

FINANCIAL STATEMENTS

TOWN OF PONCE INLET, FLORIDA

For the Year Ended September 30, 2023
With Independent Auditors' Reports

MAYOR

Honorable Lois A. Paritsky

VICE MAYOR

Gary L. Smith

TOWN COUNCIL MEMBERS

Skip White
Bill Milano
Joe Villanella

TOWN MANAGER

Michael E. Disher

FINANCIAL SECTION

THIS SECTION IS COMPOSED OF THE FOLLOWING FIVE PARTS:

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

***COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES***

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September 30, 2023
TOWN OF PONCE INLET, FLORIDA

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Members of the Town Council
Town of Ponce Inlet, Florida

Opinions

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 Town of Ponce Inlet, Florida (the "Town") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Ponce Inlet, Florida, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Ponce DeLeon Inlet Lighthouse Preservation Association, Inc., which comprise of 100 percent of the assets, net position, and revenue of the discretely presented component unit as of September 30, 2023 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Ponce DeLeon Inlet Lighthouse Preservation Association, Inc. is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Ponce Inlet, Florida, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Ponce Inlet, Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Ponce Inlet, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Ponce Inlet, Florida's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the required Schedules of Change in Total OPEB Liability and Change in Sponsor's Total OPEB Liability, and the Required Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions – FRS Plan, Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions – HIS Plan, as listed in the table of contents, 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 Town's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2024, on our consideration of the Town of Ponce Inlet, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Ponce Inlet, Florida's internal control over financial reporting and compliance.

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April 18, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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TOWN OF PONCE INLET, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

As financial management of the Town of Ponce Inlet, Florida, (hereinafter referred to as the "Town"), we offer the readers of these basic financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year that ended on September 30, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the Town's financial statements, which follow this information.

Financial Highlights

- The Town's overall combined assets and deferred outflows totaled \$26,901,477 at the close of the 2022 - 2023 fiscal year compared to \$26,697,698 in the 2021 - 2022 fiscal year. Total assets and deferred outflows exceeded liabilities by \$15,154,746 (*combined net position*) compared with \$15,516,587 one year earlier. The unrestricted component of the Town's combined net position totaled \$867,960 at September 30, 2023, compared with the previous year total of \$2,154,728.
- Net position of the Town's governmental activities totaled \$13,109,684, a decrease of \$101,601 compared to last year's reported \$13,211,285, or 0.8%. The net position of its business-type activities totaled \$2,045,062, a decrease of \$260,241 compared to last year's \$2,305,303, or 11.3%.
- During the 2022 - 2023 fiscal year, the Town incurred governmental expenses of \$9,602,880, which were \$101,601 more than the \$9,501,279 generated from revenues (inclusive of taxes and all other governmental sources and transfers) from various governmental activities and programs. Included in this amount is \$114,760 of net interfund transfers from the Town's business-type funds for partial reimbursement of administrative costs. The 2022 - 2023 fiscal year decrease in net position of governmental operations is \$101,601 compared to the prior year increase of \$2,149,030, equating to a difference of \$2,250,631. This decrease primarily relates to American Rescue Plan Act (ARPA) revenue recognized of \$1,656,824 in the 2021 - 2022 fiscal year, with no such revenue being recognized in the 2022 - 2023 fiscal year.
- The Town's business-type activities produced a combined operating loss, before contributions and operating transfers, of \$154,643 (based exclusively on consumptive water/sewer/ solid waste utility sales and other revenues of \$3,142,673 in the 2022 - 2023 fiscal year). These utility sales and other revenues totaled \$3,045,127 in the 2021 - 2022 fiscal year. After recognition of this combined operating loss of \$154,643, plus capital contributions of \$9,162, less net interfund transfers of \$114,760, the decrease in combined net position totaled \$260,241 in the 2022 - 2023 fiscal year, compared to a decrease of \$135,896 in the 2021 - 2022 fiscal year.
- Combined fund balances in the General Fund increased by \$178,696 in the 2022 - 2023 fiscal year and totaled \$4,867,246, compared to the increase in the 2021 - 2022 fiscal year of \$35,301 resulting in a total of \$4,688,550. Amounts committed by the Town Council for a stabilization reserve equaling \$2,037,480 and other unassigned fund balance equaling \$2,206,744 totaled \$4,244,224 at September 30, 2023. This amount increased in fiscal year 2022 - 2023 and was \$58,772 more than the \$4,185,452 reported one year earlier. These amounts of reported General Fund unrestricted fund balance represent approximately 53% (193 days) and 59% (216 days) of annual general fund expenditures for fiscal years ended September 30, 2023 and 2022, respectively.
- The Town's total long-term debt represented by loan obligations totaled \$1,872,005 at September 30, 2023, compared to \$2,358,170 one year earlier. This change in long-term debt is due to the principal reductions on the Town's governmental and business-type activities long-term debt of \$486,165. In addition to its long-term loans, the Town has \$497,927 and \$466,815 in compensated absences liabilities outstanding at September 30, 2023 and 2022, respectively, (e.g., accrued sick and personal leave).

