

**TOWN OF INDIALANTIC,  
FLORIDA**

Financial Statements

Year Ended September 30, 2013

# TOWN OF INDIALANTIC, FLORIDA

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Year Ended September 30, 2013

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# TOWN OF INDIALANTIC, FLORIDA

Town Officials

As of September 30, 2013

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Dave Berkman  
*Mayor*

Loren Goldfarb  
*Deputy Mayor*

Jill Hoffman  
Stuart Glass  
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, 2013, 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, 2013, 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.

**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 13) and the required supplementary information (pages 53 through 57) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2014 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.

  
Melbourne, Florida  
May 29, 2014

# TOWN OF INDIALANTIC, FLORIDA

## Management's Discussion and Analysis

September 30, 2013

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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, 2013.

### Financial Highlights

- The assets of the Town of Indialantic, Florida exceeded its liabilities at the close of the most recent fiscal year by \$2,760,439 (net position). Of this amount, \$98,316 (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 \$19,950 mainly due to a decrease in intergovernmental revenues from grants.
- As of the close of the current fiscal year, the Town of Indialantic, Florida's governmental funds reported combined ending fund balances of \$452,478, an increase of \$130,469 over the prior year. Approximately 98% of this total amount, \$444,534 is available for spending at the government's discretion (unassigned fund balance), and represents 14.4% 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.

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.

# TOWN OF INDIALANTIC, FLORIDA

## Management's Discussion and Analysis

September 30, 2013

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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.

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.

# TOWN OF INDIALANTIC, FLORIDA

## Management's Discussion and Analysis

September 30, 2013

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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 29-50 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 53-57 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Indialantic, Florida, assets exceeded liabilities by \$2,760,439 at the close of the most recent fiscal year.

The following table reflects the condensed statement of net position:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current assets	\$ 700,610	\$ 549,839	\$ 74,033	\$ 105,584	\$ 774,643	\$ 655,423
Capital assets	2,496,636	2,561,028	157,543	173,381	2,654,179	2,734,409
Total assets	<u>3,197,246</u>	<u>3,110,867</u>	<u>231,576</u>	<u>278,965</u>	<u>3,428,822</u>	<u>3,389,832</u>
Noncurrent liabilities	428,194	376,322	21,593	19,013	449,787	395,335
Other liabilities	215,860	209,746	2,736	4,362	218,596	214,108
Total liabilities	<u>644,054</u>	<u>586,068</u>	<u>24,329</u>	<u>23,375</u>	<u>668,383</u>	<u>609,443</u>
Net position:						
Net investment						
In capital assets	2,496,636	2,561,028	157,543	173,381	2,654,179	2,734,409
Restricted	7,944	8,501	-	-	7,944	8,501
Unrestricted	48,612	(44,730)	49,704	82,209	98,316	37,479
Total net position	<u>\$ 2,553,192</u>	<u>\$ 2,524,799</u>	<u>\$ 207,247</u>	<u>\$ 255,590</u>	<u>\$ 2,760,439</u>	<u>\$ 2,780,389</u>

By far the largest portion of the Town of Indialantic, Florida's net position (96%) 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.

# TOWN OF INDIALANTIC, FLORIDA

## Management's Discussion and Analysis

September 30, 2013

An additional portion of the Town of Indialantic, Florida's net position, \$7,944 and \$8,501 at September 30, 2013 and 2012, respectively, (both < 1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$98,316 and \$37,479 at September 30, 2013 and 2012, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

The following table shows condensed revenue and expense data:

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 105,313	\$ 114,645	\$ 306,909	\$ 296,065	\$ 412,222	\$ 410,710
Operating grants and contributions	14,225	14,055	-	-	14,225	14,055
Capital grants and contributions	45,655	646,828	-	-	45,655	646,828
General revenues	2,973,563	2,972,556	4,930	4,878	2,978,493	2,977,434
Total revenues	3,138,756	3,748,084	311,839	300,943	3,450,595	4,049,027
Expenses:						
General government	434,727	417,000	-	-	434,727	417,000
Public safety	2,254,722	2,316,891	-	-	2,254,722	2,316,891
Recreation	41,014	52,746	-	-	41,014	52,746
Physical environment	379,900	388,296	-	-	379,900	388,296
Interest on long term debt	-	-	-	-	-	-
Wavecrest	-	-	275,559	277,306	275,559	277,306
Nance	-	-	84,623	84,482	84,623	84,482
Total expenses	3,110,363	3,174,933	360,182	361,788	3,470,545	3,536,721
Increase (decrease) in net position	28,393	573,151	(48,343)	(60,845)	(19,950)	512,306
Net position - beginning	2,524,799	1,951,648	255,590	316,435	2,780,389	2,268,083
Net position - ending	\$ 2,553,192	\$ 2,524,799	\$ 207,247	\$ 255,590	\$ 2,760,439	\$ 2,780,389

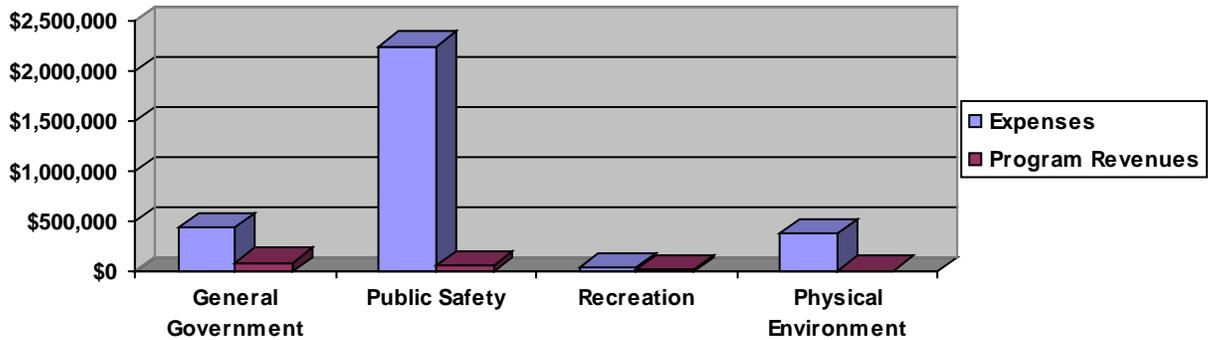
**Governmental activities.** Governmental activities increased the Town's net position by \$28,343, accounting for a 1% increase in the overall increase of the government's net position compared to an increase of \$573,151 in the prior year. Revenues from governmental activities decreased \$609,328 due to a \$601,173 decrease in capital grants from a \$617,500 Federal Emergency Management Agency (FEMA) grant that was used in the prior year to purchase a new fire truck, partially offset by miscellaneous increases in other capital grants and contributions. Total expenses from governmental activities decreased \$64,520 from the prior year. This decline was due to less expenditures on capital equipment (\$32,500 matching funds in the previous fiscal year for the fire truck and the purchase of one less police vehicle) and vacancies in several positions.

