



Town of
INDIAN SHORES, FLORIDA

TOWN OF INDIAN SHORES, FLORIDA
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2014

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

TOWN OF INDIAN SHORES, FLORIDA
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2014

Prepared by the
Department of Finance

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

James J. Lawrence, Mayor

Joan G. Herndon, Vice Mayor

William F. Smith, Councilor

Michael Petrucelli, Councilor

Patrick Soranno, Councilor

Town Clerk

Elaine Jackson

Director of Finance

Walter Pierce

Town Administrator

Bonnie Dhonau

Chief of Police

Terry Hughes

INTRODUCTORY SECTION

TOWN OF INDIAN SHORES, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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TOWN OF INDIAN SHORES, FLORIDA

LISTING OF TOWN OFFICIALS

ELECTED OFFICIALS

Mayor	James J. Lawrence
Vice Mayor	Joan G. Herndon
Councilor	William F. Smith
Councilor	Michael Petrucelli
Councilor	Patrick Soranno

APPOINTED OFFICIALS

Town Attorney	Robert Metz
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DEPARTMENT DIRECTORS

Town Administrator	Bonnie Dhonau
Town Clerk	Elaine Jackson
Finance	Walter Pierce
Chief of Police	Terry Hughes

FINANCIAL SECTION

This section contains the following subsections:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Combining and Individual Financial Statements
and Schedules

INDEPENDENT AUDITOR'S REPORT

Davidson, Jamieson & Cristini, P.L.

Certified Public Accountants

1956 Bayshore Boulevard
Dunedin, Florida 34698-2503
(727)734-5437 or 736-0771
FAX (727) 733-3487

Members of the Firm

John N. Davidson, CPA, CVA
Harry B. Jamieson, CPA
Richard A. Cristini, CPA, CPPT, CGFM
Jeanine L. Bittinger, CPA, CPPT

Member
American Institute of
Certified Public Accountants
Florida Institute of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund, and the aggregate remaining fund information of Town of Indian Shores, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Indian Shores, Florida as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

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

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

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

April 12, 2015

MANAGEMENT'S DISCUSSION

AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

- (a) Assist the reader in focusing on the financial issues
- (b) Provide an overview of the Town's financial activity
- (c) Identify changes in the Town's financial position
- (d) Identify any material deviations from the financial plan (the approved budget)
- (e) Identify individual fund issues or concerns for the fiscal year ended September 30, 2014.

FINANCIAL HIGHLIGHTS

- At the close of fiscal year 2014 the Town's assets exceeded its liabilities, resulting in *net* position of \$7,123,011. Of this amount, the *unrestricted net position* of \$2,253,161 can be used for any purpose that is approved by the Town Council.
- At September 30, 2014, the Town's governmental funds reported an ending fund balance of \$2,549,327 which is an increase of \$16,142 in comparison with the prior year. This increase is attributable primarily to the reduced expenditures of Capital Improvement Fund monies.
- During the year, the Town's governmental activities program revenues were \$707,267 compared to expenses of \$2,628,468 which means that **only 27 percent of expenses were paid for with program revenues.**
- On September 30, 2014, unassigned fund balance for the General Fund was \$1,577,922.
- Governmental fund revenues increased by \$107,162 or 4.12% with other taxes only showing a slight increase of .20 percent or \$809 mainly due to the receipt of Local Option Sales Tax money from Pinellas County (\$400,837) for the second installment of the reimbursement for the Undergrounding of Utilities on Gulf Boulevard. In addition, the miscellaneous revenue decreased 216%. Miscellaneous revenue has decreased over the past two years due to the sale of the Cell Tower Lease in the amount of \$355,200 in 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

1. The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
2. The *statement of activities* presents information showing how the government's net position changed during fiscal year 2014. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

The government-wide financial statements can be found on pages 17 – 18 of this report.

FUND FINANCIAL STATEMENTS

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

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

GOVERNMENTAL FUNDS

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

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

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

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

The basic fiduciary fund financial statement can be found on pages 24 and 25 of this report.

NOTES TO FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 – 81 of this report.

Other Information

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

The supplementary information for the fiduciary fund's individual fund schedule information are reported on pages 70 – 74 of this report.

CAPITAL ASSETS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in net position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, total assets exceeded total liabilities by \$7,123,011 at the close of fiscal year ended September 30, 2014. The Town uses capital assets to provide services to citizens; therefore, these assets are not available for future spending, because the Town has no intention of selling these assets to generate spendable assets (i.e., cash). The following table reflects the condensed Statement of Net Position.

Table 1
CONDENSED STATEMENT OF NET POSITION
As of September 30

	Total	
	<u>Primary Government</u>	
	<u>2014</u>	<u>2013</u>
Current and other Assets	\$ 2,664,210	\$ 2,613,305
Capital assets (net of Allowance)	<u>11,296,765</u>	<u>11,511,112</u>
Total Assets	13,960,975	14,124,417
Current and other Liabilities	242,168	209,049
Compensated Absences	32,326	30,023
Long-Term Liabilities Outstanding:		
Due within one year	299,932	294,922
Due in more than one year	<u>6,263,538</u>	<u>6,553,492</u>
Total Liabilities	6,837,964	7,087,486
Net Position:		
Invested in Capital Assets	4,861,765	4,805,460
Restricted		
Police Education	2,302	2,302
Police Equipment	5,783	5,783
Unrestricted	<u>2,253,161</u>	<u>2,223,386</u>
Total Net Position	<u>\$ 7,123,011</u>	<u>\$ 7,036,931</u>

* For more detailed information see Statement of Net Position on Page 17.

31.6 percent of the Town's net position represents resources that are unrestricted on how they may be used with 0.1% being subject to external restrictions.

An additional portion of the Town's net position (80%) represents its investment in capital assets (e. g. land, building, improvements and equipment), less any related outstanding debt used to acquire those assets. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position \$2,253,161 may be used to meet the government's ongoing obligations to citizens and creditors.

STATEMENT OF ACTIVITIES

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

Table 2
TOWN OF INDIAN SHORES
CHANGES IN NET POSITION
September 30,

	Governmental	
	<u>Activities</u>	
	<u>2014</u>	<u>2013</u>
REVENUES		
Program Revenues:		
Charge for services	\$ 701,726	\$ 618,509
Capital Grants	5,541	7,407
	<hr/>	<hr/>
Total Program Revenues	707,267	625,916
Property Taxes	1,171,055	1,151,961
Franchise Fees	260,669	240,962
Utility Taxes	370,330	349,127
Communication Services Tax	124,145	124,188
State Revenue Sharing	30,188	30,074
Half-Cent Sales Tax	81,803	79,780
Local Option Gas Tax	23,295	23,109
Local Option Sales Tax	142,068	145,686
Other Taxes	405,633	404,824
Investment income	3,260	2,320
Miscellaneous	16,022	50,626
	<hr/>	<hr/>
Total General Revenues	2,628,468	2,602,657
EXPENSES		
General Government	961,226	932,985
Public Safety	1,338,956	1,331,741
Physical Environment	609,083	920,764
Culture and Recreation	340,390	18,540
	<hr/>	<hr/>
Total Expenses	3,249,655	3,204,030
CHANGES IN NET POSITION	86,080	24,543
Net Position - beginning of year	7,036,931	7,012,388
	<hr/>	<hr/>
Net Position - end of year	<u>\$ 7,123,011</u>	<u>\$ 7,036,931</u>

GOVERNMENTAL ACTIVITIES

Governmental Activities increased the Town's net position by \$86,080. Key elements of this increase are as follows:

- Actual property tax revenue increased by 1.63 percent (\$19,094) compared to the prior year. A **3.86% increase in the existing property values** and a millage rate of 1.8700 that was **3.64% above** the Rolled-Back Rate of 1.8043.
- Governmental fund revenues increased by \$107,162 or 4.12% with other taxes only showing a slight increase of .20 percent or \$809 mainly due to the receipt of Local Option Sales Tax money from Pinellas County (\$400,837) for the second installment of the reimbursement for the Undergrounding of Utilities on Gulf Boulevard. In addition, the miscellaneous revenue decreased 216% or \$34,604 from the previous year.
- Local Option Sales Tax decreased 2.55% or \$3,618 over the prior year. Utility Taxes increased 5.73% or \$21,203 with the Communications Services Tax decreasing .03% with a \$43 decrease over last year. The 10% Utility Tax and 2.5% of the Communications Services Tax are utilized for the retirement of the long term debt and interest for the placement of utilities underground within the Town.
- Program revenues increased \$81,351 due to an increase in building permits and fines by the Town and an increase in charges for services.
- **Overall revenues increased 4.12 percent \$25,811** in comparison with the prior year along with an **increase of 1.40 percent in expenditures \$45,625.**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

GOVERNMENTAL FUNDS

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

As of the end of fiscal year 2014, the Town's governmental funds reported ending fund balances of \$2,549,327 an increase of \$16,142 in comparison with the prior year. There was an increase in revenue of \$107,162 compared to the previous year and expenditures increased by 1.40% \$45,625.

	<u>INTERGOVERNMENTAL REVENUES</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Half-Cent Sales Tax	\$ 81,803	\$ 79,780	\$ 72,534	\$ 88,126	\$ 92,859
State Revenue Sharing	30,188	30,074	30,634	28,090	30,365
Local Option Gas Tax	23,295	23,109	22,627	22,243	24,755
1 Cent Surtax - LOST	142,068	145,686	135,469	130,013	123,304

10% Utility taxes and 2.5% of the Communications Services Tax are utilized to fund the long term debt payments for the undergrounding of utilities on Gulf Boulevard.

Unassigned fund balance is \$2,382,654 and is available for spending at the Town's discretion.

The remainder of the fund balance (\$166,673) is non-spendable, restricted or committed and not available for new spending and is detailed on page 58 along with the Reserved Pension Trust Funds.

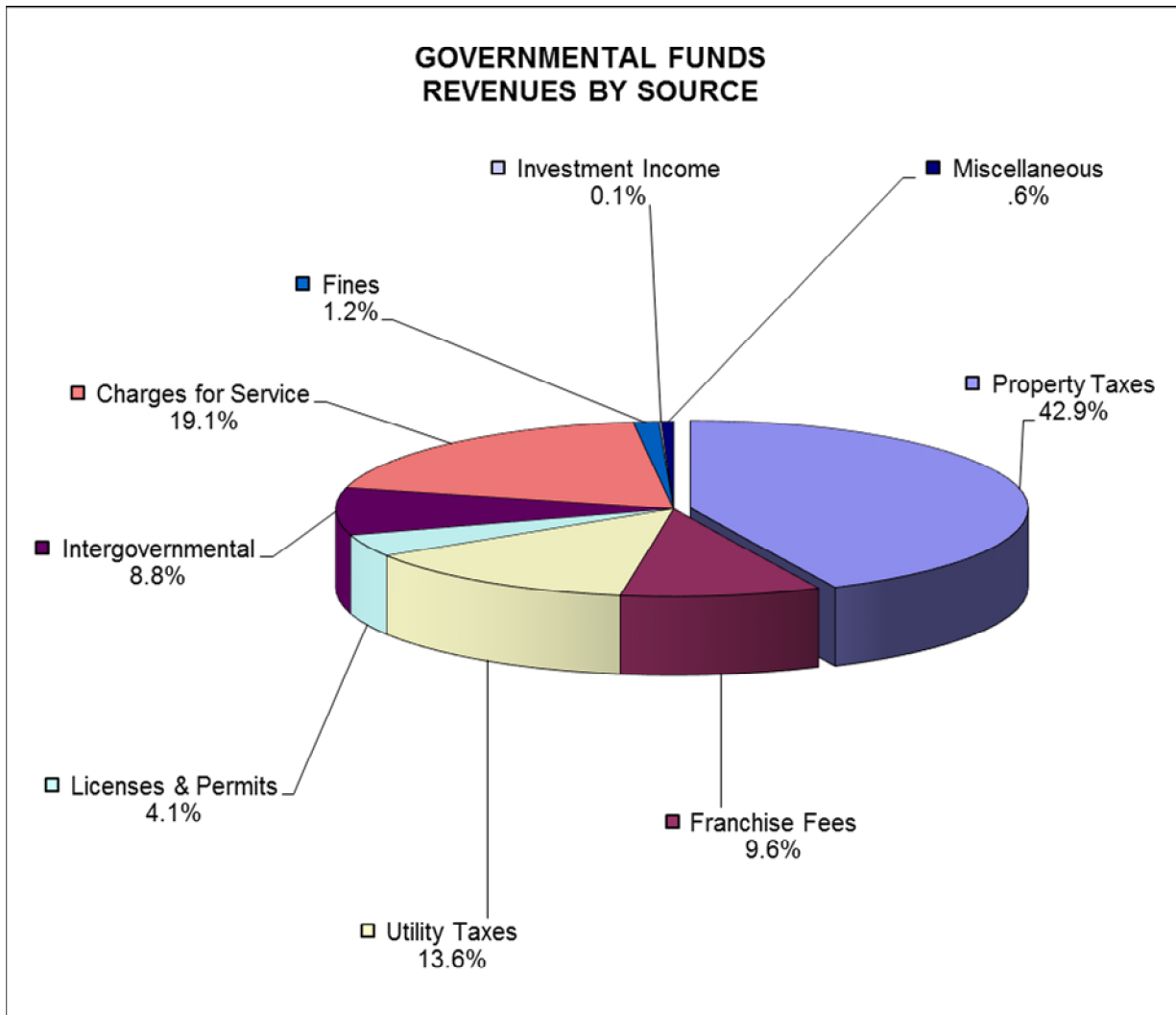
- The total governmental fund expenditures are 45.62 percent compared to total net assets.

CALCULATION OF ALLOWABLE MAXIMUM MILLAGE

The rolled back rate is the rate that would generate approximately the same tax dollars as the previous year with the same properties (1.8043). During 2014 the Town was required to calculate and disclose the allowable Maximum Millage Levy Calculation. The current year rolled-back rate is allowed to be adjusted by the growth or loss in per capita Florida personal income that is certified by the Department of Revenue which was **1.01697%**. The **majority vote** maximum millage rate allowed for the Town of Indian Shores was 2.9064. With a **two-thirds vote** the maximum millage rate allowed would have been 3.1970. **The Town Council approved a rate of 1.8700 per \$1,000 of valuation which was 3.64% more than** the rolled back rate of **1.8043**.

For the Fiscal 2014/2015 year the maximum millage rate that can be levied will be calculated much the same as in FY 2013/2014 subject to any legislative changes.

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



GOVERNMENTAL FUNDS - BUDGETARY HIGHLIGHTS

There were two amendments to the original budget to the final budget and they are as follows: Budget Amendment # 1 was authorized by Resolution No. 04 – 2014 and appropriated **\$21,840** to Public Service Department to cover machinery and equipment needed through the end of the fiscal year (funds from Committed – PW Equipment account).