TOWN OF PONCE INLET, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

Overview of the Financial Statements

The Town's basic financial statements are comprised of three parts: 1) management's discussion and analysis, 2) the basic financial statements, including notes to the financial statements, and 3) required supplementary information, including budgetary comparisons and fiduciary fund data.

Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the basic financial statements and required supplementary information. The MD&A represents management's examination and analysis of the Town's financial condition and financial performance as a whole. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, and other management tools were used for this analysis.

The basic financial statements include two kinds of statements that present different views of the Town. The first two statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the Town's overall financial status, including its governmental activities and its business-type activities. These statements report information about the Town using full accrual accounting methods and economic resources focus as utilized by similar business activities in the private sector. Information concerning all of the Town's assets and liabilities, both financial and capital, and short-term and long-term debt are included. Likewise, all revenues and expenses incurred during the year, regardless of when cash is received or paid are reported. However, rate-regulated accounting principles applicable to private sector utilities are not used by governmental utilities. The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide financial statements. The governmental funds' statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the Town's water, sewer and refuse utility systems.

The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Town's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. This section also contains budgetary comparisons for the Town's governmental fund activities.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. The basic financial statements of the Town include a statement of net position and a statement of activities, which are described as follows:

- A statement of net position presents information on all of the Town's assets and liabilities at the end of its fiscal year, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Town's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition.

TOWN OF PONCE INLET, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

- The statement of activities presents the results of business operations over the course of the fiscal year and information as to how the Town's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent taxes; personal leave earned but not used).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*government activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government services, public safety (police, fire and building inspection), transportation and streets (public works), stormwater management and recreation and leisure services. The business-type activities of the Town include its water, sewer and refuse utility systems.

The government-wide financial statements include not only the Town of Ponce Inlet itself (known as the primary government), but also the financial data of the Ponce DeLeon Inlet Lighthouse Preservation Association, Inc. (the "Lighthouse Association"), for which the Town is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. Complete financial statements of the Lighthouse Association component unit can be obtained directly from the Association's Administrative Office at 4931 South Peninsula Drive, Ponce Inlet, FL 32127 or from the Town of Ponce Inlet.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances are supplemented with a reconciliation to facilitate this comparison between governmental funds and governmental activities on pages 28 and 30.

TOWN OF PONCE INLET, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

The Town maintains fourteen individual governmental funds and three individual proprietary funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the S. Peninsula Drive Sidewalk Fund, the Hurricane Ian Restoration Fund, and the Public Land Acquisition and Facility Fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual fund budgetary statements in the other supplementary information section of this report.

Proprietary Funds. Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary fund financial statements, like the government-wide statements, provide both long and short-term financial information. The Town's three enterprise funds (water, sewer and refuse utility systems, all of which are considered major funds of the Town) are aggregated in the business-type activities presented in the government-wide statements. Since the accounting for these operations is similar to that provided in the government-wide financial statements, the fund financial statements provide limited supplemental information in more detail, such as cash flows data.

