




# Village of Indiantown, Florida

Basic Financial Statements and  
Supplementary Information  
For the Year Ended September 30, 2021



**Village of Indiantown, Florida**  
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# INTRODUCTORY SECTION

**Village of Indiantown, Florida**  
**List of Principal Officials**  
**Council/Village Manager Form of Government**  
**September 30, 2021**

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**Village Council**

Jacqueline Gary-Clarke, Mayor  
Anthony D. Dowling, Vice Mayor

Guyton Stone  
Janet Hernández  
Susan G. Thomas

**Village Manager**

Howard W. Brown, Jr., ICMA-CM

**Village Clerk**

Susan A. Owen, MPA, MMC

**Village Attorney**

Wade C. Vose, ESQ

**Finance Director**

Michael Florio, BSc.

**Village Auditors**

Keefe McCullough



# FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

To the 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, 2021, 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.

### **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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the required supplementary information on pages 35 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, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reports Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
June 30, 2022

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 9).

### Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2021:

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at September 30, 2021, by approximately \$ 12.9 million (net position).
- During fiscal year 2021, the Village's net position increased by approximately \$ 2 million resulting from current operations.
- At the end of the fiscal year, the General Fund reported a fund balance of approximately \$ 3.6 million, or 76.4% 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 Financial 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.

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).

**Village of Indiantown, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2021**

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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, transportation, and culture/recreation.

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

	<b>Net Position</b>					
	<b>As of September 30, 2021 and 2020</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Assets:</b>						
Current assets	\$ 6,865,743	\$ 3,976,857	\$ 891,805	\$ 8,759,256	\$ 7,757,548	\$ 12,736,113
Capital assets	2,893,287	1,784,313	8,452,561	8,500,000	11,345,848	10,284,313
<b>Total assets</b>	<b>9,759,030</b>	<b>5,761,170</b>	<b>9,344,366</b>	<b>17,259,256</b>	<b>19,103,396</b>	<b>23,020,426</b>
Deferred Outflows of Resources	757,546	514,223	324,657	-	1,082,203	514,223
<b>Liabilities:</b>						
Other liabilities	2,327,111	232,750	384,168	53,680	2,711,279	286,430
Long-term liabilities	1,469,207	1,642,387	2,475,385	10,605,313	3,944,592	12,247,700
<b>Total liabilities</b>	<b>3,796,318</b>	<b>1,875,137</b>	<b>2,859,553</b>	<b>10,658,993</b>	<b>6,655,871</b>	<b>12,534,130</b>
Deferred inflows of resources	488,535	8,548	209,372	-	697,907	8,548
<b>Net Position:</b>						
Net investment in capital assets	2,893,287	1,784,313	6,111,680	-	9,004,967	1,784,313
Restricted	1,354	322	-	-	1,354	322
Unrestricted	3,337,082	2,607,073	488,418	6,600,263	3,825,500	9,207,336
<b>Total net position</b>	<b>\$ 6,231,723</b>	<b>\$ 4,391,708</b>	<b>\$ 6,600,098</b>	<b>\$ 6,600,263</b>	<b>\$ 12,831,821</b>	<b>\$ 10,991,971</b>

**Village of Indiantown, Florida  
Management's Discussion and Analysis  
September 30, 2021**

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

	Changes in Net Position For the year ended September 30, 2021 and 2020					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 332,208	\$ 133,375	\$ 2,130,432	\$ -	\$ 2,462,640	\$ 133,375
Operating grants and contributions	257,655	9,700	-	-	257,655	9,700
Capital grants and contributions	-	-	107,026	6,450,288	107,026	6,450,288
General revenues:						
Property taxes	3,264,450	3,174,645	-	-	3,264,450	3,174,645
Intergovernmental revenue	1,042,711	957,989	-	-	1,042,711	957,989
Gas taxes	359,450	363,414	-	-	359,450	363,414
Other taxes	81,775	77,828	-	-	81,775	77,828
Franchise fees	312,507	292,556	-	-	312,507	292,556
Investment income	5,492	7,425	624	-	6,116	7,425
Miscellaneous	97,546	13,084	-	-	97,546	13,084
Total revenues	<u>5,753,794</u>	<u>5,030,016</u>	<u>2,238,082</u>	<u>6,450,288</u>	<u>7,991,876</u>	<u>11,480,304</u>
Operating Expenses:						
General government	3,246,377	2,598,987	-	-	3,246,377	2,598,987
Public safety	-	132,753	-	-	-	132,753
Transportation	241,798	656,978	-	-	241,798	656,978
Physical environment	-	22,099	-	-	-	22,099
Culture and recreation	463,929	423,909	-	-	463,929	423,909
Utility	-	-	2,199,922	23,732	2,199,922	23,732
Total expenses	<u>3,952,104</u>	<u>3,834,726</u>	<u>2,199,922</u>	<u>23,732</u>	<u>6,152,026</u>	<u>3,858,458</u>
Excess (deficiency) of revenues over expenditures	<u>1,801,690</u>	<u>1,195,290</u>	<u>38,160</u>	<u>6,426,556</u>	<u>1,839,850</u>	<u>7,621,846</u>
Other Financing Sources (Uses):						
Reassignments and assumptions, net	35,537	-	(35,537)	-	-	-
Transfers in	2,788	-	-	173,707	2,788	173,707
Transfers out	-	(173,707)	(2,788)	-	(2,788)	(173,707)
Total other financing sources (uses)	<u>38,325</u>	<u>(173,707)</u>	<u>(38,325)</u>	<u>173,707</u>	<u>-</u>	<u>-</u>
Change in net position	1,840,015	1,021,583	(165)	6,600,263	1,839,850	7,621,846
Net Position, Beginning	<u>4,391,708</u>	<u>3,370,125</u>	<u>6,600,263</u>	<u>-</u>	<u>10,991,971</u>	<u>3,370,125</u>
Net Position, Ending	<u>\$ 6,231,723</u>	<u>\$ 4,391,708</u>	<u>\$ 6,600,098</u>	<u>\$ 6,600,263</u>	<u>\$ 12,831,821</u>	<u>\$ 10,991,971</u>

**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.

The Village maintains three 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 governmental funds.

**Proprietary Funds:** The Village reports one proprietary fund – the Water and Wastewater 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 approximately \$ 8.5 million. Of this amount, approximately \$ 6.5 million was forgiven through the program.

**Capital Assets and Debt Administration**

**Capital Assets:** As of year-end, the Village had approximately \$ 11.3 million in capital assets (net of accumulated depreciation). Significant additions during the year included \$ 927,646 in transportation related stormwater drainage and roadway repairs. Leasehold improvements of \$ 150,134 were made to the rented building for the relocation of Village Hall.

**Capital Assets (Net of Depreciation)  
As of September 30, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 1,450,572	\$ 1,450,572	\$ 775,980	\$ 775,980	\$ 2,226,552	\$ 2,226,552
Construction in progress	98,855	-	-	-	98,855	-
Infrastructure	1,042,458	166,406	7,676,581	7,724,020	8,719,039	7,890,426
Leasehold improvements	127,783	-	-	-	127,783	-
Vehicles	82,660	97,292	-	-	82,660	97,292
Equipment	90,959	70,043	-	-	90,959	70,043
Total	<u>\$ 2,893,287</u>	<u>\$ 1,784,313</u>	<u>\$ 8,452,561</u>	<u>\$ 8,500,000</u>	<u>\$ 11,345,848</u>	<u>\$ 10,284,313</u>

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

**Village of Indiantown, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2021**

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**Long Term Liabilities:** As of year-end, total long-term liabilities of the Village were approximately \$ 3.9 million. \$ 575,289 of the liability was for the Village's proportionate share of the net pension liability of the Florida Retirement System. The balance of the remaining liabilities consists of \$ 2,288,546 outstanding principal related to the State Revolving Fund loan program for clean water and drinking water programs, a \$ 1 million non-expendable trust, and \$ 80,757 in accrued compensated absences.