Budget Amendment # 2 was authorized by Resolution No. 08 – 2014 and supplemented the Capital Improvement Fund in the amount of **\$65,000** to cover the shortfall for the completion of the New Pavilion and the relocation of the Playground. Also, **\$25,200** and **\$11,000** was appropriated from Unassigned Fund Balance for **\$4,600** which was to supplement the budgeted funds for the purchase of a new Police vehicle. Finally, Finance Department Personal Services and Other Contractual Services were supplemented by **\$32,900** and **\$3,300** respectfully for the hiring of a new Finance Director and to provide training from a former Director of Finance.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS - GOVERNMENTAL FUNDS

The Town’s investment in capital assets for its governmental activities as of September 30, 2014 amounts to \$16,017,685 net of accumulated depreciation. This investment in capital assets includes land, building, improvements other than buildings, and equipment.

Town of Indian Shores, Florida
Capital Assets
 (Net of Accumulated Depreciation)

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Land	\$ 827,462	\$ 827,462
Buildings	5,299,156	4,993,552
Improvements other than Buildings	9,154,211	9,115,006
Equipment	736,856	676,620
Construction in progress	-	39,205
Totals	\$ 16,017,685	\$ 15,651,845

Additional information on the Town’s capital assets can be found on pages 53 and 54 of this report.

LONG-TERM DEBT

At the end of Fiscal Year 2014, the Town had no outstanding general obligation bonds.

On February 15, 2005 the Town issued Revenue Bonds, Series 2005A through the Florida Municipal Loan Council in the amount of \$5,930,000 for the purpose of undergrounding utilities within the Town.

	<u>Governmental Activities</u>
Revenue Bonds - Principal	<u>\$ 4,875,000</u>

During Fiscal Year 2013/2014 the Town paid \$135,000 towards retirement of Principal and \$241,808 for interest and fees paid semi-annually in February and August.

On September 27, 2012 the Town refinanced Municipal Revenue Bonds in the amount of \$1,820,000 that was utilized for the construction of a new Municipal Center. During Fiscal Year 2013/2014 the Town paid \$135,652 towards retirement of the Principal and \$48,521 for Interest payments. Debt payments are paid monthly and there is no pre-payment penalty after five-years from the date of issue.

	<u>Governmental Activities</u>
Revenue Bonds - Principal	<u>\$ 1,560,000</u>

The Town has recorded a liability for compensated absences in the amount of \$97,122.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the County at September 30, 2014 was 5.6 percent which represents a decrease of 13.85 percent from the prior year. The State rate of unemployment was 5.7 percent as of September.
- The Town of Indian Shores is primarily a residential community with less than 20 percent of properties currently claiming Homestead Exemption. Latest report shows 445 out of 2769 parcels.
- During FY2014, the real estate market in Florida began to increase consistently stalling a bit due to talk of significant Flood Insurance premium increases. In Pinellas County,

property values increased by an average of 3% countywide far exceeding 2014 expectations, even those of the Pinellas County Property Appraiser. The Town of Indian Shores witnessed new construction costs totaling \$7,808,866 from just the June through September 2014 time frame. Permit Fees totaled over \$29,200 during this time. New construction costs anticipated through to December 2014 was \$3,988,500

➤ Due to new construction and increasing values, the Town is in good condition to raise sufficient tax revenue in FY2015 to meet projected expenditures without utilizing reserves. The estimated increase in salaries and wages for FY2015/2016 is unknown at this time. However, with assessed values of real property continuing to increase well into 2015, the Town's ability to provide salary and benefit increases is likely. The United States, the State of Florida, Pinellas County, and our Town very much seem to be coming out of the great recession in a consistent and positive way.

- The Town issued Revenue Bonds in February 2005 to place all utilities in Town underground with construction being completed in September 2008.
- The Town re-financed the Revenue Bond originally issued in August 2010 on September 27, 2012 in the amount of \$1,820,000 that was utilized to complete the construction of a new Municipal Center in October 2011.
- This financial report is designed to present users with a general overview of the Town's finances to all those interested in the government finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Town's Finance Officer at 19305 Gulf Blvd., Indian Shores, Florida 33785 or email: wpierce@myindianshores.com.

BASIC FINANCIAL STATEMENTS

This section contains the following subsections:

Government-Wide Financial Statements

Statement of Net Position

Statement of Activities

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet - Governmental Funds

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

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

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

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

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position - Fiduciary Fund

Statement of Changes in Fiduciary Net Position - Fiduciary Fund

Notes to Financial Statements

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

ASSETS	Governmental Activities
Cash and cash equivalents	\$ 375,195
Investments	1,666,044
Receivables (net of allowance for uncollectibles)	572,530
Prepaid expense	50,441
Capital Assets:	
Land	827,462
Buildings	5,299,156
Improvements other than buildings	9,154,211
Equipment	736,856
Accumulated depreciation	<u>(4,720,920)</u>
Total Assets	<u>13,960,975</u>
LIABILITIES	
Accounts payable	82,557
Accrued payroll	32,326
Accrued interest payable	159,611
Noncurrent liabilities:	
Due within one year	299,932
Due in more than one year	<u>6,263,538</u>
Total Liabilities	<u>6,837,964</u>
NET POSITION	
Net investment in capital assets	4,861,765
Restricted for:	
Police education	2,302
Police equipment	5,783
Unrestricted	<u>2,253,161</u>
Total Net Position	<u>\$ 7,123,011</u>

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Primary Government</u>
Function/Program Activities	
General government	\$ 961,226
Public Safety	1,338,956
Physical environment	609,083
Culture and recreation	340,390
Total program expenses	<u>3,249,655</u>
Program Revenues:	
Charges for services	701,726
Capital grants and contributions	5,541
Total program revenues	<u>707,267</u>
Net program expenses	2,542,388
GENERAL REVENUES:	
Taxes:	
Property taxes	1,171,055
Franchise fees	260,669
Utility taxes	370,330
Intergovernmental Revenue:	
State revenue sharing	30,188
Half-cent sales tax	81,803
Local option gas tax	23,295
Local option sales tax	142,068
Communications tax	124,145
Other taxes	405,633
Investment income	3,260
Miscellaneous	16,022
Total General Revenues	<u>2,628,468</u>
Change in net position	86,080
Net Position - Beginning of Year	<u>7,036,931</u>
Net Position - End of Year	<u>\$ 7,123,011</u>

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

ASSETS

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,000	\$ 344,712	\$ 29,483	\$ 375,195
Investments	1,666,044	-	-	1,666,044
Receivables (net of allowance for uncollectible accounts):				
Taxes:				
Franchise fees	25,934	-	-	25,934
Utility	39,271	-	-	39,271
Intergovernmental:				
State	34,000	-	-	34,000
County	1,000	424,837	5,700	431,537
Accounts receivable	41,788	-	-	41,788
Prepaid items	50,441	-	-	50,441
TOTAL ASSETS	\$ <u>1,859,478</u>	\$ <u>769,549</u>	\$ <u>35,183</u>	\$ <u>2,664,210</u>

LIABILITIES AND FUND BALANCE

LIABILITIES:				
Accounts payable	\$ 82,557	\$ -	\$ -	\$ 82,557
Accrued payroll	32,326	-	-	32,326
TOTAL LIABILITIES	114,883	-	-	114,883
FUND BALANCE:				
Nonspendable	50,441	-	-	50,441
Restricted	8,085	-	-	8,085
Committed	108,147	-	-	108,147
 Unassigned reported in:				
General fund	1,577,922	-	-	1,577,922
Capital Improvement fund	-	769,549	-	769,549
Road and Bridge	-	-	35,183	35,183
TOTAL FUND BALANCE	<u>1,744,595</u>	<u>769,549</u>	<u>35,183</u>	<u>2,549,327</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>1,859,478</u>	\$ <u>769,549</u>	\$ <u>35,183</u>	\$ <u>2,664,210</u>

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

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

SEPTEMBER 30, 2014

Fund balances - total governmental funds \$ 2,549,327

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

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

Governmental capital assets	\$ 16,017,685	
Less accumulated depreciation	<u>(4,720,920)</u>	
		11,296,765

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

Other postemployment benefits payable	31,348	
Accrued interest payable	159,611	
Bonds payable	4,875,000	
Revenue note payable	1,560,000	
Compensated absences	<u>97,122</u>	
		<u>(6,723,081)</u>

Net position of governmental activities \$ 7,123,011

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Capital Improvements Fund	Other Governmental Fund	Total
REVENUES:				
Taxes:				
Ad valorem	\$ 1,171,055	\$ -	\$ -	\$ 1,171,055
Franchise fees	260,669	-	-	260,669
Utility Taxes	370,330	-	-	370,330
Licenses and permits	110,735	-	-	110,735
Intergovernmental	238,849	542,905	30,919	812,673
Charges for services	521,459	-	36,379	557,838
Fines	33,153	-	-	33,153
Interest	3,260	-	-	3,260
Miscellaneous	16,022	-	-	16,022
TOTAL REVENUES	2,725,532	542,905	67,298	3,335,735
EXPENDITURES:				
Current:				
General government	845,561	-	-	845,561
Public safety	1,313,075	34,248	-	1,347,323
Physical environment	134,499	-	113,672	248,171
Culture and recreation	4,290	313,268	-	317,558
Debt service:				
Principal	-	270,652	-	270,652
Interest	-	290,328	-	290,328
TOTAL EXPENDITURES	2,297,425	908,496	113,672	3,319,593
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	428,107	(365,591)	(46,374)	16,142
OTHER FINANCING SOURCES (USES):				
Transfers in	-	373,433	52,071	425,504
Transfers (out)	(425,504)	-	-	(425,504)
TOTAL OTHER FINANCING SOURCES (USES)	(425,504)	373,433	52,071	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	2,603	7,842	5,697	16,142
FUND BALANCE, OCTOBER 1	1,741,992	761,707	29,486	2,533,185
FUND BALANCE, SEPTEMBER 30	\$ 1,744,595	\$ 769,549	\$ 35,183	\$ 2,549,327

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Net change in fund balances - total governmental funds	\$	16,142
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	\$ 400,669	
Less current year depreciation	<u>(615,016)</u>	
		(214,347)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Other post-employment benefit costs	(5,666)	
Change in long-term compensated absences	19,958	
Principal payment on bond	135,000	
Principal payment on loan	135,652	
Change in accrued interest expense	<u>(659)</u>	
		<u>284,285</u>
Change in net position of governmental activities	\$	<u><u>86,080</u></u>

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

GENERAL FUND

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance
	<u>Original</u>	<u>Final</u>		With Final Budget- Favorable (Unfavorable)
Revenues:				
Taxes:				
Ad valorem	\$ 1,169,899	\$ 1,169,899	\$ 1,171,055	\$ 1,156
Franchise fees	262,000	262,000	260,669	(1,331)
Utility tax	349,000	349,000	370,330	21,330
Licenses and permits	150,500	150,500	110,735	(39,765)
Intergovernmental	228,700	228,700	238,849	10,149
Charges for services	505,204	505,204	521,459	16,255
Fines	24,800	24,800	33,153	8,353
Interest	10,000	10,000	3,260	(6,740)
Miscellaneous	9,100	9,100	16,022	6,922
Total Revenues	<u>2,709,203</u>	<u>2,709,203</u>	<u>2,725,532</u>	<u>16,329</u>
Expenditures:				
Current:				
General Government:				
Legislative	63,644	63,644	63,604	40
Financial and administrative	667,036	703,236	666,520	36,716
Facilities maintenance	121,571	121,571	115,437	6,134
	<u>852,251</u>	<u>888,451</u>	<u>845,561</u>	<u>42,890</u>
Public Safety:				
Police	1,230,153	1,230,153	1,183,140	47,013
Protective inspections	138,477	138,477	129,935	8,542
	<u>1,368,630</u>	<u>1,368,630</u>	<u>1,313,075</u>	<u>55,555</u>
Physical Environment:				
Public Service	131,397	142,237	134,499	7,738
	<u>131,397</u>	<u>142,237</u>	<u>134,499</u>	<u>7,738</u>
Culture and Recreation:				
Library	4,800	4,800	4,290	510
	<u>4,800</u>	<u>4,800</u>	<u>4,290</u>	<u>510</u>
Total Expenditures	<u>2,357,078</u>	<u>2,404,118</u>	<u>2,297,425</u>	<u>106,693</u>
Excess of Revenues Over (Under) Expenditures	<u>352,125</u>	<u>305,085</u>	<u>428,107</u>	<u>123,022</u>
Other Financing Sources (Uses):				
Proceeds from sale of equipment	-	-	-	-
Transfer In - Capital Improvements Fund	-	-	-	-
Transfer (out) - Road and Bridge Fund	(52,071)	(52,071)	(52,071)	-
Transfer (out) - Capital Improvements Fund	(352,125)	(352,125)	(373,433)	(21,308)
Total Other Financing Sources (Uses)	<u>(404,196)</u>	<u>(404,196)</u>	<u>(425,504)</u>	<u>(21,308)</u>
Net Change in Fund Balance	(52,071)	(99,111)	2,603	101,714
Fund Balance, Beginning of Year	<u>1,741,992</u>	<u>1,741,992</u>	<u>1,741,992</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,689,921</u>	<u>\$ 1,642,881</u>	<u>\$ 1,744,595</u>	<u>\$ 101,714</u>

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

SEPTEMBER 30, 2014

Assets

	<u>Public Safety Pension Fund</u>
Receivables:	
Interest	\$ 3,583
State excise tax rebate	13,996
	<hr/>
Total receivables	17,579
Investment at fair value:	
Domestic stock	1,282,282
Foreign stock	408,873
Corporate obligations	465,832
Foreign bonds	15,378
Government obligations	106,712
Temporary investments	211,227
	<hr/>
Total investments	2,490,304
Total assets	2,507,883

Liabilities

Accounts payable	<hr/> 4,143
Net position restricted for pensions	\$ <u><u>2,503,740</u></u>

See Notes to Financial Statements.

TOWN OF INDIAN SHORES, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Public Safety Pension Fund</u>
ADDITIONS:	
Contributions:	
Employer	\$ 129,715
Plan members	<u>29,009</u>
Total Contributions	158,724
Intergovernmental revenue:	
State excise tax rebate	13,996
Investment earnings:	
Interest/dividends	
Net appreciation in fair value of investments	<u>43,345</u> <u>230,787</u>
Investment earnings	274,132
Less investment expenses	<u>16,687</u>
Net investment earnings	<u>257,445</u>
Total additions	430,165
DEDUCTIONS:	
Benefits	
Age and service	57,220
Disability	11,174
Administrative expenses	<u>8,366</u>
Total deductions	<u>76,760</u>
Net increase in net position	353,405
Net position restricted for pensions:	
Beginning of year	<u>2,150,335</u>
End of year	\$ <u><u>2,503,740</u></u>

See Notes to Financial Statements.

