets, and net position of the Business-type Activities, Wavecrest Park fund, and Indialantic (Nance) Park fund has not been determined.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on the Business-type Activities, Wavecrest Park fund, and Indialantic (Nance) Park fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Business-type activities, Wavecrest Park fund, and Indialantic (Nance) Park fund of the Town of Indialantic, Florida, as of September 30, 2018, and the changes in financial position, and where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, general fund, and the aggregate remaining fund information of the Town of Indialantic, Florida, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 1E to the financial statements, in 2018 the Town adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (pages 6 through 14) and the required supplementary information (pages 65 through 79) 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2019 on our consideration of the Town of Indialantic, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Indialantic, Florida's internal control over financial reporting and compliance.

*Carri Riggs & Ingram, L.L.C.*

Melbourne, Florida  
May 22, 2019

## Town of Indialantic, Florida Management's Discussion and Analysis

As management of the Town of Indialantic, Florida, we offer readers of the Town of Indialantic, Florida's financial statements this narrative overview and analysis of the financial activities of the Town of Indialantic, Florida for the fiscal year ended September 30, 2018.

### Financial Highlights

- The assets of the Town of Indialantic, Florida exceeded its liabilities at the close of the most recent fiscal year by \$2,563,480 (net position). Of this amount, \$(764,597) (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$262,272 from the previously stated net position, which includes a \$192,542 reduction of net position due to the implementation of GASB 75.
- As of the close of the current fiscal year, the Town of Indialantic, Florida's governmental funds reported combined ending fund balances of \$1,271,956 an increase of \$272,630 over the prior year. Approximately 65% of this total amount, \$820,765 is available for spending at the government's discretion (unassigned fund balance), and represents 25.5% of total governmental fund expenditures, excluding capital outlay.

### Overview of the Financial Statements

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town of Indialantic, Florida's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town of Indialantic, Florida's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Indialantic, Florida is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

## Town of Indialantic, Florida Management's Discussion and Analysis

Both of the government-wide financial statements distinguish functions of the Town of Indialantic, Florida that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Indialantic, Florida include general government, public safety, recreation and physical environment. The business-type activities of the Town of Indialantic, Florida include Wavecrest Park and Indialantic (Nance) Park.

The government-wide financial statements can be found on pages 16-19 of this report.

***Fund financial statements.*** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Indialantic, Florida, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Indialantic, Florida can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The Town of Indialantic, Florida maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other governmental fund is presented as a non-major fund.

The basic governmental fund financial statements can be found on pages 20-23 of this report.

***Proprietary funds.*** The Town of Indialantic, Florida maintains two different types of proprietary funds. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The Town of Indialantic, Florida uses enterprise funds to account for its Wavecrest Park and for its Indialantic (Nance) Park.



## Town of Indialantic, Florida Management's Discussion and Analysis

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Wavecrest Park and Indialantic (Nance) Park, which are both considered to be major funds of the Town of Indialantic, Florida.

The basic proprietary fund financial statements can be found on pages 24-27 of this report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Indialantic, Florida's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

*Notes to the financial statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-63 of this report.

*Other information.* In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Indialantic, Florida's budgetary compliance, pension and OPEB obligations. The Town of Indialantic, Florida adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Required supplementary information can be found on pages 66-78 of this report.

### **Government-wide Financial Analysis**

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 of Indialantic, Florida, assets exceeded liabilities by \$2,563,480 at the close of the most recent fiscal year.

## Town of Indialantic, Florida Management's Discussion and Analysis

The following table reflects the condensed statement of net position:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$1,486,762	\$1,187,261	\$40,287	\$144,111	\$1,527,049	\$1,331,372
Capital assets	3,219,360	2,935,539	98,999	101,126	3,318,359	3,036,665
Total assets	4,706,122	4,122,800	139,286	245,237	4,845,408	4,368,037
Deferred outflows	255,726	627,976	6,359	14,914	262,085	642,890
Noncurrent liabilities	1,699,001	1,770,653	80,217	74,829	1,779,218	1,845,482
Other liabilities	197,140	165,650	3,736	8,652	200,876	174,302
Total liabilities	1,896,141	1,936,303	83,953	83,481	1,980,094	2,019,784
Deferred inflows	546,446	675,626	17,473	14,309	563,919	689,935
Net position:						
Net investment						
In capital assets	3,219,360	2,935,539	98,999	101,126	3,318,359	3,036,665
Restricted	9,718	9,714	-	-	9,718	9,714
Unrestricted	(709,817)	(806,406)	(54,780)	61,235	(764,597)	(745,171)
Total net position	\$2,519,261	\$2,138,847	\$44,219	\$162,361	\$2,563,480	\$2,301,208

By far the largest portion of the Town of Indialantic, Florida's net position (129%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, furniture and fixtures and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town of Indialantic, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the Town of Indialantic, Florida's net position, \$9,718 and \$9,714 at September 30, 2018 and 2017, respectively, (both < 1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$(764,597) and \$(745,171) at September 30, 2018 and 2017, respectively, may be used/has been used to meet the government's ongoing obligations to citizens and creditors.

## Town of Indialantic, Florida Management's Discussion and Analysis

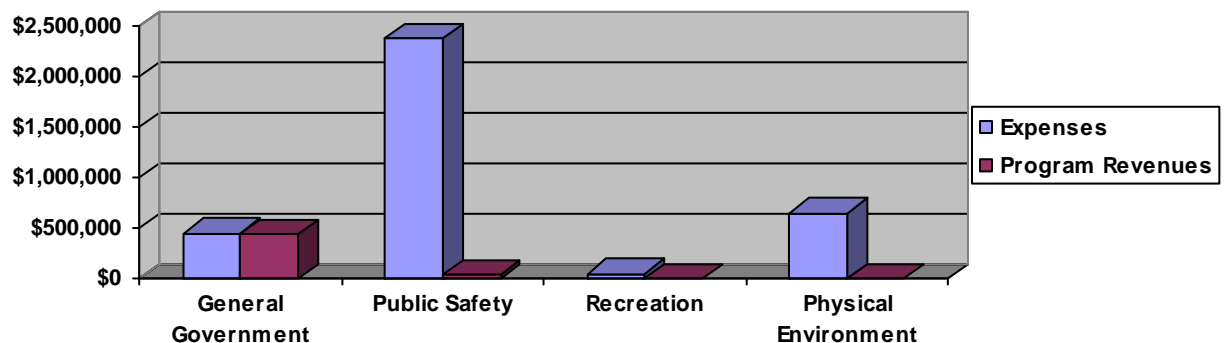
The following table shows condensed revenue and expense data:

### Town of Indialantic, Florida's Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 142,329	\$ 129,428	\$ 260,960	\$ 344,732	\$ 403,289	\$ 474,160
Operating grants and contributions	327,303	130,234	-	-	327,303	130,234
Capital grants and contributions	-	19,400	-	-	-	19,400
General revenues	3,605,104	3,367,707	13,109	12,143	3,618,213	3,379,850
<b>Total revenues</b>	<b>4,074,736</b>	<b>3,646,769</b>	<b>274,069</b>	<b>356,875</b>	<b>4,348,805</b>	<b>4,003,644</b>
<b>Expenses:</b>						
General government	445,439	487,702	-	-	445,439	487,702
Public safety	2,381,407	2,361,062	-	-	2,381,407	2,361,062
Recreation	41,622	36,971	-	-	41,622	36,971
Physical environment	644,836	721,624	-	-	644,836	721,624
Wavecrest	-	-	271,129	278,797	271,129	278,797
Nance	-	-	109,558	96,296	109,558	96,296
<b>Total expenses</b>	<b>3,513,304</b>	<b>3,607,359</b>	<b>380,687</b>	<b>375,093</b>	<b>3,893,991</b>	<b>3,982,452</b>
Increase (decrease) in net position	561,432	39,410	(106,618)	(18,218)	454,814	21,192
Net position - beginning of year previous	2,138,847	2,099,437	162,361	180,579	2,301,208	2,280,016
Adjustment (See Note 1E)	(181,018)	-	(11,524)	-	(192,542)	-
Net position - beginning of year restated	1,957,829	2,099,437	150,837	180,579	2,108,666	2,280,016
<b>Net position - ending</b>	<b>\$ 2,519,261</b>	<b>\$ 2,138,847</b>	<b>\$ 44,219</b>	<b>\$ 162,361</b>	<b>\$ 2,563,480</b>	<b>\$ 2,301,208</b>

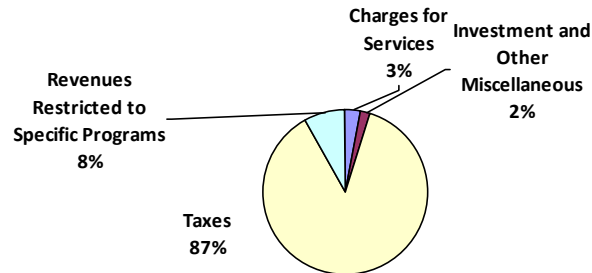
**Governmental activities.** Governmental activities increased the Town's net position by \$561,432, accounting for a .29% increase in the overall increase of the government's net position compared to an increase of \$39,410 in the prior year. Revenues from governmental activities increased \$427,967 mainly from an increase in property tax revenues and FEMA grant funds due to hurricanes. Total expenses from governmental activities decreased \$94,055 from the prior year.

### Expenses and Program Revenues – Governmental Activities



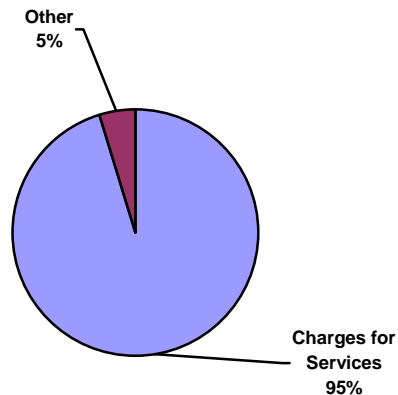
# Town of Indialantic, Florida Management's Discussion and Analysis

## 2018 Revenues by Source – Governmental Activities



**Business-type activities.** Business-type activities decreased the Town of Indialantic, Florida’s net position by \$106,618, compared to a decrease of \$18,218 in the prior year. Total business-type revenue decreased \$82,806. Total business-type expenses increased \$5,594 as a result of replacing a well in Nance Park.

## 2018 Revenues by Source - Business-type Activities



## Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the Town of Indialantic, Florida’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town of Indialantic, Florida’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town’s net resources available for spending at the end of the fiscal year.

## Town of Indialantic, Florida Management's Discussion and Analysis

As of the end of the current fiscal year, the Town of Indialantic, Florida's governmental funds reported combined ending fund balances of \$1,271,956, an increase of \$272,630 in comparison with the prior year. Approximately 65% of this total amount (\$820,765) constitutes unassigned/assigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$451,191) is restricted or committed to indicate that it is not available for new spending because it has already been restricted to law enforcement related activities (\$9,718) and committed for maintenance of the sign at the entrance to Nance Park (\$1,000), radio equipment (\$248,031), fire truck (\$25,000), South Riverside Drive road resurfacing (\$60,302), employee benefits (\$52,640), sidewalks (\$39,500), and hurricane debris removal & insurance deductible (\$15,000).

The General fund is the chief operating fund of the Town of Indialantic, Florida. At the end of the current fiscal year, unassigned fund balance of the General fund was \$820,765. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures, excluding capital outlay. Unassigned fund balance represents 25.5% of total General fund expenditures, excluding capital outlay.

The fund balance of the Town of Indialantic, Florida's General fund increased by \$272,626 during the current fiscal year, compared to a \$161,661 decrease in the prior year. Total operating expenditures decreased by \$34 from the prior year while total revenues increased by \$434,253 from the prior year resulting in an increase in fund balance in the current year.

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

Unrestricted net position of the Wavecrest Park fund at the end of the year amounted to \$375,973. The total net position of this fund decreased \$71,616 including a prior period adjustment of \$9,219, in the current year compared to a decrease of \$3,410 in the prior year. Total operating revenues decreased approximately \$66,672 while expenses decreased approximately \$7,668 from the prior year which resulted in a decrease in fund balance in the current year as compared to the prior year.

Unrestricted net position of the Indialantic (Nance) Park fund at the end of the year amounted to a deficit of \$430,753. The total net position of this fund decreased \$46,526 including a prior period adjustment of \$2,305, in the current year. This year's decrease is comparable to the prior year's decrease of \$14,808.

