

Town of Indialantic, Florida

FINANCIAL STATEMENTS

Year Ended September 30, 2015



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Town of Indialantic, Florida
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September 30, 2015

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Town of Indialantic, Florida
Town Officials
As of September 30, 2015

Dave Berkman
Mayor

Stuart Glass
Deputy Mayor

Richard Dunn
Jill Hoffman
Randall Greer
Council Members

Paul R. Gougelman, III
Town Attorney

Christopher W. Chinault
Town Manager

Laura Eaton
Town Clerk/Finance Director



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, 2015, 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 our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 September 30, 2015, and the respective 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.

Change in Accounting Principle

As discussed in Note IV to the financial statements, the Town implemented the provisions of GASB Statement 68, *Accounting and Financial Reporting for Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (pages 5 through 14) and the required supplementary information (pages 61 through 73) 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 February 9, 2016 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.

Caru, Riggs & Ingram, L.L.C.

Melbourne, Florida
February 9, 2016

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, 2015.

Financial Highlights

- The assets of the Town of Indialantic, Florida exceeded its liabilities at the close of the most recent fiscal year by \$1,782,421 (net position). Of this amount, \$(979,422) (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$1,073,503 from previously stated net position. The Town implemented GASB 68, which created a prior period adjustment of \$961,880. The decrease in net position excluding the implementation is \$111,623.
- As of the close of the current fiscal year, the Town of Indialantic, Florida's governmental funds reported combined ending fund balances of \$889,812 an increase of \$192,608 over the prior year. Approximately 74% of this total amount, \$662,307 is available for spending at the government's discretion (unassigned fund balance), and represents 22.2% 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 are 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 17-19 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 20-22 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 23-26 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 27-28 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 29-59 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 and pension 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 63-72 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 \$1,782,421 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	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 1,141,950	\$ 867,648	\$ 98,628	\$ 68,722	\$ 1,240,578	\$ 936,370
Capital assets	2,618,144	2,430,815	134,389	155,646	2,752,533	2,586,461
Total assets	3,760,094	3,298,463	233,017	224,368	3,993,111	3,522,831
Deferred outflows	4,855	-	-	-	4,855	-
Total deferred outflows	4,855	-	-	-	4,855	-
Noncurrent liabilities	1,799,217	475,405	13,424	25,557	1,812,641	500,962
Other liabilities	181,615	132,693	58,802	10,832	240,417	143,525
Total liabilities	1,980,832	608,098	72,226	36,389	2,053,058	644,487
Deferred inflow	162,743	22,420	-	-	162,743	22,420
Total deferred inflow	162,743	22,420	-	-	162,743	22,420
Net position:						
Net investment						
In capital assets	2,618,144	2,430,815	134,389	155,646	2,752,533	2,586,461
Restricted	9,310	9,108	-	-	9,310	9,108
Unrestricted	(1,006,080)	228,022	26,658	32,333	(979,422)	260,355
Total net position	\$ 1,621,374	\$ 2,667,945	\$ 161,047	\$ 187,979	\$ 1,782,421	\$ 2,855,924

By far the largest portion of the Town of Indialantic, Florida's net position (151%) 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 is 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, \$9,310 and \$9,108 at September 30, 2015 and 2014, respectively, (both < 1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$(979,422) and \$260,355 at September 30, 2015 and 2014, 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:

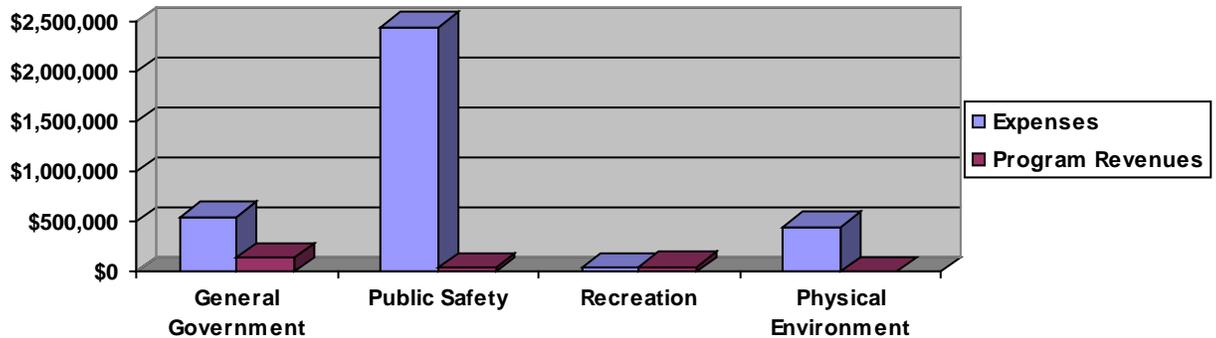
Town of Indialantic, Florida's Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 148,074	\$ 129,938	\$ 346,398	\$ 321,796	\$ 494,472	\$ 451,734
Operating grants and contributions	17,689	24,129	-	-	17,689	24,129
Capital grants and contributions	50,201	68,710	-	18,026	50,201	86,736
General revenues	3,167,256	3,028,654	6,779	5,401	3,174,035	3,034,055
Total revenues	<u>3,383,220</u>	<u>3,251,431</u>	<u>353,177</u>	<u>345,223</u>	<u>3,736,397</u>	<u>3,596,654</u>
Expenses:						
General government	546,465	448,246	-	-	546,465	\$ 448,246
Public safety	2,454,661	2,265,722	-	-	2,454,661	2,265,722
Recreation	39,084	31,373	-	-	39,084	31,373
Physical environment	451,240	391,337	-	-	451,240	391,337
Wavecrest	-	-	269,035	277,987	269,035	277,987
Nance	-	-	87,535	86,504	87,535	86,504
Total expenses	<u>3,491,450</u>	<u>3,136,678</u>	<u>356,570</u>	<u>364,491</u>	<u>3,848,020</u>	<u>3,501,169</u>
Increase (decrease) in net position	<u>(108,230)</u>	<u>114,753</u>	<u>(3,393)</u>	<u>(19,268)</u>	<u>(111,623)</u>	<u>95,485</u>
Net position - beginning, previously reported	2,667,945	2,553,192	187,979	207,247	2,855,924	2,760,439
Adjustment	(938,341)	-	(23,539)	-	(961,880)	-
Net position - beginning, restated	<u>1,729,604</u>	<u>2,553,192</u>	<u>164,440</u>	<u>207,247</u>	<u>1,894,044</u>	<u>2,760,439</u>
Net position - ending	<u>\$ 1,621,374</u>	<u>\$ 2,667,945</u>	<u>\$ 161,047</u>	<u>\$ 187,979</u>	<u>\$ 1,782,421</u>	<u>\$ 2,855,924</u>

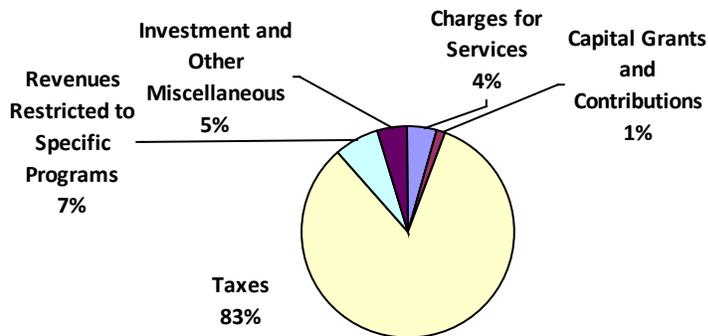
Governmental activities. Governmental activities decreased the Town's net position by \$108,203, accounting for a 6% decrease in the overall decrease of the government's net position compared to an increase of \$114,753 in the prior year. Revenues from governmental activities increased \$131,789 mainly from an increase in property tax revenues. Total expenses from governmental activities increased \$354,772 from the prior year.

