

**VILLAGE OF INDIANTOWN, FLORIDA**  
**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2020**

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VILLAGE OF INDIANTOWN, FLORIDA

FINANCIAL REPORT  
SEPTEMBER 30, 2020

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VILLAGE OF INDIANTOWN, FLORIDA

FINANCIAL REPORT  
SEPTEMBER 30, 2020

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## **INTRODUCTORY SECTION**

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**VILLAGE OF INDIANTOWN, FLORIDA**  
**COUNCIL/VILLAGE MANAGER FORM OF GOVERNMENT**  
**SEPTEMBER 30, 2020**

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**VILLAGE COUNCIL**

Guyton Stone, Mayor  
Janet Hernandez, Vice Mayor

Jacqueline Gary-Clarke  
Anthony D. Dowling  
Susan G. Thomas

**VILLAGE MANAGER**

Howard W. Brown, ICMA-CM

**VILLAGE CLERK**

Susan Owen, MPA, MMC

**VILLAGE ATTORNEY**

Wade Vose, Esq.

**FINANCE DIRECTOR**

Christopher Quirk, CPA, CGFO, MBA.

**VILLAGE AUDITORS**

Mauldin & Jenkins, LLC

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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Honorable Mayor and Members of  
the Village Council,  
Village of Indiantown, Florida

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Village of Indiantown, Florida** (the "Village"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Village'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of September 30, 2020, and 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 4 through 9 and the required supplementary information on pages 36 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and by Section 215.97, *Florida Statutes*, is also not a required part of the basic financial statements of the Village.

The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was 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 records 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 schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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The introductory section has 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 provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2021, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Bradenton, Florida  
May 26, 2021

*Mauldin & Jenkins, LLC*

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**VILLAGE OF INDIANTOWN, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2020**

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The Village of Indiantown, Florida's, (the "Village") discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of The Village's financial activity, (c) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Village's financial statements (beginning on page 10).

**Financial Highlights**

The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at September 30, 2020, by \$10.99 million (net position).

During fiscal year 2020, the Village's net position increased by approximately \$7.62 million resulting from current operations.

At the end of the fiscal year, the General Fund reported a fund balance of \$2.74 million, or 50.5% of the General Fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements

**Government-Wide Statements**

The *government-wide* financial statements are designed to provide readers with a broad overview of the Village's finances in a manner similar to that of a private-sector business. The Village's government-wide financial statements include the statement of net position and the statement of activities.

**VILLAGE OF INDIANTOWN, FLORIDA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

The *Statement of Net Position* presents information on all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Village, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. The *Statement of Activities* presents information showing how the Village’s net position changed during the most recent fiscal year. 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. Accordingly, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned, but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes, charges for services, 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 Village include general government, public safety, physical environment, transportation, and culture/recreation.

The following is a condensed summary of net position for the Village:

**Statement of Net Position  
As of September 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 3,976,857	\$ 4,726,989	\$ 8,759,256	\$ -	\$ 12,736,113	\$ 4,726,989
Capital assets	1,784,313	13,230	8,500,000	-	10,284,313	13,230
Total assets	5,761,170	4,740,219	17,259,256	-	23,020,426	4,740,219
Total deferred outflows of resources	514,223	21,793	-	-	514,223	21,793
Other liabilities	232,750	371,355	53,680	-	286,430	371,355
Long-term liabilities	1,642,387	1,019,284	10,605,313	-	12,247,700	1,019,284
Total liabilities	1,875,137	1,390,639	10,658,993	-	12,534,130	1,390,639
Total deferred inflows of resources	8,548	1,248	-	-	8,548	1,248
Net position:						
Net investment in capital assets	1,784,313	13,230	-	-	1,784,313	13,230
Restricted	322	36,075	-	-	322	36,075
Unrestricted	2,607,073	3,320,820	6,600,263	-	9,207,336	3,320,820
Total net position	\$ 4,391,708	\$ 3,370,125	\$ 6,600,263	\$ -	\$ 10,991,971	\$ 3,370,125

**VILLAGE OF INDIANTOWN, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2020**

The following schedule reports the revenues, expenses and change in net position for the Village:

	<b>Statement of Activities</b>					
	<b>As of September 30, 2020 and 2019</b>					
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 146,459	\$ 146,505	\$ -	\$ -	\$ 146,459	\$ 146,505
Operating grants and contributions	9,700	63,270	-	-	9,700	63,270
Capital grants and contributions	-	-	6,450,288	-	6,450,288	-
General revenues:						
Property taxes	3,174,645	9,712,486	-	-	3,174,645	9,712,486
Other taxes	1,158,334	1,226,924	-	-	1,158,334	1,226,924
Unrestricted state revenue sharing	163,069	162,029	-	-	163,069	162,029
Franchise fees	292,556	306,891	-	-	292,556	306,891
Other	85,253	18,951	-	-	85,253	18,951
<b>Total revenues</b>	<b>5,030,016</b>	<b>11,637,056</b>	<b>6,450,288</b>	<b>-</b>	<b>11,480,304</b>	<b>11,637,056</b>
Operating expenses:						
General government	2,598,987	1,371,009	-	-	2,598,987	1,371,009
Public safety	132,753	5,988,272	-	-	132,753	5,988,272
Transportation	656,978	417,419	-	-	656,978	417,419
Physical environment	22,099	58,983	-	-	22,099	58,983
Culture and recreation	423,909	365,667	-	-	423,909	365,667
Interest	-	5,399	-	-	-	5,399
Utility	-	-	23,732	-	23,732	-
<b>Total operating expenses</b>	<b>3,834,726</b>	<b>8,206,749</b>	<b>23,732</b>	<b>-</b>	<b>3,858,458</b>	<b>8,206,749</b>
Change in net position	1,021,583	3,430,307	6,600,263	-	7,621,846	3,430,307
Net position, beginning	3,370,125	(60,182)	-	-	3,370,125	(60,182)
<b>Net position, ending</b>	<b>\$ 4,391,708</b>	<b>\$ 3,370,125</b>	<b>\$ 6,600,263</b>	<b>\$ -</b>	<b>\$ 10,991,971</b>	<b>\$ 3,370,125</b>

**Governmental Funds**

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

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

# VILLAGE OF INDIANTOWN, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

The Village maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General and Community Funds.