NOTES TO
FINANCIAL STATEMENTS

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

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

The Town reports the following major governmental funds:

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

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

Additionally, the Town reports the following fund type:

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Establishment/Elimination of Funds

No funds were established or eliminated during the fiscal year ended September 30, 2014.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position/Equity:

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

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

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

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

The Florida State Board of Administration Local Government Pooled Investment Fund has met the criteria to be considered a "2A-7 like" Investment Fund as defined by GASB Statement No. 31. Therefore, amortized cost may be used for valuation. The fair value of the Town's investment in this pool is determined by the pool's share price (account balance).

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

The tax levy of the Town is established by the Town Council prior to October 1 of each year and the Pinellas County Property Appraiser incorporates the Town's millages into the total tax levy, which includes the Pinellas County School Board tax requirements. The Town is permitted by state law to levy taxes up to ten mills of assessed valuation, exclusive of taxes levied for the payment of bonds. The 2014 millage rate assessed by the Town was 1.8700.

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

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

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

- a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or
- b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances.

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

Fund Balance/ Net Position Policy

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

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

This Fund Balance/Net Position Policy establishes:

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

RESTRICTED

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

COMMITTED

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

ASSIGNED

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

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

UNASSIGNED

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

UNASSIGNED (Continued)

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

NON-SPENDABLE

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

MINIMUM LEVEL OF UNASSIGNED FUND BALANCE

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

Vacation Leave:

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

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

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

Sick Leave:

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

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

Any employee who separates employment from the Town other than for cause and who, at the time of separation has 800 accrued hours of sick leave, will be paid for one hundred and twenty (120) hours.

Holiday Hours:

Holiday hours are accrued when full-time employees are unable to take a holiday on its designated calendar date or an alternate date within the calendar year. An alternate date is granted to observe the holiday which occurred either on regularly scheduled days off or on scheduled duty days. Since the alternate holiday date is compensated, employees who work on holidays are paid their regular compensation for the holiday, not overtime. If one or more alternate holidays are earned but not taken due to scheduling exigencies in the year earned, holiday hours can be carried forward from one calendar year to the next. An employee who terminates employment with the Town will be paid for each unused holiday.

Bargaining unit employees shall receive eight hours of pay for all official paid holidays. Those employees who are required to work on holidays will be compensated at a shift premium rate of two times their regular rate of pay for each hour worked.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

Compensatory Time:

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

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

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

1. Summary of Significant Accounting Policies (Continued)

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

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

Net Position:

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

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

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

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

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

Net Position (Continued)

Fund Balance:

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

2. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds and net position - governmental activities* as reported in the government-wide statement of net position. The detail of this \$4,573,684 difference is as follows:

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

Governmental capital assets	\$ 16,017,685
Less accumulated depreciation	<u>(4,720,920)</u>
	<u>\$ 11,296,765</u>

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

Other post-employment benefits payable	31,348
Accrued interest payable	159,611
Bonds payable	4,875,000
Revenue note payable	1,560,000
Compensated absences	<u>97,122</u>
	<u>(6,723,081)</u>

Net adjustment to increase <i>fund balance - total Governmental funds</i> to arrive at <i>net position - Governmental activities</i>	<u><u>\$ 4,573,684</u></u>
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TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

2. Reconciliation of Government-wide and Fund Financial Statements (Continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

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 assets 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 and reported as depreciation expenses.” The details of this \$69,938 difference are as follows:

Capital outlay	\$ 400,669
Depreciation expense	<u>(615,016)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net position of governmental activities	\$ <u><u>(214,347)</u></u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

2. Reconciliation of Government-wide and Fund Financial Statements (Continued)

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Other post-employment benefits costs	\$ (5,666)
Compensated absences	19,958
Principal payment on bond	135,000
Principal payment on loan	135,642
Change in accrued interest expense	<u>(659)</u>
	<u>284,275</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u><u>69,938</u></u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

3. Stewardship, Compliance, and Accountability

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

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

Expenditures may not legally exceed budgeted appropriations at the departmental level. During the year two supplementary appropriations were necessary.

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

4. Cash and Cash Equivalents

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

5. Deposits

At year-end the carrying amount of the Town's deposits was \$375,195 and the bank balance was \$406,531. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Security for Public Deposits Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default.

6. Investments

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

Investments held by Town:	<u>Fair Value</u>	<u>Bond Rating</u>	<u>Weighted Average Duration in Years</u>
Florida State Board of Administration Local Government Pooled Investment Fund	\$ 50,153	Not Rated	Open-Ended
FMIVT Portfolio	1,615,891	Not Rated	N/A
Investments held by Pension Trust Fund:			
Domestic Stock	1,282,282	N/A	N/A
Foreign Stock	408,873	N/A	N/A
Corporate Obligations	465,832	AA	3.81
Foreign Bonds	15,378	AA	2.74
Government obligations	106,712	N/A	N/A
Temporary Investments	<u>211,227</u>	AA	N/A
Total investments	<u>\$ 4,156,348</u>		

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

6. Investments (Continued)

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

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

The Common Stocks, Corporate Obligations, and Temporary Investment Funds are assets of the Policemen's Pension Fund held by the Fund's agent in the Funds name. Accrued interest is not shown under a separate balance sheet account for the investment in the Florida Local Government Pooled Investment Fund as it is carried at fair value.

The State Board of Administration (Board) was established on June 21, 1928, pursuant to Chapter 14486, 1929, laws of Florida. The Board was subsequently created as a constitutional body corporate on January 1, 1943, under the provisions of Senate Joint Resolution No. 324, 1941; approved by the electorate in November 1942. The Board is composed of the Governor, as Chairman, the State Treasurer, as Treasurer, and the State Comptroller, as Secretary, and provides the following services by law: (1) investment of funds of the Florida Retirement System (FRS); (2) administration of debt service funds; (3) investment of trust and agency funds; and (4) distribution of the "Second Gas Tax."

The Local Government Pooled Investment Fund is governed by Ch. 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Pooled Investment Fund. Additionally, the office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

6. Investments (Continued)

Since the Florida State Board of Administration (SBA) Local Government Pooled Investment Fund (Fund) typically owns a substantial amount of treasury bills and notes, the Fund has utilized security lending programs to generate supplemental income. This income is used to pay a significant portion of the fees associated with the Fund which otherwise would have to be paid from regular Fund earnings. Any residual is used to build the Fund's reserve on behalf of participants. Both of these goals have been accomplished without impacting the regular earnings in the Fund with no change in the Fund's investment strategy. The investment in the Florida SBA pool is carried at the pool's share price at September 30, 2014.

During the fiscal year ended September 30, 2007 the fund reported that 6% of the fund was held in securities that were in default, had defaulted or were extended; 8% of the fund was held in securities that were under stress due to credit issues and 86% of the fund was held in high quality money market investments. In an effort to strengthen the fund's liquidity, the fund was divided into two parts:

Fund A contained all money-market appropriate assets and

Fund B consisted of assets in default, impaired or held significant credit risk.

The SBA Board adopted the following operating policy:

1. Shareholders were allowed to redeem (with no fees) from Fund A, the greater of
 - a) up to 37% of their holdings or
 - b) \$4 million
2. Establish a public-private partnership to allow shareholders to borrow cash against their shares.
3. Shareholders that need additional funds and were not able to make use of the credit facility may redeem Fund A shares subject to redemption fees.
4. Fund B shares are not liquid nor are they tradable.

During the fiscal year ended September 30, 2008, the SBA Board announced that the fund was on track to return to full liquidity by the fiscal year ending September 30, 2013. Further, the SBA Board expects that the SBA fund securities will pay in full at maturity.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

6. Investments (Continued)

Policemen's Pension Fund

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

Investments in foreign securities are denominated in United States currency.

7. Receivables

Receivables at September 30, 2014, consist of the following:

	<u>General Fund</u>	<u>Trust Fund</u>	<u>Capital Improvement Fund</u>	<u>Road and Bridge Fund</u>	<u>Total</u>
Receivables:					
Taxes	\$ 65,205	\$ -	\$ -	\$ -	\$ 65,205
Accounts	41,788	-	-	-	41,788
Intergovernmental	<u>35,000</u>	<u>13,996</u>	<u>424,837</u>	<u>5,700</u>	<u>479,533</u>
Gross receivables	141,993	13,996	424,837	5,700	586,526
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 141,993</u>	<u>\$ 13,996</u>	<u>\$ 424,837</u>	<u>\$ 5,700</u>	<u>\$ 586,526</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

8. Capital Assets

Capital assets activity for the year ended September 30, 2014 was as follows:

<u>Governmental activities:</u>	<u>Balance October 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2014</u>
Capital assets, not being depreciated:				
Land	\$ 827,462	\$ -	\$ -	\$ 827,462
Construction in progress	<u>39,205</u>	<u>-</u>	<u>(39,205)</u>	<u>-</u>
Total capital assets, not being depreciated	866,667	-	(39,205)	827,462
Capital assets, being depreciated:				
Buildings	4,993,552	305,604	-	5,299,156
Improvements other than buildings	9,115,006	39,205	-	9,154,211
Equipment	<u>676,620</u>	<u>95,065</u>	<u>(34,829)</u>	<u>736,856</u>
Total capital assets, being depreciated	14,785,178	439,874	(34,829)	15,190,223
Less accumulated depreciation for:				
Buildings	(420,654)	(103,227)	-	(523,881)
Improvements other than buildings	(3,258,284)	(452,070)	-	(3,710,354)
Equipment	<u>(461,795)</u>	<u>(59,719)</u>	<u>34,829</u>	<u>(486,685)</u>
Total accumulated depreciation	<u>(4,140,733)</u>	<u>(615,016)</u>	<u>34,829</u>	<u>(4,720,920)</u>
Total capital assets, being depreciated, net	<u>10,644,445</u>	<u>(175,142)</u>	<u>-</u>	<u>10,469,303</u>
Governmental activities				
Capital assets, net	<u>\$ 11,511,112</u>	<u>\$ (175,142)</u>	<u>\$ (39,205)</u>	<u>\$ 11,296,765</u>

Construction in Progress has been completed as of September 30, 2014. This consisted of the following three projects: the improvement to Nature Park Boardwalk, the New Pavilion, and the relocation of the playground.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

8. Capital Assets (Continued)

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

Governmental activities:

General government	\$ 115,665
Public safety	40,123
Physical environment	436,396
Culture and recreation	<u>22,832</u>

Total depreciation expenses - governmental activities \$ 615,016

9. Interfund Transfers

Transfers were made from the General Fund to subsidize the budgeted operations of the other funds for the fiscal year ended September 30, 2014 as follows:

	<u>Transfers</u>	<u>Transfers</u>
	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 425,504
Road and Bridge Fund	52,071	-
Capital Improvement Fund	373,433	-
Total	<u>\$ 425,504</u>	<u>\$ 425,504</u>

10. Risk Management

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

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

11. Long-Term Debt

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended September 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 117,080	\$ 178,910	\$ 198,868	\$ 97,122	\$ 24,280
Bonds	5,010,000	-	135,000	4,875,000	140,000
Other postemployment benefits	25,682	5,666	-	31,348	-
Revenue note, 2012	<u>1,695,652</u>	<u>-</u>	<u>135,652</u>	<u>1,560,000</u>	<u>135,652</u>
Governmental activity long-term liabilities	<u>\$ 6,848,414</u>	<u>\$ 184,576</u>	<u>\$ 469,520</u>	<u>\$ 6,563,470</u>	<u>\$ 299,932</u>

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

On February 15, 2005 the Town issued bonds through the Florida Municipal Loan Council. The purpose of this debt was to fund the Town's undergrounding project. The repayment terms are as follows:

Original Amount Issued:	\$5,930,000
Final Maturity:	February 1, 2035
Interest Rate:	3.0% to 5.0%
Annual Principal Payments:	\$100,000 to \$360,000
Amount Outstanding at September 30, 2014:	\$4,875,000

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

11. Long-Term Debt (Continued)

	<u>Principal</u>	<u>Interest</u>
2015	\$ 140,000	233,700
2016	145,000	228,628
2017	150,000	222,900
2018	160,000	216,975
2019	165,000	208,975
2020-2024	970,000	911,375
2025-2029	1,230,000	650,875
2030-2034	1,555,000	331,250
2035	<u>360,000</u>	<u>18,000</u>
	<u>\$ 4,875,000</u>	<u>\$ 3,022,678</u>

Revenue Note, Series 2012

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

SunTrust Loan Agreement

Term: September 1, 2012 through March 1, 2026
Amount borrowed: \$1,820,000
Principal payments: \$11,304 monthly
Interest rate: 2.93%

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

11. Long-Term Debt (Continued)

Revenue Note, Series 2012 (Continued)

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
2015	\$ 135,652	44,491
2016	135,652	40,572
2017	135,652	36,431
2018	135,652	32,402
2019	135,652	28,372
2020-2024	678,260	81,501
2025-2026	<u>203,480</u>	<u>4,778</u>
	<u>\$ 1,560,000</u>	<u>\$ 268,547</u>

12. Reserved Net Position

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

Policemen's Pension Fund	\$ <u>2,503,740</u>
Net position restricted for pensions	\$ <u>2,503,740</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

13. Details of Constraints on Fund Balances of Governmental Funds

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Road and Bridge Fund</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Prepays	\$ 50,441	\$ -	\$ -	50,441
Restricted for:				
Police education	2,302	-	-	2,302
Police equipment	5,783	-	-	5,783
Committed to:				
Insurance deductible	14,500	-	-	14,500
Beautification	18,806	-	-	18,806
Public works equipment	52,841	-	-	52,841
Beach cleanup	22,000	-	-	22,000
Unassigned:	<u>1,577,922</u>	<u>769,549</u>	<u>35,183</u>	<u>2,382,654</u>
Total fund balances	<u>\$ 1,744,595</u>	<u>\$ 769,549</u>	<u>\$ 35,183</u>	<u>\$ 2,549,327</u>

14. Budgetary - GAAP Reporting Reconciliation

The accompanying financial statements present comparisons of the legally adopted budget with actual data on a GAAP (generally accepted accounting principles) basis. Accounting principles applied by the Town for purposes of developing data on a budgetary basis did not differ significantly from those used to present financial statements in conformity with generally accepted accounting principles for the year ended September 30, 2014.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

15. Contingent Liabilities

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

The Town did not receive federal grant funds during the fiscal year ended September 30, 2014, and is not, therefore, subject to the program compliance audit by the grantee under the Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations".