**General Fund Budgetary Highlights.** Differences between the original budget and the final amended budget were primarily to budget the revenues and expenditures associated with increases in taxes, and increases in intergovernmental revenues.

The Town's actual revenues were \$224,232 less than budgeted revenues.

The Town's actual expenditures were \$496,858 less than budgeted expenditures mainly because of actual capital outlay and general government expenditures being less than budgeted by \$420,977. The general fund budget to actual can be found on page 79 of this report.

## Town of Indialantic, Florida Management's Discussion and Analysis

### Capital Asset and Debt Administration

**Capital assets.** The Town of Indialantic, Florida's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounted to \$3,318,359 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, fixtures, and other infrastructure items. The total increase in the Town of Indialantic, Florida's investment in capital assets for the current fiscal year was approximately less than 10%.

Major capital asset additions of \$588,886 for governmental activities during the current fiscal year included the following:

- The purchase of 3 police vehicles and an ATV for the fire department.
- The purchase of stormwater pipe replacements.
- The resurfacing of streets.
- The purchase of a security wall at the police department.
- The purchase of radios for the police and fire departments.

These increases were offset by depreciation expense (\$291,221 for governmental activities and \$12,718 for business-type activities). In addition, the Town disposed of certain assets in governmental and business-type activities with a net book value of \$13,844.

### Town of Indialantic, Florida's Capital Assets

	Governmental Activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 929,482	\$ 929,482	\$ -	\$ -	\$ 929,482	\$ 929,482
Buildings	283,600	306,303	-	-	283,600	306,303
Improvements other than buildings	178,513	220,956	97,237	101,126	275,750	322,082
Equipment	995,434	774,561	-	-	995,434	774,561
Furniture and fixtures	138	169	1,762	-	1,900	169
Infrastructure	832,193	704,068	-	-	832,193	704,068
<b>Total</b>	<b>\$ 3,219,360</b>	<b>\$ 2,935,539</b>	<b>\$ 98,999</b>	<b>\$ 101,126</b>	<b>\$ 3,318,359</b>	<b>\$ 3,036,665</b>

Additional information on the Town of Indialantic, Florida's capital assets can be found in Note 3.C. on pages 45-46 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town of Indialantic, Florida had no bonded debt outstanding (i.e., revenue bonds).

The governing body of every municipality may borrow money, contract loans, and issue bonds, as defined in Florida State Statute 166.101, from time to time to finance the undertaking of any capital or any other project for the purpose permitted by the State Constitution and may pledge of the funds, credit, property and taxing power of the municipality for the payment of such debts and bonds. Florida has no legal debt limit.

The Town entered into no new financing agreements in either 2018 or 2017.

Additional information on the Town of Indialantic, Florida's long-term debt can be found in Note 3.D. on page 47 of this report.

## Town of Indialantic, Florida Management's Discussion and Analysis

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

- The Town of Indialantic has grown over the years in the number of residences, residential structures and commercial establishments. Most of the construction activity today involves the redevelopment of residential properties. The rate of growth has fluctuated based on County economic conditions. The 2018 taxable value is reflected as \$409,004,057.
- The Town currently has 1,482 housing units.
- The April, 2018 population, as estimated by the Bureau of Economic and Business Research for the University of Florida was placed at 2,842.
- Numerous improvements were made to businesses and residences during the fiscal year ended September 30, 2018. Building permits were issued for 4 new single family residences and certificates of occupancy were issued for 4 new single-family residences as well as an upscale restaurant/market. Additionally, preliminary information was presented for a 28,000 square foot Publix (the site plan being approved in FY-19).
- The fiscal year 2018 millage rate was 6.2653 and the fiscal year 2019 millage rate is also 6.2653. The Town has retired all lease/purchase agreements and bonds and is focusing on providing General Fund reserve revenue committed to certain future expenses as well as budgeting monies to provide necessary funds for when expenses are projected. The Town is impacted by waiting for FEMA to reimburse the Town for hurricane sustained damage.
- During the year ended September 30, 2018, the Town held a referendum to approve the issuance of debt, supported by a debt millage rate of 1%, to replace the Town's stormwater infrastructure. The Town issued the \$3,000,000 Town of Indialantic, Florida Limited Ad Valorem Tax Note, Series 2018 on October 26, 2018.

### Requests for Information

This financial report is designed to provide a general overview of the Town of Indialantic, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Town Hall, 216 Fifth Avenue, Indialantic, Florida, 32903.



**TOWN OF INDIALANTIC, FLORIDA**  
Basic Financial Statements



**Town of Indialantic, Florida**  
**Statement of Net Position**

Primary Government			
<i>September 30, 2018</i>	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,255,001	\$ 64,600	\$ 1,319,601
Accounts receivables, net	116,878	6,738	123,616
Due from other governments	83,832	-	83,832
Internal accounts	31,051	(31,051)	-
Capital assets (net of accumulated depreciation):			
Land	929,482	-	929,482
Buildings	283,600	-	283,600
Improvements other than buildings	178,513	97,237	275,750
Equipment	995,435	-	995,435
Furniture and fixtures	138	1,762	1,900
Infrastructure	832,192	-	832,192
Total assets	4,706,122	139,286	4,845,408
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - General employees pension	84,060	6,359	90,419
Deferred outflows - Police & fire pension	171,666	-	171,666
Total deferred outflow of resources	255,726	6,359	262,085

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

	Primary Government		
<i>September 30, 2018</i>	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Accounts payable	112,825	340	113,165
Accrued payroll and related liabilities	19,260	488	19,748
Due to pension trust funds	7,021	-	7,021
Unearned revenue	52,550	2,908	55,458
Other liabilities	5,484	-	5,484
Long-term liabilities			
Compensated absences due within one year	53,388	3,516	56,904
Compensated absences due in more than one year	60,387	-	60,387
Aggregate net pension liability	1,045,256	41,921	1,087,177
Net OPEB obligation	539,970	34,780	574,750
<b>Total liabilities</b>	<b>1,896,141</b>	<b>83,953</b>	<b>1,980,094</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - Business tax receipts	17,666	-	17,666
Deferred inflows - Police & fire pension	276,221	-	276,221
Deferred inflows - General employees pension	116,387	8,804	125,191
Deferred inflows - OPEB	136,172	8,669	144,841
<b>Total deferred inflows of resources</b>	<b>546,446</b>	<b>17,473</b>	<b>563,919</b>
<b>NET POSITION</b>			
Investment in capital assets	3,219,360	98,999	3,318,359
Restricted for:			
Law enforcement	9,718	-	9,718
Unrestricted	(709,817)	(54,780)	(764,597)
<b>Total net position</b>	<b>\$ 2,519,261</b>	<b>\$ 44,219</b>	<b>\$ 2,563,480</b>

**Town of Indialantic, Florida**  
**Statement of Activities**

Year ended September 30, 2018

Program Revenues

Functions/Programs	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 445,439	\$ 121,448	\$ 316,960	\$ -
Public safety	2,381,407	20,881	10,343	-
Recreational	41,622	-	-	-
Physical environment	644,836	-	-	-
Total governmental activities	3,513,304	142,329	327,303	-
Business-type activities:				
Wavecrest Park	271,129	207,511	-	-
Indialantic (Nance) Park	109,558	53,449	-	-
Total business-type activities	380,687	260,960	-	\$ -
Total primary government	\$ 3,893,991	\$ 403,289	\$ 327,303	\$ -

General revenues:

Property taxes

Public utility taxes

Franchise taxes

Shared revenues restricted for specific programs

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year, as previously reported

Adjustment (See Note 1E)

Net position, beginning of year, as restated

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position  
Primary Government

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (7,031)	\$ -	\$ (7,031)
(2,350,183)	-	(2,350,183)
(41,622)	-	(41,622)
(644,836)	-	(644,836)
<b>(3,043,672)</b>	<b>-</b>	<b>(3,043,672)</b>
-	(63,618)	(63,618)
-	(56,109)	(56,109)
-	(119,727)	(119,727)
<b>(3,043,672)</b>	<b>(119,727)</b>	<b>(3,163,399)</b>
2,334,769	-	2,334,769
702,824	-	702,824
247,057	-	247,057
254,942	-	254,942
5,282	105	5,387
60,230	13,004	73,234
<b>3,605,104</b>	<b>13,109</b>	<b>3,618,213</b>
561,432	(106,618)	454,814
2,138,847	162,361	2,301,208
(181,018)	(11,524)	(192,542)
1,957,829	150,837	2,108,666
<b>\$ 2,519,261</b>	<b>\$ 44,219</b>	<b>\$ 2,563,480</b>

**Town of Indialantic, Florida**  
**Balance Sheet**  
**Governmental Funds**

<i>September 30, 2018</i>	General	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,245,283	\$ 9,718	\$ 1,255,001
Accounts receivable, net	116,878	-	116,878
Due from other funds	31,051	-	31,051
Due from other governments	83,832	-	83,832
Total assets	\$ 1,477,044	\$ 9,718	\$ 1,486,762
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 112,825	\$ -	\$ 112,825
Accrued payroll and related liabilities	19,260	-	19,260
Due to pension trust funds	7,021	-	7,021
Other liabilities	5,484	-	5,484
Unearned revenue	52,550	-	52,550
Total liabilities	197,140	-	197,140
Deferred inflows of resources			
Deferred inflow - business tax receipts	17,666	-	17,666
Total deferred inflows of resources	17,666	-	17,666
Fund balances:			
Nonspendable	-	-	-
Restricted for:			
Law enforcement	-	9,718	9,718
Committed for:			
Indialantic (Nance) park sign maintenance	1,000	-	1,000
Equipment purchase	273,031	-	273,031
Physical environment	54,500	-	54,500
Road resurfacing	60,302	-	60,302
Employee benefits	52,640	-	52,640
Unassigned	820,765	-	820,765
Total fund balances	1,262,238	9,718	1,271,956
Total liabilities, fund balances	\$ 1,477,044	\$ 9,718	

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

**Town of Indialantic, Florida**  
**Balance Sheet**  
**Governmental Funds**

Total fund balance of governmental funds	\$	<b>1,271,956</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		<b>3,219,360</b>
Deferred outflow of resources related to pensions are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		<b>255,726</b>
Deferred inflow of resources related to the pensions and OPEB are not recognized in governmental funds; however, they are recorded recorded in the statement of net position.		<b>(528,780)</b>
Long-term liabilities, including net OPEB obligation, net pension liability and compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.		<b>(1,699,001)</b>
Net position of governmental activities	\$	<b>2,519,261</b>

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

**Town of Indialantic, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**

<i>Year ended September 30, 2018</i>	<b>General</b>	<b>Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ 3,100,776	\$ -	\$ 3,100,776
Permits and fees	113,644	-	113,644
Intergovernmental	764,981	-	764,981
Charges for services	2,838	-	2,838
Fines and forfeitures	33,273	-	33,273
Interest and other	65,508	4	65,512
Total revenues	4,081,020	4	4,081,024
<b>Expenditures</b>			
Current:			
General government	401,541	-	401,541
Public safety	2,296,791	-	2,296,791
Physical environment	476,943	-	476,943
Recreation	41,622	-	41,622
Capital outlay	591,497	-	591,497
Total expenditures	3,808,394	-	3,808,394
Excess of revenue over expenditures	272,626	4	272,630
Fund balances, beginning of year	989,612	9,714	999,326
Fund balances, end of year	\$ 1,262,238	\$ 9,718	\$ 1,271,956

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

**Town of Indialantic, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities**

Net change in fund balances - total governmental funds	<b>\$ 272,630</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>	<b>300,276</b>
<p>In the statement of activities, only the gain (loss) on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold.</p>	<b>(13,844)</b>
<p>Pension contributions are reported as expenditures in the fund financial statements and the change in net pension liability and related outflows (inflows) is reported on the statement of activities.</p>	<b>43,057</b>
<p>The other post-employment benefit obligation expense reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in the governmental funds.</p>	<b>(32,599)</b>
<p>Compensated absences are reported in the statement of activities when earned or incurred. They do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds until they have matured. This is the amount reported in the statement of activities in the prior year that have matured in the current year.</p>	<b>(8,088)</b>
<p>Change in net position of governmental activities</p>	<b>\$ 561,432</b>