**Long Term Liabilities**  
**As of September 30, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net pension liability	\$ 402,707	\$ 624,137	\$ 172,582	\$ -	\$ 575,289	\$ 624,137
Trust payable	1,000,000	1,000,000	-	-	1,000,000	1,000,000
Compensated absences	66,500	18,250	14,257	-	80,757	18,250
Notes and loans payable	-	-	2,288,546	10,605,313	2,288,546	10,605,313
<b>Total debt</b>	<b>\$ <u>1,469,207</u></b>	<b>\$ <u>1,642,387</u></b>	<b>\$ <u>2,475,385</u></b>	<b>\$ <u>10,605,313</u></b>	<b>\$ <u>3,944,592</u></b>	<b>\$ <u>12,247,700</u></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 major Governmental funds. A budgetary comparison schedule has been provided for the major Governmental funds to demonstrate compliance with the budget.

**Budgetary Highlights:** The Village continued further implementation of key elements in support of the adopted Strategic Action Plan in the FY 2021-2022 Adopted Budget. Those items included the following:

- Commenced construction of the Booker Park Drainage Project funded by a \$ 2 Million Grant from FDOT.
- Obtained additional funding in excess of \$ 1 Million from the State Revolving Fund program for additional clean water and drinking water related projects.
- Commenced studies to finalize the development of updated impact fees and a Mobility Plan for the Village's needed roadway improvements and transportation system maintenance.
- Contracted for additional professional engineering services to develop and finalize a water and wastewater system master plan to be approved by Council.
- Converted two permit technicians and two administrative assistants from part-time to full-time.

**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 15516 SW Osceola Street, Suite B, Indiantown, FL 34956, or call (772) 597-9900.



# BASIC FINANCIAL STATEMENTS



**Village of Indiantown, Florida**  
**Statement of Net Position**  
**September 30, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 5,636,462	\$ 674,391	\$ 6,310,853
Investments	1,001,342	-	1,001,342
Accounts receivables (net of allowances)	68,431	188,073	256,504
Due from other governments	110,213	66,774	176,987
Internal balances	38,493	(38,493)	-
Prepaid items and other assets	10,802	1,060	11,862
Capital assets, not being depreciated	1,549,427	775,980	2,325,407
Capital assets, being depreciated, net	1,343,860	7,676,581	9,020,441
Total assets	<u>9,759,030</u>	<u>9,344,366</u>	<u>19,103,396</u>
<b>Deferred Outflows of Resources:</b>			
Deferred outflows relating to pensions	<u>757,546</u>	<u>324,657</u>	<u>1,082,203</u>
Total deferred outflows of resources	<u>757,546</u>	<u>324,657</u>	<u>1,082,203</u>
Total assets and deferred outflows of resources	<u>10,516,576</u>	<u>9,669,023</u>	<u>20,185,599</u>
<b>Liabilities:</b>			
Accounts payable	434,034	302,439	736,473
Accrued payroll and benefits	96,515	-	96,515
Unearned revenues	1,796,562	-	1,796,562
Customer deposits	-	59,882	59,882
Accrued interest	-	21,847	21,847
Noncurrent liabilities:			
Due within one year	13,300	100,781	114,081
Due in more than one year	1,455,907	2,374,604	3,830,511
Total liabilities	<u>3,796,318</u>	<u>2,859,553</u>	<u>6,655,871</u>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows relating to pensions	<u>488,535</u>	<u>209,372</u>	<u>697,907</u>
Total deferred inflows of resources	<u>488,535</u>	<u>209,372</u>	<u>697,907</u>
<b>Net Position:</b>			
Net investment in capital assets	2,893,287	6,111,680	9,004,967
Restricted for:			
Community development	1,354	-	1,354
Unrestricted	3,337,082	488,418	3,825,500
Total net position	<u>6,231,723</u>	<u>6,600,098</u>	<u>12,831,821</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,516,576</u>	<u>\$ 9,669,023</u>	<u>\$ 20,185,599</u>

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

Village of Indiantown, Florida  
Statement of Activities  
For the Year Ended September 30, 2021

Functions/Programs:	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
Primary Government:						
Governmental activities:						
General government	\$ 3,246,377	\$ 257,655	\$ -	\$ (2,656,514)	\$ -	\$ (2,656,514)
Transportation	241,798	-	-	(241,798)	-	(241,798)
Culture and recreation	463,929	-	-	(463,929)	-	(463,929)
Total governmental activities	<u>3,952,104</u>	<u>257,655</u>	<u>-</u>	<u>(3,362,241)</u>	<u>-</u>	<u>(3,362,241)</u>
Business-type activities:						
Water and wastewater	2,199,922	-	107,026	-	37,536	37,536
Total business-type activities	<u>2,199,922</u>	<u>-</u>	<u>107,026</u>	<u>-</u>	<u>37,536</u>	<u>37,536</u>
Total primary government	<u>\$ 6,152,026</u>	<u>\$ 257,655</u>	<u>\$ 107,026</u>	<u>(3,362,241)</u>	<u>37,536</u>	<u>(3,324,705)</u>
General revenues, transfers, reassignments and assumptions:						
Property taxes				3,264,450	-	3,264,450
Intergovernmental revenue, unrestricted				1,042,711	-	1,042,711
Gas taxes				359,450	-	359,450
Other taxes				81,775	-	81,775
Franchise fees				312,507	-	312,507
Investment income				5,492	624	6,116
Miscellaneous				97,546	-	97,546
Transfers				2,788	(2,788)	-
Reassignment of deferred outflows of resources to business-type activities				(154,263)	154,263	-
Assumption of liabilities and deferred inflows of resources to business-type activities				189,800	(189,800)	-
Total general revenues, transfers, reassignments and assumptions				<u>5,202,256</u>	<u>(37,701)</u>	<u>5,164,555</u>
Change in net position				1,840,015	(165)	1,839,850
Net Position, Beginning of Year				4,391,708	6,600,263	10,991,971
Net Position, End of Year				<u>\$ 6,231,723</u>	<u>\$ 6,600,098</u>	<u>\$ 12,831,821</u>

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

Village of Indiantown, Florida  
Balance Sheet - Governmental Funds  
September 30, 2021

	<u>General Fund</u>	<u>Community Trust Fund</u>	<u>(Non-Major) Capital Improvement Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 5,636,450	\$ 12	\$ -	\$ 5,636,462
Investments	-	1,001,342	-	1,001,342
Accounts receivables (net of allowances)	68,431	-	-	68,431
Due from other governments	110,213	-	-	110,213
Due from other funds	39,790	-	-	39,790
Prepaid items and other assets	10,802	-	-	10,802
	<u>5,865,686</u>	<u>1,001,354</u>	<u>-</u>	<u>6,867,040</u>
Total assets	\$ <u>5,865,686</u>	\$ <u>1,001,354</u>	\$ <u>-</u>	\$ <u>6,867,040</u>
<b>Liabilities:</b>				
Accounts payable	\$ 434,034	\$ -	\$ -	\$ 434,034
Accrued payroll and benefits	96,515	-	-	96,515
Due to other funds	-	-	1,297	1,297
Unearned revenues	1,796,562	-	-	1,796,562
	<u>2,327,111</u>	<u>-</u>	<u>1,297</u>	<u>2,328,408</u>
Total liabilities	<u>2,327,111</u>	<u>-</u>	<u>1,297</u>	<u>2,328,408</u>
<b>Fund Balances (Deficit):</b>				
Nonspendable:				
Prepaid expenditures	10,802	-	-	10,802
Restricted for:				
Community development	-	1,001,354	-	1,001,354
Unassigned	3,527,773	-	(1,297)	3,526,476
	<u>3,538,575</u>	<u>1,001,354</u>	<u>(1,297)</u>	<u>4,538,632</u>
Total fund balances (deficit)	<u>3,538,575</u>	<u>1,001,354</u>	<u>(1,297)</u>	<u>4,538,632</u>
Total liabilities and fund balances (deficit)	\$ <u>5,865,686</u>	\$ <u>1,001,354</u>	\$ <u>-</u>	\$ <u>6,867,040</u>

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

**Village of Indiantown, Florida**  
**Reconciliation of the Balance Sheet - Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2021**

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**Fund Balances - Total Governmental Funds** \$ 4,538,632

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

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

Governmental capital assets	\$ 3,031,086	
Accumulated depreciation	<u>(137,799)</u>	2,893,287

Deferred outflows, deferred inflows, and the net pension liability related to the Village'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	\$ 757,546	
Deferred inflows - pension	(488,535)	
Net pension liability	<u>(402,707)</u>	(133,696)

Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.