# TOWN OF INDIALANTIC, FLORIDA

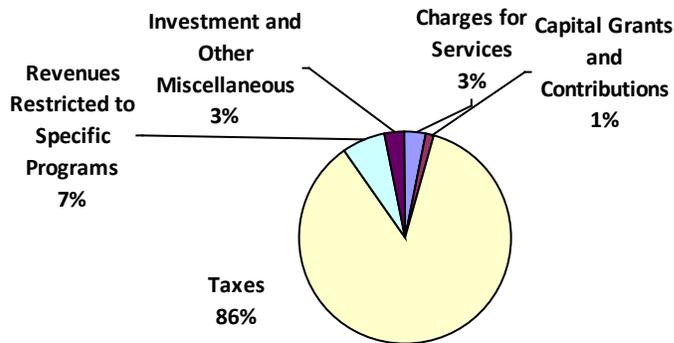
Management's Discussion and Analysis

September 30, 2013

## Expenses and Program Revenues – Governmental Activities



## 2013 Revenues by Source – Governmental Activities



**Business-type activities.** Business-type activities decreased the Town of Indialantic, Florida's net position by \$48,343, accounting for a 2% reduction in the government's net position compared to a decrease of \$60,845 in the prior year. Total business-type activity expenses remained fairly consistent from the prior year with a \$1,606 decrease.

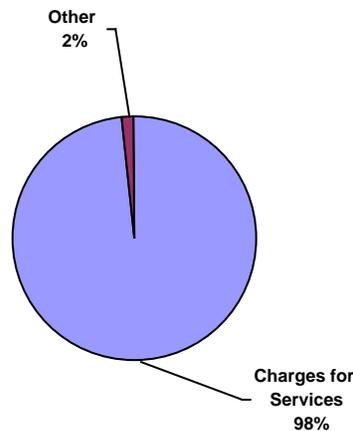
# TOWN OF INDIALANTIC, FLORIDA

Management's Discussion and Analysis

September 30, 2013

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## 2013 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 \$452,478, an increase of \$130,469 in comparison with the prior year. Approximately 98% of this total amount (\$444,534) constitutes unassigned/ assigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance (\$7,944) is restricted to indicate that it is not available for new spending because it has already been restricted to law enforcement related activities.

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 \$414,569. 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 14.4% of total General fund expenditures, excluding capital outlay.

The fund balance of the Town of Indialantic, Florida's General fund increased by \$131,026 during the current fiscal year, compared to a \$30,318 increase in the prior year. Total operating expenditures decreased by \$723,394 from the prior year while total revenues decreased by \$622,686 from the prior year resulting in a larger increase in fund balance in the current year. These increases in fund balance are the result of the Town expending less each year in order to build up fund balance so that an adequate cushion exists to cover expenditures in the case of emergencies.

# TOWN OF INDIALANTIC, FLORIDA

Management's Discussion and Analysis

September 30, 2013

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**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 \$388,625. The total net position of this fund decreased \$30,197 in the current year compared to a decrease of \$37,958 in the prior year. Total operating revenues increased approximately \$7,000 while expenses remained consistent from the prior year which resulted in the smaller 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 \$338,921. The total net position of this fund decreased \$18,146 in the current year. This year's decrease is comparable to the prior year's decrease of \$22,887.

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

The Town's actual revenues were \$38,187 less than budgeted revenues.

The Town's actual expenditures were \$161,213 less than budgeted expenditures mainly because of actual public safety expenditures being less than budgeted by \$83,698.

## 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, 2013, amounted to \$2,654,179 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, fixtures, and other infrastructure items. The total decrease in the Town of Indialantic, Florida's investment in capital assets for the current fiscal year was approximately 3%.

Major capital asset additions of \$120,626 for governmental activities during the current fiscal year included the following:

- The purchase of playground equipment.
- The purchase of a police vehicle.
- The replacement of stormwater pipes.

There was one capital asset addition of a golf cart for business-type activities in the amount of \$5,500. These increases were offset by depreciation expense (\$185,018 for governmental activities and \$21,338 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

## Management's Discussion and Analysis

September 30, 2013

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

	Governmental Activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 929,482	\$ 929,482	\$ -	\$ -	\$ 929,482	\$ 929,482
Buildings	397,115	419,818	-	-	397,115	419,818
Improvements other than buildings	251,442	254,010	146,106	163,052	397,548	417,062
Equipment	781,088	843,138	-	947	781,088	844,085
Furniture and fixtures	445	514	11,437	9,382	11,882	9,896
Infrastructure	137,064	114,066	-	-	137,064	114,066
Total	<u>\$ 2,496,636</u>	<u>\$ 2,561,028</u>	<u>\$ 157,543</u>	<u>\$ 173,381</u>	<u>\$ 2,654,179</u>	<u>\$ 2,734,409</u>

Additional information on the Town of Indialantic, Florida's capital assets can be found in Note III.C. on pages 40-41 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 2013 or 2012.

Additional information on the Town of Indialantic, Florida's long-term debt can be found in Note III.D. on page 42 of this report.

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

- The Town of Indialantic has grown over the years in 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 2013 taxable value is reflected as \$283,970,064.
- The Town currently has 1,475 housing units.
- The April, 2013, population as estimated by the Bureau of Economic and Business Research for the University of Florida was placed at 2,780.
- Numerous improvements were made to businesses and residences during the fiscal year. Building permits were issued for 4 new single family residences and 1 multi-family residence. Confidence in the community was reflected in the valuation of permits issued in the fiscal year increasing from 3.0 million in fiscal year 2012 to 7.75 million in fiscal year 2013.