The Town has not entered into any operating leases with scheduled rent increases as of September 30, 2014.

16. Postemployment Benefits

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

17. Florida Retirement System

Plan Description:

The Town's current elected officials (Town Council) participate in the Florida Retirement System (FRS), a non-contributory cost-sharing, multiple-employer public employee retirement system.

The Town of Indian Shores contributes to the FRS which is administered by the Florida Department of Management Services, Division of Retirement. FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 121 of the Florida Statutes, which may be amended by the Florida Legislature, assigns the authority to establish and amend benefit provisions to the Department of Management Services through the Division of Retirement. The FRS issues a publicly available financial report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to:

State of Florida
Division of Retirement
3639-C North Monroe Street
Tallahassee, Florida 32399-1560

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

17. Florida Retirement System (Continued)

Plan Description (Continued):

Funding Policy:

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. Future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

Retirement benefits and the Town's contribution rates are summarized as follows:

<u>Membership Category</u>	<u>Retirement Benefit</u>	<u>Vesting</u>	<u>Employer Contribution Rates through June 30, 2014</u>	<u>Employer Contribution Rates Beginning July 1, 2014</u>
Elected State, County and City Officers'	1.6% times years of service times average compensation (5 highest years) if age 62 or 30 years of service at any age.	After 6 years of creditable service.	33.03% of covered payroll	43.24% of covered payroll

The Town contributions include 1.11% for a post-retirement health insurance subsidy. FRS also provides disability and survivors benefits. Benefits are established by the Florida State Statute.

Participants in FRS contribute 3% of their wages.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

17. Florida Retirement System (Continued)

Deferred Retirement Option Program:

The FRS Deferred Retirement Option Program (DROP) is available to a member when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to 60 months. During DROP participation, the member's retirement benefits (increased by a cost-of-living adjustment each July) accumulate in the FRS Trust Fund and earn monthly interest equivalent to an annual rate of 6.5%. (The DROP interest rate is reduced to 1.3% for members who enter on or after 7/1/11). The member must cease employment after a maximum of 60 months, must satisfy the termination requirements for retirement, and is subject to reemployment restrictions thereafter. The member's DROP accumulation may be paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover. Employers must pay contributions at a rate of 4.42% of salary for all DROP participants prior to June 30, 2012. The contribution rate for DROP participants after July 1, 2012 was 5.44%. FRS also provides disability and survivors benefits. Benefits are established by Florida State Statute.

The contribution requirements of employers are established and may be amended by the Division of Retirement. The Town's contributions and its required contributions for the ten years ended September 30, 2014 are summarized as follows:

<u>Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
September 30, 2005	\$3,655	100.0%
September 30, 2006	\$3,745	100.0
September 30, 2007	\$4,777	100.0
September 30, 2008	\$5,356	100.0
September 30, 2009	\$5,356	100.0
September 30, 2010	\$5,765	100.0
September 30, 2011	\$5,666	100.0
September 30, 2012	\$3,765	100.0
September 30, 2013	\$5,383	100.0
September 30, 2014	\$12,025	100.0

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

18. Defined Benefit Plan

Plan Description:

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

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

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

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

<u>Group</u>	<u>September 30, 2014</u>
Retirees and beneficiaries currently receiving benefits	<u>3</u>
Terminated plan members entitled to but not yet receiving benefits	<u>-</u>
Active plan members:	
Fully vested	6
Nonvested	<u>4</u>
Total	<u>10</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

18. Defined Benefit Plan (Continued)

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

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

The Plan has not issued a stand-alone financial report for the year ended September 30, 2014.

Basis of Accounting:

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

New Accounting Pronouncements - Governmental Accounting Standards Board (GASB) 67, Financial Reporting for Pension Plans and GASB 68, *Accounting & Financial Reporting for Pensions (Employer)*, address accounting and financial reporting requirements for pension plan activities. The Town of Indian Shores Policemen's Retirement Plan (Plan) is a single employer pension plan as defined by GASB 67. The requirements for GASB 67 require changes in presentation of the financial statements, notes to the financial statements, and required supplementary information. Although GASB 67 is effective for fiscal years beginning after June 15, 2013, early adoption is permitted. The

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

18. Defined Benefit Plan (Continued)

implementation of GASB 67 did not significantly impact the accounts receivable and investment balances, as they were already accounted for in accordance with GASB 67 requirements and therefore no restatement of the 2013 balances were necessary. The Town's implementation consists of the assumptions and actuarial calculation of total and net pension liability, comprehensive footnote disclosures regarding the pension liability calculation and assumptions and increased investment activity disclosures.

It is important to note that the disclosures related to GASB 67 are accounting measurements, not actuarial measurements of the funded status of the plan, and are not used to develop employer contribution rates.

The Town has not recorded a pension liability in the statement of net position for the fiscal year ended September 30, 2014.

Asset Allocation - The Plan's adopted asset allocation policy as of September 30, 2014 is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	50%
International equity	10
Broad market fixed income	<u>40</u>
Total	<u>100%</u>

Rate of Return - For the year ended September 30, 2014, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 11.7 percent adjusted for the changing amounts actually invested.

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

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

18. Defined Benefit Plan (Continued)

Funding Policy:

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

The Town's Annual Pension Cost and Net Pension Obligation for the year ended September 30, 2014 is as follows:

Annual required contributions	\$ 129,715
Interest on net pension obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual pension cost	129,715
Contributions made	<u>129,715</u>
Increase (decrease) in net pension obligation	-
Net Pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	<u><u>\$ -</u></u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

18. Defined Benefit Plan (Continued)

Funding Policy (Continued):

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

19. Net Pension Liability of the Town

The Town's pension on liability on September 30, 2014 was as follows:

Total pension liability	\$	2,524,384
Plan fiduciary net position		<u>(2,503,740)</u>
Town's net pension liability	\$	<u><u>20,644</u></u>
 Total pension liability		 99.18%

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

19. Net Pension Liability of the Town (Continued)

Actuarial Assumptions:

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

Mortality rate: RP-2000 Table - Sex Distinct.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

<u>Target Allocation</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
50%	Domestic equity	6.0%
10%	International equity	8.5%
40%	Broad market fixed income	2.5%

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

19. Net Pension Liability of the Town (Continued)

Discount rate:

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

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Town's net pension liability	\$ 325,575	\$ 20,644	\$ (236,997)

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

19. Net Pension Liability of the Town (Continued)

Required Supplementary Information

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

Last Fiscal Year

	<u>September 30, 2014</u>
Total pension liability:	
Service cost	\$ 84,581
Interest	167,384
Changes in excess state money	-
Changes in funding standard account	-
Share plan allocation	-
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Contributions - buy back	-
Benefit payments, including refunds of employee contributions	<u>(68,394)</u>
Net change in total pension liability	183,571
Total pension liability - beginning	<u>2,340,813</u>
Total pension liability - ending (a)	<u><u>\$ 2,524,384</u></u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

19. Net Pension Liability of the Town (Continued)

Required Supplementary Information (Continued)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (CONTINUED)

Last Fiscal Year

	<u>September 30, 2014</u>
Plan fiduciary net position:	
Contributions - employer	\$ 129,715
Contributions - State	13,996
Contributions - employees	29,009
Contributions - buy back	-
Net investment income	257,445
Benefit payments, including refunds of employee contributions	(68,394)
Administrative expenses	(8,366)
Other	<u>-</u>
Net change in plan fiduciary net position	353,405
Plan fiduciary net position - beginning	<u>2,150,335</u>
Plan fiduciary net position - ending (b)	\$ <u><u>2,503,740</u></u>
Net pension liability (a) - (b)	\$ <u><u>20,644</u></u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

19. Net Pension Liability of the Town (Continued)

Required Supplementary Information (Continued)

SCHEDULE OF RELATED RATIOS

Last Fiscal Year

	<u>September 30, 2014</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>99.18%</u>
Covered employee payroll	\$ <u>580,180</u>
Net pension liability as a percentage of covered payroll	<u>3.56%</u>

SCHEDULE OF CONTRIBUTIONS

Last Fiscal Year

Actuarially determined contribution	\$ 143,304
Contributions in relation to the actuarially determined contributions	<u>143,711</u>
Contributions deficiency (Excess)	\$ <u>(407)</u>
Covered employee payroll	\$ 580,180
Contributions as a percentage of covered employee payroll	24.77%

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

19. Net Pension Liability of the Town (Continued)

Required Supplementary Information (Continued)

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation date: 10/01/2011 (AIS 07-25-14)

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

Methods and assumptions used to determine contribution rates:

Funding method: Frozen entry age actuarial cost method.

Amortization method: Level percentage of pay.

Remaining amortization period: 30 years (as of 10/1/11)

Inflation increases: 3.0% per year.

Salary increases: 7.0% per year until the assumed retirement age. Projected salary at retirement is increased 12% to account for non-regular compensation.

Payroll increases: None

Interest rate: 7.5% per year compounded annually, net of investment related expenses.

Retirement age: Earlier of 1) age 52 and 25 years of service, or 2) age 55 and 10 years of service. Also, any member who has reached normal retirement age is assumed to continue employment for one additional year.

Early retirement: It is assumed that members who are eligible for early retirement (age 50) will retire at the rate of 5% per year.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

19. Net Pension Liability of the Town (Continued)

Required Supplementary Information (Continued)

NOTES TO SCHEDULE OF CONTRIBUTIONS (CONTINUED)

Termination rate: See table below.
Disability rate: See table below.
Mortality: RP-2000 mortality table, sex distinct. Disabled lives are set forward five years.

Terminations and Disability Rate Table.

:	<u>Percentage Terminating</u>		<u>Percentage Becoming Disabled</u>
	<u>Age</u>	<u>During the Year</u>	<u>During the Year</u>
	20	6.0%	0.03%
	30	5.0%	0.04%
	40	2.6%	0.07%
	50	0.8%	0.18%

SCHEDULE OF INVESTMENT RETURNS

Last Fiscal Year

	<u>September 30, 2014</u>
Annual money-weighted rate of return	
net of investment expenses	<u><u>11.71%</u></u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

20. Schedule of Investment and Administrative Expenses - Chapter 185
Pension Plan

The schedule of investment and administrative expenses , investment income and investment cost and fair value of the Policemen’s Pension Trust Fund for the fiscal year ended September 30, 2014 is as follows:

	<u>Investment</u> <u>Expenses</u>	<u>Administrative</u> <u>Expenses</u>
Legal fees	\$ -	\$ 5,406
Actuary fees	-	125
Insurance	-	216
Custodial fees	1,138	2,619
Investment management fees	15,549	-
	<u> </u>	<u> </u>
Total	\$ <u>16,687</u>	\$ <u>8,366</u>

Appreciation (Depreciation) in Fair Value
of Investments

<u>Investment Type</u>	<u>Realized</u> <u>Appreciation</u> <u>(Depreciation)</u>	<u>Unrealized</u> <u>Appreciation</u> <u>(Depreciation)</u>	<u>Total</u>
Domestic stock	\$ 40,074	\$ 170,894	\$ 210,968
Foreign stock	(5,544)	24,593	19,049
Corporate obligations	964	(3,765)	(2,801)
Foreign bonds	-	20	20
Municipal obligations	-	3,551	3,551
	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u>35,494</u>	\$ <u>195,293</u>	\$ <u>230,787</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

20. Schedule of Investment and Administrative Expenses - Chapter 185
Pension Plan (Continued)

The Plan's investments at both fair value and adjusted cost as of September 30, 2014 are summarized as follows:

<u>Investment</u>	<u>Cost</u>	<u>Fair Value</u>
Domestic stock	\$ 929,736	\$ 1,282,282
Foreign stock	332,968	408,873
Corporate obligations	456,967	465,832
Foreign bonds	14,977	15,378
Municipal obligations	-	106,712
Temporary investments	<u>99,445</u>	<u>211,227</u>
Total	<u>\$1,834,093</u>	<u>\$ 2,490,304</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

21. Employees' Pension Fund

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

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

The Town's total payroll in fiscal year 2014 was \$1,173,293. The Town's contributions were calculated using the participants' salary amount of \$478,485. The Town made the required 13% contribution offset by any forfeitures during the year ended September 30, 2014. The employees who participate in this Plan must make a minimum contribution of 7% of their total salaries. Both the Town and the covered employees made the required contributions summarized as follows:

	<u>Contribution Amount</u>	<u>Percentage of Current Covered Payroll</u>
Required:		
Town	\$ 62,203	13%
Employees	<u>33,494</u>	7%
Total contributions	<u><u>\$ 95,697</u></u>	

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

22. Deferred Compensation Plan

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

23. Post-Employment Health Care Benefits

GASB Statement No. 45: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB), established new accounting standards for postretirement benefits. The new standard does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's financial statement as an increase (or decrease) in the net OPEB obligation. The effective date for implementation of GASB 45 by the Town of Indian Shores was October 1, 2009. The Town did obtain an actuarial valuation in accordance with GASB 45 standards as of October 1, 2013, and discloses the following:

Plan Description and Funding Policy

Employees who retire from the Town of Indian Shores (Town), and eligible dependents and survivors, are eligible to continue to participate in the Town's health insurance programs at the "blended" employee group rate which is determined annually by the Town and approved by the Town Council. Retirees have 31 days to elect to enroll in the Town's health insurance plan in which they were participating at the time of retirement unless otherwise stated in a plan document or collective bargaining agreement. As of September 30, 2014, there were no eligible retirees participating in the Town's health program.