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



**Town of Indialantic, Florida**  
**Statement of Net Position – Proprietary Funds**

<i>September 30, 2018</i>	Business-type Activities - Enterprise Funds		
	Wavcrest Park	Indialantic (Nance) Park	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 64,600	\$ -	\$ 64,600
Accounts receivable, net	5,390	1,348	6,738
<b>Total current assets</b>	<b>69,990</b>	<b>1,348</b>	<b>71,338</b>
Noncurrent assets:			
Capital assets:			
Property, plant and equipment	599,651	304,182	903,833
Less accumulated depreciation	(525,404)	(279,430)	(804,834)
Total capital assets, net of accumulated depreciation	74,247	24,752	98,999
Advance to other fund	406,805	-	406,805
<b>Total noncurrent assets</b>	<b>481,052</b>	<b>24,752</b>	<b>505,804</b>
<b>Total assets</b>	<b>551,042</b>	<b>26,100</b>	<b>577,142</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - General employees pension	5,088	1,271	6,359
<b>Total deferred outflow of resources</b>	<b>5,088</b>	<b>1,271</b>	<b>6,359</b>
<b>LIABILITIES</b>			
Current liabilities (payable from current assets):			
Accounts payable	206	134	340
Accrued payroll and related liabilities	383	105	488
Accrued compensated absences	2,813	703	3,516
Unearned revenue	2,326	582	2,908
Due to other funds	24,841	6,210	31,051
<b>Total current liabilities</b>	<b>30,569</b>	<b>7,734</b>	<b>38,303</b>
Noncurrent liabilities:			
Net OPEB obligation	27,823	6,957	34,780
Net pension liability	33,539	8,382	41,921
Advance from other fund	-	406,805	406,805
<b>Total noncurrent liabilities</b>	<b>61,362</b>	<b>422,144</b>	<b>483,506</b>
<b>Total liabilities</b>	<b>91,931</b>	<b>429,878</b>	<b>521,809</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow - General employees pension	7,044	1,760	8,804
Deferred inflows - OPEB	6,935	1,734	8,669
<b>Total deferred inflows of resources</b>	<b>13,979</b>	<b>3,494</b>	<b>17,473</b>
<b>NET POSITION</b>			
Net investment in capital assets	74,247	24,752	98,999
Unrestricted	375,973	(430,753)	(54,780)
<b>Total net position</b>	<b>\$ 450,220</b>	<b>\$ (406,001)</b>	<b>\$ 44,219</b>

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

**Town of Indialantic, Florida**  
**Statement of Revenues, Expenses and Changes in Fund Net Position –**  
**Proprietary Funds**

<i>Year ended September 30, 2018</i>	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Wavecrest Park</b>	<b>Indialantic (Nance) Park</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services	\$ 205,182	\$ 51,097	\$ 256,279
Parking fines	2,329	2,352	4,681
<b>Total operating revenues</b>	<b>207,511</b>	<b>53,449</b>	<b>260,960</b>
<b>Operating expenses:</b>			
Salaries, wages and employee benefits	83,810	20,947	104,757
Contractual services	132,229	37,532	169,761
Insurance	6,097	1,514	7,611
Supplies	1,186	2,455	3,641
Depreciation	12,191	527	12,718
Repairs and maintenance	14,574	36,843	51,417
Utilities	5,701	9,740	15,441
Beach improvements	15,341	-	15,341
<b>Total operating expenses</b>	<b>271,129</b>	<b>109,558</b>	<b>380,687</b>
<b>Operating loss</b>	<b>(63,618)</b>	<b>(56,109)</b>	<b>(119,727)</b>
<b>Nonoperating revenues:</b>			
Miscellaneous revenue	1,116	11,888	13,004
Interest income	105	-	105
<b>Total nonoperating revenues</b>	<b>1,221</b>	<b>11,888</b>	<b>13,109</b>
<b>Change in net position</b>	<b>(62,397)</b>	<b>(44,221)</b>	<b>(106,618)</b>
<b>Net position, beginning of year, as previously reported</b>	<b>521,836</b>	<b>(359,475)</b>	<b>162,361</b>
<b>Prior period adjustment (see Note 1E)</b>	<b>(9,219)</b>	<b>(2,305)</b>	<b>(11,524)</b>
<b>Net position, beginning of year, as restated</b>	<b>512,617</b>	<b>(361,780)</b>	<b>150,837</b>
<b>Net position, end of year</b>	<b>\$ 450,220</b>	<b>\$ (406,001)</b>	<b>\$ 44,219</b>

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

**Town of Indialantic, Florida**  
**Statement of Cash Flows - Proprietary Funds**

<i>Year ended September 30, 2018</i>	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Wavecrest Park</b>	<b>Indialantic (Nance) Park</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 174,530	\$ 51,097	\$ 225,627
Cash received from parking fines	76,085	20,792	96,877
Cash paid to suppliers	(96,346)	(32,541)	(128,887)
Cash paid for quasi-external operating transactions	(95,207)	(28,997)	(124,204)
Cash paid to employees for services	(79,762)	(19,825)	(99,587)
Net cash used in operating activities	(20,700)	(9,474)	(30,174)
<b>Cash flows from non-capital and related financing activities:</b>			
Miscellaneous proceeds	1,116	11,888	13,004
Net cash provided by non-capital and related financing activities	1,116	11,888	13,004
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	(8,177)	(2,414)	(10,591)
Net cash used in capital and related financing activities	(8,177)	(2,414)	(10,591)
<b>Cash flows from investing activities:</b>			
Interest income received	105	-	105
Net cash provided by investing activities	105	-	105
<b>Net decrease in cash and cash equivalents</b>	<b>(27,656)</b>	<b>-</b>	<b>(27,656)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>92,256</b>	<b>-</b>	<b>92,256</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 64,600</b>	<b>\$ -</b>	<b>\$ 64,600</b>

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

**Town of Indialantic, Florida**  
**Statement of Cash Flows - Proprietary Funds (Continued)**

<i>Year ended September 30, 2018</i>	<u>Business-type Activities - Enterprise Funds</u>		
	Indialantic		Total
	Wavecrest Park	(Nance) Park	
<b>Reconciliation of operating loss to net cash used in operating activities:</b>			
Operating loss	\$ (63,618)	\$ (56,109)	\$ (119,727)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	12,191	527	12,718
(Increase) decrease in assets:			
Accounts receivable	36,878	9,220	46,098
Advance from other fund	(30,652)	-	(30,652)
Increase (decrease) in liabilities:			
Accounts payable	(3,603)	(900)	(4,503)
Accrued payroll and related liabilities	(416)	3	(413)
Due to other funds	24,056	-	24,056
Advance to other fund	-	36,666	36,666
Accrued compensated absences	165	41	206
Net OPEB obligation	(4,953)	(1,238)	(6,191)
Net pension liability	9,252	2,316	11,568
<b>Total adjustments</b>	<b>42,918</b>	<b>46,635</b>	<b>89,553</b>
<b>Net cash used in operating activities</b>	<b>\$ (20,700)</b>	<b>\$ (9,474)</b>	<b>\$ (30,174)</b>

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

**Town of Indialantic, Florida**  
**Statement of Fiduciary Net Position - Pension Trust Funds**

<i>September 30, 2018</i>	<b>Employee Pension Trust Funds</b>
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 146,852
Due from other funds	7,021
Interest receivable	19,330
Investments, at fair value	9,876,515
Total assets	<b>10,049,718</b>
<b>LIABILITIES</b>	
	-
<hr/>	
<b>NET POSITION</b>	
Restricted for pension benefits	<b>\$ 10,049,718</b>

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

**Town of Indialantic, Florida**

**Statement of Changes in Fiduciary Net Position - Pension Trust Funds**

<i>Year ended September 30, 2018</i>	<b>Employee Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
State	\$ 74,721
Employer	258,025
Employees	70,197
Total contributions	402,943
Investment income:	
Net increase in the fair value of investments	647,813
Less: investment related expenses	(20,807)
Interest and dividends	252,441
Total investment income	879,447
Total additions	1,282,390
<b>DEDUCTIONS</b>	
Benefits paid	439,850
Refunded contributions	14,836
Administrative expenses	54,358
Total deductions	509,044
<b>Change in net position</b>	<b>773,346</b>
<b>Net position, beginning of year</b>	<b>9,276,372</b>
<b>Net position, end of year</b>	<b>\$ 10,049,718</b>

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



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

**A. REPORTING ENTITY**

The Town of Indialantic, Florida (the “Town”) was created pursuant to Chapter 73-129, Laws of Florida, in 1952. The Town operates under a chartered Council-Manager form of government. The Town provides a wide range of services as directed by the Town Charter, including general government, public safety, police, fire, public improvements, recreation, planning and zoning and other related general and administrative services for approximately 2,800 residents.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governments.

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. No potential component units were found for which the above criteria required consideration in defining the government’s reporting entity.

**Excluded from the reporting entity**

The Indialantic Volunteer Fire Department, Inc. is a nonprofit corporation separate from the Town. This potential component unit is excluded from the reporting entity because the Town does not exert significant influence or control over the volunteer fire department, nor does it have the right to the surplus of the volunteer fire department.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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



**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

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

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

The Town reports the following major governmental funds:

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

The Town's nonmajor governmental funds consists of the *special investigative trust fund* which accounts for revenues received per state forfeiture statutes that are used for police investigative expenses.

The Town reports the following major proprietary funds:

The *Wavecrest Park fund* accounts for operational and maintenance costs of Wavecrest Park.

The *Indialantic (Nance) Park fund* accounts for operational and maintenance costs of Indialantic (Nance) Park.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)**

Additionally, the Town reports the following fund types:

The *pension trust funds* account for assets, liabilities, revenues and expenses of the pension plans of the Town's general employees, police officers and firefighters. The activities of these funds are subject to state mandatory regulations, local ordinances and the policies of the governing boards.

The effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

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

**D. BUDGETARY INFORMATION**

As permitted by GASBC 2400, Budgetary Reporting, the Town has elected to disclose all budgetary information in the notes to the required supplementary information (RSI). Please refer to the accompanying notes to the RSI for the Town's budgetary information.

**E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR EQUITY**

**1. Cash and investments**

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR EQUITY (Continued)**

**1. Cash and investments (continued)**

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2018, were invested using the pooled investment concept. Interest earned was allocated to the various funds based on their average cash and investment balances.

Investments are reported at fair value, with the exception of external investment pools which comply with criteria set forth in Section 150: Investments of the GASB Codification and have elected to measure their investments at amortized cost. Accordingly, the fair value of the Town's position in the external investment pools having met these criteria is equal to the value of pooled shares.

The investment of municipal funds is authorized by Florida Statutes which allows the Town to invest in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration, direct and indirect obligations of the United States Government, obligations of Federal Government agencies, time deposits or savings accounts of financial institutions under Federal and State regulation, and mutual funds that invest solely in obligations of the United States Government or its agencies.

Florida State Statutes Chapters 175 and 185 regulates the types of investments that may be held by the Police and Firefighters' Pension Trust Funds. The investment guidelines have been augmented by a Town ordinance that has adopted specific investment policies. Compliance with the policies and guidelines have been evaluated by the pension board.

**2. Receivables and payables**

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

The Town is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430, Laws of Florida, a special act applicable only to governmental units in Brevard County, limits the annual increase to 10% of the prior year's millage. During a Special Session in June 2007, the Florida Legislature adopted HB1B, which limits municipal property tax rates effective with the 2007-2008 fiscal year. This legislation establishes reductions in the millage rate based on a calculated growth in per capita taxes between the 2002 and 2007 fiscal years.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR EQUITY (Continued)**

**2. Receivables and payables (continued)**

The Indialantic Town Council levy for the fiscal year ended September 30, 2018 was 6.0698 mills, as approved by a unanimous vote. Additionally, a 1.0 mil is levied for voted bond debt service costs as discussed in Note 4. Current tax collections for the Town were approximately 97% of the total tax levy.

As provided by law, the Brevard County Property Appraiser assesses all properties for ad valorem taxing purposes and the Brevard County Tax Collector collects and distributes all taxes. Ad valorem taxes are levied based on the property valuation as of January 1. The fiscal year for which ad valorem taxes are levied begins on October 1. Taxes are due beginning November 1, delinquent on April 1, and lien on May 30. Property tax revenues are recognized in the fiscal year for which they are budgeted and also become due and payable. Virtually all unpaid taxes are collected via tax sale certificates sold on or prior to June 1; therefore, no material taxes are receivable at fiscal year-end.

All account and tax receivables are shown net of an allowance for uncollectibles. Accounts receivable in the Wavecrest Park fund and the Indialantic (Nance) Park fund are shown net of allowances for uncollectibles of \$2,036 and \$509, respectively.