# **TOWN OF INDIALANTIC, FLORIDA**

Management's Discussion and Analysis

September 30, 2013

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## **Economic Factors and Next Year's Budgets and Rates (continued)**

- The Town's millage rate has remained at or below the rolled back rate for the past five years. The FY-13 millage rate was 6.7395 and the FY-14 rate is 6.5835. The Town has retired all lease/purchase agreements and bonds.

## **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.

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

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# TOWN OF INDIALANTIC, FLORIDA

## Statement of Net Position

September 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 472,525	\$ 45,553	\$ 518,078
Investments	-	446	446
Receivables, net	113,826	37,527	151,353
Internal balance	9,493	(9,493)	-
Due from other governments	88,106	-	88,106
Net pension asset	16,660	-	16,660
Capital assets (net of accumulated depreciation):			
Land	929,482	-	929,482
Buildings	397,115	-	397,115
Improvements other than buildings	251,442	146,106	397,548
Equipment	781,088	-	781,088
Furniture and fixtures	445	11,437	11,882
Infrastructure	137,064	-	137,064
Total assets	<u>3,197,246</u>	<u>231,576</u>	<u>3,428,822</u>
<b>LIABILITIES</b>			
Accounts payable	32,737	-	32,737
Accrued payroll and related liabilities	49,970	1,947	51,917
Due to pension trust funds	93,031	789	93,820
Unearned revenue	31,736	-	31,736
Other liabilities	8,386	-	8,386
Noncurrent liabilities:			
Due within one year	57,557	2,751	60,308
Due in more than one year	370,637	18,842	389,479
Total liabilities	<u>644,054</u>	<u>24,329</u>	<u>668,383</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,496,636	157,543	2,654,179
Restricted for:			
Law Enforcement	7,944	-	7,944
Unrestricted	48,612	49,704	98,316
Total net position	<u>\$ 2,553,192</u>	<u>\$ 207,247</u>	<u>\$ 2,760,439</u>

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

# TOWN OF INDIALANTIC, FLORIDA

## Statement of Activities

Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 434,727	\$ 76,712	\$ 10,945	\$ -
Public safety	2,254,722	28,601	3,280	27,079
Recreational	41,014	-	-	15,612
Physical environment	379,900	-	-	2,964
Total governmental activities	<u>3,110,363</u>	<u>105,313</u>	<u>14,225</u>	<u>45,655</u>
Business-type activities:				
Wavecrest Park	275,559	243,988	-	-
Indialantic (Nance) Park	84,623	62,921	-	-
Total business-type activities	<u>360,182</u>	<u>306,909</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 3,470,545</u>	<u>\$ 412,222</u>	<u>\$ 14,225</u>	<u>\$ 45,655</u>

### 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  
 Net position, end of year

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (347,070)	\$ -	\$ (347,070)
(2,195,762)	-	(2,195,762)
(25,402)	-	(25,402)
<u>(376,936)</u>	<u>-</u>	<u>(376,936)</u>
<u>(2,945,170)</u>	<u>-</u>	<u>(2,945,170)</u>
-	(31,571)	(31,571)
-	<u>(21,702)</u>	<u>(21,702)</u>
-	<u>(53,273)</u>	<u>(53,273)</u>
<u>(2,945,170)</u>	<u>(53,273)</u>	<u>(2,998,443)</u>
1,767,028	-	1,767,028
681,905	-	681,905
237,170	-	237,170
209,479	-	209,479
(1,647)	72	(1,575)
79,628	4,858	84,486
<u>2,973,563</u>	<u>4,930</u>	<u>2,978,493</u>
28,393	(48,343)	(19,950)
<u>2,524,799</u>	<u>255,590</u>	<u>2,780,389</u>
<u>\$ 2,553,192</u>	<u>\$ 207,247</u>	<u>\$ 2,760,439</u>

# TOWN OF INDIALANTIC, FLORIDA

Balance Sheet – Governmental Funds

September 30, 2013

	General	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 464,378	\$ 8,147	\$ 472,525
Accounts receivable, net	113,826	-	113,826
Due from other funds	9,493	-	9,493
Due from other governments	88,106	-	88,106
Total assets	<u>\$ 675,803</u>	<u>\$ 8,147</u>	<u>\$ 683,950</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 32,534	\$ 203	\$ 32,737
Accrued payroll and related liabilities	49,970	-	49,970
Due to pension trust funds	93,031	-	93,031
Other liabilities	8,386	-	8,386
Deferred revenue	15,612	-	15,612
Unearned revenue	31,736	-	31,736
Total liabilities	<u>231,269</u>	<u>203</u>	<u>231,472</u>
Fund balances:			
Restricted for:			
Law Enforcement	-	7,944	7,944
Assigned for:			
Playground	29,965	-	29,965
Unassigned:			
Total fund balances	<u>444,534</u>	<u>7,944</u>	<u>452,478</u>
Total liabilities, fund balances	<u>\$ 675,803</u>	<u>\$ 8,147</u>	

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.	2,496,636
Net pension asset resulting from overfunding of the Town's defined benefit pension plans	16,660
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.	15,612
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.	<u>(428,194)</u>
Net position of governmental activities	<u>\$ 2,553,192</u>

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

# TOWN OF INDIALANTIC, FLORIDA

## Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

Year Ended September 30, 2013

	General	Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 2,479,888	\$ -	\$ 2,479,888
Permits and fees	277,826	-	277,826
Intergovernmental	251,294	-	251,294
Charges for services	1,310	-	1,310
Fines and forfeitures	34,845	400	35,245
Interest and other	77,577	4	77,581
Total revenues	<u>3,122,740</u>	<u>404</u>	<u>3,123,144</u>
<b>Expenditures</b>			
Current:			
General government	325,391	961	326,352
Public safety	2,132,196	-	2,132,196
Physical environment	372,487	-	372,487
Recreation	41,014	-	41,014
Capital outlay	120,626	-	120,626
Total expenditures	<u>2,991,714</u>	<u>961</u>	<u>2,992,675</u>
Excess (deficiency) of revenues over (under) expenditures	131,026	(557)	130,469
Fund balances, beginning of year	313,508	8,501	322,009
Fund balances, end of year	<u>\$ 444,534</u>	<u>\$ 7,944</u>	<u>\$ 452,478</u>

# 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, 2013

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Net change in fund balances - total governmental funds \$ 130,469

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. (64,392)