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

23. Post Employment Health Care Benefits (Continued)

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

Annual OPEB Cost and Net OPEB Obligation

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

	<u>OPEB Cost</u>	
	<u>9/30/14</u>	<u>9/30/13</u>
Annual required contribution (ARC)	\$ 15,564	\$ 16,897
Interest on net OPEB obligation	1,284	983
Adjustment to ARC	<u>(1,663)</u>	<u>(1,254)</u>
Annual OPEB cost	15,185	16,626
Contribution made (pay-as-you-go basis)	<u>(9,519)</u>	<u>(10,605)</u>
Increase in net OPEB obligation	5,666	6,021
Net OPEB obligation, beginning of year	<u>25,682</u>	<u>19,661</u>
Net OPEB obligation, end of year	<u>\$ 31,348</u>	<u>\$ 25,682</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

23. Post Employment Health Care Benefits (Continued)

<u>Year Ended September 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 15,185	62.7%	\$ 31,348
2013	16,626	63.8%	25,682
2012	20,561	69.0%	19,661
2011	25,825	73.8%	13,282
2010	2,944	34.0%	5,528
2009	8,804	79.5%	3,584

Required Supplementary Information

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2014 and 2013, was as follows:

	<u>9/30/14</u>	<u>9/30/13</u>
Actuarial accrued liability	\$ 102,839	\$ 98,388
Actuarial value of plan assets	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability	<u>\$ 102,839</u>	<u>\$ 98,388</u>
Funded ratio	<u>0%</u>	<u>0%</u>
Covered payroll	<u>\$ 1,082,685</u>	<u>\$ 1,082,685</u>
Unfunded actuarial accrued liability as a percentage of covered payroll	<u>9.1%</u>	<u>9.1%</u>

TOWN OF INDIAN SHORES, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

23. Post-Employment Health Care Benefits (Continued)

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

Actuarial Methods and Assumptions

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

Measurement Date	October 1, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Period	30 years
Amortization Method	Level Percent of Payroll
Discount Rate	5.00%
CPI	2.50%
Healthcare Cost Trend Rate	Pre-medicare: 7.5% (grading down to 4.5% in 2017) Post-medicare: 7.5% (grading down to 4.5% in 2017)
Payroll Growth Rate	0% annually
Mortality Rate	RP-2000 Combined Healthy Mortality Table

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUND

SPECIAL REVENUE FUND

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

Road and Bridge Fund

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

STATE - 8th Cent Motor Fuel Tax Receipts

COUNTY - Local Option Gas Tax Receipts

COUNTY - Transportation Impact Fee Receipts

TOWN OF INDIAN SHORES, FLORIDA

BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND

SEPTEMBER 30, 2014

<u>ASSETS</u>	<u>Special Revenue Fund</u>	<u>Road and Bridge Fund</u>
Equity in pooled cash	\$	
Receivables:		29,483
Intergovernmental - County		<u>5,700</u>
TOTAL ASSETS	\$	<u><u>35,183</u></u>
 <u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>		
LIABILITIES:		
Accounts payable	\$	<u>-</u>
TOTAL LIABILITIES		-
 FUND BALANCES (DEFICITS):		
Restricted		<u>35,183</u>
TOTAL FUND BALANCES (DEFICITS)		<u>35,183</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$	<u><u>35,183</u></u>

TOWN OF INDIAN SHORES, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Fund <u>Road and Bridge Fund</u>
REVENUES:	
Intergovernmental revenues	\$ 30,919
Charges for services	<u>36,379</u>
TOTAL REVENUES	67,298
EXPENDITURES:	
Current:	
Physical environment:	
Public works	<u>113,672</u>
TOTAL EXPENDITURES	<u>113,672</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(46,374)
OTHER FINANCING SOURCES:	
Transfer in	<u>52,071</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	5,697
FUND BALANCE, OCTOBER 1	<u>29,486</u>
FUND BALANCE, SEPTEMBER 30	\$ <u><u>35,183</u></u>

TOWN OF INDIAN SHORES, FLORIDA

SPECIAL REVENUE FUND

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Road and Bridge Fund</u>			Variance With Final Budget- Favorable (Unfavorable)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental revenues	\$ 29,900	\$ 29,900	\$ 30,919	\$ 1,019
Charges for services	<u>36,379</u>	<u>36,379</u>	<u>36,379</u>	<u>-</u>
TOTAL REVENUES	66,279	66,279	67,298	1,019
EXPENDITURES:				
Current:				
Public Works	<u>118,350</u>	<u>118,350</u>	<u>113,672</u>	<u>4,678</u>
TOTAL EXPENDITURES	<u>118,350</u>	<u>118,350</u>	<u>113,672</u>	<u>4,678</u>
EXCESS OF REVENUES OVER EXPENDITURES	(52,071)	(52,071)	(46,374)	5,697
OTHER FINANCING SOURCES:				
Transfer in	<u>52,071</u>	<u>52,071</u>	<u>52,071</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-	-	5,697	5,697
FUND BALANCE, OCTOBER 1	<u>29,486</u>	<u>29,486</u>	<u>29,486</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 30	<u>\$ 29,486</u>	<u>\$ 29,486</u>	<u>\$ 35,183</u>	<u>\$ 5,697</u>

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

TOWN OF INDIAN SHORES, FLORIDA

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

SEPTEMBER 30, 2014

Governmental Funds Capital Assets:	
Land	\$ 827,462
Buildings	5,299,156
Improvements other than buildings	9,154,211
Equipment	<u>736,856</u>
Total Governmental Funds Capital Assets	<u>\$ 16,017,685</u>
Governmental Funds Capital Assets by Source:	
General Fund	\$ 2,236,902
Special Revenue Funds	4,276,874
Federal and state entitlements and grants	2,305,576
Long-term borrowing	<u>7,198,333</u>
Total Governmental Funds Capital Assets	<u>\$ 16,017,685</u>

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

TOWN OF INDIAN SHORES, FLORIDA

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

SEPTEMBER 30, 2014

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment
General Government:					
Control:					
Administrative	\$ 4,168,675	\$ -	\$ 3,003,004	\$ 1,132,895	\$ 32,776
Finance	50,384	-	-	7,875	42,509
Legislative	<u>522,400</u>	<u>483,299</u>	<u>-</u>	<u>28,878</u>	<u>10,223</u>
Total control	4,741,459	483,299	3,003,004	1,169,648	85,508
Staff agencies:					
Public services	<u>9,123,660</u>	<u>344,163</u>	<u>678,960</u>	<u>7,942,958</u>	<u>157,579</u>
Total staff agencies	<u>9,123,660</u>	<u>344,163</u>	<u>678,960</u>	<u>7,942,958</u>	<u>157,579</u>
Total General Government	<u>13,865,119</u>	<u>827,462</u>	<u>3,681,964</u>	<u>9,112,606</u>	<u>243,087</u>
Public Safety:					
Police protection	2,096,957	-	1,617,192	7,179	472,586
Maintenance	25,190	-	-	24,371	819
Protective inspections	<u>19,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,251</u>
Total public safety	2,141,398	-	1,617,192	31,550	492,656
Culture and Recreation:					
Library	<u>11,168</u>	<u>-</u>	<u>-</u>	<u>10,055</u>	<u>1,113</u>
Total culture and recreation	<u>11,168</u>	<u>-</u>	<u>-</u>	<u>10,055</u>	<u>1,113</u>
Total governmental fund					
Capital Assets	<u>\$ 16,017,685</u>	<u>\$ 827,462</u>	<u>\$ 5,299,156</u>	<u>\$ 9,154,211</u>	<u>\$ 736,856</u>

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

TOWN OF INDIAN SHORES, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

<u>Function and Activity</u>	<u>Governmental Fund Capital Assets October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Fund Capital Assets September 30, 2014</u>
General Government:				
Control:				
Administrative	\$ 4,168,675	\$ -	\$ -	\$ 4,168,675
Finance	50,384	-	-	50,384
Legislative	<u>522,400</u>	<u>-</u>	<u>-</u>	<u>522,400</u>
Total control	4,741,459	-	-	4,741,459
Staff agencies:				
Public services	<u>8,792,018</u>	<u>366,471</u>	<u>34,829</u>	<u>9,123,660</u>
Total staff agencies	<u>8,792,018</u>	<u>366,471</u>	<u>34,829</u>	<u>9,123,660</u>
Total General Government	13,533,477	366,471	34,829	13,865,119
Public Safety:				
Police protection	2,062,759	34,198	-	2,096,957
Maintenance	25,190	-	-	25,190
Protective inspections	<u>19,251</u>	<u>-</u>	<u>-</u>	<u>19,251</u>
Total public safety	2,107,200	34,198	-	2,141,398
Culture and Recreation:				
Library	<u>11,168</u>	<u>-</u>	<u>-</u>	<u>11,168</u>
Total culture and recreation	<u>11,168</u>	<u>-</u>	<u>-</u>	<u>11,168</u>
Total governmental funds				
Capital Assets	<u>\$ 15,651,845</u>	<u>\$ 400,669</u>	<u>\$ 34,829</u>	<u>\$ 16,017,685</u>

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

STATISTICAL SECTION

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

Content	Page
Financial Trends	88
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time</i>	
Revenue Capacity	95
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	99
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue debt in the future.</i>	
Demographic and Economic Information	103
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	105
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

FINANCIAL TRENDS

TOWN OF INDIAN SHORES, FLORIDA

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
EXPENSES										
Governmental Activities:										
General government	\$ 961,226	\$ 932,985	\$ 289,805	\$ 786,036	\$ 685,884	\$ 716,258	\$ 690,225	\$ 675,068	\$ 584,758	\$ 527,118
Public safety	1,338,956	1,331,741	1,709,958	1,332,892	1,259,272	1,249,656	1,112,913	1,188,839	1,084,485	1,043,151
Physical environment	609,083	920,764	1,548,023	1,107,363	1,158,904	1,147,173	977,860	635,668	578,753	882,025
Culture and recreation	340,390	18,540	3,942	4,147	4,932	4,697	4,945	5,005	4,565	5,062
Total governmental activities expenses	<u>3,249,655</u>	<u>3,204,030</u>	<u>3,551,728</u>	<u>3,230,438</u>	<u>3,108,992</u>	<u>3,117,784</u>	<u>2,785,943</u>	<u>2,504,580</u>	<u>2,252,561</u>	<u>2,457,356</u>
Business-type activities:										
Parking fee	-	-	-	-	33,829	9,467	12,120	15,704	15,728	14,547
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,829</u>	<u>9,467</u>	<u>12,120</u>	<u>15,704</u>	<u>15,728</u>	<u>14,547</u>
Total primary government expenses	<u>\$ 3,249,655</u>	<u>\$ 3,204,030</u>	<u>\$ 3,551,728</u>	<u>\$ 3,230,438</u>	<u>\$ 3,142,821</u>	<u>\$ 3,127,251</u>	<u>\$ 2,798,063</u>	<u>\$ 2,520,284</u>	<u>\$ 2,268,289</u>	<u>\$ 2,471,903</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services	\$ 701,726	\$ 618,509	\$ 555,740	\$ 552,536	\$ 510,934	\$ 495,331	\$ 472,573	\$ 450,970	\$ 777,190	\$ 861,250
Capital grants and contributions	5,541	7,407	1,000	98,755	64,300	-	57,525	151,450	240,431	36,305
Total governmental activities program revenues	<u>707,267</u>	<u>625,916</u>	<u>556,740</u>	<u>651,291</u>	<u>575,234</u>	<u>495,331</u>	<u>530,098</u>	<u>602,420</u>	<u>1,017,621</u>	<u>897,555</u>
Business-type activities:										
Charges for services:										
Parking fee	-	-	-	-	51,164	21,552	21,970	33,771	28,733	31,094
Total business-type activities revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,164</u>	<u>21,552</u>	<u>21,970</u>	<u>33,771</u>	<u>28,733</u>	<u>31,094</u>
Total primary government program revenues	<u>\$ 707,267</u>	<u>\$ 625,916</u>	<u>\$ 556,740</u>	<u>\$ 651,291</u>	<u>\$ 626,398</u>	<u>\$ 516,883</u>	<u>\$ 552,068</u>	<u>\$ 636,191</u>	<u>\$ 1,046,354</u>	<u>\$ 928,649</u>
NET (EXPENSE) REVENUE										
Governmental activities	\$ (2,542,388)	\$ (2,574,523)	\$ (2,994,988)	\$ (2,579,147)	\$ (2,533,758)	\$ (2,622,453)	\$ (2,255,845)	\$ (1,902,160)	\$ (1,234,940)	\$ (1,559,801)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,335</u>	<u>12,085</u>	<u>9,850</u>	<u>18,067</u>	<u>13,005</u>	<u>16,547</u>
Total primary government net expense	<u>\$ (2,542,388)</u>	<u>\$ (2,574,523)</u>	<u>\$ (2,994,988)</u>	<u>\$ (2,579,147)</u>	<u>\$ (2,516,423)</u>	<u>\$ (2,610,368)</u>	<u>\$ (2,245,995)</u>	<u>\$ (1,884,093)</u>	<u>\$ (1,221,935)</u>	<u>\$ (1,543,254)</u>

TOWN OF INDIAN SHORES, FLORIDA

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities:										
Taxes:										
Property taxes	\$ 1,171,055	\$ 1,151,961	\$ 1,122,813	\$ 1,133,086	\$ 1,269,429	\$ 1,407,705	\$ 1,609,971	\$ 1,729,823	\$ 1,308,305	\$ 1,036,568
Franchise fees	260,669	240,962	250,416	259,710	282,121	272,978	230,276	226,594	359,333	290,540
Sales taxes	223,871	225,466	202,003	218,139	216,163	220,660	226,422	263,933	260,329	239,567
Other taxes	923,403	901,248	886,145	533,205	546,787	518,241	479,609	438,340	371,671	263,393
State revenue sharing	30,188	30,074	36,634	28,090	30,365	30,222	34,284	37,393	38,045	37,051
Investment earnings	3,260	2,320	5,538	8,667	26,287	47,297	124,546	286,756	273,017	111,871
Miscellaneous	16,022	50,626	393,744	42,247	34,869	56,820	90,765	357,577	27,546	65,059
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	754	250	2,415
Transfers	-	-	-	-	7,547	12,085	12,320	18,937	16,112	17,448
Total governmental activities	<u>2,628,468</u>	<u>2,602,657</u>	<u>2,897,293</u>	<u>2,223,144</u>	<u>2,413,568</u>	<u>2,566,008</u>	<u>2,808,193</u>	<u>3,360,107</u>	<u>2,654,608</u>	<u>2,063,912</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	(7,547)	(12,085)	(12,320)	(18,937)	(16,112)	(17,448)
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,547)</u>	<u>(12,085)</u>	<u>(12,320)</u>	<u>(18,937)</u>	<u>(16,112)</u>	<u>(17,448)</u>
Total primary government	<u>\$ 2,628,468</u>	<u>\$ 2,602,657</u>	<u>\$ 2,897,293</u>	<u>\$ 2,223,144</u>	<u>\$ 2,406,021</u>	<u>\$ 2,553,923</u>	<u>\$ 2,795,873</u>	<u>\$ 3,341,170</u>	<u>\$ 2,638,496</u>	<u>\$ 2,046,464</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 86,080	\$ 24,543	\$ (97,695)	\$ (356,003)	\$ (120,190)	\$ (45,661)	\$ 552,348	\$ 1,457,947	\$ 1,419,668	\$ 504,111
Business-type activities	-	-	-	-	9,788	-	(2,470)	(870)	(3,107)	(901)
Total primary government	<u>\$ 86,080</u>	<u>\$ 24,543</u>	<u>\$ (97,695)</u>	<u>\$ (356,003)</u>	<u>\$ (110,402)</u>	<u>\$ (45,661)</u>	<u>\$ 549,878</u>	<u>\$ 1,457,077</u>	<u>\$ 1,416,561</u>	<u>\$ 503,210</u>