TOWN OF PONCE INLET, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

Financial Analysis of the Town as a Whole

Net position. As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the Town's combined total assets exceeded liabilities (net position) by \$15,154,746 at September 30, 2023 compared to \$15,516,587 at September 30, 2022, which is summarized below:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 7,521,668	\$ 7,483,037	\$ 2,081,491	\$ 2,136,406	\$ 9,603,159	\$ 9,619,443
Restricted assets	-	-	224,179	214,844	224,179	214,844
Capital assets, net	13,443,332	12,945,624	1,765,437	1,887,943	15,208,769	14,833,567
Total assets	20,965,000	20,428,661	4,071,107	4,239,193	25,036,107	24,667,854
Deferred outflows of resources	1,734,850	1,884,596	130,520	145,248	1,865,370	2,029,844
Liabilities:						
Long-term debt	1,066,729	1,499,604	805,276	858,566	1,872,005	2,358,170
Other liabilities	8,378,822	7,423,333	1,334,042	1,200,149	9,712,864	8,623,482
Total Liabilities	9,445,551	8,922,937	2,139,318	2,058,715	11,584,869	10,981,652
Deferred inflows of resources	144,615	179,035	17,247	20,424	161,862	199,459
Net position:						
Invested in capital assets, net of related debt	12,376,603	11,446,020	957,115	1,026,098	13,333,718	12,472,118
Restricted	728,889	674,897	224,179	214,844	953,068	889,741
Unrestricted	4,192	1,090,368	863,768	1,064,360	867,960	2,154,728
Total net position	\$ 13,109,684	\$ 13,211,285	\$ 2,045,062	\$ 2,305,302	\$ 15,154,746	\$ 15,516,587

One of the most significant components of the Town's net position (88.0%) is its investment in capital assets (land, buildings, improvements, and equipment) less any related debt used to acquire or construct those assets, which is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF PONCE INLET, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

The Town also has a small investment (6.3%) in other restricted net position, consisting of unspent local option fuel taxes (\$478,495), amounts restricted for protective inspections (\$87,954), judgments and fines restricted for police education (\$14,853), court ordered confiscations, capital fire equipment (\$115,830), amounts restricted for debt service payments (\$3,946), utility impact fees restricted for utility expansion (\$224,179), and impact fees for parks and rec (\$27,811). Consequently, the remaining 5.9% of unrestricted net position represents amounts that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, which totaled \$867,960 at September 30, 2023 and \$2,154,728 at September 30, 2022.

Changes in Net position. While the statement of net position shows a snapshot of the Town's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and sources of those changes. During the 2022 – 2023 fiscal year, the Town's total revenues decreased by \$328,528 (or 2.6%) and totaled \$12,551,110, compared to \$12,879,638 in the prior year. An approximate \$1.6 million dollar decrease in revenues due to the ARPA grant recognized in fiscal year 2022 not repeating in fiscal year 2023 was mostly offset by FEMA revenues related to Hurricane Ian, a sharp increase in building permit revenue, an insurance reimbursement claim paid related to Hurricane Ian, and much more investment income due to a sharp increase in interest rates during fiscal year 2023.

During the 2022 – 2023 fiscal year, approximately 46% of the Town's total revenue was derived from property taxes, while 51.0 cents of every dollar raised came from some form of tax. Another 36.9% was produced from fees charged for services, while the substantial portion of the remainder is from capital/operating grants and contributions, intergovernmental revenues and other sources. The total costs of providing all of the Town's routine programs and services increased by \$2,046,448 in the current year, which represents an increase of approximately 18.8% overall. This increase is primarily attributable to several things: 1.) A significant increase in the Florida Retirement System's unfunded liability of which the Town must report its pro rata share makes up \$803,070 of the difference, 2.) There were \$241,842 more capital costs of various projects in the 2022 – 2023 fiscal year as compared to the prior year and, 3.) around \$313,000 of expenses related to clean up after Hurricane Ian.

Overall, the Town's revenues decreased by about 2.6% compared to last year. The Town's expenses for its combined governmental and business activities increased by approximately 18.8% compared to the prior year. The Town's combined net position decreased in the current year by \$361,842, compared to an increase in the prior year of \$2,013,131.