### Proprietary Funds

The Village reports one proprietary fund – the Utility Fund. Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

On September 29, 2020, the Village acquired a water and wastewater utility system from the Indiantown Company, Inc. The acquisition was funded through the State Revolving Fund Loan program. Total loan amounts were \$8,555,001. Of this amount, \$6,450,288 was forgiven through the program.

### Capital Assets and Debt Administration

#### Capital Assets

As of year-end, the Village had approximately \$10.3 million in capital assets (net of accumulated depreciation). Significant additions during the year included a \$1,450,572 acquisition of land for the site of a future Village administrative building, as well as an \$8.5 million acquisition of a water and wastewater utility system.

**Capital Assets**  
**As of September 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,450,572	\$ -	\$ 775,980	\$ -	\$ 2,226,552	\$ -
Infrastructure	194,967	-	-	-	194,967	-
Vehicles	101,625	-	-	-	101,625	-
Equipment	78,100	15,756	-	-	78,100	15,756
Water and sewer plan	-	-	7,724,020	-	7,724,020	-
Total capital assets	<u>\$ 1,825,264</u>	<u>\$ 15,756</u>	<u>\$ 8,500,000</u>	<u>\$ -</u>	<u>\$ 10,325,264</u>	<u>\$ 15,756</u>

Additional information can be found in Note 5 of the financial statements.

#### Long Term Liabilities

As of year-end, total long-term liabilities of the Village were \$12.2 million. \$624,137 of the liability was for the Village's proportionate share of the net pension liability of the Florida Retirement System. The increase from the prior year was due to additional employees joining the plan. In 2020, the Village accumulated \$10.6 million of notes payable for the acquisition of the water and wastewater utility system.

# VILLAGE OF INDIANTOWN, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

### Debt Outstanding As of September 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Net pension liability	\$ 624,137	\$ 19,284	-	-	624,137	19,284
Trust payable	1,000,000	1,000,000	-	-	1,000,000	1,000,000
Notes payable	-	-	10,605,313	-	10,605,313	-
<b>Total debt</b>	<b>\$ 1,642,387</b>	<b>\$ 2,019,284</b>	<b>\$ 10,605,313</b>	<b>\$ -</b>	<b>\$ 12,247,700</b>	<b>\$ 2,019,284</b>

Additional information can be found in Note 6 of the financial statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information (RSI)* concerning the Village's progress in funding its obligation to provide pension benefits to its employees. This section also includes a comparison between the adopted and final budget and actual financial results for the Village's General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget. The Village also adopts an annual appropriated budget for each of its other governmental funds which are presented as supplementary information.

### Budgetary Highlights

The Village implemented a Strategic Action Plan and initiatives to finally realize the potential of the Village in fiscal year 2019. The Council has a guided framework of activities for fiscal year 2021, created in support of the Strategic Action Plan. The Village during this period has completed the majority of deliverables in just under three years. The vision of the Village's aspirational future and mission serves as a road map that will guide the Village toward realization of its mission. Goal "A" was to improve the Village financial base and housing development and Goal "B" was to administer priority Village operations. Also included in the budget are important items that are Village of Indiantown "firsts":

- Acquired a private water and sewer plant for approximately \$8.5 million. The Village was able to apply for and obtain Florida Department of Environmental Protection (FDEP) State Revolving Fund Loan and received loan forgiveness of approximately \$6.4 million. The remaining \$2.1 million will be paid back over 30 years at an interest rate varying from 0.00% - 0.94%.
- Purchased a 5.1 Acre private property for a future Village Hall site.
- Successfully recruited and hired the Village's first Community and Economic Development Director.
- The Village Council appointed and seated the first Planning, Zoning, and Appeals (PZA) Board.
- The Village Council adopted the Village's first ever Land Development Regulations.
- Appointed a Code Enforcement Special Magistrate to preside over code enforcement hearings of the Village.

**VILLAGE OF INDIANTOWN, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2020**

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**Financial Information Contacts**

The Village's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Village's finances and to demonstrate the Village's accountability. If you have any questions about the report or need additional financial information, contact the Village's Finance Director at 11516 SW Osceola Street, Suite B, Indiantown, FL 34956, or call (772) 597-9900.

## **BASIC FINANCIAL STATEMENTS**

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VILLAGE OF INDIANTOWN, FLORIDA

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,812,819	\$ 3,317	\$ 2,816,136
Investments	1,039,804	-	1,039,804
Accounts receivables, net	58,188	200,338	258,526
Due from other governments	57,596	8,555,601	8,613,197
Prepaid items	3,450	-	3,450
Restricted asset, cash and cash equivalents	5,000	-	5,000
Capital assets			
Non-depreciable	1,450,572	775,980	2,226,552
Depreciable, net	333,741	7,724,020	8,057,761
<b>Total assets</b>	<u>5,761,170</u>	<u>17,259,256</u>	<u>23,020,426</u>
<b>Deferred outflows of resources</b>			
Deferred outflows - pension	514,223	-	514,223
<b>Total deferred outflows</b>	<u>514,223</u>	<u>-</u>	<u>514,223</u>
<b>Liabilities</b>			
Accounts payable	217,026	2,800	219,826
Accounts payable	15,724	-	15,724
Customer deposits payable	-	50,880	50,880
Noncurrent liabilities			
Due within one year	18,250	8,500,000	8,518,250
Due in more than one year	1,624,137	2,105,313	3,729,450
<b>Total liabilities</b>	<u>1,875,137</u>	<u>10,658,993</u>	<u>12,534,130</u>
<b>Deferred inflows of resources</b>			
Deferred inflows - pension	8,548	-	8,548
<b>Net position</b>			
Investment in capital assets	1,784,313	-	1,784,313
Restricted for			
Community development	322	-	322
Unrestricted	2,607,073	6,600,263	9,207,336
<b>Total net position</b>	<u>\$ 4,391,708</u>	<u>\$ 6,600,263</u>	<u>\$ 10,991,971</u>