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. 15,612

Overfunded pension contributions are reported as expenditures in the fund financial statements and recorded as a net pension asset in the statement of net position. This is the amount by which the net pension asset decreased in the current year. (1,424)

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. (46,970)

Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (4,902)

Change in net position of governmental activities \$ 28,393

# TOWN OF INDIALANTIC, FLORIDA

Statement of Net Position

Proprietary Funds

September 30, 2013

	Business-type Activities - Enterprise Funds		
	Wavecrest Park	Indialantic (Nance) Park	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 45,553	\$ -	\$ 45,553
Investments	446	-	446
Accounts receivable, net	29,762	7,765	37,527
Total current assets	<u>75,761</u>	<u>7,765</u>	<u>83,526</u>
Noncurrent assets:			
Capital assets:			
Property, plant and equipment	582,696	306,702	889,398
Less accumulated depreciation	(470,113)	(261,742)	(731,855)
Total capital assets, net of accumulated depreciation	112,583	44,960	157,543
Advance to other funds	339,956	-	339,956
Total noncurrent assets	<u>452,539</u>	<u>44,960</u>	<u>497,499</u>
<b>Total assets</b>	<u>528,300</u>	<u>52,725</u>	<u>581,025</u>
<b>LIABILITIES</b>			
Current liabilities (payable from current assets):			
Accrued payroll and related liabilities	1,593	354	1,947
Due to other funds	7,594	1,899	9,493
Due to pension trust funds	631	158	789
Accrued compensated absences	2,201	550	2,751
Total current liabilities	<u>12,019</u>	<u>2,961</u>	<u>14,980</u>
Noncurrent liabilities:			
Net OPEB obligation	15,073	3,769	18,842
Advance from other funds	-	339,956	339,956
Total noncurrent liabilities	<u>15,073</u>	<u>343,725</u>	<u>358,798</u>
<b>Total liabilities</b>	<u>27,092</u>	<u>346,686</u>	<u>373,778</u>
<b>NET POSITION</b>			
Net investment in capital assets	112,583	44,960	157,543
Unrestricted	388,625	(338,921)	49,704
<b>Total net position</b>	<u>\$ 501,208</u>	<u>\$ (293,961)</u>	<u>\$ 207,247</u>

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

Year Ended September 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Wavecrest Park</u>	<u>Indialantic (Nance) Park</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 208,697	\$ 49,736	\$ 258,433
Parking fines	35,291	13,185	48,476
Total operating revenues	<u>243,988</u>	<u>62,921</u>	<u>306,909</u>
<b>Operating expenses:</b>			
Salaries, wages and employee benefits	86,604	21,465	108,069
Contractual services	131,691	32,484	164,175
Insurance	6,840	1,700	8,540
Supplies	10,139	4,080	14,219
Depreciation	15,814	5,524	21,338
Repairs and maintenance	16,575	11,418	27,993
Utilities	6,246	7,952	14,198
Beach improvements	1,650	-	1,650
Total operating expenses	<u>275,559</u>	<u>84,623</u>	<u>360,182</u>
<b>Operating loss</b>	<u>(31,571)</u>	<u>(21,702)</u>	<u>(53,273)</u>
<b>Nonoperating revenues:</b>			
Miscellaneous revenue	1,302	3,556	4,858
Interest income	72	-	72
Total nonoperating revenues	<u>1,374</u>	<u>3,556</u>	<u>4,930</u>
<b>Change in net position</b>	(30,197)	(18,146)	(48,343)
<b>Net position, beginning of year</b>	<u>531,405</u>	<u>(275,815)</u>	<u>255,590</u>
<b>Net position, end of year</b>	<u>\$ 501,208</u>	<u>\$ (293,961)</u>	<u>\$ 207,247</u>

# TOWN OF INDIALANTIC, FLORIDA

## Statement of Cash Flows

### Proprietary Funds

Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds		
	Wavecrest Park	Indialantic (Nance) Park	Total
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 198,602	\$ 49,736	\$ 248,338
Cash received from parking fines	46,431	15,704	62,135
Cash paid to suppliers	(72,367)	(22,535)	(94,902)
Cash paid for quasi-external operating transactions	(96,596)	(24,149)	(120,745)
Cash paid to employees for services	(85,713)	(21,212)	(106,925)
Net cash used in operating activities	<u>(9,643)</u>	<u>(2,456)</u>	<u>(12,099)</u>
<b>Cash flows from non-capital and related financing activities:</b>			
Miscellaneous proceeds	1,302	3,556	4,858
Net cash provided by non-capital and related financing activities	<u>1,302</u>	<u>3,556</u>	<u>4,858</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	(4,400)	(1,100)	(5,500)
Net cash used in capital and related financing activities	<u>(4,400)</u>	<u>(1,100)</u>	<u>(5,500)</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of investments	1,488	-	1,488
Interest proceeds	72	-	72
Net cash provided by investing activities	<u>1,560</u>	<u>-</u>	<u>1,560</u>
<b>Net decrease in cash and cash equivalents</b>	(11,181)	-	(11,181)
<b>Cash and cash equivalents, beginning of year</b>	<u>56,734</u>	<u>-</u>	<u>56,734</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 45,553</u>	<u>\$ -</u>	<u>\$ 45,553</u>

# TOWN OF INDIALANTIC, FLORIDA

Statement of Cash Flows (Continued)

Proprietary Funds

Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds		
	Wavecrest Park	Indialantic (Nance) Park	Total
<b>Reconciliation of operating loss to net cash used in operating activities:</b>			
Operating loss	\$ (31,571)	\$ (21,702)	\$ (53,273)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation expense	15,814	5,524	21,338
(Increase) decrease in assets:			
Accounts receivable	11,140	2,519	13,659
Due from other funds	(10,095)	-	(10,095)
Increase (decrease) in liabilities:			
Accounts payable	-	(190)	(190)
Accrued payroll and related liabilities	(118)	-	(118)
Due to other funds	4,178	11,140	15,318
Due to pension trust funds	(1,055)	(263)	(1,318)
Accrued compensated absences	(360)	(90)	(450)
Net OPEB obligation	2,424	606	3,030
<b>Total adjustments</b>	<u>21,928</u>	<u>19,246</u>	<u>41,174</u>
<b>Net cash used in operating activities</b>	<u>\$ (9,643)</u>	<u>\$ (2,456)</u>	<u>\$ (12,099)</u>