TOWN OF PONCE INLET, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

The following is a summary of changes in net position for the fiscal year:

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Current charges for services	\$ 1,487,449	\$ 1,111,360	\$ 3,142,673	\$ 3,045,127	\$ 4,630,122	\$ 4,156,487
Operating grants/contributions	449,406	1,741,377	-	-	449,406	1,741,377
Capital grants/contributions	117,653	153,006	9,162	9,880	126,815	162,886
General revenues						
Property taxes	5,744,654	5,746,647	-	-	5,744,654	5,746,647
Other taxes	655,580	599,218	-	-	655,580	599,218
Intergovernmental	372,334	374,691	-	-	372,334	374,691
Other revenues	559,443	95,407	12,756	2,925	572,199	98,332
Total revenues	9,386,519	9,821,706	3,164,591	3,057,932	12,551,110	12,879,638
Expenses:						
General government	1,837,052	1,716,358	-	-	1,837,052	1,716,358
Public safety	5,312,372	4,351,562	-	-	5,312,372	4,351,562
Physical environment	339,725	6,319	-	-	339,725	6,319
Transportation	704,883	615,056	-	-	704,883	615,056
Culture/recreation	717,764	544,269	-	-	717,764	544,269
Information technology	642,110	484,901	-	-	642,110	484,901
Interest expense	48,974	64,279	-	-	48,974	64,279
Water system	-	-	1,821,222	1,615,818	1,821,222	1,615,818
Sewer system	-	-	1,081,713	1,082,086	1,081,713	1,082,086
Refuse/solid waste system	-	-	407,137	385,856	407,137	385,856
Total expenses	9,602,880	7,782,744	3,310,072	3,083,760	12,912,952	10,866,504
Transfers in (out)	114,760	110,068	(114,760)	(110,068)	-	-
Increase (decrease) in net assets	(101,601)	2,149,030	(260,241)	(135,896)	(361,842)	2,013,134
Net position beginning of year	13,211,285	11,062,255	2,305,303	2,441,199	15,516,588	13,503,454
Net position end of year	<u>\$ 13,109,684</u>	<u>\$ 13,211,285</u>	<u>\$ 2,045,062</u>	<u>\$ 2,305,303</u>	<u>\$ 15,154,746</u>	<u>\$ 15,516,588</u>

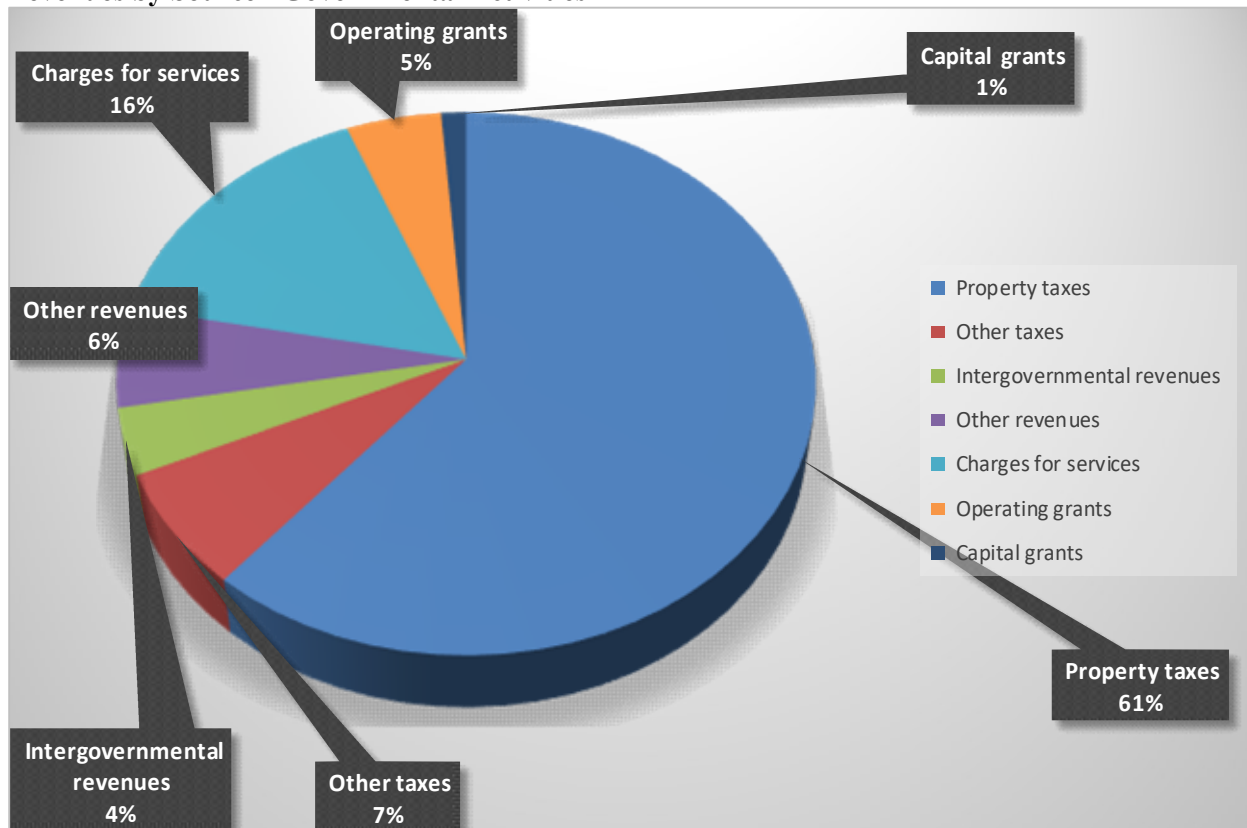
TOWN OF PONCE INLET, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