Town of Indialantic, Florida Management's Discussion and Analysis

Expenses and Program Revenues – Governmental Activities



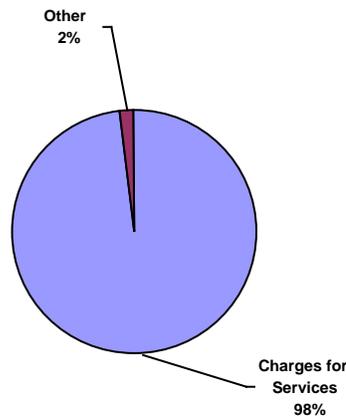
2015 Revenues by Source – Governmental Activities



Business-type activities. Business-type activities decreased the Town of Indialantic, Florida’s net position by \$3,393, accounting for a 1% reduction in the government's net position compared to a decrease of \$19,268 in the prior year. Total business-type revenue increased \$7,954 as a result of increases in charges for services and operating grants. Total business-type expenses decreased \$7,921 as a result of personnel related expenses.

Town of Indialantic, Florida Management's Discussion and Analysis

2015 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.

As of the end of the current fiscal year, the Town of Indialantic, Florida's governmental funds reported combined ending fund balances of \$889,812, an increase of \$192,608 in comparison with the prior year. Approximately 74% of this total amount (\$662,307) constitutes unassigned/ assigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$227,505) 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 (\$9,310) and committed for maintenance of the sign at the entrance to Nance Park (\$1,000), radio equipment (\$192,195), and road resurfacing (\$25,000).

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 \$662,307. 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 22.2% of total General fund expenditures, excluding capital outlay.

Town of Indialantic, Florida Management's Discussion and Analysis

The fund balance of the Town of Indialantic, Florida's General fund increased by \$192,608 during the current fiscal year, compared to a \$243,562 increase in the prior year. Total operating expenditures increased by \$199,003 from the prior year while total revenues increased by \$147,847 from the prior year resulting in an increase in fund balance in the current year. These increases in fund balance are the result of \$15,000 in additional permits and \$137,000 from taxes.

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 \$393,642. The total net position of this fund increased \$9,325 in the current year compared to an increase of \$2,456 in the prior year. Total operating revenues decreased approximately \$2,500 while expenses decreased approximately \$9,000 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 \$332,740. The total net position of this fund decreased \$12,718 in the current year. This year's decrease is comparable to the prior year's decrease of \$21,724.

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 permits and fees, and increases in intergovernmental revenues.

The Town's actual revenues were \$152,645 less than budgeted revenues.

The Town's actual expenditures were \$345,051 less than budgeted expenditures mainly because of actual general government expenditures being less than budgeted by \$240,363. The general fund budget to actual can be found on page 72 of this report.

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, 2015, amounted to \$2,752,533 (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 6%.

Major capital asset additions of \$236,513 for governmental activities during the current fiscal year included the following:

- The purchase of playground equipment.
- The purchase of stormwater pipe replacements.
- The resurfacing of streets.
- The purchase of an emergency generator.

Town of Indialantic, Florida Management's Discussion and Analysis

These increases were offset by depreciation expense (\$49,184 for governmental activities and \$21,257 for business-type activities). In addition, the Town disposed of certain assets in governmental and business-type activities with a net book value of \$0.

Town of Indialantic, Florida's Capital Assets

	Governmental Activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 929,482	\$ 929,482	\$ -	\$ -	\$ 929,482	\$ 929,482
Buildings	351,709	374,412	-	-	351,709	374,412
Improvements other than buildings	298,687	250,752	133,642	147,474	432,329	398,226
Equipment	759,405	703,798	-	-	759,405	703,798
Furniture and fixtures	307	376	747	8,172	1,054	8,548
Infrastructure	278,554	171,995	-	-	278,554	171,995
Total	<u>\$ 2,618,144</u>	<u>\$ 2,430,815</u>	<u>\$ 134,389</u>	<u>\$ 155,646</u>	<u>\$ 2,752,533</u>	<u>\$ 2,586,461</u>

Additional information on the Town of Indialantic, Florida's capital assets can be found in Note 3.C. on pages 40-42 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 2015 or 2014.

Additional information on the Town of Indialantic, Florida's long-term debt can be found in Note 3.D. on page 43 of this report.

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 2015 taxable value is reflected as \$327,336,715.
- The Town currently has 1,482 housing units.
- The April, 2015 population, as estimated by the Bureau of Economic and Business Research for the University of Florida was placed at 2,787.
- Numerous improvements were made to businesses and residences during the fiscal year ended September 30, 2015. Building permits were issued for 6 new single family residences. Confidence in the community was reflected in the valuation of permits issued in the fiscal year increasing from \$6.6 million in fiscal year 2014 to \$9.7 million in fiscal year 2015.



Town of Indialantic, Florida Management's Discussion and Analysis

- The fiscal year 2015 millage rate was 6.5835 and the fiscal year 2016 millage rate is 6.4695. 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.

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

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Town of Indialantic, Florida
Statement of Net Position

<i>September 30, 2015</i>	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 891,511	\$ 68,983	\$ 960,494
Receivables, net	110,292	29,645	139,937
Due from other governments	140,147	-	140,147
Capital assets (net of accumulated depreciation):			
Land	929,482	-	929,482
Buildings	351,709	-	351,709
Improvements other than buildings	298,687	133,642	432,329
Equipment	759,405	-	759,405
Furniture and fixtures	307	747	1,054
Infrastructure	278,554	-	278,554
Total assets	3,760,094	233,017	3,993,111
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - general employees pension	4,855	256	5,111
Total deferred outflow of resources	4,855	256	5,111
LIABILITIES			
Accounts payable	29,964	5,163	35,127
Accrued payroll and related liabilities	68,545	2,820	71,365
Due to pension trust funds	12,419	-	12,419
Unearned revenue	61,633	5,441	67,074
Other liabilities	9,054	-	9,054
Long-term liabilities			
Due within one year	47,401	3,279	50,680
Due in more than one year	50,993	-	50,993
Aggregate net pension liability	1,306,702	30,644	1,337,346
OPEB obligation	394,121	24,879	419,000
Total liabilities	1,980,832	72,226	2,053,058
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow - business tax receipts	21,497	-	21,497
Deferred inflow - police & fire pension	141,246	-	141,246
Total deferred inflows of resources	162,743	-	162,743
NET POSITION			
Net investment in capital assets	2,618,144	134,389	2,752,533
Restricted for:			
Law Enforcement	9,310	-	9,310
Unrestricted	(1,006,080)	26,658	(979,422)
Total net position	\$ 1,621,374	\$ 161,047	\$ 1,782,421

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

Town of Indialantic, Florida
Statement of Activities

Year ended September 30, 2015

Program Revenues

Functions/Programs	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 546,465	\$ 121,408	\$ 11,511	\$ -
Public safety	2,454,661	26,666	6,178	1,000
Recreational	39,084	-	-	49,026
Physical environment	451,240	-	-	175
Total governmental activities	3,491,450	148,074	17,689	50,201
Business-type activities:				
Wavecrest Park	269,035	274,682	-	-
Indialantic (Nance) Park	87,535	71,716	-	-
Total business-type activities	356,570	346,398	-	-
Total primary government	\$ 3,848,020	\$ 494,472	\$ 17,689	\$ 50,201

General revenues:

Property taxes

Public utility taxes

Franchise taxes

Shared revenues restricted for specific programs

Unrestricted investment earnings (loss)

Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year as previously reported

Adjustment (See Note IV)