Compensated absences	\$ (66,500)	
Community trust payable	<u>(1,000,000)</u>	<u>(1,066,500)</u>

**Net Position of Governmental Activities** \$ 6,231,723

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

Village of Indiantown, Florida  
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2021

	General Fund	Community Trust Fund	(Non-Major) Capital Improvement Fund	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 3,264,450	\$ -	\$ -	\$ 3,264,450
Intergovernmental revenue	1,300,366	-	-	1,300,366
Gas taxes	359,450	-	-	359,450
Franchise fees	312,507	-	-	312,507
Licenses and permits	196,630	-	-	196,630
Charges for services	131,376	-	-	131,376
Miscellaneous revenues	97,546	-	-	97,546
Other taxes	81,775	-	-	81,775
Investment income	4,299	1,193	-	5,492
Fines and forfeitures	4,202	-	-	4,202
	<u>5,752,601</u>	<u>1,193</u>	<u>-</u>	<u>5,753,794</u>
<b>Expenditures:</b>				
Current:				
General government	3,110,972	-	-	3,110,972
Transportation	1,095,270	-	-	1,095,270
Culture and recreation	478,980	-	-	478,980
Capital outlay	83,090	-	193,745	276,835
	<u>4,768,312</u>	<u>-</u>	<u>193,745</u>	<u>4,962,057</u>
Excess (deficiency) of revenues over expenditures	<u>984,289</u>	<u>1,193</u>	<u>(193,745)</u>	<u>791,737</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,949	-	192,448	195,397
Transfers out	<u>(192,448)</u>	<u>(161)</u>	<u>-</u>	<u>(192,609)</u>
Total other financing sources (uses)	<u>(189,499)</u>	<u>(161)</u>	<u>192,448</u>	<u>2,788</u>
Change in fund balances	794,790	1,032	(1,297)	794,525
<b>Fund Balances, Beginning of Year</b>	<u>2,743,785</u>	<u>1,000,322</u>	<u>-</u>	<u>3,744,107</u>
<b>Fund Balances (Deficit), End of Year</b>	<u>\$ 3,538,575</u>	<u>\$ 1,001,354</u>	<u>\$ (1,297)</u>	<u>\$ 4,538,632</u>

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

**Village of Indiantown, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2021**

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**Net Change in Fund Balances - Governmental Funds** \$ 794,525

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.

Capital outlay	\$	1,205,822	
Less current year depreciation		<u>(96,848)</u>	1,108,974

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 included amounts that do require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.

Change in net pension liability	\$	221,430	
Change in deferred outflows related to pensions		243,323	
Change in deferred inflows related to pensions		<u>(479,987)</u>	(15,234)

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.

Change in compensated absences			<u>(48,250)</u>
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**Change in Net Position of Governmental Activities** \$ 1,840,015

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

Village of Indiantown, Florida  
Statement of Net Position -  
Proprietary Fund  
September 30, 2021

	<b>Water And Wastewater Fund</b>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 674,391
Accounts receivable, net	188,073
Due from other governments	66,774
Prepaid items and other assets	1,060
Total current assets	<u>930,298</u>
Noncurrent assets:	
Capital assets, net	<u>8,452,561</u>
Total assets	<u>9,382,859</u>
<b>Deferred Outflows of Resources:</b>	
Deferred outflows relating to pensions	<u>324,657</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	302,439
Accrued interest	21,847
Customer deposits	59,882
Current portion, loan payable	97,929
Current portion, compensated absences payable	2,852
Due to other funds	38,493
Total current liabilities	<u>523,442</u>
Noncurrent liabilities:	
Compensated absences payable	11,405
Net pension liability	172,582
Loan payable	2,190,617
Total noncurrent liabilities	<u>2,374,604</u>
Total liabilities	<u>2,898,046</u>
<b>Deferred Inflows of Resources:</b>	
Deferred inflows relating to pensions	<u>209,372</u>
<b>Net Position:</b>	
Net investment in capital assets	6,111,680
Unrestricted	488,418
Total net position	<u>\$ 6,600,098</u>

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

**Village of Indiantown, Florida**  
**Statement of Revenues, Expenses and Changes in Net Position -**  
**Proprietary Fund**  
**For the Year Ended September 30, 2021**

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	<b>Water And Wastewater Fund</b>
<b>Operating Revenues:</b>	
Charges for services	\$ <u>2,130,432</u>
<b>Operating Expenses:</b>	
Personnel services	606,260
Other operating expenses	1,389,358
Depreciation	<u>196,310</u>
Total operating expenses	<u>2,191,928</u>
Operating income (loss)	<u>(61,496)</u>
<b>Nonoperating Revenues (Expenses):</b>	
Interest income	624
Interest expense	<u>(7,994)</u>
Total nonoperating revenues (expenses)	<u>(7,370)</u>
Income (loss) before contributions and transfers	<u>(68,866)</u>
<b>Contributions and Transfers:</b>	
Reassignment of governmental activities deferred outflows of resources to business-type activities	154,263
Assumption of governmental activities liabilities and deferred inflows of resources by business-type activities	(189,800)
Capital contributions	107,026
Transfers out	<u>(2,788)</u>
Total contributions and transfers	<u>68,701</u>
Change in net position	(165)
<b>Net Position, Beginning of Year</b>	<u>6,600,263</u>
<b>Net Position, End of Year</b>	\$ <u><u>6,600,098</u></u>

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

**Village of Indiantown, Florida**  
**Statement of Cash Flows -**  
**Proprietary Fund**  
**For the Year Ended September 30, 2021**

	<b>Water and Wastewater Fund</b>
<b>Cash Flows From Operating Activities:</b>	
Receipts from customers	\$ 2,151,699
Payment to employees for services	(534,704)
Payment to suppliers for goods and services	(1,143,114)
	<u>473,881</u>
Net cash provided by (used in) operating activities	<u>473,881</u>
<b>Cash Flows From Non Capital Financing Activities:</b>	
Advances and transfers from other funds, net	168
	<u>168</u>
Net cash provided by (used in) non capital financing activities	<u>168</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Acquisition and construction of capital assets, net	(96,536)
Interest and other fiscal charges paid on capital debt, net	13,853
Capital contributions, net	6,490,540
Principal payments on debt	(8,535,775)
Proceeds from debt	2,324,319
	<u>196,401</u>
Net cash provided by (used in) capital and related financing activities	<u>196,401</u>
<b>Cash Flows From Investing Activities</b>	
Interest income	624
	<u>624</u>
Net cash provided by (used in) investment activities	<u>624</u>
Net increase (decrease) in cash and cash equivalents	671,074
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,317</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 674,391</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:</b>	
Operating income (loss)	\$ (61,496)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Provision for depreciation	196,310
Change in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable, net	12,265
Prepaid items and other assets	(1,060)
Increase (decrease) in liabilities:	
Accounts payable	247,304
Compensated absences	14,259
Net pension liability	172,582
Deferred outflows relating to pensions	(324,657)
Deferred inflows relating to pensions	209,372
Customer deposits	9,002
	<u>473,881</u>
Net cash provided by (used in) operating activities	<u>\$ 473,881</u>

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

## 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, 2021, 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*; GASB 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*; GASB 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*. GASB Statement No. 34 (as amended by GASB 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.

**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.

**Note 1 - Summary of Significant Accounting Policies (continued)**

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. All remaining governmental and enterprise funds are aggregated and reported as non major funds, as applicable.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation:** The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. 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 measurable when the amount of the transaction can be determined. 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other post-employment benefits, and claims and judgments, are recorded only when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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, intergovernmental revenue, 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. Licenses and permits, certain charges for services, fines and forfeitures, and miscellaneous revenues are considered measurable and available when cash is received by the government. Revenue received in advance of fiscal year to which they apply is presented as unearned on the balance sheet.