**3. Capital assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or Business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of three 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.

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

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings	40 years
Improvements other than buildings	5 to 20 years
Infrastructure	25 to 40 years
Machinery and equipment	5 to 20 years
Vehicles	5 years

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR EQUITY (Continued)**

**4. Compensated absences**

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation is accrued when incurred in the government-wide and proprietary fund type financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**5. Unearned revenue**

Unearned revenue includes amounts collected before the revenue recognition criteria are met. The unearned items consist primarily of funds received that have not yet been expended for the required purpose.

**6. Long-term liabilities**

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

**7. Defined Benefit Pension Plans**

The Town administers two single-employer, defined benefit pension plans: the Police Officers' and Firefighters' Retirement System and the General Employees' Pension Plan. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the two defined benefit pension plans and additions to/deductions from the two defined benefit pension plan's fiduciary net positions have been determined on the same basis as they are reported by the plans. For this purpose, contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due, and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the respective terms of the Town's two defined benefit pension plans.

**8. Other Post Employment Benefits**

The Town participates in a single employer defined benefit other post employment plan. The Town does not have a trust for the plan, and there is no actuarial determined contribution. The net liability or asset is determined in accordance with GASBC P52, *Other Post Employment Benefits*.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR EQUITY (Continued)**

**9. Deferred outflows / inflows of resources**

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

The deferred outflows and inflows are an aggregate of items related to pensions and other post-employment benefits (OPEB) as calculated in accordance with GASBC P20, Pension Activities and GASBC P52, Other Post-Employment Benefits.

**10. Fund equity**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Restricted Fund Balance – This portion of the fund balance will consist of those monies that have restrictions from external resource providers or imposed by law through constitutional provisions or enabling legislation placed on their use.

Committed Fund Balance – This portion of the fund balance will consist of those monies earmarked by Council through resolution that are intended to be used for a particular purpose.

Assigned Fund Balance – This portion of the fund balance for the General Fund consists of those monies budgeted to be spent during the following fiscal year as cash carry forward to cover the budget deficit, and encumbrances as approved by Town Council.

Unassigned Fund Balance – This portion of the fund balance for the General Fund will consist of those monies not specifically earmarked by Council for a particular project. Additionally, any revenue received in a fiscal year in excess of expenditures will automatically fall to unassigned fund balance. Council may also budget monies in the Town's annual fiscal year budget for this category.

The Town would typically use restricted fund balances first, followed by committed and assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds. The Town did not have any assigned funds as of September 30, 2018.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR EQUITY (Continued)**

**11. Net position deficit**

The Town reported a net position deficit of \$(409,201) in the Indialantic (Nance) Park fund. The Town intends to cover the deficit in 2018 and in future years with anticipated charges for services revenues of the Indialantic (Nance) Park fund as well as the net position of the Wavecrest Park fund.

**12. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from management's estimates.

**13. Recently issued and implemented accounting pronouncements**

The City has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The requirements of the GASB Statement are effective for the year ended September 30, 2018.

This pronouncement required the restatement of the September 30, 2017 net position in the statement of governmental activities, the Business-type activities, and net position in the Statement of Revenues, Expenses, and Changes in Fund Net Position for the enterprise funds. This change is in accordance with generally accepted accounting principles. The cumulative effect of the change is illustrated below:

	Governmental Activites	Business type Activities	Wavecrest Park	Nance Park
Net position, September 30, 2017, as previously reported	\$ 2,138,847	\$ 162,361	\$ 521,836	\$ (359,475)
Cumulative effect of application of GASBS 75	(181,018)	(11,524)	(9,219)	(2,305)
Net position, September 30, 2017, as restated	\$ 1,957,829	\$ 150,837	\$ 512,617	\$ (361,780)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR EQUITY (Continued)**

**13. Recently issued and implemented accounting pronouncements (continued)**

The Governmental Accounting Standards Board has issued statements that will become effective in future years. The statements address:

- Asset retirement obligations;
- Fiduciary activities;
- Leases;
- Disclosure related to debt; and
- Accounting for interest cost incurred before the end of a construction period.

The Town is currently evaluating the effects that these statements will have on its financial statements.

**NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including net OPEB obligation, compensated absences and the aggregate net pension liability are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$(1,699,001) difference are as follows:

Compensated absences	\$ (113,775)
Net OPEB obligation	(539,970)
Aggregate net pension liability	(1,045,256)
<hr/>	
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	\$ (1,699,001)
<hr/>	

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.



**Town of Indialantic, Florida**  
**Notes to Financial Statements**

**NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (Continued)**

One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.” The details of this \$(267,753) difference are as follows:

Capital outlay	\$ (591,497)
Depreciation expense	291,221
<hr/>	
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (300,276)
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**NOTE 3: DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

At September 30, 2018, the Town’s carrying amount of cash deposits was \$1,319,173 and the bank balance was \$1,346,514. In addition, the Town holds \$428 of petty cash.

As of September 30, 2018, \$250,000 of the Town’s bank balances and all non-interest bearing accounts are covered by the Federal Depository Insurance Corporation (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Town pursuant to Section 280.08, Florida Statutes.

For the Fiduciary funds, the carrying amount was \$730 and the bank balance was \$730. Cash balances in the Fiduciary funds are not held with a qualified public depository, or FDIC insured.

The investing of public funds with the Florida State Board of Administration (SBA) - Local Government Surplus Funds Trust Fund (“Florida PRIME”) is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2018, the Town had \$16,903 invested in the pool. The fair value of the Town’s position in the pool is equal to the value of the pooled shares.

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. DEPOSITS AND INVESTMENTS (Continued)**

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in the notes to the financial statements.

As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the Town's access to 100 percent of their account value in the external investment pool.

Interest Rate Risk – The Town's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. This policy is pursuant to Florida State Statute 218.415(6).

Credit Risk – The Town's investment policy pursuant to Florida State Statute 218.415 permits for investments in the Local Government Surplus Trust Fund, Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, interest-bearing time deposits or savings accounts in qualified public depositories and direct obligations of the United States Treasury.

The allowable instruments in the General Employees' Pension Plan are outlined in the Town's written investment policy and include equities, common stocks, equity mutual funds, preferred stocks, convertible securities including debentures, international equities, real estate investment trusts, fixed income investments in individual bonds, fixed income mutual funds, government bonds, corporate bonds, mortgage-backed securities, asset-backed securities, certificates of deposits, commercial paper, and government secure zero coupon bonds. Common and preferred stock are to be listed on either the New York or American Stock Exchange. Fixed income investments containing marketable bonds must be rated "A" or better by Standard and Poor's at the time of purchase. No limitations are placed on investments in the United States Government Guaranteed Obligations. Commercial paper must have a rating of not less than A-1 by Standard and Poor's or P-1 by Moody's. Certificates of deposit may only be purchased from issuers with a quality rating of AA+ or better at the time of purchase.

Investment in the Police Officers' and Firefighters' pension trust fund is limited by Florida State Statutes Chapters 175 and 185 and by investment policies adopted by the fund's Board of Trustees. The allowable instruments in the Police Officers' and Firefighters' Pension Plan include equities traded on a national exchange or electronic network, fixed income investments with a minimum rating of investment grade or higher as reported by a major credit rating service, money market funds with a minimum rating of A-1 by Standard and Poor's or P-1 by Moody's, and pooled funds which may include mutual funds, commingled funds and exchange-traded funds.

## Town of Indialantic, Florida Notes to Financial Statements

### NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### A. DEPOSITS AND INVESTMENTS (Continued)

Foreign Currency Risk – The Town’s pension trust funds contain investments in international stock mutual funds; however, all of the investments are denominated in U.S. dollars and are not exposed to foreign currency risk.

Custodial Credit Risk – The Town’s investment policy pursuant to Florida State Statutes 218.415(18), requires securities, with the exception of certificates of deposit, to be held with a third party custodian; and all securities purchased by, and all collateral obtained by the Town should be properly designated as an asset of the Town. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposit maintained by book-entry at the issuing bank shall clearly identify the Town as the owner. As of September 30, 2018, the Town’s investments were held with a third-party custodian as required by the Town’s investment policies.

As of September 30, 2018, the Town had the following investments and effective duration presented in terms of years:

Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10	Rating	Agency
Pension trust funds:							
Stock mutual funds	\$ 5,311,676	\$ 5,311,676	\$ -	\$ -	\$ -	Not rated	-
Bond mutual funds	333,118	333,118	-	-	-	Not rated	-
Corporate Bonds	188,790	35,814	124,571	10,048	18,357	A	S&P
Corporate Bonds	25,140	-	15,480	9,660	-	A-	S&P
Corporate Bonds	133,132	-	49,538	69,056	14,538	A+	S&P
Corporate Bonds	61,174	-	61,174	-	-	AA-	S&P
Corporate Bonds	19,228	-	19,228	-	-	AA+	S&P
Corporate Bonds	64,790	-	40,269	24,521	-	AAA	S&P
Corporate Bonds	128,262	24,934	35,955	43,682	23,691	BBB	S&P
Corporate Bonds	277,370	56,592	150,244	58,441	12,093	BBB+	S&P
Corporate Bonds	50,413	25,372	-	25,041	-	Not rated	-
Municipal Obligations	14,724	-	14,724	-	-	AA+	S&P
Municipal Obligations	44,678	19,927	24,751	-	-	AA	-
Municipal Obligations	24,648	-	24,648	-	-	A+	S&P
Municipal Obligations	29,237	-	29,237	-	-	Not rated	S&P
US treasury notes	243,481	-	-	243,481	-	Aaa	Moody's
Fannie Mae Pool	86,558	-	31,964	-	54,594	Not rated	-
American Core Realty	775,111	775,111	-	-	-	Not rated	-
Ginnie Mae Pool	76,059	-	-	-	76,059	Not rated	-
Federal National							
Mortgage Association	84,207	-	-	76,675	7,532	Not rated	-
Government National							
Mortgage Association	92,228	-	3,043	32,689	56,496	Not rated	-
Federal Home Loan							
Mortgage Corp	138,845	-	8,749	25,594	104,502	Not rated	-

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. DEPOSITS AND INVESTMENTS (Continued)**

Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10	Rating	Agency
Collateralized Mortgage Obligation	206,252	-	19,190	-	187,062	Not rated	-
Florida Municipal Investment Trust Fund (FMIVT)	1,450,491	1,450,491	-	-	-	Not rated	-
Florida PRIME	16,903	16,903	-	-	-	Not rated	-
Short term investments	146,122	146,122	-	-	-	Not rated	-
	\$ 10,022,637	\$ 8,196,060	\$ 652,765	\$ 618,888	\$ 554,924		

**Fair Value**

GASB Codification Section 3100: *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

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

Level 2: Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2018.

**Town of Indialantic, Florida**  
**Notes to Financial Statements**

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**A. DEPOSITS AND INVESTMENTS (Continued)**

**Fair Value (continued)**

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs other than Quoted Prices (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value</b>				
Mutual funds	\$ 5,644,794	\$ 5,644,794	\$ -	\$ -
Corporate bonds	948,299	-	948,299	-
Mortgage and asset backed	1,459,260	-	1,459,260	-
Municipal obligations	113,287	-	113,287	-
US Government obligations	243,481	243,481	-	-
<b>Total investments measured at fair value</b>	<b>8,409,121</b>	<b>\$ 5,888,275</b>	<b>\$ 2,520,846</b>	<b>\$ -</b>

**Investments measured at the  
Net Asset Value (NAV)**

FMIvT	\$ 1,450,491
Florida PRIME	16,903
<b>Total investments at NAV</b>	<b>1,467,394</b>
Total cash equivalents at cost	146,122
<b>Total investments</b>	<b>\$ 10,022,637</b>

*Mutual funds and US Government obligations:* Valued at quoted market prices.

*Corporate bonds, municipal obligations, and mortgage or asset backed securities:* Valued using a pricing service that uses matrix pricing when publicly traded pricing is not available.

*FMIvT:* Valued using the total pool value multiplied by the Town's percentage ownership of the pool. The pool value is determined by using the quoted value of the underlying assets or similar assets. The pool is comprised of multiple different types of assets and consistent with GASB 150 *Investments* the pool is in and of itself a type of investment and the Town does not own or report the investments underlying the pool.