TOWN OF INDIAN SHORES, FLORIDA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Net investment in										
capital assets:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted	4,861,765	4,805,460	5,162,660	5,215,856	2,857,899	3,680,203	4,061,393	2,007,452	922,217	2,824,028
Unrestricted	8,085	8,085	302	2,096	# 62,412	47,660	495,467	2,540,553	2,834,039	135,486
	2,253,161	2,223,386	1,849,426	1,892,131	4,545,775	3,868,997	3,085,661	2,542,168	1,875,970	1,253,044
Total governmental activities net assets	\$ 7,123,011	\$ 7,036,931	\$ 7,012,388	\$ 7,110,083	\$ 7,466,086	\$ 7,596,860	\$ 7,642,521	\$ 7,090,173	\$ 5,632,226	\$ 4,212,558
Business-type activities:										
Net investment in										
capital assets:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	(9,788)	(9,788)	(7,318)	(6,448)	3,341
Total business-type activities net assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,788)	\$ (9,788)	\$ (7,318)	\$ (6,448)	\$ 3,341
Primary government:										
Net investment in										
capital assets:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted	4,861,765	4,805,460	5,162,660	5,215,856	2,857,899	3,680,203	4,061,393	2,007,452	922,217	2,824,028
Unrestricted	8,085	8,085	302	2,096	62,412	47,660	495,467	2,540,553	2,834,039	121,852
	2,253,161	2,223,386	1,849,426	1,892,131	4,545,775	3,868,997	3,075,873	2,534,850	1,869,522	1,263,337
Total primary government net position	\$ 7,123,011	\$ 7,036,931	\$ 7,012,388	\$ 7,110,083	\$ 7,466,086	\$ 7,596,860	\$ 7,632,733	\$ 7,082,855	\$ 5,625,778	\$ 4,209,217

TOWN OF INDIAN SHORES, FLORIDA

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Utility Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2004	\$ 912,648	\$ -	\$ 254,202	1,166,850
2005	1,036,568	202,881	290,540	1,529,989
2006	1,308,305	293,028	359,333	1,960,666
2007	1,729,823	291,005	226,594	2,247,422
2008	1,609,971	310,121	230,276	2,150,368
2009	1,407,705	328,578	272,978	2,009,261
2010	1,269,429	362,487	282,121	1,914,037
2011	1,133,086	358,061	259,710	1,750,857
2012	1,122,813	337,506	250,416	1,710,735
2013	1,151,961	349,127	240,962	1,742,050
2014	1,171,055	370,330	260,669	1,802,054

TOWN OF INDIAN SHORES, FLORIDA

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:										
Nonspendable	\$ 50,441	\$ 50,754	\$ 39,368	\$ 36,633	\$ 42,895	\$ 61,028	\$ 87,645	\$ 106,102	\$ 125,341	\$ 121,852
Restricted	8,085	8,085	302	2,096	-	-	-	-	-	-
Committed	108,147	108,147	108,147	129,498	132,921	132,425	129,857	125,226	132,637	110,153
Unassigned	<u>1,577,922</u>	<u>1,575,006</u>	<u>1,617,318</u>	<u>1,351,725</u>	<u>1,324,062</u>	<u>2,474,591</u>	<u>2,139,170</u>	<u>2,120,726</u>	<u>1,958,885</u>	<u>1,118,611</u>
Total general fund	<u>\$ 1,744,595</u>	<u>\$ 1,741,992</u>	<u>\$ 1,765,135</u>	<u>\$ 1,519,952</u>	<u>\$ 1,499,878</u>	<u>\$ 2,668,044</u>	<u>\$ 2,356,672</u>	<u>\$ 2,352,054</u>	<u>\$ 2,216,863</u>	<u>\$ 1,350,616</u>
All Other Governmental Funds:										
Unassigned, reported in:										
Special revenue fund	\$ 35,183	\$ 29,486	\$ 28,299	\$ 62,786	\$ 59,649	\$ 54,276	\$ 101,976	\$ 46,195	\$ 10,094	\$ 13,634
Capital projects fund	<u>769,549</u>	<u>761,707</u>	<u>478,160</u>	<u>703,425</u>	<u>3,705,832</u>	<u>1,507,650</u>	<u>1,465,846</u>	<u>2,950,054</u>	<u>2,747,818</u>	<u>4,435,809</u>
Total all other governmental funds	<u>\$ 804,732</u>	<u>\$ 791,193</u>	<u>\$ 506,459</u>	<u>\$ 766,211</u>	<u>\$ 3,765,481</u>	<u>\$ 1,561,926</u>	<u>\$ 1,567,822</u>	<u>\$ 2,996,249</u>	<u>\$ 2,757,912</u>	<u>\$ 4,449,443</u>

TOWN OF INDIAN SHORES, FLORIDA

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
REVENUES										
Taxes	\$ 1,802,054	\$ 1,742,050	\$ 1,710,735	\$ 1,750,857	\$ 1,914,037	\$ 2,009,261	\$ 2,150,368	\$ 2,247,422	\$ 1,960,666	\$ 1,529,989
Licenses, fees and permits	110,735	55,944	41,231	65,122	54,639	51,349	45,249	51,350	342,689	423,981
Intergovernmental	812,673	815,068	788,276	520,128	495,128	443,499	487,719	600,110	617,448	381,991
Charges for services	557,838	527,764	496,959	471,288	421,767	395,433	400,517	369,292	394,189	380,710
Fines and forfeits	33,153	34,801	17,550	16,126	21,118	48,549	26,807	30,329	40,312	48,003
Interest earnings	3,260	2,320	5,538	8,667	26,287	47,297	124,546	286,756	273,017	111,871
Miscellaneous	16,022	50,626	393,744	42,247	43,597	49,200	90,763	37,931	27,546	65,059
Total revenues	3,335,735	3,228,573	3,454,033	2,874,435	2,976,573	3,044,588	3,325,969	3,623,190	3,655,867	2,941,604
EXPENDITURES										
General government	845,561	806,518	749,678	699,540	664,794	696,311	681,746	660,743	577,932	637,936
Public safety	1,347,323	1,327,061	1,326,450	1,336,342	1,330,917	1,220,155	1,201,711	1,197,106	1,057,054	1,039,865
Physical environment	809,151	792,131	1,412,767	3,815,797	1,954,183	824,159	2,875,311	1,406,594	2,858,560	2,367,172
Culture and recreation	317,558	41,340	3,849	4,054	4,837	4,602	4,850	4,910	3,967	4,464
Total expenditures	3,319,593	2,967,050	3,492,744	5,855,733	3,954,731	2,745,227	4,763,618	3,269,353	4,497,513	4,049,437
Excess of revenues over (under) expenses	16,142	261,523	(38,711)	(2,981,298)	(978,158)	299,361	(1,437,649)	353,837	(841,646)	(1,107,833)
OTHER FINANCING SOURCES (USES)										
Sale of equipment	-	68	4,142	2,102	-	-	1,550	754	250	2,415
Transfers in	425,504	401,432	404,907	416,673	7,547	416,814	929,794	967,912	348,289	255,213
Transfers out	(425,504)	(401,432)	(404,907)	(416,673)	-	(404,729)	(917,474)	(948,975)	(332,177)	(237,765)
Repayment of debt	-	-	(1,800,000)	-	-	-	-	-	-	-
Proceeds from debt	-	-	1,820,000	-	2,000,000	-	-	-	-	6,115,379
Total other financing sources (uses)	-	68	24,142	2,102	2,007,547	12,085	13,870	19,691	16,362	6,135,242
Net change in fund balances	\$ 16,142	\$ 261,591	\$ (14,569)	\$ (2,979,196)	\$ 1,029,389	\$ 311,446	\$ (1,423,779)	\$ 373,528	\$ (825,284)	\$ 5,027,409

TOWN OF INDIAN SHORES, FLORIDA

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Physical Environment</u>	<u>Transportation</u>	<u>Culture and Recreation</u>	<u>Total</u>
2004	\$ 480,332	\$ 1,030,000	\$ 776,038	\$ 26,386	\$ 6,686	\$ 2,319,442
2005	637,936	1,039,865	2,333,175	33,997	4,464	4,049,437
2006	577,932	1,057,054	2,817,177	41,383	3,967	4,497,513
2007	660,743	1,197,106	1,379,393	27,201	4,910	3,269,353
2008	681,746	1,201,711	824,159	77,486	4,850	2,789,952
2009	696,311	1,220,155	668,448	155,711	4,602	2,745,227
2010	664,794	1,330,917	1,758,981	195,202	4,837	3,954,731
2011	699,540	1,336,342	3,704,335	111,462	4,054	5,855,733
2012	749,678	1,326,560	1,269,980	142,787	3,849	3,492,744
2013	806,518	1,327,061	679,593	112,538	41,340	2,967,050
2014	845,561	1,347,323	695,479	113,672	317,558	3,319,593

⁽¹⁾ Includes general and special revenue funds.

REVENUE CAPACITY

TOWN OF INDIAN SHORES, FLORIDA

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

<u>Fiscal Year Ended September 30</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Other Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate (Millage)</u>
2005	\$ 661,811,900	\$ 38,207,100	\$ 7,636,700	\$ 81,265,488	626,390,220	1.7129
2006	850,112,100	44,450,390	8,780,900	111,714,380	791,629,010	1.7129
2007	1,157,130,200	77,160,430	11,899,000	175,370,045	1,070,819,585	1.6700
2008	1,102,315,305	57,374,400	26,277,900	145,788,511	1,040,179,094	1.6000
2009	844,183,588	56,240,569	20,855,872	15,333,040	905,946,989	1.6000
2010	701,565,935	41,395,339	1,201,187	12,302,326	744,162,461	1.7500
2011	653,805,048	44,028,361	1,069,846	10,349,760	664,827,856	1.7500
2012	611,537,753	41,708,642	1,054,662	9,723,206	621,221,419	1.8500
2013	614,682,714	33,880,610	1,071,883	10,873,421	617,540,369	1.8700
2014	685,893,091	33,033,711	1,083,452	11,514,648	687,444,356	1.8700

TOWN OF INDIAN SHORES, FLORIDA

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Town of Indian Shores										
Operating	<u>1.7129</u>	<u>1.7129</u>	<u>1.6700</u>	<u>1.6000</u>	<u>1.6000</u>	<u>1.7500</u>	<u>1.7500</u>	<u>1.8500</u>	<u>1.8700</u>	<u>1.8700</u>
Total Town millage	<u>1.7129</u>	<u>1.7129</u>	<u>1.6700</u>	<u>1.6000</u>	<u>1.6000</u>	<u>1.7500</u>	<u>1.7500</u>	<u>1.8500</u>	<u>1.8700</u>	<u>1.8700</u>
Pinellas County School Board										
Operating	<u>8.1220</u>	<u>8.3900</u>	<u>8.2100</u>	<u>7.7310</u>	<u>8.0440</u>	<u>8.3568</u>	<u>8.3400</u>	<u>8.3850</u>	<u>8.0600</u>	<u>7.8410</u>
Pinellas County										
Operating	<u>6.1410</u>	<u>6.1410</u>	<u>5.4700</u>	<u>4.8730</u>	<u>4.8108</u>	<u>4.8108</u>	<u>4.8730</u>	<u>4.8730</u>	<u>5.2755</u>	<u>5.2755</u>
EMS	<u>0.6600</u>	<u>0.6600</u>	<u>0.6300</u>	<u>0.5832</u>	<u>0.5832</u>	<u>0.5832</u>	<u>0.5832</u>	<u>0.8506</u>	<u>0.9158</u>	<u>0.9158</u>
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total County millage	<u>6.8010</u>	<u>6.8010</u>	<u>6.1000</u>	<u>5.4562</u>	<u>5.3940</u>	<u>5.3940</u>	<u>5.4562</u>	<u>5.7236</u>	<u>6.1913</u>	<u>6.1913</u>
County-wide millage set by other taxing authorities:										
-Pinellas Suncoast Transit Authority	<u>0.6377</u>	<u>0.6377</u>	<u>0.6074</u>	<u>0.5601</u>	<u>0.5601</u>	<u>0.5601</u>	<u>0.5601</u>	<u>0.7305</u>	<u>0.7305</u>	<u>0.7305</u>
-Pinellas County Planning Council	<u>0.0220</u>	<u>0.0218</u>	<u>0.0195</u>	<u>0.0170</u>	<u>0.0107</u>	<u>0.0125</u>	<u>0.0125</u>	<u>0.0125</u>	<u>0.0160</u>	<u>0.0160</u>
-Juvenile Welfare Board	<u>0.8117</u>	<u>0.8117</u>	<u>0.7963</u>	<u>0.7384</u>	<u>0.7915</u>	<u>0.7915</u>	<u>0.7915</u>	<u>0.8337</u>	<u>0.8981</u>	<u>0.8981</u>
-South West Florida Water Management District	<u>0.4220</u>	<u>0.4220</u>	<u>0.4220</u>	<u>0.3866</u>	<u>0.3866</u>	<u>0.3866</u>	<u>0.3770</u>	<u>0.3928</u>	<u>0.3818</u>	<u>0.3658</u>
-Pinellas County Anclote River Basin	<u>0.4000</u>	<u>0.4000</u>	<u>0.4000</u>	<u>0.3701</u>	<u>0.3600</u>	<u>0.3200</u>	<u>0.2600</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total County-wide millage	<u>2.2934</u>	<u>2.2932</u>	<u>2.2452</u>	<u>2.0722</u>	<u>2.1089</u>	<u>2.0707</u>	<u>2.0011</u>	<u>1.9695</u>	<u>2.0264</u>	<u>2.0104</u>
TOTAL	<u>18.9293</u>	<u>19.1971</u>	<u>18.2252</u>	<u>16.8594</u>	<u>17.1469</u>	<u>17.5715</u>	<u>17.5473</u>	<u>17.9281</u>	<u>17.2941</u>	<u>17.9127</u>