# TOWN OF INDIALANTIC, FLORIDA

## Statement of Fiduciary Net Position – Pension Trust Funds

September 30, 2013

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	<u>Employee Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 231,212
Due from other funds	93,820
Interest receivable	20,858
Investments, at fair value	<u>6,842,365</u>
Total assets	<u>7,188,255</u>
<b>LIABILITIES</b>	
	<u>25,239</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u><u>\$ 7,163,016</u></u>

# TOWN OF INDIALANTIC, FLORIDA

## Statement of Changes in Fiduciary Net Position – Pension Trust Funds

Year Ended September 30, 2013

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	<u>Employee Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
State	\$ 77,926
Employer	286,110
Employees	<u>75,240</u>
Total contributions	<u>439,276</u>
Investment income:	
Net increase in the fair value of investments	610,540
Less: investment related expense	(28,670)
Interest and dividends	<u>184,595</u>
Total investment income	<u>766,465</u>
Total additions	<u>1,205,741</u>
<b>DEDUCTIONS</b>	
Benefits paid	289,523
Refunded contributions	23,962
Administrative expenses	<u>21,966</u>
Total deductions	<u>335,451</u>
<b>Change in net position</b>	870,290
<b>Net position held in trust for pension benefits, beginning of year</b>	<u>6,292,726</u>
<b>Net position held in trust for pension benefits, end of year</b>	<u><u>\$ 7,163,016</u></u>

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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

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

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

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

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

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary funds:

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

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

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.

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

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 in the notes to the required supplementary information.

### E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

#### 1. Cash and investments

The Town invests certain surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (the "State Pool"). The State Pool is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. During the year ended September 30, 2008, the SBA reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restriction on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools ("Florida PRIME" (formerly LGIP) and "Fund B").

The Florida PRIME has adopted operating procedures consistent with the requirements for a 2a7-like fund. The Town's investment in the Florida 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.

Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio.

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

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

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2013, 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 balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

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

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, 2013 was 6.7395 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 lien on May 30. Property tax revenues are recognized in the fiscal year for which they are budgeted and also become due and payable. Virtually all unpaid taxes are collected via tax sale certificates sold on or prior to June 1; therefore, no material taxes are receivable at fiscal year end.

All account and tax receivables are shown net of an allowance for uncollectibles. Accounts receivable in the Wavecrest Park fund and the Indialantic (Nance) Park fund are shown net of allowances for uncollectibles of \$24,787 and \$5,870, 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.

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.

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

#### 3. Capital assets (continued)

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 business tax receipts collected in advance and grant funds received that have not yet been expended for the required purpose.

#### 6. Long-term liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium and discount. Bond issuance costs are amortized over the term of the related debt.

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

#### 7. 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:

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### E. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (CONTINUED)

#### 7. Fund equity (continued)

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 committed funds as of September 30, 2013.

#### 8. Net position deficit

The Town reported a net position deficit of \$(293,961) in the Indialantic (Nance) Park fund. The Town intends to cover the deficit in 2013 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 II – 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 \$(428,194) difference are as follows:

Compensated absences	\$ (126,036)
Net OPEB obligation	<u>(302,158)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (428,194)</u>

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE II – 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

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 \$(64,392) difference are as follows:

Capital outlay	\$ 120,626
Depreciation expense	<u>(185,018)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ (64,392)</u>

## NOTE III – DETAILED NOTES ON ALL FUNDS

### A. DEPOSITS AND INVESTMENTS

At September 30, 2013, the Town’s carrying amount of cash deposits was \$512,911 and the bank balance was \$568,674. In addition, the Town holds \$428 of petty cash. At September 30, 2013, the Town’s pension trust funds carrying amount of cash deposits was \$215,042 and the bank balance was \$190,894. As of September 30, 2013, \$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.

# TOWN OF INDIALANTIC, FLORIDA

## Notes to Financial Statements

September 30, 2013

### NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

As of September 30, 2013, the Town had the following investments and effective duration presented in terms of years:

Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10	Rating	Agency
Primary government:							
SBA (Florida PRIME)	\$ 4,739	\$ 4,739	\$ -	\$ -	\$ -	AAAm	S&P
SBA Fund B	446	-	446	-	-	Not rated	-
	<u>\$ 5,185</u>	<u>\$ 4,739</u>	<u>\$ 446</u>	<u>\$ -</u>	<u>\$ -</u>		
Pension trust funds:							
SBA (Florida PRIME)	\$ 15,778	\$ 15,778	\$ -	\$ -	\$ -	AAAm	S&P
SBA Fund B	392	-	392	-	-	Not rated	-
Bond mutual funds	607,435	-	-	607,435	-	Not rated	-
Stock mutual funds	4,055,695	4,055,695	-	-	-	Not rated	-
International stock mutual funds	222,245	222,245	-	-	-	Not rated	-
Government Bonds	525,087	-	130,386	85,913	308,788	Not rated	-
Municipal Obligations	86,037	20,295	65,742	-	-	AA-	S&P
Municipal Obligations	66,240	-	66,240	-	-	BBB+	S&P
Municipal Obligations	79,776	-	79,776	-	-	A	S&P
Municipal Obligations	51,199	-	-	51,199	-	Not rated	-
Corporate Fixed Income	24,942	-	-	24,942	-	AAA	S&P
Corporate Fixed Income	32,149	-	-	32,149	-	AA+	S&P
Corporate Fixed Income	134,517	-	60,392	55,986	18,139	A+	S&P
Corporate Fixed Income	249,606	-	114,163	135,443	-	A	S&P
Corporate Fixed Income	227,876	-	199,085	9,991	18,800	A-	S&P
Corporate Fixed Income	186,242	-	124,526	38,841	22,875	BBB+	S&P
Corporate Fixed Income	198,456	20,685	113,069	64,702	-	BBB	S&P
Corporate Fixed Income	94,863	-	53,613	23,000	18,250	BBB-	S&P
	<u>\$ 6,858,535</u>	<u>\$ 4,334,698</u>	<u>\$ 1,007,384</u>	<u>\$ 1,129,601</u>	<u>\$ 386,852</u>		

#### 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.

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### A. DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

#### **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, 2013, 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.