The Village reports the following major governmental funds:

- 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 *Community Trust Fund* stores assets accumulated by the Village (Note 6) for the purpose of Community Development. The interest generated from the fund is restricted for projects to enhance the quality of the Village. Annually, the Village will receive project applications from not-for-profit organizations to perform services that have a public purpose and/or interest.

**Note 1 - Summary of Significant Accounting Policies (continued)**

The Village reports the following major proprietary fund:

- The *Water and Wastewater Fund* 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.

**Investments:** Investments are carried at fair value. Unrealized gains and losses in fair value are recognized. At September 30, 2021, investments were comprised of a certificate of deposit.

**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".

**Prepaid Items:** Certain payments to vendors reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items in the governmental fund financial statements are classified as nonspendable fund balance. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**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 or business-type 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 asset's 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:

Leasehold Improvements	3-4 years
Equipment	5-30 years
Vehicles	12-15 years
Infrastructure	10-40 years

**Compensated Absences:** It is the Village's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits, which will be paid upon separation of service. Compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. The liability for accrued compensated absences of governmental funds is reported in the balance sheet of the governmental funds when amounts are due.

**Note 1 - Summary of Significant Accounting Policies (continued)**

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

**Long-Term Obligations:** In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. As applicable, debt premiums and discounts are deferred and amortized over the life of the indenture using the effective interest method. Debt issue costs are expensed as incurred. Debt payable is reported net of the applicable premium or discount.

In the governmental fund financial statements, debt issue costs, premiums and discounts are recognized during the current period. The face amount of debt issued is reported as other financing sources. Debt principal payments are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts of debt issuances are reported as other financing uses.

**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.

**Deferred Outflows/Inflows of Resources:** A deferred outflow of resources is a consumption of net assets that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net assets 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.

**Unearned Revenues:** Unearned revenue represents increases in assets prior to the eligibility criteria being met for recognition of revenue. Included in the balance is approximately \$ 1.8 million relating to the American Rescue Plan Act (ARPA) funding.

**Note 1 - Summary of Significant Accounting Policies (continued)**

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

**Net Position/Fund Balance Classification:**

Net position in the government-wide and proprietary funds is classified as follows:

- a. 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 and other payables that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. Unspent debt proceeds are added to this category.
- b. 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.
- c. 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 are 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 Council, the Village's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Village Council removes those constraints by taking the same type of action.

Assigned Fund Balance: Assigned fund balances includes spendable fund balance amounts that are intended to be used for a specific purposes that are neither considered restricted nor committed. Intent is expressed by the Village Council or a body or official to which the Village Council 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. Assignments are generally temporary and normally the same formal action need not to be taken to remove the assignment.

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.

**Note 1 - Summary of Significant Accounting Policies (continued)**

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

**Net Position/Fund Balance Classification (continued):**

When both restricted and unrestricted funds are available for expenditure, restricted funds are considered to be spent first unless legal requirements prohibit doing this, such as in grant agreements requiring dollar for dollar spending.

When committed, assigned and unassigned funds are available for expenditure, committed funds are considered to 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 - Municipal Service Taxing Unit (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.

**Note 3 - Receivables**

Receivables as of September 30, 2021, for the Village's major funds, including the allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Water and Wastewater</u>	<u>Total</u>
Receivables			
Accounts	\$ 68,431	\$ 188,073	\$ 256,504
Due from other governments	<u>110,213</u>	<u>66,774</u>	<u>176,987</u>
	<u>\$ 178,644</u>	<u>\$ 254,847</u>	<u>\$ 433,491</u>

**Village of Indiantown, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

**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. 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.

**Note 5 - Capital Assets**

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance October 1, 2020	Additions	Transfers/ Deletions	Balance September 30, 2021
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,450,572	\$ -	\$ -	\$ 1,450,572
Construction in progress	-	98,855	-	98,855
Total assets, not being depreciated	<u>1,450,572</u>	<u>98,855</u>	<u>-</u>	<u>1,549,427</u>
Capital assets being depreciated:				
Infrastructure	194,967	927,646	-	1,122,613
Leasehold improvements	-	150,134	-	150,134
Vehicles	101,625	-	-	101,625
Equipment	78,100	29,187	-	107,287
Total assets being depreciated	<u>374,692</u>	<u>1,106,967</u>	<u>-</u>	<u>1,481,659</u>
Less accumulated depreciation for:				
Infrastructure	28,561	51,594	-	80,155
Leasehold improvements	-	22,351	-	22,351
Vehicles	4,333	14,632	-	18,965
Equipment	8,057	8,271	-	16,328
Total accumulated depreciation	<u>40,951</u>	<u>96,848</u>	<u>-</u>	<u>137,799</u>
Total assets depreciated, net	<u>333,741</u>	<u>1,010,119</u>	<u>-</u>	<u>1,343,860</u>
Governmental activities, net	<u>\$ 1,784,313</u>	<u>\$ 1,108,974</u>	<u>\$ -</u>	<u>\$ 2,893,287</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 775,980	\$ -	\$ -	\$ 775,980
Total capital assets, not being depreciated	<u>775,980</u>	<u>-</u>	<u>-</u>	<u>775,980</u>
Capital assets being depreciated:				
Infrastructure	7,724,020	148,871	-	7,872,891
Total assets being depreciated	<u>7,724,020</u>	<u>148,871</u>	<u>-</u>	<u>7,872,891</u>
Less accumulated depreciation:				
Infrastructure	-	196,310	-	196,310
Total accumulated depreciation	<u>-</u>	<u>196,310</u>	<u>-</u>	<u>196,310</u>
Total assets depreciated, net	<u>7,724,020</u>	<u>(47,439)</u>	<u>-</u>	<u>7,676,581</u>
Business-type activities, net	<u>\$ 8,500,000</u>	<u>\$ (47,439)</u>	<u>\$ -</u>	<u>\$ 8,452,561</u>

Depreciation expense of \$ 36,384, \$ 59,865 and \$ 599 was charged to general governmental, transportation, and culture and recreation activities, respectively, in the current year. Depreciation expense of \$ 196,310 was charged to the Water and Wastewater fund in the current year.

**Village of Indiantown, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

**Note 6 - Debt**

The following schedule details the Village's long-term liability and obligation activity for governmental and business-type activities for the year ended September 30, 2021:

	Balance October 1, 2020	Additions	Reductions	Balance September 30, 2021	Amounts Due Within One Year
Governmental activities:					
Trust payable	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ -
Net pension liability	624,137	-	221,430	402,707	-
Compensated absences	<u>18,250</u>	<u>65,183</u>	<u>16,933</u>	<u>66,500</u>	<u>13,300</u>
Total governmental activities	<u>\$ 1,642,387</u>	<u>\$ 65,183</u>	<u>\$ 238,363</u>	<u>\$ 1,469,207</u>	<u>\$ 13,300</u>
Business-type activities:					
Direct borrowings:					
Note payable	\$ 8,500,000	\$ -	\$ 8,500,000	\$ -	\$ -
State Revolving Fund - 430310	1,122,929	112,293	20,587	1,214,635	41,174
State Revolving Fund - 430320	982,384	58,986	15,186	1,026,184	30,338
State Revolving Fund - 430330	-	29,474	-	29,474	8,164
State Revolving Fund - 430340	-	10,784	-	10,784	10,784
State Revolving Fund - 430350	-	7,469	-	7,469	7,469
Net pension liability	-	172,582	-	172,582	-
Compensated absences	<u>-</u>	<u>31,744</u>	<u>17,487</u>	<u>14,257</u>	<u>2,852</u>
Total business-type activities	<u>\$ 10,605,313</u>	<u>\$ 423,332</u>	<u>\$ 8,553,260</u>	<u>\$ 2,475,385</u>	<u>\$ 100,781</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, 2021.

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 21, 2020, the Village entered into two agreements, 430310 and 430320, 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% for 430320. 430310 does not bear interest. Loans are secured by the net revenues of the water and sewer system.