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

Governmental Activities	Business-type Activities	Total
\$ (413,546)	\$ -	\$ (413,546)
(2,420,817)	-	(2,420,817)
9,942	-	9,942
(451,065)	-	(451,065)
<u>(3,275,486)</u>	<u>-</u>	<u>(3,275,486)</u>
-	5,647	5,647
-	(15,819)	(15,819)
-	<u>(10,172)</u>	<u>(10,172)</u>
<u>(3,275,486)</u>	<u>(10,172)</u>	<u>(3,285,658)</u>
1,947,293	-	1,947,293
603,180	-	603,180
253,400	-	253,400
227,651	-	227,651
(942)	214	(728)
136,674	6,565	143,239
<u>3,167,256</u>	<u>6,779</u>	<u>3,174,035</u>
<u>(108,230)</u>	<u>(3,393)</u>	<u>(111,623)</u>
2,667,945	187,979	2,855,924
(938,341)	(23,539)	(961,880)
<u>1,729,604</u>	<u>164,440</u>	<u>1,894,044</u>
<u>\$ 1,621,374</u>	<u>\$ 161,047</u>	<u>\$ 1,782,421</u>

Town of Indialantic, Florida

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

<i>September 30, 2015</i>	General	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 882,201	\$ 9,310	\$ 891,511
Accounts receivable, net	110,292	-	110,292
Due from other governments	140,147	-	140,147
Total assets	\$ 1,132,640	\$ 9,310	\$ 1,141,950
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 29,964	\$ -	\$ 29,964
Accrued payroll and related liabilities	68,545	-	68,545
Due to pension trust funds	12,419	-	12,419
Other liabilities	9,054	-	9,054
Unearned revenue	61,633	-	61,633
Total liabilities	181,615	-	181,615
Deferred inflows of resources			
Deferred inflow - business tax receipts	21,497	-	21,497
Deferred inflow - unavailable grant revenue	49,026	-	49,026
Total deferred inflows of resources	70,523	-	70,523
Fund balances:			
Restricted for:			
Law enforcement	-	9,310	9,310
Committed for:			
Nance park sign maintenance	1,000	-	1,000
Radio equipment	192,195	-	192,195
Road resurfacing	25,000	-	25,000
Unassigned	662,307	-	662,307
Total fund balances	880,502	9,310	889,812
Total liabilities, fund balances	\$ 1,132,640	\$ 9,310	
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.			2,618,144
Deferred outflow of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.			4,855
Deferred inflow of resources related to the general employees pension are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.			(141,246)
Deferred revenue (related to reimbursement for grant funds) is recorded as a liability in the fund statements but is recorded as revenue in governmental activities.			49,026
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.			(1,799,217)
Net position of governmental activities			\$ 1,621,374

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

<i>Year ended September 30, 2015</i>	General	Nonmajor Funds	Total Governmental Funds
Revenues			
Taxes	\$ 2,706,843	\$ -	\$ 2,706,843
Permits and fees	114,514	-	114,514
Intergovernmental	424,754	-	424,754
Charges for services	2,554	-	2,554
Fines and forfeitures	29,290	200	29,490
Interest and other	135,530	2	135,532
Total revenues	3,413,485	202	3,413,687
Expenditures			
Current:			
General government	437,228	-	437,228
Public safety	2,096,234	-	2,096,234
Physical environment	412,020	-	412,020
Recreation	39,084	-	39,084
Capital outlay	236,513	-	236,513
Total expenditures	3,221,079	-	3,221,079
Excess of revenues over expenditures	192,406	202	192,608
Fund balances, beginning of year	688,096	9,108	697,204
Fund balances, end of year	\$ 880,502	\$ 9,310	\$ 889,812

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

Year ended September 30, 2015

Net change in fund balances - total governmental funds **\$ 192,608**

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

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. **187,329**

Cash pension contributions reported in the funds were less than the calculated pension expense on the statement of activities and therefore decreased net position. **(520,083)**

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. **(44,151)**

Some revenues are recorded in the statement of activities, but since they do not provide current financial resources are not reported as revenues in the funds. This is the amount of revenues recorded in the funds in the current year that was recorded in the statement of activities in a prior year. **49,026**

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. **27,041**

Change in net position of governmental activities **\$ (108,230)**

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

	Business-type Activities - Enterprise Funds		
September 30, 2015	Wavecrest Park	Indialantic (Nance) Park	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 68,983	\$ -	\$ 68,983
Accounts receivable, net	23,185	6,460	29,645
Total current assets	92,168	6,460	98,628
Noncurrent assets:			
Capital assets:			
Property, plant and equipment	596,409	306,702	903,111
Less accumulated depreciation	(496,264)	(272,458)	(768,722)
Total capital assets, net of accumulated depreciation	100,145	34,244	134,389
Advance to other funds	359,023	-	359,023
Total noncurrent assets	459,168	34,244	493,412
Total assets	551,336	40,704	592,040
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow - general employees pension	209	47	256
Total deferred outflow of resources	209	47	256
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable	3,616	1,547	5,163
Accrued payroll and related liabilities	2,334	486	2,820
Accrued compensated absences	2,623	656	3,279
Unearned revenue	4,353	1,088	5,441
Total current liabilities	12,926	3,777	16,703
Noncurrent liabilities:			
Net OPEB obligation	19,902	4,977	24,879
Net pension liability	24,930	5,714	30,644
Advance from other funds	-	359,023	359,023
Total noncurrent liabilities	44,832	369,714	414,546
Total liabilities	57,758	373,491	431,249
NET POSITION			
Net investment in capital assets	100,145	34,244	134,389
Unrestricted	393,642	(366,984)	26,658
Total net position	\$ 493,787	\$ (332,740)	\$ 161,047

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, 2015</i>	Business-type Activities - Enterprise Funds		
	Wavecrest Park	Indialantic (Nance) Park	Total
Operating revenues:			
Charges for services	\$ 206,782	\$ 51,501	\$ 258,283
Parking fines	67,900	20,215	88,115
Total operating revenues	274,682	71,716	346,398
Operating expenses:			
Salaries, wages and employee benefits	74,729	17,990	92,719
Contractual services	132,250	32,634	164,884
Insurance	6,428	1,598	8,026
Supplies	8,879	3,580	12,459
Depreciation	15,899	5,358	21,257
Repairs and maintenance	23,730	19,636	43,366
Utilities	5,964	6,739	12,703
Beach improvements	1,156	-	1,156
Total operating expenses	269,035	87,535	356,570
Operating income (loss)	5,647	(15,819)	(10,172)
Nonoperating revenues:			
Miscellaneous revenue	3,464	3,101	6,565
Interest income	214	-	214
Total nonoperating revenues	3,678	3,101	6,779
Change in net position	9,325	(12,718)	(3,393)
Net position, beginning of year as previously	503,664	(315,685)	187,979
Adjustment (see note IV)	(19,202)	(4,337)	(23,539)
Net position, beginning of year as restated	484,462	(320,022)	164,440
Net position, end of year	\$ 493,787	\$ (332,740)	\$ 161,047

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, 2015</i>	<u>Business-type Activities - Enterprise Funds</u>		
	Wavecrest Park	Indialantic (Nance) Park	Total
Cash flows from operating activities:			
Cash received from customers	\$ 201,874	\$ 52,589	\$ 254,463
Cash received from parking fines	53,240	16,730	69,970
Cash paid to suppliers	(87,149)	(31,756)	(118,905)
Cash paid for quasi-external operating transactions	(96,596)	(24,149)	(120,745)
Cash paid to employees for services	(66,930)	(16,515)	(83,445)
Net cash provided by (used in) operating activities	4,439	(3,101)	1,338
Cash flows from non-capital and related financing activities:			
Miscellaneous proceeds	3,464	3,101	6,565
Net cash provided by non-capital and related financing activities	3,464	3,101	6,565
Cash flows from investing activities:			
Interest proceeds	214	-	214
Net cash provided by investing activities	214	-	214
Net increase in cash and cash equivalents	8,117	-	8,117
Cash and cash equivalents, beginning of year	60,866	-	60,866
Cash and cash equivalents, end of year	\$ 68,983	\$ -	\$ 68,983