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### B. INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

Interfund receivables and payables at September 30, 2013, are summarized as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Wavecrest Park	\$ 7,594
	Indialantic (Nance) Park	1,899
		<u>\$ 9,493</u>

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Police and Firefighters' Pension	General	\$ 80,422

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Employees' Pension	General	\$ 12,609
	Wavecrest Park	631
	Indialantic (Nance) Park	158
		<u>\$ 13,398</u>

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Wavecrest Park	Indialantic (Nance) Park	\$ 339,956

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

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### C. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 929,482	\$ -	\$ -	\$ 929,482
Total capital assets, not being depreciated	<u>929,482</u>	<u>-</u>	<u>-</u>	<u>929,482</u>
Capital assets, being depreciated:				
Buildings	890,364	-	-	890,364
Improvements other than buildings	504,939	26,141	-	531,080
Equipment	1,840,542	64,078	(79,211)	1,825,409
Furniture	9,097	-	-	9,097
Infrastructure	132,196	30,407	-	162,603
Total capital assets being depreciated	<u>3,377,138</u>	<u>120,626</u>	<u>(79,211)</u>	<u>3,418,553</u>
Less accumulated depreciation for:				
Buildings	(470,546)	(22,703)	-	(493,249)
Improvements other than buildings	(250,929)	(28,709)	-	(279,638)
Equipment	(997,404)	(126,128)	79,211	(1,044,321)
Furniture	(8,583)	(69)	-	(8,652)
Infrastructure	(18,130)	(7,409)	-	(25,539)
Total accumulated depreciation	<u>(1,745,592)</u>	<u>(185,018)</u>	<u>79,211</u>	<u>(1,851,399)</u>
Total capital assets being depreciated, net	<u>1,631,546</u>	<u>64,392</u>	<u>-</u>	<u>1,567,154</u>
Governmental activities capital assets, net	<u>\$ 2,561,028</u>	<u>\$ 64,392</u>	<u>\$ -</u>	<u>\$ 2,496,636</u>

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### C. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 739,515	\$ -	\$ -	\$ 739,515
Equipment	64,598	-	-	64,598
Fixtures	90,807	5,500	(11,022)	85,285
Total capital assets being depreciated	<u>894,920</u>	<u>5,500</u>	<u>(11,022)</u>	<u>889,398</u>
Less accumulated depreciation for:				
Improvements other than buildings	(576,463)	(16,946)	-	(593,409)
Equipment	(63,651)	(947)	-	(64,598)
Fixtures	(81,425)	(3,445)	11,022	(73,848)
Total accumulated depreciation	<u>(721,539)</u>	<u>(21,338)</u>	<u>11,022</u>	<u>(731,855)</u>
Total capital assets, being depreciated, net	<u>173,381</u>	<u>(15,838)</u>	<u>-</u>	<u>157,543</u>
Business-type activities capital assets, net	<u>\$ 173,381</u>	<u>\$ (15,838)</u>	<u>\$ -</u>	<u>\$ 157,543</u>

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

Governmental activities:	
General government	\$ 101,934
Public safety	<u>83,084</u>
Total depreciation expense – governmental activities	<u>\$ 185,018</u>
Business-type activities:	
Wavecrest Park	\$ 15,814
Nance Park	<u>5,524</u>
Total depreciation expense – business-type activities	<u>\$ 21,338</u>

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### D. LONG-TERM DEBT

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Net OPEB obligation	\$ 255,188	\$ 46,970	\$ -	\$ 302,158	\$ -
Compensated absences	<u>121,134</u>	<u>99,628</u>	<u>(94,726)</u>	<u>126,036</u>	<u>57,557</u>
Governmental activity Long-term liabilities	<u>\$ 376,322</u>	<u>\$ 146,598</u>	<u>\$ (94,726)</u>	<u>\$ 428,194</u>	<u>\$ 57,557</u>
<b>Business-type activities:</b>					
Net OPEB obligation	\$ 15,812	\$ 3,030	\$ -	\$ 18,842	\$ -
Compensated absences	<u>3,201</u>	<u>2,994</u>	<u>(3,444)</u>	<u>2,751</u>	<u>2,751</u>
Business-type activity Long-term liabilities	<u>\$ 19,013</u>	<u>\$ 6,024</u>	<u>\$ (3,444)</u>	<u>\$ 21,593</u>	<u>\$ 2,751</u>

### 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, 2013.

### 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.

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### F. RETIREMENT COMMITMENTS (CONTINUED)

Membership in the plans consisted of the following at October 1, 2013, the date of the latest actuarial valuation:

	October 1, 2013	
	Police and Firefighters' Pension Plan	General Employees' Pension Plan
Retirees and beneficiaries receiving benefits	13	5
Terminated vested	1	6
Active plan members	<u>18</u>	<u>14</u>
Total	<u>32</u>	<u>25</u>

Both the Police Officers' and Firefighters' Pension Plan and the General Employees' Pension Plan provide for a reduction of benefits if early retirement is taken. Both plans also provide for death and disability benefits. All benefits for these pension plans are established by Town ordinance. These plans are governed by a local Board of Trustees, which is autonomous.

To participate, police and firefighters are required to contribute 5% and general employees are required to contribute 4.5% of their annual salary to the respective pension plans. The Town levies a tax, collected by the State, on property and casualty insurance premiums which partially fund the Police Officers' and Firefighters' Pension Plan. The Town is required to contribute the remaining amounts to ensure that these pension plans are actuarially sound. Administrative costs are financed through investment earnings.

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions.

The following table shows the components of the plans' annual cost, the amount contributed, and the changes in the Net Pension Asset (contributions in excess of requirements) as of September 30, 2013.