Source: Pinellas County Property Appraiser

TOWN OF INDIAN SHORES, FLORIDA

PRINCIPAL PROPERTY TAX PAYERS

September 30, 2014

	2014			2013			2012		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Assessed Valuation
Balthasar, Norman J	\$ 4,736,804	1	0.73%	\$ 4,666,056	1	0.75%	\$ 2,562,834	1	0.73%
Smith, Hugh N.	2,830,363	2	0.44%	2,787,796	2	0.45%	2,779,730	3	0.44%
Aloha Bay Condo Assn., Inc.	2,477,600	3	0.38%	2,477,600	4	4.06%	2,314,096	4	0.37%
Seaside Land Investment, LLC	2,163,548	4	0.34%	2,108,414	5	0.34%	-	-	-
Sole Lido Development LLC	2,151,520	5	0.33%	2,007,445	6	0.32%	2,074,680	6	0.33%
Alassi, Hayan S	2,097,363	6	0.33%	1,996,615	7	0.32%	1,850,749	9	0.30%
Patterson, Barry S	2,085,301	7	0.32%	1,986,162	8	0.32%	1,830,801	10	0.29%
Chetcuti, Patrick	2,076,254	8	0.32%	1,967,868	10	0.32%	1,830,801	10	0.29%
O'Hara, Patrick	2,065,699	9	0.32%	1,967,868	10	0.32%	1,830,801	10	0.29%
Dugas, Susan O Revocable Trust	2,065,699	10	0.32%	1,967,868	10	0.32%	1,830,801	10	0.29%
Great Indian Shores LTD PTR				2,557,209	3	0.41	-	-	-
Fernandez, Danilo & Carmelina, LLLP				1,980,000	9	0.32%	1,962,500	8	0.31%
S B H LLC	-	-	-	-	-	-	-	-	0.00%
Mc Ginley, Hugh	-	-	-	-	-	-	-	-	-
White, Carl B.	-	-	-	-	-	-	-	-	-
Preferred Equities Corporation	-	-	-	-	-	-	-	-	-
Alta Vita Development LLC	-	-	-	-	-	-	-	-	-
Spyglass Investments Inc.	-	-	-	-	-	-	-	-	-
McGuire Investments Co	-	-	-	-	-	-	-	-	-
Colonial Bank	-	-	-	-	-	-	4,156,060	2	0.66%
Mason, Nicolas A	-	-	-	-	-	-	2,228,970	5	0.36%
Davis, Theodore	-	-	-	-	-	-	2,040,038	7	0.33%
	<u>\$ 24,750,151</u>		<u>3.84%</u>	<u>\$ 28,470,901</u>		<u>6.86%</u>	<u>\$ 29,292,861</u>		<u>3.39%</u>

Source: Pinellas County Property Appraiser

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

Fiscal Year	Total Assessed Valuation	Taxable Assessed Valuation	Levy	Collections within the Fiscal Year of Levy		Collections in Subsequent Years	Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of levy
2005	\$ 707,655,700	\$ 692,151,620	\$ 1,073,138	\$ 1,036,568	97	-	\$ 1,036,568	97
2006	903,343,390	791,629,010	1,359,348	1,308,305	96	-	1,308,305	96
2007	1,246,189,630	1,070,819,585	1,800,767	1,729,823	96	-	1,729,823	96
2008	1,191,725,805	1,040,179,094	1,664,287	1,609,971	97	-	1,609,971	97
2009	1,029,262,890	905,946,989	1,449,515	1,407,705	97	-	1,407,705	97
2010	844,799,088	749,562,914	1,311,735	1,269,429	97		1,269,429	97
2011	747,095,662	670,029,812	1,172,553	1,133,086	97		1,133,086	97
2012	670,470,390	626,503,903	1,159,032	1,122,337	97	476	1,122,813	97
2013	644,963,529	618,622,003	1,151,961	1,122,118	97	29,843	1,151,961	97
2014	693,108,122	644,963,529	1,206,082	1,169,899	97		1,206,082	97

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

Source: Pinellas County Property Appraiser.

DEBT CAPACITY

TOWN OF INDIAN SHORES, FLORIDA

RATIOS OF REVENUE DEBT OUTSTANDING
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Revenue Debt</u>	<u>Less: Amounts for Debt Service</u>	<u>Total</u>	<u>Per Capita</u>
2005	\$ 5,930,000	\$ 233,902	\$ 5,696,098	\$ 3,166
2006	5,830,000	279,605	5,550,395	3,078
2007	5,725,000	287,397	5,437,603	3,014
2008	5,615,000	302,284	5,312,716	2,942
2009	5,500,000	277,318	5,222,682	2,923
2010	7,385,000	267,529	7,117,471	5,012
2011	7,198,333	252,284	6,946,049	4,892
2012	6,960,000	215,935	6,744,065	4,749
2013	6,705,652	247,065	6,458,587	4,548
2014	6,435,000	275,652	6,159,348	4,274

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

TOWN OF INDIAN SHORES, FLORIDA

DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2014
(in thousands)

	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Net General Nonself- Supporting Revenue Debt</u>	<u>Total</u>	<u>Percentage Applicable to Town of Indian Shores</u>	<u>Amount Applicable to Town of Indian Shores</u>
Direct Debt:					
Town of Indian Shores	\$ 4,875,000	\$ 1,560,000	\$ 6,435,000	100%	\$ 6,435,000
Overlapping Debt:					
Pinellas County School Board ⁽¹⁾	19,075,000	-	19,075,000	1.16%	<u>221,079</u>
Total Town Direct and Overlapping Debt					<u>\$ 6,656,079</u>
RATIO:					
Overall debt to 2014 taxable value				<u>0.96%</u>	
Overall debt per capita, 1,441 residents					<u>\$ 4,619</u>

(1) The Town's share is calculated based on the ratio of the 2014 County Taxable Value of \$59,761,190,167 to the Town's Taxable Value of \$693,108,122.

TOWN OF INDIAN SHORES, FLORIDA

COMPUTATION OF LEGAL DEBT MARGIN

September 30, 2014

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

TOWN OF INDIAN SHORES, FLORIDA

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Public Service Tax	Communications Services Tax	Other ⁽²⁾	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2005 ⁽¹⁾	\$ 202,881	\$ 1,979	\$ 156,451	\$ 361,311	\$ -	127,409	284 %
2006	293,028	3,217	122,932	419,177	100,000	223,474	112 %
2007	291,005	3,180	137,619	431,804	105,000	271,002	115 %
2008	310,121	2,953	78,984	392,058	110,000	261,790	105 %
2009	328,578	3,417	96,540	428,535	115,000	258,134	115 %
2010	362,487	3,214	73,631	439,331	115,000	264,771	116 %
2011	358,061	3,012	177,016	538,089	186,667	330,215	104 %
2012	337,506	3,031	161,278	501,815	258,333	315,845	88 %
2013	349,627	3,105	145,686	498,418	254,348	289,861	92 %
2014	370,330	3,104	142,068	515,502	270,652	290,328	92 %

⁽¹⁾ First Year of Debt

⁽²⁾ Includes transfers from Local Option Sales Tax (Infrastructure) funds and General Fund.

DEMOGRAPHIC AND

ECONOMIC

INFORMATION

TOWN OF INDIAN SHORES, FLORIDA

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population⁽¹⁾</u>	<u>Household Income⁽²⁾</u>	<u>Per Capita Income⁽²⁾</u>	<u>Median Age⁽²⁾</u>	<u>Education Level of Years of Formal Schooling⁽³⁾</u>	<u>School Enrollment⁽⁴⁾</u>	<u>Unemployment Rate⁽⁵⁾</u>
2005	1,799	\$ 59,523	\$ 46,970	53.6	12.5	-	4.6
2006	1,803	63,700	49,196	54.1	12.5	44	3.2
2007	1,804	72,140	55,547	54.1	12.5	35	4.0
2008	1,806	61,641	45,000	56	12.5	35	7.1
2009	1,787	61,641	45,002	56	12.5	44	11.2
2010	1,782	61,641	40,002	56	12.5	65	12.4
2011	1,420	54,678	45,343	59.1	12.5	24	10.7
2012	1,420	52,787	44,868	59.5	12.5	33	4.7
2013	1,429	66,304	59,200	60.5	14.67	24	7
2014	1,441	66,304	59,200	55.4	14.72	62	5.7

(1) Google Public Data Sept. 2013

(2) City-Data.com Jan. 2015

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

TOWN OF INDIAN SHORES, FLORIDA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

September 30, 2014

<u>Employer</u>	<u>2014</u>		<u>2005</u>	
	<u>Number of Employees</u>	<u>Rank</u>	<u>Number of Employees</u>	<u>Rank</u>
Salt Rock Grill	110	1	125	1
The Pub	77	2	35	3
Town of Indian Shores	38	3	24	4
Smugglers Cove	16	4	10	5
Suncoast Seabird Sanctuary	N/A	-	-	-
Mickey Quinn's	8	5	6	9
Seven-11 Store	0*	-	8	8
Sun Vista Realty	7	6	16	6
Beach & Bay Realty	4	8	8	7
Jack Collins Realty	0*	-	22	5
Fathom's Island Grill	0*	-	65	2
First National Bank of Florida	0*	-	5	10
Fifth Third Bank	5	7	4	10

Source: Finance Office, Town of Indian Shores, FL

*Out of business

OPERATING
INFORMATION

TOWN OF INDIAN SHORES, FLORIDA

FULL-TIME GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Government	5.00	5.33	6.33	6.33	6.33	6.33	6.33	6.33	5.03	3.70
Public Safety:										
Police										
Officers	10.67	10.67	10.67	10.67	10.67	10.67	10.67	10.67	10.67	10.00
Civilians	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.20	2.20
Building	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public Works:										
Maintenance	<u>3.00</u>	<u>1.50</u>	<u>1.50</u>	<u>2.50</u>	<u>3.00</u>	<u>3.50</u>	<u>4.00</u>	<u>4.00</u>	<u>3.00</u>	<u>3.00</u>
Total	<u><u>22.67</u></u>	<u><u>21.50</u></u>	<u><u>23.50</u></u>	<u><u>24.50</u></u>	<u><u>25.00</u></u>	<u><u>25.50</u></u>	<u><u>26.00</u></u>	<u><u>26.00</u></u>	<u><u>22.90</u></u>	<u><u>20.90</u></u>

Source: Town Budget Office

TOWN OF INDIAN SHORES, FLORIDA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Physical arrests	112	101	146	154	165	200	226	339	408	289
Parking violations	700	357	386	103	488	581	890	1,038	1,424	2,209
Traffic violations	862	706	724	706	860	739	1,167	1,330	1,428	1,551
Highways and Streets										
Street resurfacing (miles)	-	-	-	-	-	-	-	-	-	-
Potholes repaired	-	-	-	-	1	-	-	-	3	5
Culture and recreation										
Library Cards Issued	282	294	230	93	118	123	116	122	88	239
Building										
Number of permits issued	450	408	411	458	456	468	387	419	821	1,078

Sources: Various government departments.

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

TOWN OF INDIAN SHORES, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	5	5	5	5	5	5	5	5	5	4
Highways and Streets										
Streets (miles)	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.05
Street lights	146	146	146	146	146	146	146	76	76	76
Traffic signals	1	1	1	1	1	1	1	1	1	1
Culture and recreation										
Park acreage	2.66	2.66	2.66	2.57	2.57	2.57	2.57	2.57	2.57	2.57
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1	1	1	1	1

Sources: Various Town departments.

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

**TOWN OF INDIAN SHORES, FLORIDA
SCHEDULE OF INSURANCE IN FORCE
OCTOBER 1, 2011 TO SEPTEMBER 30, 2014**

Type of Coverage	Policy Number	Company	Deductible	Amount	Term		Premium
					From	To	
Comp. Gen Liab	FMIT #0279	Fla. Munic Ins.		1,500,000	10/1/2013	9/30/2014	\$ 36,958.00
Bodily Injury		Trust					
Prop Damage							
Windstorm		Bus Shelter	Moved from Citizens				
Pers Injury							
Specific Excess	FMIT #0279	Fla. Munic Ins.		1,500,000	10/1/2013	9/30/2014	W/Gen Liab
Endorsement		Trust					
Employers Liability		Fla. Munic Ins.		100/100/500	10/1/2013	9/30/2014	W/Gen Liab.
		Trust					
Law Enforcement	FMIT #0279	Fla. League		1,500,000	10/1/2013	9/30/2014	
Officers Prof. Liability							
Pub. Off. & Empl.	FMIT #0279	Fla. Munic Liab	2,500 deductible	1,500,000	10/1/2013	9/30/2014	
Legal Liability w/3 yrs		Self Ins. Fund	P&O prior act deductible				
prior acts coverage & EPL endorsement							
Workers Comp	FMIT #0279	Fla. Munic Ins.		Statutory	10/1/2013	9/30/2014	25,212.00
		Trust					
Auto Physical	FMIT #0279	Fla. Munic Ins.	500 deductible	Per Sched	10/1/2013	9/30/2014	7,253.00
Damage & Liability		Trust					
Real Property	FMIT #0279	Fla. Munic Ins.	500 deductible		10/1/2013	9/30/2014	16,530.00
Personal Property		Trust					
Inland Marine	FMIT #0279	Fla. Munic Ins.	250 deductible				
		Trust					
Electronic Data	FMIT #0279	Fla. Munic Ins.	500 deductible				
		Trust					
Glass	FMIT #0279	Fla. Munic Liab		Per Sched			
		Self Ins. Fund					
							\$ 85,953.00
Special Event	Essex	Fla. Munic Ins.		1,000,000	10/1/2013	9/30/2014	1,808.21
General Liability	3CU2080	Trust					
w/Terrorism Coverage		Excludes Liq Liab					
See locations w/site coverage							
AD&D, D-5	SRG 9043155 thru FLC	AIG Life FMIT		60,000 180,000	10/1/2013	9/30/2014	749.00
Employee Dishonesty	Bond #0601 68802741	Western Surety	Employee	26,000	10/1/2013	1/2/2014	101.30
Bonds	Bond # 68767998	Western Surety	Police	10,000	9/15/2013	9/15/2014	127.64
		Agent: Mitchell					
Windstorm with	1383068	Weston	1,000 deductible	Real	3/25/2012	3/25/2013	12,457.00
Muni Cte; PW Garage		Insurance Co	or 3% of damage	Contents			
Restrooms at PK		Agent: Mitchell	of Hurricane	1,530,000			
		(Assumed from Citizens)		13,000			
<u>Standard Flood Ins.</u>							
New Pub. Serv. Bldg	09 11591719689 03	Write National Flood Prop & Casualty Agent: Mitchell	1,000	441,700 14,800	12/22/2013	12/22/2014	1,267.00
Town Hall Bldg	09 1150116759 02	Write National Flood Prop & Casualty Agent: Mitchell	5,000	500,000 185,600	10/15/2013	10/15/2014	2,653.00
19305 Gulf Blvd.							
Nature Refuge	09 7700246475 02	Write National Flood Prop & Casualty Agent: Mitchell	1,000	294,700	10/23/2013	10/23/2014	1,121.00
Restrooms & Pavilions - 19019 Gulf Blvd (Rec Area)							
Total							\$ 106,237.15

EFFORTS AND ACCOMPLISHMENTS MEASURES

POLICE DEPARTMENT

Year ended September 30, 2014

OVERVIEW

The Police Department is staffed with a Chief, one Captain, one Detective, 2 uniformed Master Patrol Officers, six uniformed Patrol Officers, three part-time uniformed Patrol Officers, one Police Secretary/Administrative Assistant, one Dispatcher, two part-time Dispatchers and eight non-paid reserve Officers.