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, 2015</i>	Business-type Activities - Enterprise Funds		
	Wavecrest Park	Indialantic (Nance) Park	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 5,647	\$ (15,819)	\$ (10,172)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	15,899	5,358	21,257
(Increase) decrease in assets:			
Accounts receivable	(14,660)	(3,485)	(18,145)
Due from other funds	(9,261)	-	(9,261)
Increase (decrease) in liabilities:			
Accounts payable	(2,563)	(110)	(2,673)
Accrued payroll and related liabilities	831	(219)	612
Due to other funds	(2,775)	8,392	5,617
Due to pension trust funds	(631)	(157)	(788)
Accrued compensated absences	(199)	(49)	(248)
Net OPEB obligation	2,279	570	2,849
Net pension liability	5,519	1,330	6,849
Unearned revenue	4,353	1,088	5,441
Total adjustments	(1,208)	12,718	11,510
Net cash provided by (used in) operating activities	\$ 4,439	\$ (3,101)	\$ 1,338

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, 2015</i>	Employee Pension Trust Funds
ASSETS	
Cash and cash equivalents	\$ 137,668
Due from other funds	12,419
Interest receivable	20,029
Investments, at fair value	7,726,215
Total assets	7,896,331
LIABILITIES	
	30,979
NET POSITION	
Held in trust for pension benefits	\$ 7,865,352

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, 2015</i>	Employee Pension Trust Funds
ADDITIONS	
Contributions:	
State	\$ 79,493
Employer	203,821
Employees	73,836
Total contributions	357,150
Investment income (loss):	
Net decrease in the fair value of investments	(310,446)
Less: investment related expense	(32,174)
Interest and dividends	246,082
Total investment income (loss)	(96,538)
Total additions	260,612
DEDUCTIONS	
Benefits paid	317,246
Refunded contributions	7,301
Administrative expenses	52,204
Total deductions	376,751
Change in net position	(116,139)
Net position held in trust for pension benefits, beginning of year	7,981,491
Net position held in trust for pension benefits, end of year	\$ 7,865,352

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund 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 *nonoperating* 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 nonoperating 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

The Town has elected, as permitted by GASB 34, to disclose all budgetary information as 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 of Indialantic, Florida invests certain surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund ("Florida PRIME") The Florida PRIME has adopted operating procedures consistent with the requirements for a 2a7-like fund. The Town's investment in the Florida

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)

PRIME is reported at amortized cost. The fair value of the Town's position in the pool is equal to the value of pooled shares.

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2015, were invested using the pooled investment concept. Interest earned was allocated to the various funds based on their average cash and investment balances.

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition, and investments held in the Local Government Surplus Funds Trust Fund (Florida PRIME). Cash and cash equivalents for the purpose of the Proprietary fund statement of cash flows include cash and investments held in the Local Government Surplus Funds Trust Fund (Florida PRIME).

Pension trust fund investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. The average cost method is used for computing realized gains and losses on marketable equity securities in the pension funds. The difference between the excess (deficiency) of fair value over cost represents unrealized gains or losses.

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

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)

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. The Legislature did authorize local governments to use a rate higher than the rolled back millage rate if approved by a unanimous vote of the governing body. The Indialantic Town Council levy for the fiscal year ended September 30, 2015 was 6.5835 mills, which is the rolled back rate, as approved by a majority vote. 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 liened 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 \$5,355 and \$1,575, 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 fair market value at the date of donation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Capital assets (continued)

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

4. Compensated absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and a portion of sick pay 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 activates or proprietary fund statement of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Deferred outflows / inflows of resources

The deferred outflows and inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Total deferred outflows of resources related to pensions were \$5,111 and deferred inflows of resources related to pensions were \$141,246 for the year ended September 30, 2015. Note III-F includes a complete discussion of retirement commitments.

Resources received before time requirements have been met, are now classified as deferred inflows of resources.

8. 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, 2015.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net position deficit

The Town reported a net position deficit of \$(332,740) in the Indialantic (Nance) Park fund. The Town intends to cover the deficit in 2015 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.

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 and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$(1,799,217) difference are as follows:

Compensated absences	\$	(98,394)
Net OPEB obligation		(394,121)
Aggregate net pension liability		(1,306,702)
<hr/>		
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities		\$ (1,799,217)
<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. 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 \$(187,329) difference are as follows:

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)

Capital outlay	\$ (236,513)
Depreciation expense	49,184
<hr/>	
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (187,329)</u>

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

At September 30, 2015, the Town's carrying amount of cash deposits was \$960,066 and the bank balance was \$985,972. In addition, the Town holds \$428 of petty cash. At September 30, 2015, the Town's pension trust funds carrying amount of cash deposits was \$121,530 and the bank balance was \$140,199.

As of September 30, 2015, \$250,000 of the Town's bank balances and all non-interest bearing accounts are covered by 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.

As of September 30, 2015, the Town had the following investments and effective duration presented in terms of years:

Town of Indialantic, Florida
Notes to Financial Statements

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
Pension trust funds:							
SBA (Florida PRIME)	\$ 16,138	\$ 16,138	\$ -	\$ -	\$ -	AAAm	S&P
Bond mutual funds	450,336	450,336	-	-	-	Not rated	-
Stock mutual funds	5,026,672	5,026,672	-	-	-	Not rated	-
US treasury notes	283,798	-	74,965	208,833	-	Not rated	-
Mortgage backed securities	612,427	-	-	440,029	172,398	Not rated	-
Collateralized Mortgage							
Obligation	38,134	-	-	38,134	-	Not rated	-
Municipal Obligations	15,000	-	15,000	-	-	AA+	S&P
Municipal Obligations	96,588	-	96,588	-	-	AA-	S&P
Municipal Obligations	91,961	-	81,947	10,014	-	AA	S&P
Municipal Obligations	10,057	-	10,057	-	-	A+/A-	S&P
Municipal Obligations	62,070	15,015	47,055	-	-	A	S&P
Municipal Obligations	30,568	30,568	-	-	-	A-	S&P
Municipal Obligations	15,057	-	15,057	-	-	BBB	S&P
Corporate Fixed Income	13,948	-	-	-	13,948	AAA	-
Corporate Fixed Income	7,185	-	-	-	7,185	A+	-
Corporate Fixed Income	301,405	-	235,534	26,350	39,521	A	S&P
Corporate Fixed Income	242,776	71,192	150,808	20,776	-	A-	S&P
Corporate Fixed Income	38,488	-	-	38,488	-	AA-	-
Corporate Fixed Income	251,518	50,240	100,854	100,424	-	BBB+	S&P
Corporate Fixed Income	108,669	30,932	77,737	-	-	BBB	S&P
Corporate Fixed Income	29,558	11,780	-	17,778	-	BBB-	S&P
	\$ 7,742,353	\$ 5,702,873	\$ 905,602	\$ 900,826	\$ 233,052		

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

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

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.

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, 2015, the Town's investments were held with a third-party custodian as required by the Town's investment policies.

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.