**B. INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES**

Interfund receivables and payables at September 30, 2018, are summarized as follows:

	Due from other funds	Due to other funds
General fund	\$ 31,051	\$ 7,021
General Employees' Pension	7,021	-
Wavecrest Park	-	24,841
Indialantic (Nance) Park	-	6,210
	<b>\$ 38,072</b>	<b>\$ 38,072</b>

**Town of Indialantic, Florida**  
**Notes to Financial Statements**

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**B. INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES (Continued)**

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Wavecrest Park	Indialantic (Nance) Park	\$ 406,805

All interfund receivables and payables within the primary government represent cash transfers for operating and capital purposes.

**C. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 929,482	\$ -	\$ -	\$ 929,482
<b>Total capital assets, not being depreciated</b>	<b>929,482</b>	<b>-</b>	<b>-</b>	<b>929,482</b>
Capital assets, being depreciated:				
Buildings	890,364	-	-	890,364
Improvements other than buildings	614,002	29,742	-	643,744
Equipment	2,059,189	351,466	(226,210)	2,184,445
Furniture	9,097	-	-	9,097
Infrastructure	749,570	207,678	-	957,248
<b>Total capital assets being depreciated</b>	<b>4,322,222</b>	<b>588,886</b>	<b>(226,210)</b>	<b>4,684,898</b>
Less accumulated depreciation for:				
Buildings	(584,061)	(22,703)	-	(606,764)
Improvements other than buildings	(393,046)	(72,185)	-	(465,231)
Equipment	(1,284,628)	(116,749)	212,366	(1,189,011)
Furniture	(8,928)	(31)	-	(8,959)
Infrastructure	(45,502)	(79,553)	-	(125,055)
<b>Total accumulated depreciation</b>	<b>(2,316,165)</b>	<b>(291,221)</b>	<b>212,366</b>	<b>(2,395,020)</b>
<b>Total capital assets being depreciated, net</b>	<b>2,006,057</b>	<b>297,665</b>	<b>(13,844)</b>	<b>2,289,878</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 2,935,539</b>	<b>\$ 297,665</b>	<b>\$ (13,844)</b>	<b>\$ 3,219,360</b>

**Town of Indialantic, Florida**  
**Notes to Financial Statements**

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**C. CAPITAL ASSETS (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 758,227	\$ 5,759	\$ -	\$ 763,986
Equipment	64,598	-	-	64,598
Fixtures	80,286	4,832	(9,869)	75,249
<b>Total capital assets being depreciated</b>	<b>903,111</b>	<b>10,591</b>	<b>(9,869)</b>	<b>903,833</b>
Less accumulated depreciation for:				
Improvements other than buildings	(657,101)	(9,648)	-	(666,749)
Equipment	(64,598)	-	-	(64,598)
Fixtures	(80,286)	(3,070)	9,869	(73,487)
<b>Total accumulated depreciation</b>	<b>(801,985)</b>	<b>(12,718)</b>	<b>9,869</b>	<b>(804,834)</b>
<b>Total capital assets, being depreciated, net</b>	<b>101,126</b>	<b>(2,127)</b>	<b>-</b>	<b>98,999</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 101,126</b>	<b>\$ (2,127)</b>	<b>\$ -</b>	<b>\$ 98,999</b>

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

Governmental activities:

General government	\$ 15,499
Public safety	120,564
Public works	155,158
<b>Total depreciation expense – governmental activities</b>	<b>\$ 291,221</b>

Business-type activities:

Wavecrest Park	\$ 12,191
Nance Park	527
<b>Total depreciation expense – business-type activities</b>	<b>\$ 12,718</b>

**Town of Indialantic, Florida**  
**Notes to Financial Statements**

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**D. LONG-TERM DEBT**

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Net OPEB obligation *	\$ 643,571	\$ 32,571	\$ (136,172)	\$ 539,970	\$ -
Compensated absences	105,687	113,316	(105,228)	113,775	53,388
Pension obligation	1,202,413	93,610	(250,767)	1,045,256	-
<b>Governmental activity Long-term liabilities</b>	<b>\$ 1,951,671</b>	<b>\$ 239,497</b>	<b>\$ (492,167)</b>	<b>1,699,001</b>	<b>\$ 53,388</b>
<b>Business-type activities:</b>					
Net OPEB obligation *	\$ 40,971	\$ 2,478	\$ (8,669)	\$ 34,780	\$ -
Compensated absences	3,310	4,360	\$ (4,154)	3,516	3,516
Pension obligation	42,072	2,899	(3,050)	41,921	-
<b>Business-type activity Long-term liabilities</b>	<b>\$ 86,353</b>	<b>\$ 9,737</b>	<b>\$ (15,873)</b>	<b>\$ 80,217</b>	<b>\$ 3,516</b>

\* Restated from prior year, see Note 1.E.13

**E. RISK MANAGEMENT**

The Town is exposed to various risks of loss, including, but not limited to theft, damage or destruction of its buildings, equipment, records, and monetary assets, and liability for personal injury, property damage and consequences of employee and public official actions. The Town participates in a non-assessable public risk pool to cover significant loss exposure. The pool maintains a loss reserve and purchases specific excess insurance, aggregate excess insurance and multiple loss coverage from commercial carriers and underwriters. Settled claims have not exceeded the coverage in any of the past three fiscal years and there has not been a reduction in coverage levels for the fiscal year ended September 30, 2018.

**F. RETIREMENT COMMITMENTS**

All regular employees are covered by retirement plans. Police and fire employees are covered by the Police and Firefighters' Pension Plan, while the other employees are covered by the General Employees' Pension Plan. These are single employer, defined benefit pension plans. For the Police and Firefighters Pension Plan, stand-alone plan financial reports are not issued, and the plans are not included in the reports of any other public employee retirement system or entity. For the General Employees' Pension Plan, stand-alone financial reports are available from the administrative office: Retirement Department, Florida League of Cities, Inc. PO Box 1757, Tallahassee, FL 32302. Each Plan is administered through its own Board of Trustees.



**Town of Indianalantic, Florida**  
**Notes to Financial Statements**

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**F. RETIREMENT COMMITMENTS (continued)**

*Summary of significant accounting policies* – The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Investments are reported at fair value as described in footnote 3A.

**Employee retirement plans – combining fund information**

The pension trust funds fiduciary net position activity as of September 30, 2018 was as follows:

	General Employees'	Police and Firefighters'	Total
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 146,852	\$ 146,852
Due from other funds	7,021	-	7,021
Interest receivable	-	19,330	19,330
Investments, at fair value	1,450,491	8,426,024	9,876,515
<b>Total assets</b>	<b>1,457,512</b>	<b>8,592,206</b>	<b>10,049,718</b>
<b>Liabilities</b>			
	-	-	-
<b>Net position, restricted for pension benefits</b>	<b>\$ 1,457,512</b>	<b>\$ 8,592,206</b>	<b>\$ 10,049,718</b>

The Pension trust funds increase in fiduciary net position activity as of September 30, 2018 was as follows:

	General Employees'	Police and Firefighters'	Total
<b>Additions</b>			
Contributions:			
State	\$ -	\$ 74,721	\$ 74,721
Employer	89,870	168,155	258,025
Employees	26,889	43,308	70,197
<b>Total contributions</b>	<b>116,759</b>	<b>286,184</b>	<b>402,943</b>
Investment income (loss):			
Net increase in fair value of investments	122,819	524,994	647,813
Less: investment related expense	-	(20,807)	(20,807)
Interest and dividends	-	252,441	252,441
<b>Total investment income</b>	<b>122,819</b>	<b>756,628</b>	<b>879,447</b>
<b>Total additions</b>	<b>239,578</b>	<b>1,042,812</b>	<b>1,282,390</b>

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**F. RETIREMENT COMMITMENTS (continued)**

**Employee retirement plans – combining fund information (continued)**

	General Employees'	Police and Firefighters'	Total
<b>Deductions</b>			
Benefits paid	85,631	354,219	439,850
Transfer to share plan	2,044	12,792	14,836
Administrative expenses	11,679	42,679	54,358
Total deductions	99,354	409,690	509,044
<b>Change in net position</b>	140,224	633,122	773,346
<b>Net position, beginning of year</b>	1,317,288	7,959,084	9,276,372
<b>Net position, end of year</b>	\$ 1,457,512	\$ 8,592,206	\$ 10,049,718

**G. Detailed Notes on the Police and Firefighters' Pension Plan**

*Plan Administration:* The Police and Firefighters' Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- Two legal residents appointed by the Town Council;
- One Police Officer and one Firefighter elected by members of their respective departments;
- A fifth member elected by elected by the other four and appointed Town Council.

*Contributions and Funding Policy:* The Town recognized as revenues and expenditures on-behalf payments relating to pension contributions for its Police and Firefighters Pension Plan originating from the State of Florida. These contributions are funded by an excise tax upon certain casualty and property insurance companies on their gross receipts of premiums from policy holders.

Employees of the Police and Firefighters Pension Plan are required to contribute 5% their eligible compensation as defined by their respective collective bargaining agreements and state statutes. If the remittance from the State and contributions from employees is less than estimated by the actuary, the Town contributes the amount necessary, over and above these contributions to meet Normal (current year's) Cost and fund Unfunded Accrued (Past Service) Liability over 30 years. The contribution estimates calculated by the actuary are produced using an entry age actuarial cost method.

*Plan Membership:* As of October 1, 2018 plan membership of the Police and Firefighters' Pension plan was as follows:

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Detailed Notes on the Police and Firefighters' Pension Plan (continued)**

Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	15
Total Police and Firefighters' pension plan members	33

*Benefits provided:* The Police and Firefighters' Pension Plan provides retirement, termination and death benefits as outlined below.

Retirement

- Normal retirement at the earlier of age 55, or age 52 and 22 years of credited service with a benefit of 3% of average monthly earnings times credited service.
- Early retirement at age 50 and 10 years of credited service with a benefit of the amount accrued reduced by 3% for each year that early retirement precedes normal retirement.

Disability

- For a permanent service incurred disability where the participant is unable to perform their regular duties, 42% of average monthly earnings or accrued benefits, whichever is greater. For a non-service incurred disability where the participant is unable to perform their regular duties, 25% of average monthly earnings or accrued benefit, whichever is greater. The benefits are limited such that if the disability benefits received plus workers compensation and earned income exceed 100% of the average monthly earnings in effect on the date of disability, the disability benefits for the following year is reduced by the excess.
- Pre-retirement death benefit for a non-vested member consisting of a refund of member contributions without interest.
- Pre-retirement death benefit for a vested member consisting of an actuarial equivalent to a member's accrued benefit.

Termination benefits

- Less than 10 years of service, a refund of member contributions without interest.
- 10 years of more, accrued benefit payable at age 50 or later, on a partial actuarially reduced basis if to commence prior to age 55. The benefit is also payable to beneficiary of deceased vested member, or refund of member contributions without interest.

*Share plan:* Initial Crediting: For the Firefighters, 50% of the Firefighters' portion of the Excess State Monies Reserve in place as of June 5, 2016. No initial crediting applies for the Police portion.

Annual Crediting: 50% of annual Firefighter State Monies received by the Town in excess of \$46,370 shall be allocated equally to eligible participants. The Town may use up to \$88,282 in annual Police State Monies to reduce its funding obligation.

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Detailed Notes on the Police and Firefighters’ Pension Plan (continued)**

The Town and Police Membership will negotiate the details of applicable Share Plan allocations in the event that annual Police State Monies exceeds \$88,282.

Investment earnings: Eligible Share Accounts shall be credited or debited annually, based on the Plan’s net-of-fees investment performance for the immediately preceding Plan Year.

Expenses: Allocated annually in proportion to individual Share Account Balances as a percentage of total plan assets. Vesting: 100% upon completion of ten years of Credited Service, unless eligible for payment of benefits upon termination of employment.

*Investment Policy and Target Allocation:* The following was the Board's adopted asset allocation policy, and expected long term expected real rate of return as of September 30, 2018:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50.0%	7.5%
International Equity	10.0%	8.5%
Broad Market Fixed Income	25.0%	2.5%
Global Fixed Income	5.0%	3.5%
Real etate	10.0%	4.5%

*Concentration:* The Plans’ did not hold investments in any one organization that represented 5 percent or more of the Pension Plans’ fiduciary net position.

*Rate of return:* For the year ended September 30, 2018 the annual money-weighted rate of return on the Police and Fire Pension Plan investments, net of pension plan investment expense was 9.27%,.