The Department serves the Town of Indian Shores with a population of 1,441 and the Town of Redington Shores with a population of 2,700. Both Towns cater to the tourist trade and seasonal visitors. The combined population during the season reaches 10,000 residents and visitors.

The total budgeted for the fiscal year ended September 30, 2014 was \$1,238,332. Service was provided to the Town of Redington Shores at an annual estimated cost of \$433,416.

Certain Service Efforts and Accomplishment information has been presented separately for the two Towns for the purpose of identifying service delivery to the Town of Redington Shores, even though total service to both Towns directly relates to the Town of Indian Shores' budget.

Calls for Service and Response to Calls increased for the fiscal year ending September 30, 2014. Crimes reported, arrests, and crimes cleared by arrests were down dramatically for both Towns. All other categories of service show a decrease as well, which is a direct effect of the crimes reported. The only category which showed an increase is the Death and Bodily Injury section in Indian Shores resulting from an increase of Battery and Death Investigation cases.

The crime clearance rate is also being reported on the basis of crime reportable to the Federal Bureau of Investigation. In June, 2004, the Criminal Information Services Automated Training Management System approved discontinuing the use of crime index in the Uniform Crime Report and its publications and directed the FBI to publish a violent crime total and property crimes total until a more viable index is developed. (1) The Uniform Crime Report is presented by calendar year, rather than audit fiscal year format.

1. USDJ Crime in the Unites States 2004

TOWN OF INDIAN SHORES, FLORIDA

SERVICE EFFORTS AND ACCOMPLISHMENTS MEASURES
POLICE DEPARTMENT

	FY 09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual
Inputs:						
Budget appropriations	\$ 1,034,559	\$ 1,139,241	\$ 1,176,134	\$ 1,176,134	\$ 1,176,134	\$ 1,238,332
Cost of Equipment used	*186,623	\$ 223,167	\$ 251,167	\$ 260,132	\$ 135,794	
Number of Personnel	13	12.5	12.5	13	13	13
Hours expended	25,000	25,000	25,000	25,000	25,000	25,000
Outputs and Outcomes:						
Calls for service	6,944	8,045	8,790	6,113	6,982	8,044
Responses to calls for service	6,944	8,045	8,790	6,113	6,982	8,044
Cases assigned	131	170	308	244	254	129
Crimes Investigated	112	139	232	178	207	124
Arrests	200	165	154	146	183	112
Crimes cleared by arrest	187	136	135	130	176	104
Death and bodily injury	30	31	37	37	49	32
Days of productive activity lost	112	141	281	248	121	266
Value of property lost	\$ 60,574	\$ 71,022	\$ 130,714	\$ 120,792	\$ 202,627	\$ 130,550
Value of property recovered	N/A	\$ 92,062	\$ 32,781	\$ 411	\$ 106,954	\$ 2,124 **
Crimes reported	439	426	439	495	517	258
Hours of patrol	17,408	16,940	16,068	13,912	16,650	15,310
Crime-prevention activities	2,080	2,194	2,085	2,080	2,080	2,080
Persons contacted/served	23,195	24,951	25,948	25,039	28,155	25,359
Ratios: (Modified UCR)						
Percentage of violent crimes cleared	94%	95%	95.5%	100%	80%	100%
Number of Part II Arrests (excluding Traffic)	167	117	114	112	107	95
Services Quality:						
Response time (average minutes)	1.02-2.0	1.02-2.0	1.02-2.0	1.02 - 2.0	1.02-2.0	1.02-2.0
Responses below 4 minutes	98%	98%	98%	98%	98%	98%
Citizen satisfaction	97%	97%	97%	98%	98%	98%
Complaints of excess force	1	1	0	0	0	0
Jurisdiction:						
Population	4,123	4,487	3,720	3,720	3,720	4,120
Households	4,690	4,755	3,535	4,702	4,832	4,715
Businesses	157	146	187	191	187	187
Land area (square miles)	0.736	0.736	0.736	0.736	0.736	0.736
Dollar value of property within jurisdiction	\$1,538,905,015	\$1,283,507,607	\$1,149,227,312	\$ 1,081,885,258	\$ 1,137,531,270	\$ 1,220,241,636

**Restitution made to victim not depicted

*GASB 34 ADJUSTMENT

TOWN OF INDIAN SHORES, FLORIDA
SERVICE EFFORTS AND ACCOMPLISHMENTS MEASURES

	Town of Indian Shores					Town of Redington Shores				
	FY2010	FY2011	FY2012	FY 2013	FY 2014	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Outputs and outcomes:										
Calls for service	4,171	4,732	3,101	3,483	3,949	3,874	4,058	3,012	3,499	4,095
Response to calls for service	4,171	4,732	3,101	3,483	3,949	3,874	4,058	3,012	3,499	4,095
Cases assigned	93	145	111	115	58	65	163	133	139	71
Crimes investigated	81	106	81	95	55	58	126	97	112	69
Arrests	86	85	75	101	60	79	69	71	82	52
Crimes cleared by arrest	66	69	70	98	56	70	66	60	78	48
Death & Bodily injury	19	21	19	11	15	12	16	18	38	17
Crimes Reported	225	212	257	262	118	201	227	238	255	140
Persons contacted served	12,499	13,561	12,955	14,380	12,410	12,452	12,387	12,084	13,775	12,949
Ratios: (Modified UCR)										
Percentage of violent crimes cleared	95%		100%	100%	95%	95%	95%	100%	60%	100%
Uniform Crime Report Part II arrests (excluding traffic) Both Town Oct 06 - Sep 07	64		63	67	52	53	61	49	40	43
Jurisdiction:										
Population	1787	1420	1420	1420	1,441	2700	2300	2,300	2,300	2700
Households	2651	2557	2557	2557	2,557	2104	2115	2145	2375	2158
Businesses	117	157	157	157	157	29	30	34	30	30
Land areas (square miles)	0.336	0.336	0.336	0.336	0.336	0.40	0.40	0.40	0.40	0.40
Dollar value of property within jurisdiction	\$ 749,562,914	\$ 694,124,132	\$ 626,782,078	\$ 644,963,529	\$ 692,346,979	\$ 533,944,693	\$ 455,103,180	\$ 455,103,180	\$ 492,567,741.00	\$ 527,894,657

OTHER REPORTS

TOWN OF INDIAN SHORES

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

AND

MANAGEMENT LETTER

AND

REPORT ON ATTESTATION

AND

MANAGEMENT MEMORANDUM
ON REVIEW OF INTERNAL CONTROL STRUCTURE

September 30, 2014

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

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

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

1956 Bayshore Boulevard
Dunedin, Florida 34698-2503
(727)734-5437 or 736-0771
FAX (727) 733-3487

Members of the Firm
John N. Davidson, CPA, CVA
Harry B. Jamieson, CPA
Richard A. Cristini, CPA, CPPT, CGFM
Jeanine L. Bittinger, CPA, CPPT

Member
American Institute of
Certified Public Accountants
Florida Institute of
Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the AICPA Professional Standards AT Sections 601.55 and 601.56, the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund and the aggregate remaining fund information of the Town of Indian Shores, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Indian Shores, Florida's (Town) basic financial statements, and have issued our report thereon dated April 12, 2015.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

April 12, 2015

MANAGEMENT LETTER

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

1956 Bayshore Boulevard
Dunedin, Florida 34698-2503
(727)734-5437 or 736-0771
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Jeanine L. Bittinger, CPA, CPPT

Member
American Institute of
Certified Public Accountants
Florida Institute of
Certified Public Accountants

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

We have audited the financial statements of the Town of Indian Shores, Florida as of and for the fiscal year ended September 30, 2014 and have issued our report thereon dated April 12, 2015.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the AICPA Professional Standards AT Sections 601.55 and 601.56. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards* and Chapter 10.550 Rules of the Florida Auditor General. Disclosures in that report, which are dated April 12, 2015, 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 auditor's reports or schedule:

Section 10.554(1)(i)1, Rules of the Auditor General require that we address in the management letter, if not already addressed in the auditor's report on internal controls and compliance whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made on internal control and compliance issues during the preceding annual financial audit.

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

As required by the Rules of the Auditor General (Section 10.556(10)(a)) and (Section 10.557 (3)©), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment policy requirements of Section 218.415, Florida Statutes. In connection with our audit, we determined that the Town complied with Section 218.4154, Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(i)(2)), the scope of our audit included a review of possible recommendations to improve the local government entity's financial management. In connection with our audit we did not have any such recommendations.

The Rules of the Auditor General (Section 10.554(1)(i)(3)) requires address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. Note: Fraud, noncompliance with provisions of laws or regulations and contracts or grant agreements, or abuse that does not warrant the attention of those charged with governance or internal control deficiencies that are not material weaknesses or significant deficiencies may be reported in the management letter based on professional judgment. In connection with our audit, we did not have any findings which warranted the attention of those charged with governance.

The Rules of the Auditor General (Section 10.554(1)(i)(4)) requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity as defined in publications cited in Rule 10.553 unless disclosed in the notes to the financial statements. Legal authority includes the general law, special acts, ordinances, resolutions, or other means by which the local government entity was created and is governed. This disclosure has been included in the Town's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014.

The Rules of the Auditor General (Section 10.554(1)(i)5.a) requires that the auditor state whether or not the governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes and identify the specific condition or conditions met. During the course of our audit of the Town's financial statements for the fiscal year ended September 30, 2014, we found that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(i)5.b) requires a statement as to whether or not the financial report 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 current audit period. We determined that the Comprehensive Annual Financial Report for the Town for the fiscal year ended September 30, 2014 is in agreement with the annual financial report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2014.

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

The Rules of the Auditor General (Section 10.554(1)(i)5(c)(1)) and 10.556(8) requires that we apply financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition and our financial condition assessment was based in part on representations made by management and the review of financial information provided by them.

Pursuant to Chapter 119, Florida Statutes, this management letter is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

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

April 12, 2015

ATTESTATION REPORT

Davidson, Jamieson & Cristini, P.L.

Certified Public Accountants

1956 Bayshore Boulevard
Dunedin, Florida 34698-2503
(727)734-5437 or 736-0771
FAX (727) 733-3487

Members of the Firm

John N. Davidson, CPA, CVA
Harry B. Jamieson, CPA
Richard A. Cristini, CPA, CPPT, CGFM
Jeanine L. Bittinger, CPA, CPPT

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the Town of Indian Shores, Florida's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2014. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

Davidson, Jamieson & Cristini, P.L.

April 12, 2015

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

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

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Dunedin, Florida 34698-2503
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April 12, 2015

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for that general fund and the aggregate remaining fund information which collectively comprise the basic financial statements of the of the Town of Indian Shores, Florida as of and for the year ended September 30, 2014, and have issued our report thereon dated April 12, 2015.

We have issued our Report on Compliance and Internal Accounting Controls in Accordance with *Government Auditing Standards* dated April 12, 2015. Disclosure in that report, if any, should be considered in conjunction with this management memorandum.

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

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

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

2013-2014

- A. Accounting and Financial Reporting for Pensions**
- B. Continuing Education**

2012-2013

- A. GASB 67 Financial Reporting for Pensions**

2013-2014

A. Accounting and Financial Reporting for Pensions

Effective for the fiscal year ending September 30, 2015, the Town will implement GASB Statement 68 which is an amendment of GASB Statement 27.

Under this Standard, the Town is required to report a liability on the government-wide statement of net position.

The information for this liability and the related note disclosures for the Town's CAFR will be provided by the Florida Retirement System and the police pension plan's actuary.

We recommend that the Town's Finance Director educate the Town's Council as to how this new standard will impact the Town's CAFR for the next fiscal year.

B. Continuing Education

Under the new auditing standards (SAS 112), it has become more important than ever to demonstrate that both the Town's Finance Director and Town Administrator attend quality continuing education courses. The accounting standards for governmental entities are continuously changing.

Since the Finance Director and Town Administrator are an integral part of the Town's accounting system, both of them should be provided with as many educational opportunities as possible.

2012-2013

A. GASB 67 Financial Reporting for Pensions

For the year ending September 30, 2014, the Town will be required to implement GASB 67. The early implementation is required for governments with defined benefit plans when there is no stand alone audited financial report. We have informed the Police Pension Plan's actuary of this requirement.

Last year we recommended that the Town Administrator and Finance Director become familiar with this new standard.

This recommendation has been implemented.

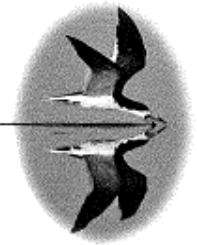
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This memorandum is intended solely for the use of the Mayor and Town Council, the Pinellas County, Florida Board of Commissioners and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other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

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

DAVIDSON, JAMIESON & CRISTINI, P.L.

MANAGEMENT RESPONSE



RE: Fiscal Year 2013/2014 Audit Recommendations

Management's response to current year recommendations:

Accounting and Financial Reporting for Pensions

Management understands that the purpose of these Governmental Accounting Standard's Board (GASB) Statements 67 & 68 is to improve financial reporting by state and local governmental pensions plans. In the Town's case this pertains to the police pension plan. It is understood, that the Governmental Accounting Standard's Board has been well aware of the rising tide of unfunded pension obligations. Statement 68 brings the governmental employer accounting and reporting standards closer in line with the private sector reporting requirements.

Management staff did discuss the above and purpose of the Statements with the chairman of the Town's police pension plan. A recommended agreement with the sharing of information, results, as well as cost of complying with these requirements was agreed upon. While the Finance Director has mentioned briefly these GASB Statements to Town Council and financial impact for this fiscal year and next, a more detailed summary will be given to Council at a future Council Workshop.

Continuing Education

Management agrees that with these new standards as well as other changes, it is important for the Finance Director and Town Administrator to continue to attend continuing education courses. These are provided through organizations such as the Florida Government Finance Officers Association (FGFOA). Funds will be set aside in the upcoming budget for the above.

Walter H. Pierce
Director of Finance and Personnel

James J. Lawrence Mayor	Patrick C. Soranno Vice Mayor	Michael "Mike" Petruccelli Councilor	Diantha Schear Councilor	William F. Smith Councilor	
Bonnie Dhonau Town Administrator	Terry E. Hughes Chief of Police	Walter H. Pierce, III Director of Finance and Personnel	Elaine N. Jackson, MMC Town Clerk	Robert J. Metz, Jr. Town Attorney	Malcolm Green Building Official