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

VILLAGE OF INDIANTOWN, FLORIDA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/programs</b>						
<b>Primary government:</b>						
<b>Governmental activities:</b>						
General government	\$ 2,598,987	\$ 146,384	\$ 9,700	\$ (2,442,903)	\$ -	\$ (2,442,903)
Public safety	132,753	75	-	(132,678)	-	(132,678)
Transportation	656,978	-	-	(656,978)	-	(656,978)
Physical environment	22,099	-	-	(22,099)	-	(22,099)
Culture/recreation	423,909	-	-	(423,909)	-	(423,909)
Interest on long-term debt	-	-	-	-	-	-
Total governmental activities	\$ 3,834,726	\$ 146,459	\$ 9,700	\$ (3,678,567)	\$ -	\$ (3,678,567)
<b>Business-type activities:</b>						
Water and sewer	\$ 23,732	\$ -	\$ 6,450,288	-	6,426,556	6,426,556
Total business-type activities	23,732	-	6,450,288	-	6,426,556	6,426,556
Total primary government	\$ 3,858,458	\$ 146,459	\$ 9,700	\$ (3,678,567)	\$ 6,426,556	\$ 2,747,989
General revenues						
Property taxes				3,174,645	-	3,174,645
Gas taxes				363,414	-	363,414
Sales taxes				794,920	-	794,920
Unrestricted state revenue sharing				163,069	-	163,069
Franchise fees				292,556	-	292,556
Business tax				77,828	-	77,828
Investment earnings				7,425	-	7,425
Transfers				(173,707)	173,707	-
Total general revenues				4,700,150	173,707	4,873,857
Change in net position				1,021,583	6,600,263	7,621,846
Net position, beginning of year				3,370,125	-	3,370,125
Net position, end of year				\$ 4,391,708	\$ 6,600,263	\$ 10,991,971

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

VILLAGE OF INDIANTOWN, FLORIDA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020

	General Fund	Non-Major Community Fund	Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 2,812,819	\$ -	\$ 2,812,819
Investments	-	1,039,804	1,039,804
Accounts receivable, net	58,188	-	58,188
Due from other funds	39,482	-	39,482
Due from other governments	57,596	-	57,596
Prepaid items	3,450	-	3,450
Restricted cash and cash equivalents	5,000	-	5,000
Total assets	<u>\$ 2,976,535</u>	<u>\$ 1,039,804</u>	<u>\$ 4,016,339</u>
<b>Liabilities and fund balances</b>			
Liabilities			
Accounts payable	\$ 217,026	\$ -	\$ 217,026
Accrued liabilities	15,724	-	15,724
Due to other funds	-	39,482	39,482
Total liabilities	<u>232,750</u>	<u>39,482</u>	<u>272,232</u>
Fund balances			
Nonspendable	3,450	-	3,450
Restricted			
Community development	-	1,000,322	1,000,322
Unassigned	2,740,335	-	2,740,335
Total fund balances	<u>2,743,785</u>	<u>1,000,322</u>	<u>3,744,107</u>
Total liabilities and fund balances	<u>\$ 2,976,535</u>	<u>\$ 1,039,804</u>	<u>\$ 4,016,339</u>

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

**VILLAGE OF INDIANTOWN, FLORIDA**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020**

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

Total fund balances - governmental funds		\$ 3,744,107
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 1,825,264	
Accumulated depreciation	<u>(40,951)</u>	1,784,313
Deferred outflows, deferred inflows, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.		
Deferred outflows - pension	514,223	
Deferred inflows - pension	(8,548)	
Net pension liability	<u>(624,137)</u>	(118,462)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.		
Compensated absences	(18,250)	
Community trust payable	<u>(1,000,000)</u>	<u>(1,018,250)</u>
Net position of governmental activities		<u><u>\$ 4,391,708</u></u>

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

**VILLAGE OF INDIANTOWN, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>General Fund</u>	<u>Non-Major Community Fund</u>	<u>Governmental Funds</u>
<b>Revenues</b>			
Property taxes	\$ 3,174,645	\$ -	\$ 3,174,645
Gas taxes	363,414	-	363,414
Other taxes	77,828	-	77,828
Licenses and permits	129,809	-	129,809
Intergovernmental revenues	967,689	-	967,689
Charges for services	3,343	-	3,343
Franchise fees	292,556	-	292,556
Fines and forfeitures	75	-	75
Investment earnings	5,141	2,284	7,425
Miscellaneous revenues	13,232	-	13,232
Total revenues	<u>5,027,732</u>	<u>2,284</u>	<u>5,030,016</u>
<b>Expenditures</b>			
Current			
General government	2,410,263	38,037	2,448,300
Public safety	132,753	-	132,753
Transportation	872,439	-	872,439
Physical environment	22,099	-	22,099
Culture/recreation	423,909	-	423,909
Capital outlay	1,568,336	-	1,568,336
Total expenditures	<u>5,429,799</u>	<u>38,037</u>	<u>5,467,836</u>
<b>Excess of revenues over expenditures</b>	<u>(402,067)</u>	<u>(35,753)</u>	<u>(437,820)</u>
<b>Other financing sources</b>			
Transfers out	<u>(173,707)</u>	-	<u>(173,707)</u>
Total other financing sources	<u>(173,707)</u>	-	<u>(173,707)</u>
<b>Change in fund balances</b>	(575,774)	(35,753)	(611,527)
<b>Fund balances, beginning of year</b>	3,319,559	1,036,075	4,355,634
<b>Fund balances, end of year</b>	<u>\$ 2,743,785</u>	<u>\$ 1,000,322</u>	<u>\$ 3,744,107</u>

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

**VILLAGE OF INDIANTOWN, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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<b>Net change in fund balances – total governmental funds</b>		<b>\$ (611,527)</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 1,809,508	
Less current year depreciation	<u>(38,425)</u>	1,771,083
<p>In the governmental funds, current year expenditures related to pensions are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to pensions include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.</p>		
		(119,723)
<p>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.</p>		
Change in compensated absences		<u>(18,250)</u>
<b>Change in net position of governmental activities</b>		<b><u>\$ 1,021,583</u></b>
<p><b>The accompanying notes to financial statements are an integral part of this statement</b></p>		