*Deferred retirement option program (DROP):* The Police and Firefighters’ Pension Plan allows for a deferred retirement option program. The eligibility requirements matching normal retirement defined above; participation is limited to 60 months, or 39 years of service, whichever is earlier; and the rate of return is the actuarially asset rate of return applied to each September 30. The DROP balance at September 30, 2018 was \$193,537.

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Detailed Notes on the Police and Firefighters' Pension Plan (continued)**

**Actuarial Assumptions**

*Net Pension Liability of the Sponsor:* The components of the Net Pension Liability of the Sponsor on September 30, 2018 were as follows:

Total Pension Liability	\$	9,084,235
Plan Fiduciary Net Position		(8,593,115)
Sponsor's Net Pension Liability	\$	491,120

Plan fiduciary net position as a percentage of total pension liability 94.59%

The total pension liability for the Police and Firefighters' Pension Plan was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions.

Inflation	2.50%
Salary increases	7.00%
Discount rate	7.70%
Investment rate of return	7.70%

Sensitivity of the pension discount rate used is as follows:

	1% Decrease 6.70%	Current Discount Rate 7.70%	1% Increase 8.70%
Police and Firefighters' Pension Plan net pension liability	\$ 1,495,857	\$ 491,120	\$ (347,309)

*Measurement dates:* The measurement date used for the actuarial calculations is September 30, 2018. The measurement period was October 1, 2017 to September 30, 2018. The reporting period is October 1, 2017 through September 20, 2018. The net pension liability was measured as of September 30, 2018. The total pension liability used to calculate the net pension liability was determined as of September 30, 2018.

*Mortality rates:* Established based on the following methods:

Healthy inactive lives – Female using RP2000 generational, 100% annuitant white collar, scale BB; males using RP2000 generational, 10% annuitant white collar, 90% annuitant blue collar, scale BB.

Healthy active lives – Females using RP2000 generational, 100% combined healthy white collar, scale BB; males using RP 2000 generational, 10% combined healthy white collar, 90% combined healthy blue collar, scale BB.

**Town of Indialantic, Florida**  
**Notes to Financial Statements**

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Detailed Notes on the Police and Firefighters' Pension Plan (continued)**

Disabled lives – Females using RP2000 disabled female set forward two years, 40% annuitant white collar with no setback, no projection scale; males using 60% RP2000 disabled male setback four years, 40% annuitant white collar with no setback, no projection scale.

*Actuarial experience:* The most recent actuarial experience study used to review the other significant assumptions was dated January 15, 2008.

*Assumption changes:* Amounts reported as changes in assumptions resulted from lowering the investment rate of return from 7.8% to 7.7% per year compounded annually, net of investment related expenses.

Changes in net pension liability of the Police and Firefighters' Pension Plan for the year ended September 30, 2018 is as follows:

	Police & Fire Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2017	\$ 8,593,406	\$ 7,957,368	\$ 636,038
Changes for a Year:			
Service cost	171,635	-	171,635
Interest	669,565	-	669,565
Differences between expected and actual experience	(81,806)	-	(81,806)
Changes of assumptions	90,573	-	90,573
Contributions - employer	-	166,440	(166,440)
Contributions - State	-	77,422	(77,422)
Contributions - employee	-	44,946	(44,946)
Net investment income	-	730,566	(730,566)
Benefit payments, including refunds of employees contributions	(359,138)	(359,138)	-
Administrative expense	-	(24,489)	24,489
Net changes	490,829	635,747	(144,918)
Balances at September 30, 2018	\$ 9,084,235	\$ 8,593,115	\$ 491,120

**Town of Indialantic, Florida**  
**Notes to Financial Statements**

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Detailed Notes on the Police and Firefighters' Pension Plan (continued)**

On September 30, 2018 the City reported for the Firefighters Pension Plan deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,149	\$ 80,988
Changes of assumptions	170,517	-
Net difference between projected and actual earnings on pension plan investments	-	195,233
<b>Total</b>	<b>\$ 171,666</b>	<b>\$ 276,221</b>

Other amounts reported as deferred outflows and inflows of resources related to Police and Firefighters' Pension Plan will be recognized in pension expense as follows:

Year ended September 30,		
2019	\$	84,907
2020		(91,027)
2021		(75,717)
2022		(22,718)
<b>Total</b>	<b>\$</b>	<b>(104,555)</b>

**H. Detailed Notes on the General Employees' Pension Plan**

*Plan Administration:* The General Employees' Pension Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- Two legal residents appointed by the Town Council;
- Two plan members elected by the membership;
- A fifth member elected by elected by other four and appointed by Town Council.

*Contributions and Funding Policy:* Employees of the General Employees' Pension Plan are required to contribute 4.5% their pensionable earnings, defined as W-2 wages, and after June 30, 2011 with overtime limited to 300 hours per year and excluding payments for unused vacation. If the remittance from employee contributions is less than estimated by the actuary, the Town contributes the amount necessary, over and above these contributions to meet Normal (current year's) Cost and fund Unfunded Accrued (Past Service) Liability over 30 years. The contribution estimates calculated by the actuary are produced using an entry age actuarial cost method.

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Detailed Notes on the General Employees' Pension Plan (continued)**

*Plan Membership:* As of October 1, 2018 plan membership of General Employees' Pension plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	7
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	13
<b>Total Police and Firefighters' pension plan members</b>	<b>29</b>

*Benefits provided:* The General Employees' Pension Plan provides retirement and death benefits as outlined below.

**Retirement**

- Normal retirement at the earlier of age 65 with at least 5 years of service with a benefit of 2% of average earnings times the years of service.
- Early retirement at age 60 with at least 5 years of service with a benefit of 2% of average earnings times the years of service reduced by 1/15 for each year by which the early retirement date precedes age 65.

**Pre-retirement death benefit**

- Actuarial equivalent to the basic pension formula payable for 10 years certain (payable in equal shares to the participant's spouse, dependent children, or anyone who was receiving at least 50% of their support from the deceased participant)
- Return of accumulated employee contributions (payable to the beneficiary of a non-vested participant or of a vested participant who does not have a spouse, dependent children, or anyone who was receiving at least 50% of their support from the deceased participant)

*Form of payment* - Retirement benefits are paid as a single life annuity; actuarially equivalent 10-year certain and life annuity; actuarially equivalent joint and contingent annuity actuarially equivalent social security level income option; or any other actuarially equivalent form of payment approved by the Pension Board except for a single lump sum payment.

*Vesting:* 100% vesting after five years of credited service.

*Concentration:* The Plans' did not hold investments in any one organization that represented 5 percent or more of the Pension Plans' fiduciary net position.

*Rate of return:* For the year ended September 30, 2018 the annual money-weighted rate of return on the General Employees' Pension Plan investments, net of pension plan investment expense was 3.71%.



**Town of Indialantic, Florida**  
**Notes to Financial Statements**

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Detailed Notes on the General Employees' Pension Plan (continued)**

*Investment Policy and Target Allocation:* The following was the Board's adopted asset allocation policy, and expected long term expected real rate of return as of September 30, 2018:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Core bonds	16.0%	0.6%
Multi-sector	24.0%	1.1%
US large cap equity	39.0%	6.1%
US smal cap equity	11.0%	6.8%
Non-US equity	10.0%	6.8%
Total or weighted arithmetic average		4.08%

*Net Pension Liability of the Sponsor:* The components of the Net Pension Liability of the Sponsor (Town) on September 30, 2018 were as follows:

Total Pension Liability	\$	2,057,427
Plan Fiduciary Net Position		(1,461,370)
Sponsor's Net Pension Liability	\$	596,057

Plan fiduciary net position as a percentage of total pension liability 71.03%

**Actuarial Assumptions**

The total pension liability for the General Employees' Pension Plan was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions.

Inflation	2.92%
Salary increases	4.00% per annum plus, for employees hired before October 1, 2005, a 5.00% (if age 50 or younger as of October 1, 2012) or 10.00% (if older than age 50 as of October 1, 2012) load to account for irregular sources of compensation
Discount rate	7.00%, 2.92% which is attributable to inflation
Investment rate of return	7.00%

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Detailed Notes on the General Employees' Pension Plan (continued)**

Sensitivity of the pension discount rate used is as follows:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
General Employees' Pension Plan net pension liability	\$ 846,173	\$ 596,057	\$ 388,882

*Mortality rates:* Established based on the sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale BB

*Retirement* 10% of eligible employees are assumed to retire at each of ages 60 through 64 and 100% of eligible employees are assumed to retire at age 65; those employees who have attained age 65 as of the valuation date are not assumed to retire until one year after the valuation date.

*Other decrements:* Employees are assumed to terminate their employment due to other than retirement or death at rates ranging from 10% at age 20 to 13% at age 30, 15% at age 40, and 12% at age 50.

*Beneficiary assumption:* 100% of non-retired participants are assumed to have an eligible beneficiary upon death prior to retirement.

*Form of payment:* All future retirees are assumed to select the single life annuity form of payment.

*Future contributions:* Contributions from the employer and employees are assumed to be made as legally required.

*Assumption changes:* No assumption changed since the prior measurement date.

**Town of Indialantic, Florida**  
**Notes to Financial Statements**

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Detailed Notes on the General Employees' Pension Plan (continued)**

Changes in net pension liability of the General Employees' Pension Plan for the year ended September 30, 2018 is as follows:

	General Employees' Plan Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2017	\$ 1,951,650	\$ 1,343,203	\$ 608,447
Changes for a Year:			
Service cost	57,917	-	57,917
Interest	137,723	-	137,723
Net investment income	-	100,762	(100,762)
Difference between expected and actual experience	(2,188)	-	(2,188)
Contributions - employer	-	89,870	(89,870)
Contributions - employee	-	26,889	(26,889)
Benefit payments, including refunds of employee contrib	(87,675)	(87,675)	-
Administrative expense	-	(11,679)	11,679
Net changes	105,777	118,167	(12,390)
Balances at September 30, 2018	\$ 2,057,427	\$ 1,461,370	\$ 596,057

On September 30, 2018 the Town reported the following deferred outflows and inflows of resources from the General Employees' Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption changes	\$ 37,828	\$ -
Net difference between projected and actual earnings on pension plan investments	-	5,037
Demographic changes	52,591	120,154
Total	\$ 90,419	\$ 125,191

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Detailed Notes on the General Employees’ Pension Plan (continued)**

Other amounts reported as deferred outflows and inflows of resources related to General Employees’ Pension Plan will be recognized in pension expense as follows:

Year ended September 30,		
2019	\$	35,235
2020		6,234
2021		(36,859)
2022		(25,881)
2023		(13,501)
Total	\$	(34,772)

**I. OTHER POSTEMPLOYMENT BENEFITS**

The Town follows Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria* (OPEB) of the GASB Codification, for certain postemployment health care benefits provided by the Town.

*Plan description:* The Town administers a single-employer defined benefit healthcare plan (the “Plan”) that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the Town is required to provide eligible retirees (as defined in the Town’s pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees.

Employees and their dependents may elect to remain in the Plan upon retirement up to age 65. After age 65, the Town’s insurance coverage becomes secondary to the retiree’s Medicare insurance.

Benefit provisions for the Plan were established by Town Council on April 3, 1996 and may only be amended by Town Council. The Town has not established a trust or agency fund for the Plan. The Town does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the Town’s basic financial statements and the Plan does not issue stand-alone financial reports.

*Funding policy:* The Town is funding the Plan on a pay-as-you-go basis. The Town requires retirees to pay 100% of the premiums for retirees and their dependents. There is an implied subsidy in the insurance premiums for the employees because the premium charged for retirees is the same as the premium charged for active employees, who are younger than retirees on average.

For the year ended September 30, 2018, the Town did not make any contributions to the Plan.

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**I. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*Plan membership:* Plan membership as of September 30, 2018 was:

	Number of covered individuals
Inactive members currently receiving benefits	5
Inactive members entitled to but not yet receiving benefits	-
Active members	32
<b>Total</b>	<b>37</b>

**Actuarial Assumptions**

The OPEB liability was determined based on the following assumptions and information:

Employer's reporting date:	September 30, 2018
Measurement date:	September 30, 2018
Valuation date:	October 1, 2017
Discount rate:	3.64%
Salary increases:	3.00%

The discount rate is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.

*Cost of living increases:* Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.

*Healthcare cost trend rate:* Increases in healthcare costs are assumed to be 7.5% for the 2017/18 fiscal year graded down by 0.50% per year to 5.00% for the 2022/23 and later fiscal years. Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.