On February 24, 2021, the Village entered into two agreements with the Florida Department of Environmental Protection, State Revolving Fund, with the beginning of the repayment period for note 430340 on February 15, 2023, of twenty semi-annual loan payments of \$ 31,552 including interest at the rate of 0.98%; for note 430350, the repayment period begins on May 15, 2022, with twenty semi-annual loan payments of \$ 9,997 including interest at the rate of 0.98%. Loans are secured by the net revenues of the water and sewer system.

On May 26, 2021, the Village entered into an agreement with the Florida Department of Environmental Protection, State Revolving Fund - 430330, with the beginning of the repayment period on May 15, 2022. The note is payable in twenty semi-annual payments of \$ 8,164. No interest is charged on this note. This loan is secured by the net revenues of the water and sewer system.

Village of Indiantown, Florida  
Notes to Basic Financial Statements  
September 30, 2021

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**Note 6 - Debt (continued)**

The estimated annual debt service requirements to maturity for debt outstanding as of September 30, 2021, are as follows:

Fiscal Year	Governmental Activities: Trust Payable			Business-Type Activities: Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ -	\$ -	\$ -	\$ 97,929	\$ 9,236	\$ 107,165
2023	-	-	-	79,962	9,227	89,189
2024	-	-	-	80,250	9,001	89,251
2025	1,000,000	-	1,000,000	77,359	8,709	86,068
2026	-	-	-	72,671	8,415	81,086
2027-2031	-	-	-	367,865	37,569	405,434
2032-2036	-	-	-	375,642	29,792	405,434
2037-2041	-	-	-	383,792	21,642	405,434
2042-2046	-	-	-	392,333	13,101	405,434
2047-2051	-	-	-	360,743	4,149	364,892
	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 2,288,546</u>	<u>\$ 150,841</u>	<u>\$ 2,439,387</u>

**Note 7 - Interfund Transfers**

Interfund transfers during the fiscal year ended September 30, 2021 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,949	\$ 192,448
Capital Improvement Fund	192,448	-
Community Trust Fund	-	161
Water and Wastewater Fund	-	2,788
Total Interfund Transfers	<u>\$ 195,397</u>	<u>\$ 195,397</u>

- General Fund Transfers In consisted of \$ 2,788 from the Water and Wastewater fund in reimbursement of payroll related expenses paid on behalf of the Water and Wastewater Fund. The Community Trust Fund transferred \$ 161 to the General Fund related to interest earnings for general government operations authorized under the trust agreement.
- General Fund Transfers Out consisted of \$ 192,448 to the Capital Improvement Fund to fund the capital improvement projects of the Village.

## Note 8 - Florida Retirement System

### Defined Benefit Plan

As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System (“FRS”) provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”) and a defined contribution pension plan (“Investment Plan”) (see Note 9). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating municipality or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (877) 377-1737 or by visiting the Web site: [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

### Pension Plan

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of creditable service or 30 years of service, regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% times years of service times final average compensation based on the five highest years of salary. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of creditable service or 25 years of service, regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 1.6% times years of service times final average compensation based on the five highest years of salary.

Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% times the years of service times their final average compensation based on the five highest years of salary for each year of creditable service. Senior Management Service class members who retire at or after age 62 with at least six years of creditable service or 30 years of service, regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 2.0% times the years of service times their final average compensation based on the five highest years of salary for each year of creditable service. Elected Officers’ class members who retire at or after age 62 with at least six years of credited service or 30 years of service, regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% times the years of service (3.33% for judges and justices) times their final average compensation based on the five highest years of salary for each year of creditable service.

**Note 8 - Florida Retirement System (continued)**

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of creditable service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service, regardless of age, for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is retired or accounts under DROP before August 1, 2011, the annual cost-of living adjustment is three percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after August 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Each member with an effective retirement date of August 1, 2011, or after will have an individual COLA factor for retirement. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively, were as follows: Regular - 10.00% and 10.82%; Special Risk Administrative Support - 35.84% and 37.76%; Special Risk - 24.45% and 25.89%; Senior Management Service - 27.29% and 29.01%; Elected Officers' - 49.18% and 51.42%; and DROP participants - 16.98% and 18.34%. These employer contribution rates include 1.66% HIS Plan subsidy for both the periods October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021.

**HIS Plan**

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$ 5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$ 30 and a maximum HIS payment of \$ 150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**Note 8 - Florida Retirement System (continued)**

**Contributions** - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2021, the HIS contribution was 1.66%. The Village contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At September 30, 2021, the Village reported liabilities of \$ 195,514 for its proportionate share of the Pension Plan's net pension liability and \$ 379,775 for the HIS Plan's net pension liability for a total pension liability of \$ 575,289. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. At June 30, 2021, the Village's proportionate share was .002588270 percent for the Pension Plan and .003096029 percent for the HIS Plan, which was an increase of .001483019 percent and .001907605 percent respectively, from the proportionate share measured as of June 30, 2020.

The net pension liability (asset) and related components are allocated to the governmental activities and business-type activities based on the distribution of current year employee compensation. At September 30, 2021, it is distributed 70% to governmental activities and 30% to business-type activities.

For governmental activities, net pension liabilities are generally liquidated by the General Fund.

For the year ended September 30, 2021, the Village recognized pension expense of \$ 128,541 for the Pension plan and \$ 77,663 for the HIS plan for a total pension expense of \$ 206,204. At September 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources		
	Pension Plan	HIS Plan	Total
Difference between expected and actual experience	\$ 33,514	\$ 12,708	\$ 46,222
Changes of assumptions	133,781	29,842	163,623
Net difference between project and actual earnings on pension plan investments	-	396	396
Changes in proportion and differences between Village contributions and proportionate share of contributions	566,019	269,497	835,516
Village contributions subsequent to the measurement date	31,190	5,256	36,446
<b>Total</b>	<b>\$ 764,504</b>	<b>\$ 317,699</b>	<b>\$ 1,082,203</b>

**Note 8 - Florida Retirement System (continued)**

Description	Deferred Inflows of Resources		
	Pension Plan	HIS Plan	Total
Difference between expected and actual experience	\$ -	\$ 159	\$ 159
Changes of assumptions	-	15,648	15,648
Net difference between project and actual earnings on pension plan investments	682,100	-	682,100
Total	\$ 682,100	\$ 15,807	\$ 697,907

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 subsequent reporting period ending September 30, 2022. The amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Plan will be recognized in pension expense as follows:

Year Ended September 30,	Employer Share of Deferred Outflow/Inflow		
	Pension Plan	HIS Plan	Total
2022	\$ 37,936	\$ 58,183	\$ 96,119
2023	22,874	53,089	75,963
2024	(11,448)	55,621	44,173
2025	(56,186)	57,230	1,044
2026	58,038	54,940	112,978
Thereafter	-	17,573	17,573

**Actuarial Assumptions** - The Florida Retirement System Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of both pension plans pursuant to section 216.136 (10), Florida Statutes. The Pension Plan's valuation is performed annually. The HIS Plan has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the Pension Plan. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Pension Plan	HIS Plan
Inflation	2.40%	2.40%
Salary Increase	3.25%, average, including inflation	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation	N/A
Actuarial cost method	Individual entry age	Individual entry age
Mortality table	PUB-2010 with Projection Scale MP-2018	PUB-2010 with Projection Scale MP-2018

**Note 8 - Florida Retirement System (continued)**

**Long-term Expected Rate of Return** - The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate property	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
Total	<u>100%</u>			
Assumed Inflation - Mean			2.4%	1.2%

(1) As outlined in the Pension Plan's investment policy

**Discount Rate** - The discount rate used to measure the total pension liability was 6.80% for the pension plan. The pension Plan's 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.