VILLAGE OF INDIANTOWN, FLORIDA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 SEPTEMBER 30, 2020

	<u>Utility Fund</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 3,317
Accounts receivable, net	200,338
Due from other governments	8,555,601
Total current assets	<u>8,759,256</u>
Noncurrent assets	
Capital assets, non-depreciable	775,980
Capital assets, depreciable	7,724,020
Total noncurrent assets	<u>8,500,000</u>
<b>Total assets</b>	<u>17,259,256</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	2,800
Notes payable	8,500,000
Customer deposits payable	50,880
Total current liabilities	<u>8,553,680</u>
Noncurrent liabilities	
Notes payable, net of current portion	2,105,313
Total non-current liabilities	<u>2,105,313</u>
Total liabilities	<u>10,658,993</u>
<b>Net position</b>	
Unrestricted	6,600,263
Total net position	<u>\$ 6,600,263</u>

The notes to the financial statements are an integral part of these statements.

VILLAGE OF INDIANTOWN, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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	<u>Utility Fund</u>
<b>Operating expenses</b>	
Operating expenses	\$ 23,732
Total operating expenses	<u>23,732</u>
<b>Operating loss</b>	<u>(23,732)</u>
<b>Capital contributions</b>	6,450,288
<b>Transfers in</b>	<u>173,707</u>
<b>Changes in net position</b>	6,600,263
<b>Total net position, beginning of year</b>	-
<b>Total net position, end of year</b>	<u>\$ 6,600,263</u>

The notes to the financial statements are an integral part of these statements.

VILLAGE OF INDIANTOWN, FLORIDA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Utility Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ (149,458)
Cash paid to suppliers for goods and services	(20,932)
Net used in operating activities	<u>(170,390)</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(8,500,000)
Proceeds from notes payable	8,500,000
Transfer from other funds	173,707
Net cash provided by capital and related financing activities	<u>173,707</u>
<b>Net change in cash and cash equivalents</b>	3,317
<b>Cash and cash equivalents, beginning of year</b>	<u>-</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 3,317</u>
<b>Cash and cash equivalents classified as</b>	
Cash and cash equivalents	\$ 3,317
Total cash and cash equivalents	<u>\$ 3,317</u>
<b>Reconciliation of operating loss to net cash used in operating activities</b>	
Operating loss	\$ (23,732)
Change in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(200,338)
Increase (decrease) in liabilities:	
Accounts payable	2,800
Customer deposits	50,880
Net cash used in operating activities	<u>\$ (170,390)</u>

The notes to the financial statements are an integral part of these statements.

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# VILLAGE OF INDIANTOWN, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2020

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Indiantown, Florida (the "Village"), located in Martin County, Florida, is a municipal corporation in the state of Florida. The Village, was incorporated on December 31 2017, and began operations on March 21, 2018. The Village operates under a Council/Manager form of government.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. For the period ended September 30, 2020, the Village followed the accounting and financial reporting requirements of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Omnibus, an amendment of GASB Statements No. 21 and 34*; Statement No. 38, *Certain Financial Statement Note Disclosures*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments. The more significant of the Village's accounting policies are described below:

#### **Reporting Entity**

The financial statements were prepared in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Village, organizations for which the Village is financially accountable, and other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Village is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Village. Based upon the application of these criteria, there were no organizations that met the criteria described above.

VILLAGE OF INDIANTOWN, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Village. 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 *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 proprietary funds. The major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

VILLAGE OF INDIANTOWN, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues, shown for proprietary operations, generally result from producing or providing goods and services such as water, sewer and solid waste collection. Operating expenses for these operations include all costs related to providing the service or product. These costs include salaries, supplies, travel, contract services, depreciation, administrative expenses, and other expenses directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Taxes 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.

The Village reports the following major governmental fund:

The *General Fund* is the Village'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 Village reports the following major proprietary fund:

The *Utility Fund* is accounts for the operations of the Village's water and wastewater utility system.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Assets, Liabilities, and Fund Balance or Net Position**

**Deposits**

The Village's cash includes cash on hand and demand deposits.

**Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

VILLAGE OF INDIANTOWN, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

---

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Fund Balance or Net Position (Continued)**

**Capital Assets**

Capital assets, which include property, plant and equipment, and certain infrastructure assets (e.g., utility plant, roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost or component of more than \$2,500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Equipment	3-10 years
Vehicles	3-10 years
Infrastructure	10-20 years

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

VILLAGE OF INDIANTOWN, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Fund Balance or Net Position (Continued)**

**Deferred Outflows/Inflows of Resources**

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining lives of plan members. Experience gains or losses result from periodic studies by the Village's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service life of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the Village to the pension plan before year end but subsequent to the measurement date of the Village's net pension liability are reported as deferred outflows of resources. The changes in proportion and differences between Village contributions and proportionate share of contributions are also deferred and amortized against pension expense over a five year period.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosures of contingent liabilities, revenues and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables and the useful lives of capital assets. Although these estimates as well as all estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

VILLAGE OF INDIANTOWN, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Fund Balance or Net Position (Continued)**

**Net Position/Fund Balance Classification**

Net investment in capital assets – This category groups all capital assets, including infrastructure into one component of net position. Accumulated depreciation and the outstanding balance of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions in enabling legislation.

At year-end, governmental activities net position restricted for other purposes was composed of amounts related to purposes as noted in the statement of net position.

Unrestricted net position – This category represents net position that does not meet the definition of “net investment in capital assets” or “restricted”.

In accordance with GASB Statement No. 54, the Village classified governmental fund balance as follows:

- **Nonspendable Fund Balance** – This represents amounts that that cannot be spent due to form (e.g. inventories, prepaid amounts) or legally or contractually required to be maintained intact (such as corpus of an endowment fund).
- **Restricted Fund Balance** – This represents amounts constrained for a specific purpose by external parties, such as creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** – This represents amounts that can only be used for specific purposes determined by a formal action (ordinance) of the Village Commission, the Village's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Village removes those constraints by taking the same type of action.
- **Assigned Fund Balance** – Assigned fund balances includes spendable fund balance amounts established by management of the Village that are intended to be used for a specific purposes that are neither considered restricted or committed. Intent is expressed by the Village Commission or a body or official to which the Village Commissioners have delegated authority, which is the Village Manager, to assign amounts to be used for specific purposes. Appropriations of existing fund balances to eliminate deficits in a future budget and encumbrances are considered assignments of fund balance.