*Implied subsidy:* Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of \$425 for the retiree and \$425 for the retiree's spouse has been assumed at age 62 for the 2017/18 fiscal year; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates.

*Mortality basis:* Sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Scale AA.

*Retirement:* Retirement is assumed to occur at the earlier of age 52 with 25 years of service or at age 55 otherwise.

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**I. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Other decrements: Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 4 rates were used for firefighters and police officers and Class 1 rates were used for all other employees).

Healthcare coverage elections: 50% of eligible employees are assumed to elect medical coverage for themselves upon retirement or disability; of those electing coverage, 90% of males and 80% of females are assumed to elect coverage for their spouses; coverage is assumed to end upon the attainment of age 65.

Life insurance election: All future retirees are assumed to elect \$5,000 of life insurance coverage for themselves for life.

Spouses and dependents: Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children.

COBRA: Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.

Changes: Since the prior measurement date, the interest (or discount) rate was increased from 2.80% per annum to 3.64% per annum.

The components of the OPEB liability at September 30, 2018 were as follows:

Total OPEB liability	Fiduciary net position	OPEB liability	Funded percentage
574,750	\$ -	\$ 574,750	0%

The changes in the OPEB liability for the year ended September 30, 2018 were as follows:

	Total OPEB Liability	Fiduciary Net Position	OPEB Liability
Balance as of September 30, 2017	\$ 684,542	\$ -	\$ 684,542
Service cost	43,456	-	43,456
Interest	26,182	-	26,182
Demographic experience	(104,752)	-	(104,752)
Changes of assumptions	(57,109)	-	(57,109)
Benefit payments	(17,569)	-	(17,569)
Net changes	(109,792)	-	(109,792)
Balance as of September 30, 2018	\$ 574,750	\$ -	\$ 574,750

**Town of Indialantic, Florida**  
**Notes to Financial Statements**

**NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**I. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Sensitivity of the OPEB Liability**

	1% decrease 2.64%	Discount rate 3.64%	1% increase 4.64%
OPEB liability	\$ 643,631	\$ 574,750	\$ 515,765

The following presents the City's OPEB liability as if it were calculated using a trend rate that is one percentage-point lower or higher than the current trend rate

	1% decrease in trend rate (4.00% - 6.50%)	Current trend rate (5.00% - 7.50%)	1% increase in trend rate (6.00% - 8.50%)
OPEB liability	\$ 507,735	\$ 574,750	\$ 654,782

**Deferred Inflows and Outflows**

On September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred inflows of resources
Demographic experience	\$ 93,737
Changes of assumptions	51,104
Balance as of September 30, 2018	\$ 144,841

The deferred outflows of resources related to OPEB will be recognized in the expense as follows:

<i>Fiscal year ending September 30,</i>	
2019	\$ 17,020
2020	17,020
2021	17,020
2022	17,020
2023	17,020
Thereafter	59,741
Total	\$ 144,841

**NOTE 4 : SUBSEQUENT EVENTS**

During the year ended September 30, 2018, the Town held a referendum to approve the issuance of debt, supported by a debt millage rate of 1%, to replace the Town's stormwater infrastructure. The Town issued the \$3,000,000 Town of Indialantic, Florida Limited Ad Valorem Tax Note, Series 2018 on October 26, 2018.





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**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Town of Indialantic, Florida**

**Required Supplementary Pension Information - Schedules of Changes in  
Net Pension Liability and Related Ratios – Last Five Fiscal Years**

<i>As of September 30,</i>	General Employees		
<b>Total Pension Liability</b>	<b>2018</b>	2017	2016
Service cost	\$ 57,917	\$ 54,693	\$ 72,396
Interest	<b>137,723</b>	119,657	126,017
Differences between expected and actual experience	<b>(2,188)</b>	101,513	(188,107)
Change of assumptions	-	69,353	3,150
Benefit payments, including refunds of employee contributions	<b>(87,675)</b>	(90,056)	(88,961)
<b>Net change in total pension liability</b>	<b>105,777</b>	255,160	(75,505)
<b>Total pension liability beginning</b>	<b>1,951,650</b>	1,696,490	1,771,995
<b>Total pension liability ending (a)</b>	<b>\$ 2,057,427</b>	\$ 1,951,650	\$ 1,696,490
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 89,870	\$ 72,405	\$ 56,400
Contributions - employee	<b>26,889</b>	26,148	26,715
Net investment income	<b>100,762</b>	160,185	38,332
Benefit payments, including refunds of employee contributions	<b>(87,675)</b>	(90,056)	(88,961)
Administrative expense	<b>(11,679)</b>	(16,222)	(10,342)
<b>Net change in plan fiduciary net position</b>	<b>118,167</b>	152,460	22,144
<b>Plan fiduciary net position beginning</b>	<b>1,343,203</b>	1,190,743	1,168,599
<b>Plan fiduciary net position ending (b)</b>	<b>\$ 1,461,370</b>	\$ 1,343,203	\$ 1,190,743
<b>Net pension liability ending (a) - (b)</b>	<b>\$ 596,057</b>	\$ 608,447	\$ 505,747
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>71.03%</b>	68.82%	70.19%
<b>Covered payroll</b>	<b>\$ 595,732</b>	\$ 576,030	\$ 587,107
<b>Net pension liability as a percentage of employee payroll</b>	<b>100.05%</b>	105.63%	86.14%

2015	2014
\$ 43,196	\$ 43,047
119,143	112,836
(12,576)	-
-	-
(73,230)	(58,631)
76,533	97,252
1,695,462	1,598,210
<u>\$ 1,771,995</u>	<u>\$ 1,695,462</u>

\$ 57,449	\$ 81,212
25,271	25,503
(58,756)	73,325
(73,230)	(58,631)
(14,152)	(8,224)
(63,418)	113,185
1,232,017	1,118,832
<u>\$ 1,168,599</u>	<u>\$ 1,232,017</u>

<u>\$ 603,396</u>	<u>\$ 463,445</u>
-------------------	-------------------

65.95%      72.67%

\$ 561,575    \$ 566,730

107.45%      81.78%

**Town of Indialantic, Florida**  
**Required Supplementary Pension Information - Schedules of Changes in**  
**Net Pension Liability and Related Ratios – Last Five Fiscal Years**

<i>As of September 30,</i>	Police and Fire		
<b>Total Pension Liability</b>	<b>2018</b>	2017	2016
Service cost	\$ 171,635	\$ 203,122	\$ 190,524
Interest	669,565	644,419	599,460
Change in excess State money	-	-	(560)
Share plan allocation	-	-	280
Differences between expected and actual experience	(81,806)	(52,899)	4,594
Change of assumptions	90,573	100,438	239,661
Benefit payments, including refunds of employee contributions	(359,138)	(514,135)	(252,201)
<b>Net change in total pension liability</b>	<b>490,829</b>	380,945	781,758
<b>Total pension liability beginning</b>	<b>8,593,406</b>	8,212,461	7,430,703
<b>Total pension liability ending (a)</b>	<b>\$ 9,084,235</b>	\$ 8,593,406	\$ 8,212,461
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 166,440	\$ 144,560	\$ 159,935
Contributions - State	77,422	80,980	84,296
Contributions - employee	44,946	46,650	47,618
Net investment income	730,566	838,164	673,749
Benefit payments, including refunds of employee contributions	(359,138)	(514,135)	(252,201)
Administrative expense	(24,489)	(30,288)	(18,713)
<b>Net change in plan fiduciary net position</b>	<b>635,747</b>	565,931	694,684
<b>Plan fiduciary net position beginning</b>	<b>7,957,368</b>	7,391,437	6,696,753
<b>Plan fiduciary net position ending (b)</b>	<b>\$ 8,593,115</b>	\$ 7,957,368	\$ 7,391,437
<b>Net pension liability ending (a) - (b)</b>	<b>\$ 491,120</b>	\$ 636,038	\$ 821,024
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>94.59%</b>	92.60%	90.00%
<b>Covered payroll</b>	<b>\$ 898,913</b>	\$ 932,995	\$ 952,369
<b>Net pension liability as a percentage of employee payroll</b>	<b>54.63%</b>	68.17%	86.21%

	2015	2014
\$	198,675	\$ 205,111
	584,298	544,792
	-	-
	-	-
	(333,531)	-
	-	-
	(251,317)	(247,978)
	198,125	501,925
	7,232,578	6,730,653
\$	7,430,703	\$ 7,232,578

\$	146,371	\$ 202,293
	79,493	83,827
	48,565	50,759
	(37,782)	636,460
	(251,317)	(247,978)
	(38,051)	(20,071)
	(52,721)	705,290
	6,749,474	6,044,184
\$	6,696,753	\$ 6,749,474
\$	733,950	\$ 483,104

90.12%      93.32%

\$ 1,020,241    \$ 1,015,179

71.94%      47.59%

**Town of Indialantic, Florida**  
**Required Supplementary Pension Information –**  
**Schedules of Contributions – Last Five Fiscal Years**

<i>As of September 30,</i>	General Employees		
	<b>2018</b>	2017	2016
Actuarially determined contribution	\$ <b>89,870</b>	\$ 72,405	\$ 56,400
Contributions in relation to the actuarially determined contributions	<b>89,870</b>	72,405	56,400
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	<b>595,732</b>	576,030	\$ 587,107
Contributions as a percentage of covered payroll	<b>15.09%</b>	12.57%	9.61%

	2015	2014
\$	57,449	\$ 81,212
	57,449	81,212
\$	-	\$ -
\$	561,575	\$ 566,730
	10.23%	14.33%



**Town of Indialantic, Florida**  
**Required Supplementary Pension Information –**  
**Schedules of Contributions – Last Five Fiscal Years**

<i>As of September 30,</i>	Police and Fire		
	<b>2018</b>	2017	2016
Actuarially determined contribution	\$ <b>204,593</b>	\$ 211,697	\$ 239,616
Contributions in relation to the actuarially determined contributions	<b>243,862</b>	225,540	244,231
Contribution deficiency (excess)	\$ <b>(39,269)</b>	\$ (13,843)	\$ (4,615)
Covered payroll	\$ <b>898,913</b>	\$ 932,995	\$ 952,369
Contributions as a percentage of covered payroll	<b>27.13%</b>	24.17%	25.64%

2015	2014
\$ 229,907	\$ 282,524
229,907	286,120
\$ -	\$ (3,596)
\$ 1,020,241	\$ 1,015,179
22.53%	28.18%

**Town of Indialantic, Florida**

**Required Supplementary Pension Information – Notes to Schedule**

Notes to Schedule

Valuation Date: 10/01/2017

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.

	General Employees' Pension Plan	Police and Firefighters' Pension Plan
Funding Method:	Entry Age Actuarial Cost Method.	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Dollar, Normal, Closed.	Level Percentage of Pay, Closed.
Remaining Amortization Period:	28 Years (as of 10/01/2017 valuation)	20 Years (as of 10/01/2017 Valuation)
Asset Smoothing Methodology:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4 year average Market Value. It is possible that over time this technique will produce an insignificant bias above or below Market Value.	The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a deminis bias that is above or below the Market Value of Assets.
Inflation:	2.92% per year.	2.5% per year.
Salary Increases:	4.00% per annum plus, for employees hired before October 1, 2005, a 5.00% (if age 50 or younger as of October 1, 2012) or 10.00% (if older than age 50 as of October 1, 2012) load to account for irregular sources of compensation	7.0% per year until the assumed retirement age.
Final Year Salary Load:	Not applicable	Years until Normal Retirement as of 10/01/2012: Less than 5 years - 15%; At least 5, less than 10 years - 10%; 10 or more years - 5%. Not withstanding the above, the load assumption is 0% for Members with Credited Service after September 30, 2012.
Interest Rate:	7% per year compounded annually, net of investment related expenses.	7.7% per year compounded annually, net of investment related expenses.
Payroll Increase:	4% per year	0% per year.
Retirement Age:	10% of eligible employees are assumed to retire at each of ages 60 through 64 and 100% of eligible employees are assumed to retire at age 65; those employees who have attained age 65 as of the valuation date are not assumed to retire until one year after the valuation date.	Earlier of: 1) age 55 or 2) age 52 and the completion of 25 years of Credited Service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement Rate:	Members who are within 5 years of retirement are assumed to retire within an immediate subsidized benefit at the rate of 10% per year.	Commencing with the earliest Early Retirement Age (50), Members are assumed to retire with an immediate subsidized benefit at the rate of 10% per year.