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

B. INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

Interfund receivables and payables at September 30, 2015, are summarized as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Police and Firefighters' Pension	General	\$ 12,419

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Wavecrest Park	Indialantic (Nance) Park	\$ 359,023

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, 2015 was as follows:

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
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 929,482	\$ -	\$ -	\$ 929,482
Total capital assets, not being depreciated	929,482	-	-	929,482
Capital assets, being depreciated:				
Buildings	890,364	-	-	890,364
Improvements other than buildings	564,976	49,026	-	614,002
Equipment	1,834,343	76,350	(7,470)	1,903,223
Furniture	9,097	-	-	9,097
Infrastructure	207,085	111,137	-	318,222
Total capital assets being depreciated	3,505,865	236,513	(7,470)	3,734,908
Less accumulated depreciation for:				
Buildings	(515,952)	(22,703)	-	(538,655)
Improvements other than buildings	(314,224)	(1,091)	-	(315,315)
Equipment	(1,130,545)	(20,743)	7,470	(1,143,818)
Furniture	(8,721)	(69)	-	(8,790)
Infrastructure	(35,090)	(4,578)	-	(39,668)
Total accumulated depreciation	(2,004,532)	(49,184)	7,470	(2,046,246)
Total capital assets being depreciated, net	1,501,333	187,329	-	1,688,662
Governmental activities capital assets, net	\$ 2,430,815	\$ 187,329	\$ -	\$ 2,618,144

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
Business-type activities:				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 758,227	\$ -	\$ -	\$ 758,227
Equipment	64,598	-	-	64,598
Fixtures	80,286	-	-	80,286
Total capital assets being depreciated	903,111	-	-	903,111
Less accumulated depreciation for:				
Improvements other than buildings	(610,753)	(13,832)	-	(624,585)
Equipment	(64,598)	-	-	(64,598)
Fixtures	(72,114)	(7,425)	-	(79,539)
Total accumulated depreciation	(747,465)	(21,257)	-	(768,722)
Total capital assets, being depreciated, net	155,646	(21,257)	-	134,389
Business-type activities capital assets, net	\$ 155,646	\$ (21,257)	\$ -	\$ 134,389

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

Governmental activities:	
General government	\$ 35,594
Public safety	13,590
Total depreciation expense – governmental activities	\$ 49,184
Business-type activities:	
Wavecrest Park	\$ 15,899
Nance Park	5,358
Total depreciation expense – business-type activities	\$ 21,257

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 other than pensions and OPEB for the year ended September 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 125,435	\$ 103,977	\$ (131,018)	\$ 98,394	\$ 47,401
Governmental activity Long-term liabilities	\$ 125,435	\$ 103,977	\$ (131,018)	98,394	\$ 47,401
Business-type activities:					
Compensated absences	\$ 3,527	\$ -	\$ (248)	\$ 3,279	\$ 3,279
Business-type activity Long-term liabilities	\$ 3,527	\$ -	\$ (248)	\$ 3,279	\$ 3,279

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, 2015.

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. 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. Each Plan is administered through its own Board of Trustees.

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.

Short-term investments are reported fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

The Town recognized as revenues and expenditures on-behalf payments relating to pension contributions for its public safety employees that the State of Florida paid to the Police and Firefighter retirement plan in the amounts of \$79,493. These contributions are funded by an excise tax upon certain casualty insurance companies on their gross receipts of premiums from policy holders.

Funding policy – The Town uses the Frozen Entry Age Actuarial Cost Method for the General Employees' Retirement System, and the Entry Age Normal Actuarial Cost Method for the Police and Firefighters' Retirement System to determine required contributions under its retirement systems because it provides for the systematic funding of the normal cost and any unfunded actuarial accrued liabilities. These are acceptable methods to the State of Florida. These liabilities are being funded over a 30 year period for the General Employees' Retirement System and the Police and Firefighters' Retirement System.

The State of Florida has established guidelines for state and local pension plan funding and requires submission to and approval of the local government's actuarial reports by a State Bureau, at least every third year. The Town's pension plans, by policy, require the following:

1. Annual actuarial reports as of October 1 of each year to determine the next year's required contributions.
2. Employee contributions at 4.5% of compensation for the General Employees' Retirement System, and 5% of compensation for the Police Retirement System and the Firefighters' Retirement System.
3. Employer contributions in accordance with the actuarially determined requirement using the Frozen Entry Age Actuarial Cost Method for the General Employees' Retirement System, and Entry Age Normal Actuarial Cost Method the Police and Firefighters' Retirement System.

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. RETIREMENT COMMITMENTS (Continued)

Plan Description

<u>General Employees' Pension Plan</u>	<u>Police & Fire Pension Plan</u>	
<i>Plan Administration</i>	<i>Plan Administration</i>	
The Plan is administered by a Board of Trustees comprised of:	The Plan is administered by a Board of Trustees comprised of:	
a) Two Council appointees,	a) Two legal residents appointed by Town Council,	
b) Two Plan Members elected by the Membership, and	b) One Police Officer and one Firefighter elected by members of their respective departments, and	
c) A fifth Member elected by the other 4 and appointed by Town Council.	c) A fifth Member elected by the other 4 and appointed by Town Council.	
	General Employees'	Police & Fire Pension
	Pension Plan	Plan
Plan Membership as of October 1, 2015:		
Inactive Plan Members or Beneficiaries		
Currently Receiving Benefits	6	14
Inactive Plan Members Entitled to but Not Yet		
Receiving Benefits	6	1
Active Plan Members	14	17
Total Plan Members	26	32

General Employees' Pension Plan:

Normal Retirement:

Date: Later of age 65 and completion of 5 years of Credited Service

Benefit: 2% of Average Monthly Earnings times Credited Service.

Early Retirement:

Date: Later of age 60 and completion of 5 Years of Credited Service.

Benefit: Formula benefit, reduced 1/15th for each year that Early Retirement precedes Normal Retirement.

Vesting:

100% after 5 years of Credited Service.

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. RETIREMENT COMMITMENTS (Continued)

Benefit: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Early (reduced basis) or Normal (unreduced basis) Retirement Date.

Pre-Retirement Death Benefits:

Beneficiary selects either:

1) A monthly benefit which is the actuarial equivalent or the benefit earned at the date of death, payable for 120 months or 2) a refund of the Member's Accumulated Contributions.

Police and Fire Pension Plan:

Normal Retirement:

Date: Earlier of age 55 or Age 52 and completion of 25 years of Credited Service

Benefit: 3% of Average Monthly Earnings times Credited Service.

Early Retirement:

Date: Age 50 and completion of 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% for each year that Early Retirement precedes Normal Retirement.

Vesting (Termination of Employment):

Less than 10 Years: Refund of Member Contributions without interest.

10 Years or More: Accrued benefit payable at age 50 or later, on a partial actuarially reduced basis if to commence prior to age 55 (benefit is also payable to beneficiary of deceased vested member) or refund of contributions without interest.

Disability:

Service Incurred Eligibility: Permanent; unable to perform regular duties.

Service Incurred Benefit: 42% of Average Monthly Earnings or accrued benefit, whichever is greater.

Non-Service Incurred Eligibility: 10 years of credited service or more; Permanent; unable to perform regular duties. Non-Service Incurred Benefit: 25% of average monthly earnings or accrued benefit; whichever is greater.

Limitation on Benefits: In the event that the disability benefit plus Workers Compensation and earned Income exceed 100% of average monthly earnings in effect on the date of disability, the disability benefit for the following year is reduced by the excess.

Pre-Retirement Death:

Non-vested: Refund of contributions without interest.

Vested: actuarial equivalent to member's accrued benefit.