VILLAGE OF INDIANTOWN, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Fund Balance or Net Position (Continued)**

- Unassigned Fund Balance – This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it such as in grant agreements requiring dollar for dollar spending.

When committed, assigned and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last.

**Public Safety and Recreation Services**

In January 2019, the Village and Martin County entered into an agreement which set for the rights and responsibilities concerning implementation and levy of certain taxes needed to provide services identical to those previously provided by the County's Fire-Rescue and Parks and Recreation MSTUs. Under the agreement, the Village will pay Martin County for the services on a quarterly basis. Effective October 1, 2019, the Village and Martin County entered into a new agreement for the County to continue to provide Fire-Rescue and Parks and Recreation services, however, the MSTUs would be collected directly by the County.

**NOTE 2. DEPOSITS**

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the state treasurer of the state of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the state treasurer requires all Florida qualified public depositories to deposit with the treasurer or banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

VILLAGE OF INDIANTOWN, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE 3. RECEIVABLES**

Receivables as of September 30, 2020, for the Village's General Fund, including the allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Receivables			
Accounts	\$ 58,188	\$ 200,338	\$ 258,526
Due from other governments	57,596	8,555,601	8,613,197
	<u>\$ 115,784</u>	<u>\$ 8,755,939</u>	<u>\$ 8,871,723</u>

**NOTE 4. PROPERTY TAXES**

Property values are assessed on a county-wide basis by the Martin County Property Appraiser as of January 1st, the lien date, of each year and are due November 1st of the same year. The Property Appraiser certifies taxable value of property within the Village and the Village levies a tax millage rate upon the taxable value, which will provide revenue required for the fiscal year beginning October 1st. Property taxes levied each November 1st by the Village and all other taxing authorities within the County are centrally billed and collected by the County Tax Collector, with remittances to the Village of its proportionate share of collected taxes. Taxes for the fiscal year beginning October 1st are billed in the month of November subject to a 1% per month discount for the period November through February, and are due no later than March 31st of the subsequent year. On April 1st, unpaid amounts become delinquent with interest and penalties added thereafter. Beginning June 1st, tax certificates representing delinquent taxes with interest and penalties are sold by Martin County, with remittance to the Village for its share of those receipts. For the reported period, the Village did not levy any property taxes of its own.

**VILLAGE OF INDIANTOWN, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Governmental activities				
Capital assets not being depreciated				
Construction in progress	-		-	-
Total assets not being depreciated	<u>-</u>	<u>1,450,572</u>	<u>-</u>	<u>1,450,572</u>
Capital assets being depreciated				
Infrastructure	-	194,967	-	194,967
Vehicles	-	101,625	-	101,625
Equipment	15,756	62,344	-	78,100
Total assets being depreciated	<u>15,756</u>	<u>358,936</u>	<u>-</u>	<u>374,692</u>
Less accumulated depreciation				
Infrastructure	-	(28,561)	-	(28,561)
Vehicles	-	(4,333)	-	(4,333)
Equipment	(2,526)	(5,531)	-	(8,057)
Total accumulated depreciation	<u>(2,526)</u>	<u>(38,425)</u>	<u>-</u>	<u>(40,951)</u>
Total assets depreciated, net	<u>13,230</u>	<u>320,511</u>	<u>-</u>	<u>333,741</u>
Governmental activities, net	<u>\$ 13,230</u>	<u>\$ 1,771,083</u>	<u>\$ -</u>	<u>\$ 1,784,313</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ -	\$ 775,980	\$ -	\$ 775,980
Total assets not being depreciated	<u>-</u>	<u>775,980</u>	<u>-</u>	<u>775,980</u>
Capital assets being depreciated				
Water and sewer plant	-	7,724,020	-	7,724,020
Total assets being depreciated	<u>-</u>	<u>7,724,020</u>	<u>-</u>	<u>7,724,020</u>
Less accumulated depreciation				
Water and sewer plant	-	-	-	-
Total accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets depreciated, net	<u>-</u>	<u>7,724,020</u>	<u>-</u>	<u>7,724,020</u>
Business-type activities, net	<u>\$ -</u>	<u>\$ 8,500,000</u>	<u>\$ -</u>	<u>\$ 8,500,000</u>

Depreciation expense of \$12,714 and \$25,711 was charged to general governmental and transportation activities, respectively, in the current year. No depreciation expense was charged to the Utility fund in the current year.

**VILLAGE OF INDIANTOWN, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 6. DEBT**

The following schedule details the Village's long-term liability and obligation activity for governmental activities for the year ended September 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
Trust payable	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ -
Net pension liability	19,284	709,099	(104,246)	624,137	-
Compensated absences	-	18,250	-	18,250	18,250
Total governmental activities	<u>\$ 1,019,284</u>	<u>\$ 727,349</u>	<u>\$ (104,246)</u>	<u>\$ 1,642,387</u>	<u>\$ 18,250</u>
Business-type activities					
Direct borrowings					
Note payable	\$ -	\$ 8,500,000	\$ -	\$ 8,500,000	\$ 8,500,000
State Revolving Fund	-	1,122,929	-	1,122,929	-
State Revolving Fund	-	982,384	-	982,384	-
Total governmental activities	<u>\$ -</u>	<u>\$ 10,605,313</u>	<u>\$ -</u>	<u>\$ 10,605,313</u>	<u>\$ 8,500,000</u>

The Village has an unsecured bank loan obtained from a local financial institution and was issued as a \$1,000,000 line of credit carrying an interest rate of prime minus 0.50% with a floor of 3% and a ceiling of 18%. The entire line of credit was unused as of September 30, 2020.

During 2019, the Village became a successor agency from Martin County as the recipient of a Trust agreement with Florida Power & Light. The agreement calls for the Village to receive a \$1,000,000 contribution, for which the interest earned on the investment can be used to fund projects benefitting the Village. The Village must return the contribution to Florida Power & Light on July 23, 2025.