The discount rate used to measure the total pension liability was 2.16% for the HIS Plan. In general, the discount rate for calculating the HIS Plan's total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the municipal bond rate of 2.16% was used to determine the total pension liability. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the Village's Proportionate Share of the Net Position Liability to Changes in the Discount Rate**- The following table presents the sensitivity of the Village's proportionate share of the net pension liability (asset) to changes in the discount rate. The sensitivity analysis, below, shows the impact to the Village's proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2021:

	<u>1% Decrease (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase (7.80%)</u>
Village's proportionate share of the net pension liability (asset) for Pension Plan	\$ <u>874,353</u>	\$ <u>195,514</u>	\$ <u>(371,919)</u>

**Note 8 - Florida Retirement System (continued)**

	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
Village's proportionate share of the net pension liability for HIS Plan	\$ <u>439,056</u>	\$ <u>379,775</u>	\$ <u>331,206</u>

**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 9 - Defined Contribution Plans**

**Section 457(b) Plan**

The Village has a money purchase contribution plan qualified under Section 457(b) of the Internal Revenue Code. The plan is administered by an independent trustee. No contributions are made by the Village to this plan.

**Investment Plan**

The Village offers to its employees a defined contribution pension plan, as a part of the Florida Retirement System (Note 8). The SBA (State Board Administration) administered the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida's Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS Defined Benefit Plan. Village employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual members' accounts, are defined by law, but the ultimate benefit depends, in part, on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class, as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment members' accounts during the 2020-2021 fiscal year, as established by Section 121.72, Florida Statutes, are based on percentage of gross compensation, by class, as follows:

**Note 9 - Defined Contribution Plan (continued)**

<u>Class</u>	<u>Allocated</u>
Elected Officials	11.34%
Senior Management	7.67%
Special Risk	14.00%
Special Risk Administrative Support	7.95%
Regular Employees	6.30%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan vesting is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on these funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over his or her account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Village.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The Village's pension expense for the Investment Plan totaled \$ 22,677 for the year ended September 30, 2021.

**Note 10 - Lease Commitments**

**Operating Leases:** The Village has entered into a real estate rental arrangement which expires on July 31, 2024. Monthly rental payments for the duration of the lease are approximately \$ 3,200, plus applicable common area expenses. In addition, the Village has an agreement for phone and internet services which expires on March 9, 2023 for approximately \$ 2,000 per month. Total rent expense in connection with these arrangements and other month-to-month arrangements amounted to approximately \$ 71,500 for the year ended September 30, 2021.

The estimated future approximate minimum lease payments required under these and certain other month-to-month agreements, as of September 30, 2021, are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 69,400
2023	\$ 55,200
2024	\$ 10,800
Thereafter	\$ NONE

**Note 11 - 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.



**REQUIRED  
SUPPLEMENTARY INFORMATION**

**Village of Indiantown, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Year Ended September 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Property taxes	\$ 3,224,982	\$ 3,224,982	\$ 3,264,450	\$ 39,468
Intergovernmental revenue	795,621	1,095,621	1,300,366	204,745
General government taxes	413,506	423,506	441,225	17,719
Licenses, permits and franchise fees	441,000	521,000	509,137	(11,863)
Charges for services	2,000	2,000	131,376	129,376
Fines and forfeitures	12,500	12,500	4,202	(8,298)
Investment income	9,000	9,000	4,299	(4,701)
Miscellaneous revenues	1,000	1,000	97,546	96,546
	<u>4,899,609</u>	<u>5,289,609</u>	<u>5,752,601</u>	<u>462,992</u>
<b>Expenditures:</b>				
Current:				
General government	3,024,791	3,364,791	3,110,972	253,819
Transportation	1,016,000	1,066,000	1,095,270	(29,270)
Culture and recreation	610,418	610,418	478,980	131,438
Capital outlay	114,000	114,000	83,090	30,910
	<u>4,765,209</u>	<u>5,155,209</u>	<u>4,768,312</u>	<u>386,897</u>
Excess (deficiency) of revenues over expenditures	<u>134,400</u>	<u>134,400</u>	<u>984,289</u>	<u>849,889</u>
<b>Other Financing Sources (Uses):</b>				
Fund balance carryover	90,600	90,600	-	(90,600)
Transfers in	-	-	2,949	2,949
Transfers out	<u>(225,000)</u>	<u>(225,000)</u>	<u>(192,448)</u>	<u>32,552</u>
Total other financing sources (uses)	<u>(134,400)</u>	<u>(134,400)</u>	<u>(189,499)</u>	<u>(55,099)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,790</u>	<u>\$ 794,790</u>

See notes to budgetary comparison schedules.

Village of Indiantown, Florida  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual - Community Trust Fund  
 For the Year Ended September 30, 2021

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 1,193	\$ 1,193
Miscellaneous revenues	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>1,193</u>	<u>(18,807)</u>
<b>Expenditures:</b>				
Grants and Aids	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,193</u>	<u>1,193</u>
<b>Other Financing Sources and (Uses):</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(161)</u>	<u>(161)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,032</u>	<u>\$ 1,032</u>

See notes to budgetary comparison schedules.

**Note 1 - Budgets and Budgetary Accounting**

An annual appropriated budget is adopted for all governmental funds.

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, 2021, there were no significant supplemental appropriations.
- (e) Formal budgetary integration is employed as a management control device. The Village Manger is authorized to approve administrative transfers between departments within the same fund. Transfer requests are reviewed by the Department Director and/or a designated representative. Budgetary integrity is established for control purposes at the department level.
- (f) The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year-end. Encumbrances are re-appropriated in the following year's budget.
- (g) For the year ended September 30, 2021, the expenditures of the Administrative Services department exceeded appropriations by approximately \$ 113,000. This was primarily the result of COVID-19 related expenditures as well as FRS retirement contributions. Overall, the Village experienced a favorable budget variance of approximately \$ 795,000.

**Village of Indiantown, Florida**  
**Required Supplementary Information**  
**Schedule of the Village's Proportionate Share of the Net Pension Liability -**  
**Florida Retirement System Pension Plan**  
**Last 10 Fiscal Years \***  
**(Unaudited)**

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	<u>2021</u>	<u>2020</u>	<u>2019</u>
Village's proportion of the FRS net pension liability	0.00258827%	0.00110525%	0.00003778%
Village's proportionate share of the FRS net pension liability	\$ 195,514	\$ 479,032	\$ 13,011
Village's covered payroll	\$ 990,759	\$ 385,078	\$ 34,165
Village's proportionate share of the net pension liability as a percentage of its covered payroll	19.73%	124.40%	38.08%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	96.40%	78.85%	82.61%

\* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**Village of Indiantown, Florida**  
**Required Supplementary Information**  
**Schedule of the Village's Contributions -**  
**Florida Retirement System Pension Plan**  
**Last 10 Fiscal Years \***  
**(Unaudited)**

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<b>Report Period Ending:</b>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>
Contractually required FRS contribution	\$ 95,041	\$ 34,866	\$ 6,453
FRS contributions in relation to the contractually required FRS contribution	<u>(95,041)</u>	<u>(34,866)</u>	<u>(6,453)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,120,925	\$ 493,583	\$ 95,818
FRS contributions as a percentage of covered payroll	8.48%	7.06%	6.73%

\* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**Village of Indiantown, Florida**  
**Required Supplementary Information**  
**Schedule of the Village's Proportionate Share of the Net Pension Liability -**  
**Retiree Health Insurance Subsidy Program**  
**Last 10 Fiscal Years \***  
**(Unaudited)**

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	<u>2021</u>	<u>2020</u>	<u>2019</u>
Village's proportion of the HIS net pension liability	0.00309603%	0.00118842%	0.00005606%
Village's proportionate share of the HIS net pension liability	\$ 379,775	\$ 145,105	\$ 6,273
Village's covered payroll	\$ 1,096,061	\$ 412,477	\$ 37,500
Village's proportionate share of the net pension liability as a percentage of its covered payroll	34.65%	35.18%	16.73%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	3.56%	3.00%	2.63%

\* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

**Village of Indiantown, Florida**  
**Required Supplementary Information**  
**Schedule of the Village's Contributions -**  
**Retiree Health Insurance Subsidy Program**  
**Last 10 Fiscal Years \***  
**(Unaudited)**

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<b>Report Period Ending:</b>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>
Contractually required HIS contribution	\$ 20,383	\$ 8,806	\$ 1,729
HIS contributions in relation to the contractually required HIS contribution	<u>(20,383)</u>	<u>(8,806)</u>	<u>(1,729)</u>
HIS contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 1,227,894	\$ 530,502	\$ 104,151
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%

\* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.