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. RETIREMENT COMMITMENTS (Continued)

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2015:

Asset Class	Target Allocation	
	General Employees' Pension Plan	Police and Fire Pension Plan
Domestic Equity	-	50%
International Equity	-	10%
Broad Market Fixed Income	-	35%
Non-Core Fixed income	-	5%
Equity: Large Cap Growth	16%	-
Equity: Large Cap Value	16%	-
Equity: Mid Cap Growth	3%	-
Equity: Mid Cap Value	3%	-
Equity: Small Cap Growth	3%	-
Equity: Small Cap Value	3%	-
International Equities: Core	16%	-
International Equities: Emerging markets	4%	-
Bonds: Short/Intermed Gov/Corp	23%	-
Bonds: High Yield Fixed Income	6%	-
Bonds: Non-US Fixed Income	2%	-
Bonds: Other Fixed Income	5%	-
Total	100%	100%

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, 2015 the annual money-weighted rate of return on the General Employees, and Police and Fire Pension Plan investments, net of pension plan investment expense was -4.76% and -0.54%, respectively.

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

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

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. RETIREMENT COMMITMENTS (Continued)

Deferred Retirement Option Program

	General Employees' Pension Plan	Police and Fire Pension Plan
Eligibility	Not applicable	Satisfaction of Normal Retirement requirements.
Participation		Not to exceed 60 months.
Rate of Return		Actuarial Asset rate of return applied each September 30.
DROP balance as of September 30, 2015	\$ -	\$ 49,747

NET PENSION LIABILITY OF THE SPONSOR

The components of the net pension liability of the sponsor on September 30, 2015 were as follows:

	General Employees' Pension Plan	Police and Fire Pension Plan
Total Pension Liability	\$ 1,771,995	\$ 7,430,703
Plan Fiduciary Net Position	(1,168,599)	(6,696,753)
Sponsor's Net Pension Liability	\$ 603,396	\$ 733,950

Plan Fiduciary Net Position as a percentage of Total Pension Liability	65.95%	90.12%
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Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of September 30, 2015 using the following actuarial assumptions applied to all measurement periods.

	General Employees' Pension Plan	Police and Fire Pension Plan
Inflation	3.00%	3.00%
Salary Increases	6.00%	7.00%
Discount Rate	7.00%	8.00%
Investment Rate of Return	7.00%	8.00%

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. RETIREMENT COMMITMENTS (Continued)

General Employees Pension Plan	Police and Fire Pension Plan
<p>RP_2000 Combined Healthy Mortality Table projected to the valuation date with scale AA.</p> <p>The actuarial assumptions used in the October 1, 2015 valuation were based on the results of an actuarial experience study for the period 1997-2007.</p>	<p>RP_2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. Based upon other studies of municipal Police Officers and Firefighters, we feel this assumption sufficiently accomodates future mortality improvements.</p> <p>The actuarial assumptions used in the October 1, 2015 valuation were based on the results of an actuarial experience study for the period 1992-2006.</p>

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the following table:

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. RETIREMENT COMMITMENTS (Continued)

Asset Class	Long Term Expected Real Rate of Return	
	General Employees' Pension Plan	Police and Fire Pension Plan
Domestic Equity	-	7.50%
International Equity	-	8.50%
Broad Market Fixed Income	-	2.50%
Non-Core Fixed income	-	2.50%
Equity: Large Cap Growth	6.70%	-
Equity: Large Cap Value	6.70%	-
Equity: Mid Cap Growth	7.20%	-
Equity: Mid Cap Value	7.20%	-
Equity: Small Cap Growth	7.70%	-
Equity: Small Cap Value	7.70%	-
International Equities: Core	6.80%	-
International Equities: Emerging markets	3.20%	-
Bonds: Short/Intermed Gov/Corp	1.60%	-
Bonds: High Yield Fixed Income	6.00%	-
Bonds: Non-US Fixed Income	2.80%	-
Bonds: Other Fixed Income	1.00%	-

Discount Rate:

The discount rate used to measure the total pension liability for the General Employees, Police and Fire Pension Plan investments was 7.00%, and 8.00%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Indialantic, Florida
Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. RETIREMENT COMMITMENTS (Continued)

	General Employees' Plan Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2014	\$ 1,695,462	\$ 1,232,017	\$ 463,445
Changes for a Year:			
Service Cost	43,196	-	43,196
Interest	119,143	-	119,143
Differences between Expected and Actual Experience	(12,576)	-	(12,576)
Contributions - Employer	-	57,449	(57,449)
Contributions - Employee	-	25,271	(25,271)
Net Investment Income	-	(58,756)	58,756
Benefit Payments, including Refunds of Employees Contributions	(73,230)	(73,230)	-
Administrative Expense	-	(14,152)	14,152
Net Changes	76,533	(63,418)	139,951
Balances at September 30, 2015	\$ 1,771,995	\$ 1,168,599	\$ 603,396

Town of Indialantic, Florida
Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. RETIREMENT COMMITMENTS (Continued)

	Police & Fire Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2014	\$ 7,232,578	\$ 6,749,474	\$ 483,104
Changes for a Year:			-
Service Cost	198,675	-	198,675
Interest	584,298	-	584,298
Differences between Expected and Actual Experience	(333,531)	-	(333,531)
Contributions - Employer	-	146,372	(146,372)
Contributions - State	-	79,493	(79,493)
Contributions - Employee	-	48,565	(48,565)
Net Investment Income	-	(37,783)	37,783
Benefit Payments, including Refunds of Employees Contributions	(251,317)	(251,317)	-
Administrative Expense	-	(38,051)	38,051
Net Changes	198,125	(52,721)	250,846
Balances at September 30, 2015	\$ 7,430,703	\$ 6,696,753	\$ 733,950

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	Sponsor's Net Pension Liability		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
General Employees' Pension Plan	\$ 812,659	\$ 603,396	\$ 427,178
	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Police and Firefighters' Pension Plan	\$ 1,546,767	\$ 733,909	\$ 68,823

Town of Indialantic, Florida
Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. RETIREMENT COMMITMENTS (Continued)

For the year ended September 30, 2015 the Town recognized a pension expense of \$206,545 for the General employee' plan and \$567,171 for the police and fire plan. On September 30, 2015 the Sponsor reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	General Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 5,111	\$ -
Total	\$ 5,111	\$ -

	Police and Fire	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 141,246
Total	\$ -	\$ 141,246

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

General Employees	
Year ended September 30:	
2016	\$ 1,278
2017	1,278
2018	1,278
2019	1,277

Police and Fire	
Year ended September 30:	
2016	\$ 35,311
2017	35,311
2018	35,312
2019	35,312

Town of Indialantic, Florida
Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. RETIREMENT COMMITMENTS (Continued)

Employee retirement plans – combining fund information

The pension trust funds fiduciary net position activity as of September 30, 2015 was as follows:

	General Employees'	Police and Firefighters'	Total
Assets			
Cash and cash equivalents	\$ 13,226	\$ 124,442	\$ 137,668
Due from other funds	-	12,419	12,419
Interest receivable	-	20,029	20,029
Investments, at fair value	1,159,748	6,566,467	7,726,215
Total assets	1,172,974	6,723,357	7,896,331
Liabilities			
	(4,375)	(26,604)	(30,979)
Net position, held in trust for pension benefits	\$ 1,168,599	\$ 6,696,753	\$ 7,865,352

Town of Indianalantic, Florida
Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. RETIREMENT COMMITMENTS (Continued)

The Pension trust funds increase in fiduciary net position activity as of September 30, 2015 was as follows:

	General Employees'	Police and Firefighters'	Total
Additions			
Contributions:			
State	\$ -	\$ 79,493	\$ 79,493
Employer	57,449	146,372	203,821
Employees	25,271	48,565	73,836
Total contributions	82,720	274,430	357,150
Investment income (loss):			
Net decrease in fair value of investments	(116,977)	(193,469)	(310,446)
Less: investment related expense	(6,110)	(26,064)	(32,174)
Interest and dividends	64,332	181,750	246,082
Total investment income (loss)	(58,755)	(37,783)	(96,538)
Total additions	23,965	236,647	260,612
Deductions			
Benefits paid	65,929	251,317	317,246
Refunded contributions	7,301	-	7,301
Administrative expenses	14,153	38,051	52,204
Total deductions	87,383	289,368	376,751
Change in net position	(63,418)	(52,721)	(116,139)
Net position held in trust for pension benefits, beginning of year	1,232,017	6,749,474	7,981,491
Net position held in trust for pension benefits, end of year	\$ 1,168,599	\$ 6,696,753	\$ 7,865,352

G. OTHER POSTEMPLOYMENT BENEFITS

The Town follows Governmental Accounting Standards Board Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB), for certain postemployment health care benefits provided by the Town. The Town elected to implement this statement prospectively.