On September 29, 2020, the Village obtained a bank loan from a local financial institution in the amount of \$8,500,000 to fund the acquisition of a water & wastewater facility. The loan has an interest rate of 1.80%, and was subsequently repaid in October 2020.

On September 21, 2020, the Village entered into two agreements with the Florida Department of Environmental Protection, State Revolving Fund, with the beginning of the repayment period on May 15, 2021. The two notes are payable in sixty semi-annual payments in a combined amount of \$40,542, including interest at the rate of 0.94%. Loans are secured by the net revenues of the water and sewer system.

VILLAGE OF INDIANTOWN, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE 6. DEBT (CONTINUED)**

The annual debt service requirements to maturity for debt outstanding as of September 30, 2020, are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Trust Payable			Notes Payable from Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ -	\$ -	\$ -	\$ 8,561,021	\$ 25,219	\$ 8,586,240
2022	-	-	-	64,758	12,583	77,341
2023	-	-	-	65,120	12,221	77,341
2024	-	-	-	65,488	11,853	77,341
2025	1,000,000	-	1,000,000	65,860	11,481	77,341
2026-2030	-	-	-	335,054	51,651	386,705
2031-2035	-	-	-	345,125	41,580	386,705
2036-2040	-	-	-	355,881	30,824	386,705
2041-2045	-	-	-	367,369	19,336	386,705
2046-2050	-	-	-	379,637	7,066	386,703
	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 10,605,313</u>	<u>\$ 223,814</u>	<u>\$ 10,829,127</u>

**NOTE 7. STATE OF FLORIDA PENSION PLANS**

***Defined Benefit Plans***

The Village participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, *Florida Statutes*, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, *Florida Statutes*. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or Village school board, unless restricted from FRS membership under Sections 121.053 or 121.122, *Florida Statutes*, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

VILLAGE OF INDIANTOWN, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE 7. STATE OF FLORIDA PENSION PLANS (CONTINUED)**

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, *Florida Statutes*. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

***Benefits Provided***

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, *Florida Statutes*.

***Contributions***

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2020, were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular class	6.75%	1.66%
Special risk class	23.76%	1.66%
Senior management service class	23.69%	1.66%
Elected officials	47.10%	1.66%
DROP from FRS	12.94%	1.66%

The employer's contributions for the year ended September 30, 2020, were \$48,896 to the FRS Pension Plan and \$8,807 to the HIS Program.

**VILLAGE OF INDIANTOWN, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 7. STATE OF FLORIDA PENSION PLANS (CONTINUED)**

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended September 30, 2020, the Village reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2020. The Village's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<b>FRS</b>	<b>HIS</b>
Net pension liability	\$ 479,032	\$ 145,105
Proportion at:		
Current measurement date	0.001111%	0.01188%
Prior measurement date	0.00004%	0.00006%
Pension expense (benefit)	\$ 147,884	\$ 29,544

***Deferred Outflows/Inflows of Resources Related to Pensions***

At September 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>FRS</b>		<b>HIS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Description</b>				
Differences between expected and actual experience	\$ 18,334	\$ -	\$ 5,936	\$ 112
Change of assumptions	86,720	-	15,603	8,436
Net difference between projected and actual earnings on pension plan investments	28,522	-	116	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	231,092	-	108,326	-
Village contributions subsequent to the measurement date	16,508	-	3,066	-
Total	\$ 381,176	\$ -	\$ 133,047	\$ 8,548

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2021.

VILLAGE OF INDIANTOWN, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE 7. STATE OF FLORIDA PENSION PLANS (CONTINUED)**

Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal year ending September 30:	<b>FRS</b>	<b>HIS</b>
2021	\$ 75,149	\$ 33,607
2022	117,041	24,929
2023	99,484	6,812
2024	59,472	15,818
2025	13,522	21,539
Thereafter	-	18,728
	<u>\$ 364,668</u>	<u>\$ 121,433</u>

***Actuarial Assumptions***

The total pension liability for each of the defined benefit plans was measured as of June 30, 2020. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2020. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2020. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	<b>FRS</b>	<b>HIS</b>
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

VILLAGE OF INDIANTOWN, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE 7. STATE OF FLORIDA PENSION PLANS (CONTINUED)**

*Actuarial Assumptions (continued)*

The following changes in key actuarial assumptions occurred in 2020:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.50% to 2.21%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
Assumed inflation - Mean			2.40%	1.70%

**Discount Rate**

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

VILLAGE OF INDIANTOWN, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

**NOTE 7. STATE OF FLORIDA PENSION PLANS (CONTINUED)**

***Sensitivity Analysis***

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Village's proportionate share of the net pension liability	\$ 22,492	\$ 479,032	\$ 50,930	\$ 7,161	\$ 145,105	\$ 5,533

***Pension Plans' Fiduciary Net Position***

Detailed information about the pension plans' fiduciary net position is available in the state's separately issued financial reports.

**NOTE 8. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts, including, but not limited to: theft of assets; damage to and destruction of assets; errors and omissions; general liabilities; and natural disasters for which the Village carries commercial insurance. There have been no significant reductions of insurance coverage, and settlement amounts have not exceeded insurance coverage for the current or the three prior years.

**NOTE 9. COMMITMENTS AND CONTINGENCIES**

During March 2020, the World Health Organization declared the Coronavirus outbreak a global pandemic. Actions taken around the world to help mitigate the spread of the Coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The Coronavirus and actions taken to mitigate it have had, and are expected to continue to have an adverse impact on the local economies. The ultimate impact of the pandemic on the Village's results of operations, financial position, and liquidity cannot be reasonably estimated at this time.