COMPLIANCE SECTION -  
OTHER REPORTS OF  
INDEPENDENT AUDITORS

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*

To the 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, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated June 30, 2022.

### Report on 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) as a basis for designing 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 identified certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies (items: 2021-01 through 2021-08).

CPA's + Trusted Advisors

## Report on 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 Findings

*Government Auditing Standards* require the auditor to perform limited procedures on the Village's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
June 30, 2022

**Current Year Internal Control Comments and Recommendations:**

**2021-01 Bank Reconciliation Procedures:**

**Criteria:** Bank reconciliations should be reviewed and approved timely by an appropriate individual within the Village to ensure that cash is properly monitored and controlled.

**Condition:** During the audit, we noted that monthly bank reconciliations prepared by the Village's consultant were not being reviewed and approved.

**Cause:** Village personnel were not reviewing and approving bank reconciliations as part of the monthly closing process.

**Effect:** Misstatements in cash accounts may not be detected and corrected in a timely manner.

**Recommendation:** We recommend that bank reconciliations be reviewed and approved by the Finance Director as part of the monthly closing process and there should be evidence of such review and approval process. We also recommend that this process be detailed in the Village's formal financial policies and procedures.

**Management's response:** For approximately half of Fiscal Year 2021 through the first five months of the current fiscal year, the position of Financial Services Director remained unfilled. The duties of the position were assigned to contracted consultants who served in the role on an interim, part-time basis, with other independent consultants serving at the staff level who were creating the bank reconciliations. The arrangement of contracted consultants serving at both the director and staff level did not result in the collaborative effort needed and expected, which in part was due to limitations in the part-time schedule of the consultants in relation to the overall scope of duties needing to be performed. The position of Financial Services Director has since been filled by a regular full-time employee who, going forward, will provide the necessary direct management oversight. The bank reconciliation procedure will be developed to include roles and responsibilities and will be included in the Financial Policies of the Village before the end of the current fiscal year.

**2021-02 Journal Entry Procedures:**

**Criteria:** Journal entries should be reviewed and approved timely by an appropriate individual within the Village to ensure that account balances are being properly reconciled, adjusted and accurately stated.

**Condition:** During the audit, we noted that journal entries were not being reviewed and approved.

**Cause:** Village personnel were not reviewing and approving journal entries as part of the monthly closing process.

**Effect:** Misstatements in accounts, and financial reports, may not be detected and corrected in a timely manner.

**Recommendation:** We recommend that the listing of the journal entries be reviewed and approved by an appropriate individual within the Village's finance team as part of the monthly closing process; and there should be evidence of such review approval process. We also recommend that this process be detailed in the Village's formal financial policies and procedures.

**2021-02 Journal Entry Procedures: (continued)**

**Management's response:** As noted above in comment 2021-01, the ability to provide management oversight over various functions, including journal entries, was impacted due to the position of Financial Services Director remaining unfilled for half of Fiscal Year 2021 through the first five months of the current fiscal year. During this time period, the director position was filled on a part-time basis by interim contracted consultants. Oversight was limited in part due to the part-time schedule of the contracted consultant staff in relation to the overall scope of duties of the director position. The position of Financial Services Director has since been filled by a regular full-time employee who will provide the necessary direct oversight going forward. The journal entry procedure will be developed to include roles and responsibilities and will be included in the Financial Policies of the Village before the end of the current fiscal year.

**2021-03 Month-End and Year-End Closing Schedule and Procedures:**

**Criteria:** The Village should have a month-end and year-end closing schedule to prepare and meet its annual reporting requirements.

**Condition:** During the audit, we noted that there was no month-end or year-end closing schedule delineating the roles and responsibilities of Village personnel as they prepare for monthly and annual reporting requirements.

**Cause:** The Village has not formalized a month-end and year-end closing schedule/process to facilitate timely financial reporting.

**Effect:** The Village experienced delays in important procedures not being performed timely such as delays in producing closing entries, a fully adjusted trial balance, schedules, reconciliations, account analysis and other financial reports needed by management and the auditors.

**Recommendation:** We recommend that a month-end and year-end closing schedule be prepared to include the activity, staff responsible, internal due date and actual date of completion. The due date for activities should be coordinated with the timing of management's and the auditor's need for the information. The due dates should be monitored by Village management to determine that they are being met.

**Management response:** We agree with the comments in reference to the closing schedule. It is standard practice for the Financial Services Department to develop a monthly calendar of scheduled items, as well as a year-end closing schedule to close out the fiscal year. Due to the extended time period of the Financial Services Director position being filled on an interim basis by part-time consulting staff, the year-end calendar and related tasks to close the fiscal year and to prepare for the FY21 audit was not undertaken. As a result, the planning and preparation for the FY21 audit and the creation of deliverables needed by audit staff did not commence until after the on-boarding of the new regular-full time Financial Services Director. Going forward, a calendar and schedule of events will be developed for month-end and fiscal year-end procedures, which will result in a more timely delivery of items needed for the upcoming FY22 audit.

**2021-04 Trial Balance:**

**Criteria:** The Village's accounting software should be able to produce a trial balance that indicates whether an account has a debit or a credit balance to help management and auditors of the Village more easily identify material variances and misstatements in the trial balance.

**Condition:** During the audit, we were informed that the Village's software was unable to produce a trial balance that indicates whether an account has a debit or a credit balance.

**Cause:** The Village's software was unable to produce a trial balance that indicates whether an account has a debit or a credit balance.

**Effect:** It was significantly difficult to analyze account data and this resulted in delays in the audit process.

**Recommendation:** We recommend that management of the Village upgrade the accounting system, and/or consult with the software vendor, so that financial data can provide the relevant information.

**Management's response:** We concur with this comment and recognize the challenges the trial balance and other system ledger reports caused during the audit. Upon inquiry with the software vendor, it was explained that certain elements of the program were designed to report all account balances as a positive number that were in a status that match the natural balance of the account type. This was explained by the software provider as a design feature to aide non-accountants who may be confused by negative numbers in the trial balance reports. As we observed during the audit, that meant accounts presented in trial balance reports such as revenues and liabilities with a natural credit balance, are instead reported as a positive (debit) balance. Only upon running and reviewing other reports to provide drill-down detail ledger reporting is it possible to ascertain the true balance of the account.

We will request additional or alternative reporting from the software provider that presents trial balances in their true natural balance for both debits and credits. We hope to have those reports available for the FY22 audit. In the long-term, the Village Council has already approved the purchase of a new financial ERP system. The new financial system is capable of producing standard trial balances that report accounts with their natural balances. We anticipate implementation of that new system sometime during the Summer or Fall of 2023.

**2021-05 Payroll Procedures:**

**Criteria:** The Village should have adequate controls over payroll processes to ensure that amounts are being paid, withheld and recorded accurately by the Village.

**Condition:** During the audit we became aware of the following matters:

1. An employee on family and medical leave was being paid for eight weeks that they should not have been paid under the Village's payroll policy, resulting in overpayment to the employee.
2. Pay rates were not always accurately applied by the payroll provider and issues were not discovered timely by Village management, resulting in incorrect amounts being paid to employees.
3. Certain pay rate changes were approved but were not sent to the payroll provider on a timely basis, which resulted in employees not being paid the correct amount.
4. Based on the Village's policy, certain employees are required to contribute to the health insurance that they are provided. For a period of time, the payroll provider was not applying any withholding deductions from these individuals.

**2021-05 Payroll Procedures: (continued)**

**Cause:** The Village did not have adequate controls over the payroll process.

**Effect:** The Village had errors in the amount of payroll expense recorded, and Village management had to develop a plan to remedy the financial effects of these errors.

**Recommendation:** We recommend that management of the Village establish controls to monitor each payroll run to ensure that the amounts paid, withheld, and recorded are proper. We also recommend that the Village develops a written policy that outlines the payroll process that includes review and approval throughout every stage to ensure the above errors, and any other material errors, are discovered and resolved timely.