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, former employees who have retired prior to October 1, 1987, as well as those who retire on or after such date, and their eligible dependents, have the option to participate in the Town's group health insurance 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. Healthcare coverage is assumed to end once the retiree and their spouse become eligible for Medicare (age 65). The Plan has 4 retirees and spouses receiving benefits and has a total of 32 active participants and dependents. Of that total, 28 are not yet eligible to receive benefits.

Benefit provisions for the Plan are established under the authority of the Town Council 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.

Funding policy. The Town funds 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, 2015, the Town's contribution made to the Plan is \$6,000, which represents an estimate of the implied subsidy described above. There were no contributions received from Plan members during the year ended September 30, 2015.

Annual OPEB cost and net OPEB obligation. The Town's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed thirty years. The table on the following page shows the components of the Town's annual OPEB cost for the year ended September 30, 2015, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation to the Plan:

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual required contribution	\$	75,000
Interest on net OPEB obligation		15,000
Adjustment to annual required contribution		(32,000)
Annual OPEB cost (expense)		58,000
Contributions made		(11,000)
Increase in net OPEB obligation		47,000
Net OPEB obligation – beginning of year		372,000
Net OPEB obligation – end of year		\$ 419,000

The net OPEB obligation is allocated to governmental activities and business-type activities based on the relative proportion of plan participants. At September 30, 2015, the net OPEB obligation of governmental activities and business-type activities is \$394,121 and \$24,879, respectively.

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the last three fiscal years were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/15	\$ 58,000	19%	\$ 419,000
9/30/14	57,000	11%	372,000
9/30/13	56,000	11%	321,000

Funded status and funding progress. Because the Plan has fewer than 200 members, the Town is required to obtain an actuarial valuation at least every three years. The most recent actuarial valuation was performed as of January 1, 2014. Accordingly, the Town will be required to obtain a subsequent actuarial valuation within three years of that date. As of January 1, 2014, the actuarial accrued liability for benefits was \$495,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,442,000, and the ratio of unfunded actuarial accrued liability (UAAL) to the covered payroll was 34.3%.

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the Town’s actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because fiscal year 2010 was the year of implementation of GASB Statement No. 45 and the Town elected to apply the statement prospectively, only two years is presented in the schedule at this time. In future years, required trend data will be presented.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% investment rate of return (including inflation of 2.75%) and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after six years. The UAAL is being amortized using a level-dollar payment basis over an open period of 15 years.

NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLE

During fiscal year 2015, the Town adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. In addition, the Town’s pension plans adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. These pronouncements required the restatement of the September 30, 2014 net position in governmental activities, business-type activities, and enterprise funds. This change is in accordance with generally accepted accounting principles.

	Governmental Activities		
	Governmental Activities	Business-type Activites	Total
Net position, September 30, 2014 as previously reported	\$ 2,667,945	\$ 187,979	\$ 2,855,924
Cumulative effect of application of GASB 68	(938,341)	(23,539)	(961,880)
Net position, September 30, 2014 as restated	\$ 1,729,604	\$ 164,440	\$ 1,894,044

Town of Indialantic, Florida
Notes to Financial Statements

NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLE (Continued)

	Enterprise Funds		
	Wavecrest Park	Indialantic (Nance) Park	Total
Net position, September 30, 2014 as previously reported	\$ 503,664	\$ (315,685)	\$ 187,979
Cumulative effect of application of GASB 68	(19,202)	(4,337)	(23,539)
Net position, September 30, 2014 as restated	\$ 484,462	\$ (320,022)	\$ 164,440

NOTE 5 - FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in 2016. The statements address:

- Fair value measurement and application; and
- GAAP hierarchy.

The Town is currently evaluating the effects that these statements will have on its 2016 financial statements.

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

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Town of Indialantic, Florida
Required Supplementary Pension Information
Schedules of Contributions from the Employer and Other Contributing Entities –
Last Seven Fiscal Years

General Employees' Pension Plan:

Year Ended September 30,	Annual Required Contribution	Town Contribution	State Contribution	Percentage Contributed
2015	\$ 57,449	\$ 57,449	\$ -	100.00%
2014	81,212	81,212	-	100.00%
2013	64,521	64,521	-	100.00%
2012	85,183	85,183	-	100.00%
2011	91,848	91,848	-	100.00%
2010	88,059	88,059	-	100.00%
2009	84,642	84,642	-	100.00%

Police and Firefighters' Pension Plan:

Year Ended September 30,	Annual Required Contribution	Town Contribution	State Contribution	Percentage Contributed
2015	\$ 229,907	\$ 146,372	83,535 *	100.00%
2014	282,524	202,293	80,231 **	100.00%
2013	303,144	221,589	81,555 ***	100.00%
2012	273,094	191,060	82,034 ****	100.00%
2011	261,825	185,053	76,772	100.00%
2010	239,480	161,276	78,204	100.00%
2009	246,702	148,967	97,735	100.00%

* Amount excludes \$4,042 of contributions due from the State in 2015 which will be included in the actuary's 2016 contribution amount.

** Amount excludes \$3,596 of contributions due from the State in 2014 which will be included in the actuary's 2015 contribution amount.

*** Amount excludes \$3,629 of contributions due from the State in 2013 which will be included in the actuary's 2014 contribution amount.

**** Amount excludes \$7,268 of contributions due from the State in 2012 which will be included in the actuary's 2013 contribution amount.

Town of Indialantic, Florida

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

General Employees		
Total Pension Liability	9/30/2015	9/30/2014
Service Cost	\$ 43,196	\$ 43,047
Interest	119,143	112,836
Differences Between Expected and Actual Experience	(12,576)	-
Benefit Payments, Including Refunds of Employee Contributions	(73,230)	(58,631)
Net Change in Total Pension Liability	76,533	97,252
Total Pension Liability Beginning	1,695,462	1,598,210
Total Pension Liability Ending (a)	\$ 1,771,995	\$ 1,695,462
Plan Fiduciary Net Position		
Contributions - Employer	\$ 57,449	\$ 81,212
Contributions - Employee	25,271	25,503
Net Investment Income	(58,756)	73,325
Benefit Payments, including Refunds of Employee Contributions	(73,230)	(58,631)
Administrative Expense	(14,152)	(8,224)
Net Change in Plan Fiduciary Net Position	(63,418)	113,185
Plan Fiduciary Net Position Beginning	1,232,017	1,118,832
Plan Fiduciary Net Position Ending (b)	\$ 1,168,599	\$ 1,232,017
Net Pension Liability Ending (a) - (b)	\$ 603,396	\$ 463,445
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.95%	72.67%
Covered Employee Payroll	\$ 561,575	\$ 566,730
Net Pension Liability as a Percentage of covered Employee Payroll	107.45%	81.78%

Town of Indialantic, Florida

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

General Employees			
		9/30/2015	9/30/2014
Actuarially Determined Contribution	\$	57,449	\$ 81,212
Contributions in Relation to the Actuarially Determined Contributions		57,449	81,212
Contribution Deficiency (Excess)	\$	-	\$ -
Covered Employee Payroll	\$	561,575	\$ 566,730
Contributions as a Percentage of Covered Employee Payroll		10.23%	14.33%