**VILLAGE OF INDIANTOWN, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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**NOTE 10. UTILITY SYSTEM ACQUISITION**

On September 29, 2020, the Village acquired a water and wastewater utility system from the Indiantown Company, Inc. The purchase price was \$8,500,000, and the related assets and liabilities have been presented in the September 30, 2020 financial statements in the Utility Fund. As part of the acquisition, the Village takes over the operations of approximately 2,000 connections in the Village. This includes ninety five percent (95%) of the accounts receivable balances in the amount of \$200,338, customer deposit in the amount of \$50,880, and a Florida Public Utility Lease accrual of \$2,800. The acquisition was financed by funding from the Florida Department of Environmental Protection's State Revolving Funds loan program, and \$160,366 in cash from the Village.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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VILLAGE OF INDIANTOWN, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES—BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 3,100,946	\$ 3,174,946	\$ 3,174,645	\$ (301)
Gas taxes	310,000	430,000	363,414	(66,586)
Other taxes	116,500	79,600	77,828	(1,772)
Licenses and permits	120,500	129,200	129,809	609
Intergovernmental revenues	935,000	794,700	967,689	172,989
Charges for services	1,150	3,431	3,343	(88)
Franchise fees	350,000	300,000	292,556	(7,444)
Fines and forfeitures	3,000	100	75	(25)
Investment earnings	8,071	5,150	5,141	(9)
Miscellaneous revenues	1,000	13,244	13,232	(12)
Total revenues	<u>4,946,167</u>	<u>4,930,371</u>	<u>5,027,732</u>	<u>97,361</u>
<b>Expenditures</b>				
Current				
General government	2,824,914	2,450,371	2,410,263	40,108
Public safety	10,800	132,800	132,753	47
Transportation	445,000	927,600	872,439	55,161
Physical environment	22,100	22,100	22,099	1
Culture/recreation	365,000	423,000	423,909	(909)
Capital outlay	267,200	1,574,500	1,568,336	6,164
Total expenditures	<u>3,935,014</u>	<u>5,530,371</u>	<u>5,429,799</u>	<u>100,572</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,011,153</u>	<u>(600,000)</u>	<u>(402,067)</u>	<u>197,933</u>
<b>Other financing sources</b>				
Appropriations of fund balance	-	600,000	-	(600,000)
Contingencies	(1,011,153)	-	-	-
Transfers out	-	-	(173,707)	(173,707)
Total other financing sources	<u>(1,011,153)</u>	<u>600,000</u>	<u>(173,707)</u>	<u>(773,707)</u>
<b>Change in fund balance</b>	-	-	(575,774)	(575,774)
<b>Fund balance, beginning of year</b>	<u>3,319,559</u>	<u>3,319,559</u>	<u>3,319,559</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 3,319,559</u>	<u>\$ 3,319,559</u>	<u>\$ 2,743,785</u>	<u>\$ (575,774)</u>

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

## VILLAGE OF INDIANTOWN, FLORIDA

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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#### **NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING**

An annual appropriated budget is prepared for the General Fund.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) The Village Manager submits to the Council a proposed operating budget for the ensuing fiscal year. The operating budget includes appropriations and the means of financing them with an explanation regarding each expenditure that is not of a routine nature.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) Prior to October 1, the budget is legally enacted through passage of a resolution.
- (d) The Village Council, by motion, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated. During the year ended September 30, 2020, there were no significant supplemental appropriations.
- (e) Formal budgetary integration is employed as a management control device for the General Fund.
- (f) The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).

**VILLAGE OF INDIANTOWN, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Reporting period ending Measurement date	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>
Village's proportion of the FRS net pension liability	0.000000000%	0.001105250%
Village's proportionate share of the FRS net pension liability	\$ 479,032	\$ 13,011
Village's covered payroll	484,272	18,750
Village's proportionate share of the pension liability as a percentage of its covered payroll	98.92%	69.39%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**VILLAGE OF INDIANTOWN, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS**

**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

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Reporting period ending	<b>9/30/2020</b>	<b>9/30/2019</b>
Contractually required FRS contribution	\$ 48,896	\$ 5,506
FRS contributions in relation to the contractually required FRS contribution	48,896	5,506
FRS contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 530,502	\$ 75,000
FRS contributions as a percentage of covered payroll	9.22%	7.34%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**VILLAGE OF INDIANTOWN, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
HEALTH INSURANCE SUBSIDY PENSION PLAN**

Reporting period ending Measurement date	<u>9/30/2020</u> <u>6/30/2020</u>	<u>9/30/2019</u> <u>6/30/2019</u>
Village's proportion of the HIS net pension liability	0.001105250%	0.011884300%
Village's proportionate share of the HIS net pension liability	\$ 479,032	\$ 6,273
Village's covered payroll	484,272	18,750
Village's proportionate share of the pension liability as a percentage of its covered payroll	98.92%	33.46%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.39%	2.63%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**VILLAGE OF INDIANTOWN, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
HEALTH INSURANCE SUBSIDY PENSION PLAN**

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Reporting period ending	<b>9/30/2020</b>	<b>9/30/2019</b>
Contractually required HIS contribution	\$ 8,807	\$ 1,418
HIS contributions in relation to the contractually required HIS contribution	8,807	1,418
HIS contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 530,502	\$ 93,750
HIS contributions as a percentage of covered payroll	1.66%	1.51%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

## **OTHER REPORTS**

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VILLAGE OF INDIANTOWN, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	CSFA Number	Grant ID Number	Actual Expenditures
<b>Federal Awards</b>			
<b>U.S. Department of Environmental Protection</b>			
Passed through the Florida Department of Environmental Protection			
Capitalization Grants for State Revolving Funds	66.468	DW430320	\$ 2,940,354
Total U.S. Department of Environmental Protection			<u>2,940,354</u>
<b>Total expenditures of federal awards</b>			<u>\$ 2,940,354</u>
<b>State Financial Assistance</b>			
Florida Department of Environmental Protection			
Wastewater Treatment Facility Construction	37.077	WW430310	\$ 5,614,647
			<u>5,614,647</u>
<b>Total expenditures of state financial assistance</b>			<u>\$ 5,614,647</u>

**NOTES TO THE SCHEDULE**

**NOTE 1. BASIS OF PRESENTATION**

The above schedule is presented using the modified accrual basis of accounting and is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. As such, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements.