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### F. RETIREMENT COMMITMENTS (CONTINUED)

	Police and Firefighters' Plan	General Employees' Plan
Annual Required Contribution (ARC)	\$ 303,144	\$ 64,521
Interest on Net Pension Asset	(172)	(1,116)
Adjustments to ARC	263	2,449
Annual Pension Cost	303,235	65,854
Contributions Made	303,144	64,521
Decrease in Net Pension Obligation	(91)	(1,333)
Net Pension Obligation - Beginning of Year	2,145	15,939
Net Pension Obligation - End of Year	<u>\$ 2,054</u>	<u>\$ 14,606</u>

Required trend information for both plans for the three most recent fiscal years is presented below:

	Year Ended	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Asset
Police and Firefighters' Plan	9/30/11	\$ 262,002	99.93 %	\$ 2,240
	9/30/12	273,190	99.97	2,145
	9/30/13	303,235	99.97	2,054
General Employees' Plan	9/30/11	\$ 93,704	98.0 %	\$ 17,518
	9/30/12	86,762	98.2	15,939
	9/30/13	65,854	98.0	14,606

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### F. RETIREMENT COMMITMENTS (CONTINUED)

Funding Status and Funding Progress – The funded status of the plans as of October 1, 2013, the most recent actuarial valuation date, is shown below:

Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) –Entry Age * (b)	Unfunded AAL (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	Unfunded AAL as a % of Covered Payroll ((b-a)/c)
Police and Firefighters' Plan:					
\$ 5,708,334	\$ 6,790,314	\$ 1,081,980	84.07%	\$ 1,113,948	97.13%
General Employees' Plan:					
\$ 1,040,339	\$ 1,581,079	\$ 540,740	65.80%	\$ 600,307	90.08%

\* For purposes of this schedule, the AAL for the plans are determined using the entry age actuarial cost method. Note that the ARC for the general employee pension plan is calculated using the frozen entry age actuarial cost method and that the ARC for the police and firefighters' pension plan is calculated using the entry age normal actuarial cost method.

The schedule of funding progress presented as required supplementary information (RSI) immediately following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### F. RETIREMENT COMMITMENTS (CONTINUED)

The following is a summary of actuarial methods and assumptions used in the latest actuarial valuations:

	Police and Firefighters' Pension Plan	General Employees' Pension Plan
Actuarial valuation date	10/01/11	10/01/11
Actuarial cost method	Entry Age Normal Level Percentage of Pay, closed / 30 years	Frozen Entry Age Level Percentage of Pay, closed / 30 years
Amortization method	27 years as of 10/1/11	26 years as of 10/1/11
Remaining amortization period	Four Year Smooth (Market)	Four Year Smooth (Market)
Asset valuation method		
Actuarial assumptions (as of 10/1/10):		
Investment rate of return	8.0%	7.0%
Projected salary increases*	7.0%	6.0%
*Includes inflation at:	3.0%	3.0%

Pension trust funds fiduciary net position activity as of September 30, 2013 was as follows:

	Police and Firefighters'	General Employees'	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 218,484	\$ 12,728	\$ 231,212
Due from other funds	80,422	13,398	93,820
Interest receivable	20,858	-	20,858
Investments, at fair value	5,749,659	1,092,706	6,842,365
Total assets	<u>6,069,423</u>	<u>1,118,832</u>	<u>7,188,255</u>
<b>Liabilities</b>	<u>25,239</u>	<u>-</u>	<u>25,239</u>
<b>Net position, held in trust for pension benefits</b>	<u>\$ 6,044,184</u>	<u>\$ 1,118,832</u>	<u>\$ 7,163,016</u>

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### F. RETIREMENT COMMITMENTS (CONTINUED)

Pension trust funds increase in fiduciary net position activity as of September 30, 2013 was as follows:

	Police and Firefighters'	General Employees'	Total
<b>Additions</b>			
Contributions:			
State	\$ 77,926	\$ -	\$ 77,926
Employer	221,589	64,521	286,110
Employees	50,339	24,901	75,240
Total contributions	<u>349,854</u>	<u>89,422</u>	<u>439,276</u>
Investment income (loss):			
Net increase in fair value of investments	498,683	111,857	610,540
Less: investment related expense	(23,810)	(4,860)	(28,670)
Interest and dividends	159,078	25,517	184,595
Total investment income (loss)	<u>633,951</u>	<u>132,514</u>	<u>766,465</u>
Total additions	<u>983,805</u>	<u>221,936</u>	<u>1,205,741</u>
<b>Deductions</b>			
Benefits paid	238,445	51,078	289,523
Refunded contributions	10,497	13,465	23,962
Administrative expenses	14,796	7,170	21,966
Total deductions	<u>263,738</u>	<u>71,713</u>	<u>335,451</u>
<b>Change in net position</b>	720,067	150,223	870,290
<b>Net position held in trust for pension benefits, beginning of year</b>	<u>5,324,117</u>	<u>968,609</u>	<u>6,292,726</u>
<b>Net position held in trust for pension benefits, end of year</b>	<u>\$ 6,044,184</u>	<u>\$ 1,118,832</u>	<u>\$ 7,163,016</u>

### 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.

**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.

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### G. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2013, 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, 2013.

**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 following table shows the components of the Town's annual OPEB cost for the year ended September 30, 2013, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation to the Plan:

Annual required contribution	\$ 68,000
Interest on net OPEB obligation	11,000
Adjustment to annual required contribution	<u>(23,000)</u>
Annual OPEB cost (expense)	56,000
Contributions made	(6,000)
Interest on employer contributions	<u>-</u>
Increase in net OPEB obligation	50,000
Net OPEB obligation – beginning of year	271,000
Net OPEB obligation – end of year	<u>\$ 321,000</u>

The net OPEB obligation is allocated to governmental activities and business-type activities based on the relative proportion of plan participants. At September 30, 2013, the net OPEB obligation of governmental activities and business-type activities is \$302,158 and \$18,842, respectively.

# TOWN OF INDIALANTIC, FLORIDA

Notes to Financial Statements

September 30, 2013

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## NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)

### G. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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
9/30/13	\$ 56,000	9%	\$ 321,000
9/30/12	97,000	6%	271,000
9/30/11	96,000	5%	180,000

**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.

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 one year 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.

# **TOWN OF INDIALANTIC, FLORIDA**

Notes to Financial Statements

September 30, 2013

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## **NOTE IV - FUTURE ACCOUNTING PRONOUNCEMENTS**

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

- Items previously reported as assets and liabilities;
- Accounting and financial reporting for pensions;
- Mergers, acquisitions and transfers of operations; and
- Financial guarantees.

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

## **NOTE V – SUBSEQUENT EVENTS**

In February 2014, the Town entered into a disbursement agreement with the County to build a sidewalk for approximately \$18,000.