Town of Indialantic, Florida

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

Police and Fire		
Total Pension Liability	9/30/2015	9/30/2014
Service Cost	\$ 198,675	\$ 205,111
Interest	584,298	544,792
Differences Between Expected and Actual Experience	(333,531)	-
Benefit Payments, Including Refunds of Employee Contributions	(251,317)	(247,978)
Net Change in Total Pension Liability	198,125	501,925
Total Pension Liability Beginning	7,232,578	6,730,653
Total Pension Liability Ending (a)	\$ 7,430,703	\$ 7,232,578
Plan Fiduciary Net Position		
Contributions - Employer	\$ 146,371	\$ 202,293
Contributions - State	79,493	83,827
Contributions - Employee	48,565	50,759
Net Investment Income	(37,782)	636,460
Benefit Payments, including Refunds of Employee Contributions	(251,317)	(247,978)
Administrative Expense	(38,051)	(20,071)
Net Change in Plan Fiduciary Net Position	(52,721)	705,290
Plan Fiduciary Net Position Beginning	6,749,474	6,044,184
Plan Fiduciary Net Position Ending (b)	\$ 6,696,753	\$ 6,749,474
Net Pension Liability Ending (a) - (b)	\$ 733,950	\$ 483,104
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.12%	93.32%
Covered Employee Payroll	\$ 1,020,241	\$ 1,015,179
Net Pension Liability as a Percentage of covered Employee Payroll	71.94%	47.59%

Town of Indialantic, Florida

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

Police and Fire			
		9/30/2015	9/30/2014
Actuarially Determined Contribution	\$	229,907	\$ 282,524
Contributions in Relation to the Actuarially Determined Contributions		229,907	286,120
Contribution Deficiency (Excess)	\$	-	\$ (3,596)
Covered Employee Payroll	\$	1,020,241	\$ 1,015,179
Contributions as a Percentage of Covered Employee Payroll		22.53%	28.18%

Town of Indialantic, Florida Required Supplementary Pension Information – Notes to Schedule

Notes to Schedule

Valuation Date: 10/01/2015

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:	Frozen Entry Age Actuarial Cost Method.	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed.	Level Percentage of Pay, Closed.
Remaining Amortization Period:	29 Years (as of 10/01/2015)	29 Years (as of 10/01/2015)
Asset Valuation Method:	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:	3.0% per year.	3.0% per year.
Salary Increases:	6% per year until the assumed retirement age. Projected salary at retirement is increased 20% to account for non-regular compensation.	7.0% per year until the assumed retirement age. Projected salary of retirement is increased 15% to account for non-regular compensation.
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%
Interest Rate:	7% per year compounded annually, net of investment related expenses.	8% per year compounded annually, net of investment related expenses.
Payroll Increase:	2.5% per year	3% per year.
Retirement Age:	Later of age 65 and the completion of 5 years of service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.	Earlier of age 55 or age 52 with 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.
Termination Rates:	See table below	See table below
Disability Rates:	Not applicable	See table below.
Mortality	RP-2000 Combined Healthy (sex distinct) projected to valuation date using scale AA.	RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
Other Information:	Termination Rate Table.	Termination and Disability Rate Table.

Town of Indialantic, Florida

Required Supplementary Pension Information – Notes to Schedule (Continued)

General

<u>Age</u>	<u>% Terminating During the Year</u>
20	10.0%
30	13.0%
40	15.0%
50	12.0%

Police and Firefighters'

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	20.0%	0.03%
30	12.0%	0.04%
40	4.0%	0.07%
50	2.0%	0.18%

Town of Indialantic, Florida

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

General Employees		
	9/30/2015	9/30/2014
Annual Money-Weighted Rate of Return		
Net of Investment Expense	-4.76%	6.54%
Police & Fire		
	9/30/2015	9/30/2014
Annual Money-Weighted Rate of Return		
Net of Investment Expense	-0.54%	11.06%

Town of Indialantic, Florida

Required Other Postemployment Benefits Supplementary Information
Schedules of Funding Progress Two Most Recent Actuarial Valuations

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability AAL (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2014	\$ -	\$ 495,000	\$ 495,000	0.0%	\$ 1,442,000	34.3%
10/1/2010	-	518,000	518,000	0.0%	1,442,000	35.9%

Note: Because fiscal year 2010 was the year of implementation of GASB Statement No. 45 and the Town elected to apply the statement prospectively, only two years are presented in the schedule at this time. In future years, additional required trend data will be presented.

Town of Indialantic, Florida

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

<i>Year ended September 30, 2015</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,821,479	\$ 2,841,209	\$ 2,706,843	\$ (134,366)
Permits and fees	62,070	114,514	114,514	-
Intergovernmental	227,994	330,938	424,754	93,816
Charges for services	975	975	2,554	1,579
Fines and forfeitures	32,000	29,291	29,290	(1)
Interest and other	164,945	249,203	135,530	(113,673)
Total revenues	3,309,463	3,566,130	3,413,485	(152,645)
Expenditures				
Current:				
General government	632,759	677,591	437,228	240,363
Public safety	2,123,348	2,109,384	2,096,234	13,150
Physical environment	412,868	427,095	412,020	15,075
Recreation	27,448	54,963	39,084	15,879
Capital outlay	113,040	297,097	236,513	60,584
Total expenditures	3,309,463	3,566,130	3,221,079	345,051
Excess of revenues over expenditures	-	-	192,406	192,406
Fund balances, beginning of year	688,096	688,096	688,096	-
Fund balances, end of year	\$ 688,096	\$ 688,096	\$ 880,502	\$ 192,406

Town of Indialantic, Florida
Notes to Required Supplementary Information
September 30, 2015

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, 2015, 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 February 9, 2016.

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 described below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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

Criteria: Management does not have procedures in place to provide reasonable assurance that the general ledger is free of material misstatements.

Cause: The Town does not have a financial professional on its staff. Currently, the accounting function is outsourced to an individual that is not in the local area. This individual maintains the Town's financial information on a cash basis rather than on the required modified and full accrual basis. In addition, he is not involved in several areas of the financials.

Effect: During the audit, numerous journal entries were required to correct balances due to/from Town funds, balances transferred between Town funds, deferred revenue balances and end of year accrued liabilities.

Recommendation: We recommend management develop and adopt procedures to provide reasonable assurance that the general ledger is free of material misstatements. Specifically, management should develop and utilize a checklist of anticipated closing entries to be made at year end. In addition, appropriate members of management should perform an analytic review of significant year end general ledger balances to identify necessary adjustments. All recommended procedures performed at year end should be documented.

Management Response: Management will develop and utilize a checklist of anticipated closing entries to be made at year end to identify necessary adjustments, also management plans to bring on a consultant to help with year-end closing procedures.

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 response to the finding identified in our audit is described previously. The Town of Indialantic, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this 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.

Carri Riggs & Ingram, L.L.C.

Melbourne, Florida

February 9, 2016

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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, 2015, and have issued our report thereon dated February 9, 2016.

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 Report

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with Chapter 10,550, Rules of the Auditor General.. Disclosures in that report, which is dated February 9, 2016, 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 actions have not been taken to address the 2012-01 finding and recommendation made in the preceding annual financial audit report.

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

Section 10.554(l)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Town of Indialantic, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the 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.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town of 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.

Annual Financial Report

Section 10.554(l)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Town of Indialantic, Florida for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

Section 10.554(1)(i)3., Rules of the Auditor General, 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.

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

Melbourne, Florida
February 9, 2016



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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, 2015. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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
February 9, 2016