**NOTE 2. INDIRECT COST RATE**

The Village has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3. STATE REVOLVING FUND LOANS**

The Village had the following State Revolving Fund loan balances outstanding at September 30, 2020. Current year additions to the loan balances to be included in the Schedule of Expenditures of Federal Awards and State Financial Assistance for the fiscal year ended September 30, 2020, were \$2,105,313.

Program Title	CFDA/CSFA Number	Grant Number	Total Outstanding as of September 30, 2020
State Revolving Fund	66.468	DW430320	\$ 982,384
State Revolving Fund	37.077	WW430310	1,122,929

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

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Honorable Mayor and Members of  
the Village Council,  
Village of Indiantown, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the **Village of Indiantown, Florida** (the "Village"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 26, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2020-001 that we consider to be a material weakness.

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**Compliance and Other Matters**

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

**Village's Response to Finding**

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village'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.



Bradenton, Florida  
May 26, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550,  
RULES OF THE AUDITOR GENERAL**

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Honorable Mayor and Members of  
the Village Council,  
Village of Indiantown, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited the Village of Indiantown, Florida's (the "Village") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs and state projects for the year ended September 30, 2020. The Village's major federal program and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs and state projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and state project occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and state project. However, our audit does not provide a legal determination of the Village's compliance.

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### ***Opinion on the Major Federal Program***

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and state project for the year ended September 30, 2020.

### **Report on Internal Control over Compliance**

Management of the Village, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
May 26, 2021

**VILLAGE OF INDIANTOWN, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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**SECTION I**  
**SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:  
 Material weaknesses identified?  yes  no

Significant deficiencies identified not considered  
 to be material weaknesses?  yes  no

Noncompliance material to financial statements noted?  yes  no

**Federal Awards and State Financial Assistance Projects**

Internal control over major federal programs:  
 Material weaknesses identified?  yes  no

Significant deficiencies identified not considered  
 to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for  
 major federal programs: Unmodified

Any audit findings disclosed that are required to  
 be reported in accordance with the Uniform Guidance?  yes  no

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
66.468	U.S. Department of Environmental Protection – Capitalization Grants

Identification of major state financial assistance projects:

CSFA Number	Name of State Program or Cluster
37.077	Wastewater Treatment Facility Construction

Dollar threshold used to distinguish between  
 Federal Type A and Type B programs: \$750,000  
 State Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

**VILLAGE OF INDIANTOWN, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**2020-001 Accounts Receivables and Revenues**

Criteria: To ensure that financial statements properly present the financial position and results of operations of the Village in accordance with generally accepted accounting principles (GAAP), in addition to providing meaningful financial reports to Village Council and management, the Village should ensure that all revenue accruals are properly reflected at year-end. Additionally, reconciliations should be reviewed by management to ensure proper preparation of reconciliations, and that balance sheet accounts are properly supported.

Condition: During testing of the Village's accounts receivable and franchise fee revenues, we noted a receivable for franchise fee revenue was not recorded by the Village as of September 30, 2020. Therefore, an entry to increase the Village's accounts receivable and increase revenues in the General Fund in the amount of \$58,188 was required to be recorded. We recommend that the Village implement a review process on accrued revenues to better identify any potential errors.

Context/Cause: Finance Department oversight caused these accounts to be misstated.

Effect: An audit adjustment was required to be posted within the General Fund noted above for the fair presentation of the financial statements.

Recommendation: We recommend the Village evaluate its period closing process to ensure subsidiary ledger reconciliations are being performed timely, properly, and are being reviewed by management.

Management's Response: The Village concurs with the adjustment noted above, and has implemented procedures to ensure entries are reviewed by management.

**VILLAGE OF INDIANTOWN, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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**SECTION III**  
**STATE PROJECTS FINDINGS AND QUESTIONED COSTS**

None noted.

**SECTION IV**  
**STATUS OF PRIOR YEAR AUDIT FINDINGS**

**2019-001 Accounts Receivables and Revenues**

Criteria: To ensure that financial statements properly present the financial position and results of operations of the Village in accordance with generally accepted accounting principles (GAAP), in addition to providing meaningful financial reports to Village Council and management, the Village should ensure that all revenue accruals are properly reflected at year-end. Additionally, reconciliations should be reviewed by management to ensure proper preparation of reconciliations, and that balance sheet accounts are properly supported.

Condition: During testing of the Village's accounts receivable and franchise fee revenues, we noted a receivable for franchise fee revenue was not recorded by the Village as of September 30, 2019. Therefore, an entry to increase the Village's accounts receivable and increase revenues in the General Fund in the amount of \$56,254 was required to be recorded. We recommend that the Village implement a review process on accrued revenues to better identify any potential errors.

Status: Repeat Finding as 2020-001.

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## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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Honorable Mayor and Members of  
the Village Council,  
Village of Indiantown, Florida

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

We have audited the financial statements of the Village of Indiantown, Florida (the "Village"), as of and for the year ended September 30, 2020, and have issued our report thereon dated May 26, 2021.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our 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*; Schedule of Findings and Responses; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 26, 2021, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Prior year finding number 2019-001 was not fully corrected and has been repeated as 2020-001.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Village of Indiantown, Florida was incorporated in December 2017. Additional information on the Village's creation is disclosed within the Village's footnotes.

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### **Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the Village. It is management's responsibility to monitor the Village'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 the same.

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

### **Special District Component Units**

Section 10.554(1)(i)5.c, *Rules of the Auditor General*, requires, if appropriate, to communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), *Florida Statutes*. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), *Florida Statutes*.

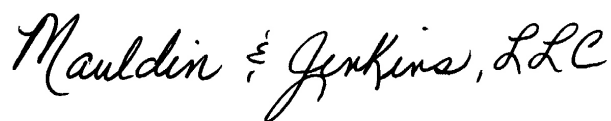
### **Additional Matters**

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

### **Purpose of this Letter**

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

Bradenton, Florida  
May 26, 2021





## INDEPENDENT ACCOUNTANT'S REPORT

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Honorable Mayor and Members of  
the Village Council,  
Village of Indiantown, Florida

We have examined the Village of Indiantown, Florida's (the "Village") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. Management of the Village is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

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

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

In our opinion, the Village complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2020.

This report is intended solely for the information and use of the Village 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.

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
May 26, 2021

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