**Town of Indialantic, Florida**

**Required Supplementary Pension Information – Schedule of Investment Returns**  
**Last Five Fiscal Years**

September 30,	General Employees				
	<b>2018</b>	2017	2016	2015	2014
Annual Money-Weighted Rate of Return Net of Investment Expense	<b>3.71%</b>	13.50%	3.30%	-4.76%	6.54%

September 30,	Police & Fire				
	<b>2018</b>	2017	2016	2015	2014
Annual Money-Weighted Rate of Return Net of Investment Expense	<b>9.27%</b>	11.64%	10.26%	-0.54%	11.06

**Town of Indialantic, Florida**  
**Required Supplementary Information**  
**Schedule of Changes in OPEB Liability and Related Ratios**  
**Last Fiscal Year**

<u>September 30,</u>	<u>2018</u>
<b>Total OPEB liability - beginning</b>	\$ 684,542
Changes due to:	
Service cost	43,456
Interest	26,182
Demographic experience	(104,752)
Changes of assumptions	(57,109)
Benefit payments	(17,569)
<b>Net changes in total OPEB liability</b>	<b>(109,792)</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 574,750</b>
<b>Plan fiduciary net position</b>	
Net changes in plan fiduciary net position	\$ -
Plan fiduciary net position - beginning	-
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ -</b>
<b>OPEB liability - ending (a) - (b)</b>	<b>\$ 574,750</b>
Covered-employee payroll for the measurement period	\$ 1,494,237
OPEB Liability as a percentage of covered-employee payroll	38.46%

**Notes:**

- <sup>(1)</sup> The Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Pensions*, in 2018. The employer must eventually disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.
- <sup>(2)</sup> The Town does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASBS No. 75 to pay related benefits.
- <sup>(3)</sup> There were no changes in benefit terms.
- <sup>(4)</sup> There is no actuarial determined contribution to the OPEB plan.

**Town of Indialantic, Florida**

**Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual - General Fund**

<i>Year ended September 30, 2018</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 3,077,349	\$ 3,087,183	\$ 3,100,776	\$ 13,593
Permits and fees	71,000	71,000	113,644	42,644
Intergovernmental	444,535	648,407	764,981	116,574
Charges for services	1,300	1,300	2,838	1,538
Fines and forfeitures	29,500	35,353	33,273	(2,080)
Interest and other	453,997	462,009	65,508	(396,501)
Total revenues	4,077,681	4,305,252	4,081,020	(224,232)
<b>Expenditures</b>				
Current:				
General government	738,789	711,734	401,541	310,193
Public safety	2,312,358	2,333,735	2,296,791	36,944
Physical environment	485,455	515,871	476,943	38,928
Recreation	29,700	41,631	41,622	9
Capital outlay	511,379	702,281	591,497	110,784
Total expenditures	4,077,681	4,305,252	3,808,394	496,858
<b>Excess of revenues over expenditures</b>	-	-	272,626	272,626
<b>Fund balances, beginning of year</b>	989,612	989,612	989,612	-
<b>Fund balances, end of year</b>	\$ 989,612	\$ 989,612	\$ 1,262,238	\$ 272,626

**Town of Indialantic, Florida**  
**Notes to Required Supplementary Information**  
**September 30, 2018**

**A. BUDGETARY INFORMATION**

The Town Council adopts an annual budget resolution for all governmental funds prior to September 30 for the next ensuing fiscal year. All budgets are prepared on a modified accrual basis, which is consistent with generally accepted accounting principles.

Budgetary control is legally maintained at the department level. Budget transfer authority is provided to the Town Manager within departments in a fund as long as the total budget of the department is not increased.

Procedures followed by the Town in establishing budgeting data reflected in the financial statements are as follows:

1. The Departments prepare their budget requests and submit them to the Town Manager prior to June 30th of each year.
2. The Town Manager prepares a proposed budget and submits it to the Budget and Finance Committee during the month of July. The operating budget includes proposed expenditures and the means of financing them.
3. The Budget and Finance Committee meets during the month of July to review the proposed budget and make recommendations to the Council.
4. The Town Manager submits the proposed budget to the Town Council on or before August 1st of each year.
5. A public hearing on the proposed budget is held at a regular Council meeting prior to the start of the fiscal year.
6. Prior to October 1, the budget is legally enacted by the adoption of a Resolution.
7. In April of each year, the Town Manager reviews the adopted budget and makes necessary adjustments, which are submitted to the Town Council for their approval.
8. Formal budgeting integration is employed as a management control device during the year for the general and special revenue funds.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general and special revenue funds. Encumbrances outstanding at year end are reported as unassigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. The subsequent year's appropriations provide authority to complete these transactions. There were no encumbrances outstanding at year end.





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**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**

Honorable Mayor and Members of Town Council  
Town of Indialantic, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the Business-type activities, each major fund, and the aggregate remaining fund information of the Town of Indialantic, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Indialantic, Florida's basic financial statements, and have issued our report thereon dated May 22, 2019.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control 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 were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control documented as MW 2017-001, 2017-002, 2018-001, and 2018-002 below to be material weaknesses.

*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. We consider the deficiencies in internal control documented as SD 2018-003, and 2018-004 below to be significant deficiencies.

### **MW 2017-001 PARKING TICKETS – *Material Weakness***

Criteria: All unpaid parking tickets should be filed with the State.

Condition: The Town did not file parking tickets with the State consistently during 2018.

Cause: The Town has not been following the process for filing unpaid tickets with the State in accordance with policy.

Effect: The Town did not have access to historical records of unpaid tickets which may have been retrievable from the State, had they been submitted to the State.

Recommendation: CRI recommends all unpaid tickets be filed with the State in a timely manner.

Management Response: : Our procedure for uploading all unpaid tickets is now reported to the State every Thursday morning automatically.

### **MW 2017-002 REVENUE RECONCILIATION – *Material Weakness***

Criteria: When segregation of duties is inadequate, the risk that intentional fraud or unintentional errors could occur and not be detected increases.

Condition: Building permit fee calculations, fees for alarm permits, and business tax receipts are not consistently reviewed for accuracy. Parking tickets issued and building permits issued are not reconciled to cash received and revenue recorded in the general ledger for completeness.

Cause: Building department calculations are not reviewed, re-inspection fees are not consistently documented, and review of permits waived under Council direction related to hurricane damage are not reviewed for appropriateness. Parking tickets, alarm permits, and business tax receipts are not consistently reviewed. Parking tickets which are waived or to be voided based on judicial process are not reviewed for appropriate approval. These conditions increase the possibility of inconsistencies, incorrect rates being charged, and the potential for defalcation.

Effect: CRI noted there is no review in place of business tax receipt calculations and changes; nor building permit calculations and changes. Parking ticket revenue and receivables may be misstated creating the potential for defalcation.

Recommendation: CRI recommends management assign a person independent of the collection process to provide a review on a weekly basis for permits, business tax receipts, and parking tickets.

Management Response: All building department calculations are now being reviewed by our new administrative assistant, which was funded effective January 1, 2019.

### **MW 2018-001 Capital Assets – *Material Weakness***

Criteria: Capital assets should be recorded in the year in which they are placed into service and be depreciated over their useful lives in a reasonable rational manner once they are placed into service.

Condition: Improvements to a parking lot were not reporting in the year in which they were placed into service and capital asset depreciation calculated was not reviewed in sufficient detail to determine a mathematical error was present in the calculation.

Cause: No evidence to determine if a review of expenses for items which meet the Town's criteria for capitalization occurred.

Effect: Assets and net position were understated and expenses were overstated in a prior year and depreciation expense was materially understated.

Recommendation: CRI recommends the Town review all expenses for capital assets no less than annually, and evidence retained that the review was performed and any adjustments made. The Town should review all depreciation calculations for mathematical accuracy, and if the useful life of an asset varies from those used by the Town that deviation is supported by adequate documentation.

Management Response: All capital assets will be reviewed on an annual basis. New software will be used so all calculations will be correct going forward.

#### **MW 2018-002 Backups of Information Systems – *Material Weakness***

Criteria: The Town's backup of information systems should be sufficient to restore essential data to the Town in case of data loss.

Condition: A backup of the Town's parking ticket system and related data were not available for restoration as they were not backed up due to a lack of space on the backup media. The loss of parking ticket data prohibited the Town from recording approximately 6 months of parking ticket revenue, the related receivables, and bad debt expense. Additionally the Town lost all parking ticket data, including unpaid tickets, from prior years.

Cause: The Town's policies and procedures covering backup of information systems were not documented to be consistent with industry best practices, and backups were not monitored for success or failure.

Effect: CRI is unable to render an audit opinion on the Town's parking ticket revenue, receivables, and bad debt expense.

Recommendation: The Town should have policies and procedures in place to document the items which are backed up; the frequency of the backups; how backups are monitored for success or failure; how and what backup data is on and offsite; and how often restoration testing is performed to verify the validity of the backup data.

Management Response: The Town has a new procedure so that backups are being performed daily. If there is a failure during backup we are notified. The validity of the backup data and restoration is verified weekly. A copy of backup data is stored offsite biweekly. The Town had a system in place that worked for years which worked well. Unfortunately there can come a time when adequate safeguards are insufficient to meet all situations.

**SD 2018-003 Defined Benefit Pension Plans – Significant deficiency**

Criteria: Chapter 112, Florida Statutes, sets forth the rules concerning the minimum required contribution for public pension plans within the state. The minimum required contribution rate is 17.03% of covered payroll.

Condition: Contributions recorded in the Police & Fire Pension Plan did not agree to the amount received. Additionally, the General Employees' Pension Plan did not meet minimum required contributions provided by the actuary.

Cause: Information from the actuary is not reviewed and reconciled to the general ledger.

Effect: For the General Employees' Pension Plan, the Town contribution was understated by \$26,974 and Employee contributions were overstated by \$19,953 prior to audit adjustment.

Recommendation: The Town should review information provided from the actuary for accuracy and reconcile amounts to the general ledger.

Management Response: The Town has religiously provided the percentage of payroll as recommended by the actuaries. If ever the actuary noted after auditing the account that additional funds were needed the Town provided the funds. If the Town pays more than the actuary stipulates the Pension Boards do not return the additional funds. The Town is noted as making a larger contribution and the General Fund is without those funds. Pension Plan contributions will be reconciled for accuracy.

**SD 2018-004 Interfund Activity – Significant deficiency**

Criteria: Expenses should be recorded in the period in which they are incurred and in the proper fund.

Condition: The Town did not record fourth quarter expenses for services provided by General Fund employees for the Enterprise Funds in the Enterprise Funds.

Cause: The Town did not record the expenses due to the loss of six months of parking ticket revenue.

Effect: Charges for services and due to the General Fund were understated by \$24,841 and \$6,410 for Wavecrest and Nance Park, respectively, prior to audit adjustment.

Recommendation: As this is a recurring activity between funds, the Town should periodically review changes in interfund activity for reasonableness considering any known changes in employee staffing or other typical interfund charges.

Management Response: Expenses will be reviewed and recorded going forward.

## **Compliance and Other Matters**

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

### **The Town of Indialantic, Florida's Response to the Finding**

The Town of Indialantic, Florida's responses to the findings identified in our audit are described previously. The Town of Indialantic, Florida's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 result 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.

*Cam, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
May 22, 2019



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**INDEPENDENT AUDITORS’ MANAGEMENT LETTER**

Honorable Mayor and Members of Town Council  
 Town of Indialantic, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Town of Indialantic, Florida, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 22, 2019.

**Auditors’ Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated May 22, 2019, 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. Corrective action has been taken to address the findings and recommendations made in the preceding annual financial audit report as noted below:

MW 2017-001 PARKING TICKETS	Status: Uncorrected
SD 2017-002 REVENUE RECONCILIATION	Status: Uncorrected

**Official Title and Legal Authority**

Section 10.554(l)(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 authorities of the Town of Indialantic, Florida is disclosed in the footnotes. The Town of Indialantic has no component units.



## **Financial Condition and Management**

Section 10.554(l)(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 of Indialantic, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town of Indialantic, Florida 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 of Indialantic. It is management's responsibility to monitor the Town of Indialantic, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

## **Additional Matters**

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

## **Purpose of this Letter**

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

*Cam, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
May 22, 2019



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## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

To the Honorable Mayor and Members of Town Council  
Town of Indialantic, Florida

We have examined Town of Indialantic, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

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

*Carr, Riggs & Ingram, L.L.C.*

Melbourne, Florida  
May 22, 2019