**Management's response:** Village management has maintained a system of controls over payroll through direct oversight and the assignment of duties to key members of regular full-time and prior consultant staff. Those duties assigned require the review and approval of each payroll register prior to the official payroll being run. The current control environment in which payroll is developed has presented a number of challenges, most notably the lack of systematic integration between HR personnel records and the payroll system used by the third-party payroll service provider. The lack of system integration and the manual processing of paper and electronic forms and records has resulted in timing delays in the update and communication of changes in information effecting payroll that impacts employee compensation and withholdings. On occasion, those manual processes have presented opportunities for human error both internally and by staff working for the payroll service provider. Management did identify in a few instances inconsistencies in the way the payroll service provider has implemented various elements of the Village Personnel Rules specific to leaves of absence. This programming issue within the service provider's software lead directly to the first noted deficiency in this comment. Management has since notified the payroll service provider of these computational and reporting deficiencies to have the necessary programming updates made. We did receive confirmation from the payroll service provider those changes have been made. No further recurrence of this problem has since been observed.

As the comment correctly states, the deficiencies noted were identified and reported by Village management. Management has since taken corrective action to rectify the discrepancies and has implemented additional layers of review both internally and with the service provider staff. The Village has since implemented an active plan and is receiving reimbursements to recapture the missed withholdings and overpayments incurred. Further development of current processes and procedures related to payroll will be implemented to ensure the mistakes and errors observed are prevented from happening again in the future. Subsequently, a determination has been made that it is in the long-term best interests of the Village to pursue implementation of a different system to ensure all aspects of HR and payroll are fully integrated, and that both functions be maintained internally by trained and qualified staff. In the interim, the Village is evaluating other payroll service providers with the experience and ability to implement and maintain the required systematic payroll processes in accordance with the Village's Personnel Rules and Regulations.

**2021-06 Accounts Receivable Management – Utility Fund:**

**Criteria:** The subsidiary accounts receivable aging schedule should be reconciled to the general ledger on a monthly basis to properly manage and account for the Village's receivables.

**Condition:** During the audit, we were unable to obtain from Village management a reconciliation between the accounts receivable aging subsidiary schedule and the general ledger.

**2021-06 Accounts Receivable Management - Utility Fund: (continued)**

**Cause:** The accounts receivable aging schedule and the general ledger are not reconciled on a regular basis.

**Effect:** It was more challenging to test the account receivable balance (asset) and this resulted in delays during the audit process.

**Recommendation:** We recommend that management of the Village reconciles the subsidiary accounts receivable aging schedule to the general ledger amount on a monthly basis to properly manage and account for the Village's receivables.

**Management's response:** We concur and agree the utility billing records should be reconciled monthly with the general ledger. During the FY21 audit, management learned this reconciliation was not being performed by the contracted consultants and no billing system query reports had been developed to support such a reconciliation. The reconciliation as of September 30, 2021 was further hampered as a result of our inability to obtain ACH payment information from our merchant provider for ACH payments that have settled prior to January 1, 2022. For the current fiscal year and moving forward, the needed billing system reports will be developed, along with utilization and retention of customer payment reports from the Village's current and future merchant service providers. This reconciliation process will be updated and documented in Village's official Financial Policies.

**2021-07 Capital Asset Listing:**

**Criteria:** The Village should maintain an accurate and detailed schedule of all capital assets to ensure that the assets are depreciated, valued, and maintained properly.

**Condition:** During the audit, we were unable to obtain from Village management a detailed schedule of the capital assets for the utility fund.

**Cause:** We were informed that upon purchase of the water and wastewater utility system, the Village's management was not provided a detailed listing of the different components of the water and wastewater utility system.

**Effect:** Management of the Village is not able to record depreciation expense (based on useful life) and monitor these capital assets to the extent necessary to effectively plan for future repairs and maintenance of these assets.

**Recommendation:** We recommend that Village management determine and seek consulting in determining the cost and useful life to be assigned to the individual assets. This list should be updated as items are purchased, sold, removed, or impaired.

**2021-07 Capital Asset Listing: (continued)**

**Management's response:** We concur the methodology in the FY20 audit to record the acquisition of the utility system was not sufficiently detailed to differentiate assets based on the estimated useful lives of the component assets that comprised the overall system. The Appraisal of the Indiantown Company consultant report provided to the Village by the consultant engineering and real estate appraisal firm hired to develop the appraisal, did contain a listing of capital assets and their appraised fair values as documented in the report. The appraisal report was developed for purposes of determining the current fair value of the utility system as of the report date. The report was not created for purposes of creating an exhaustive capital asset listing for the purposes of financial reporting. To address in the FY21 audit, management further itemized the utility system asset into additional assets of similar class lives to the greatest extent possible. Those assets were segregated between the water and wastewater functions, which would be necessary for other purposes, i.e., rate feasibility studies. However, we concur further itemization of the capital assets within the system is justifiable to the extent feasible. The Village does not currently have a capital asset reporting system, but instead manually records the purchase, disposition, transfer, and impairment of assets in a series of spreadsheets. Those spreadsheets are reconciled to changes in the recorded assets. We anticipate having the capability of developing and creating detailed capital asset records in a much more efficient manner subsequent to the implementation of the new financial ERP system in the Summer or Fall of 2023. In the interim, we will continue to develop and track capital assets using our current methods and will work with external consultants and audit staff in advance of the FY22 audit on how to make further updates to the reporting of the recorded utility system assets.

**2021-08 Expense Recording Processes:**

**Criteria:** The Village should post expenses to the general ledger when the expense is incurred to ensure proper reporting in accordance with Generally Accepted Accounting Policies (GAAP).

**Condition:** During the audit, we identified several purchase order amounts being posted to the repairs and maintenance account prior to the expense being incurred and/or the invoice being rendered to the Village. This causes a timing difference and results in expenses being overstated.

**Cause:** The Village posts the purchase orders as an expense at the time the purchase order is issued.

**Effect:** The expense accounts are potentially overstated throughout and at the end of each reporting period.

**Recommendation:** We recommend that Village management track their purchase orders through a separate process and record the expense in the general ledger when the underlying activity occurs.

**Management's response:** We concur with the observations made during the audit that encumbrances from purchase order creation posts the same in the general ledger as an expense. In our current software, when a payment is made against a purchase order, the encumbrance reverses, and the expenditure then posts. The net difference in impact on the general ledger is zero. Nonetheless, the timing difference in reporting between the creation of a purchase order and the expenditure and liquidation of that purchase order, can lead the user of the financial report to reasonably perceive expenditures are greater than actual. This is a systematic issue with our software that may not be able to be resolved. Management has requested additional reporting capabilities from our software provider and will hope to have available for the FY22 audit. As noted earlier, the Village Council has previously approved the purchase of a new financial ERP system, which is capable of producing financial reports in full compliance with GAAP. We anticipate implementation of that new system sometime during the Summer or Fall of 2023.

**Village of Indiantown, Florida  
Schedule of Findings and Responses  
(continued)  
September 30, 2021**

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**Prior Year Internal Control Comments and Recommendations:**

Prior year finding number 2020-01 (Accounts Receivable and Revenues) has been corrected and is no longer applicable.

MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE  
AUDITOR GENERAL OF THE STATE OF FLORIDA

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

**Report on the Financial Statements**

We have audited the basic financial statements of the Village of Indiantown, Florida (the "Village"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon June 30, 2022.

**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 the 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 June 30, 2022, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the findings and recommendations (number 2020-01) made in the preceding financial audit report.

**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. The Village does not have any component units.

### **Financial Condition and Management**

Section 10.554(1)(i)5.a., and 10.556(7) *Rules of the Auditor General*, requires 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 condition(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 review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, such recommendations have been included in the accompanying Schedule of Findings and Responses.

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
June 30, 2022

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH  
SECTION 218.415, FLORIDA STATUTES

To the 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 the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management is responsible for the Village's compliance with the specific requirements. Our responsibility is to express an opinion on the Village's compliance with the specific requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the 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 judgment, 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 the specified requirements.

In our opinion, the Village complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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

*Keefe McCullough*

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
June 30, 2022

CPA's + Trusted Advisors