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

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# TOWN OF INDIALANTIC, FLORIDA

## Required Supplementary Pension Information

### Schedules of Funding Progress

September 30, 2013

#### POLICE OFFICERS' AND FIREFIGHTERS' PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/ c)
10/01/13	\$ 5,708,334	\$ 6,790,314	\$ 1,081,980	84.07%	\$ 1,113,948	97.13%
10/01/12	5,140,713	6,565,944	1,425,231	78.29%	1,026,314	138.87%
10/01/11	4,650,538	6,288,135	1,637,597	73.96%	1,050,783	155.85%
10/01/10	4,483,777	5,926,278	1,442,501	75.66%	1,008,973	142.97%
10/01/09	4,180,782	5,335,034	1,154,252	78.36%	1,030,421	112.02%
10/01/08 *	3,894,786	4,876,543	981,757	79.87%	988,583	99.31%

#### GENERAL EMPLOYEES' PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/ c)
10/01/13	\$ 1,040,339	\$ 1,581,079	\$ 540,740	65.80%	\$ 600,307	90.08%
10/01/12	942,301	1,476,737	534,436	63.81%	552,175	96.79%
10/01/11	840,134	1,353,748	513,614	62.06%	592,356	86.71%
10/01/10	796,593	1,322,119	525,526	60.25%	531,032	98.96%
10/01/09	733,427	1,255,992	522,565	58.39%	579,736	90.14%
10/01/08	671,047	1,178,646	507,599	56.93%	625,954	81.09%

\* Effective October 1, 2008, the actuary changed its asset smoothing techniques, in accordance with Actuarial Standard of Practice (ASOP) Number 44. The change resulted in a one-time adjustment to the actuarial value of plan assets of \$172,437 for the Police and Firefighter's pension plan, causing a significant decrease in the corresponding unfunded actuarial accrued liability.

# TOWN OF INDIALANTIC, FLORIDA

## Required Supplementary Pension Information

### Schedules of Contributions from the Employer and Other Contributing Entities

September 30, 2013

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#### POLICE OFFICERS' AND FIREFIGHTERS' PENSION PLAN

<u>Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Town Contribution</u>	<u>State Contribution</u>		<u>Percentage Contributed</u>
2013	\$ 303,144	\$ 221,589	\$ 81,555	*	100.00%
2012	273,094	191,060	82,035	**	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%
2008	235,678	113,260	125,048		101.12%

#### GENERAL EMPLOYEES' PENSION PLAN

<u>Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Town Contribution</u>	<u>State Contribution</u>		<u>Percentage Contributed</u>
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%
2008	84,547	85,547	-		100.00%

\*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 the current year which will be included in the actuary's 2013 contribution amount.

# TOWN OF INDIALANTIC, FLORIDA

## Required Other Postemployment Benefits Supplementary Information – Schedule of Funding Progress Three Most Recent Actuarial Valuations

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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

Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 2,400,815	\$ 2,437,815	\$ 2,479,888	\$ 42,073
Permits and fees	300,500	304,500	277,826	(26,674)
Intergovernmental	294,283	300,934	251,294	(49,640)
Charges for services	975	975	1,310	335
Fines and forfeitures	39,500	33,900	34,845	945
Interest and other	33,850	82,803	77,577	(5,226)
Total revenues	<u>3,069,923</u>	<u>3,160,927</u>	<u>3,122,740</u>	<u>(38,187)</u>
<b>Expenditures</b>				
Current:				
General government	353,737	353,502	325,391	28,111
Public safety	2,243,291	2,215,894	2,132,196	83,698
Physical environment	373,737	376,728	372,487	4,241
Recreation	15,448	48,193	41,014	7,179
Capital outlay	83,710	158,610	120,626	37,984
Total expenditures	<u>3,069,923</u>	<u>3,152,927</u>	<u>2,991,714</u>	<u>161,213</u>
<b>Excess of revenues over expenditures</b>	-	8,000	131,026	123,026
<b>Fund balances, beginning of year</b>	<u>313,508</u>	<u>313,508</u>	<u>313,508</u>	-
<b>Fund balances, end of year</b>	<u>\$ 313,508</u>	<u>\$ 321,508</u>	<u>\$ 444,534</u>	<u>\$ 123,026</u>

# TOWN OF INDIALANTIC, FLORIDA

## Notes to Required Supplementary Information

September 30, 2013

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### A. BUDGETARY INFORMATION

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

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

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

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

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

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**Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Indialantic, Florida, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Indialantic, Florida's basic financial statements, and have issued our report thereon dated May 29, 2014.

**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 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.

IC 2012-01 ACCOUNTING POLICIES AND PROCEDURES

Condition: Accounting policies and procedures should be in place that provide reasonable assurance that the general ledger is free of material misstatements. 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.

### **Compliance and Other Matters**

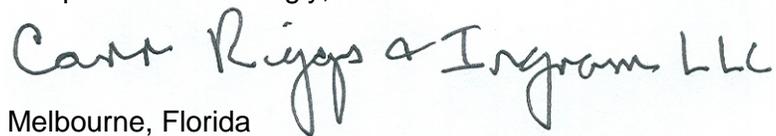
As part of obtaining reasonable assurance about whether the Town of Indialantic, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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.



Melbourne, Florida  
May 29, 2014



### Independent Auditors' Management Letter

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

We have audited the financial statements of the Town of Indialantic, Florida, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated May 29, 2014.

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. 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*. Disclosures in that report, which is dated May 29, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- ❖ 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 been taken to address the findings and recommendations made in the preceding annual financial audit report except, as noted below under the heading Prior Year Findings and Recommendations:

Prior Year Findings and Recommendations:

IC 2012-01	Accounting Policies and Procedures	Repeated
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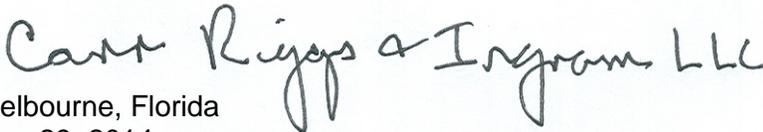
Management Letter Findings

ML 2008-02	Budgeting	Corrected
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- ❖ Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town of Indialantic, Florida complied with Section 218.415, Florida Statutes.
- ❖ Section 10.554(1)(i)3., 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)4., 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.

- ❖ Section 10.554(l)(i)5., 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.
- ❖ Section 10.554(l)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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.
- ❖ Section 10.554(l)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Town of Indialantic, Florida for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- ❖ Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), 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.

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, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



Melbourne, Florida  
May 29, 2014