Governmental Activities

Revenues for the Town's governmental activities were approximately 4.4% less than the amount of revenue earned in the prior fiscal year. Overall, the Town's governmental revenues totaled \$9,386,519 in the current year, which represents a decrease of \$435,187 under last year's reported revenues of \$9,821,706.

The following is a summary of the Town's governmental revenues by source:

Revenues by Source - Governmental Activities



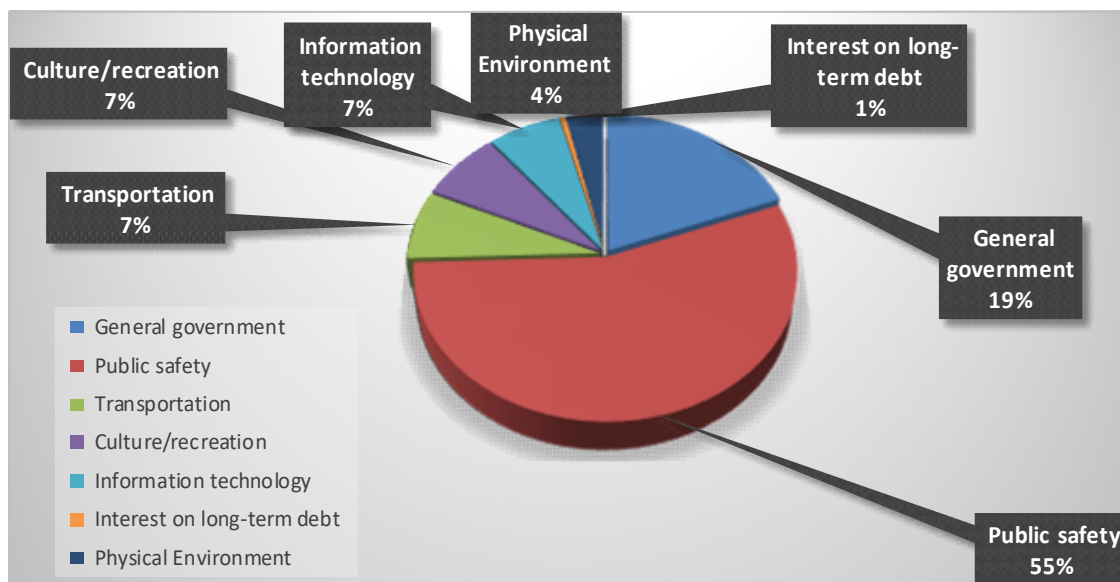
Overall, the Town experienced an increase in expenses for the Town's combined governmental activities. Governmental activities expenses increased by \$1,820,136 (23.3%), and totaled \$9,602,880 for the year ended September 30, 2023, compared to a total of \$7,782,744 incurred during the prior year. The changes were primarily due to the following: : 1.) A significant increase in the Florida Retirement System's unfunded liability of which the Town must report its pro rata share makes up \$803,070 of the difference, 2.) There were \$241,842 more capital costs of various projects in the 2022 – 2023 fiscal year as compared to the prior year and, 3.) around \$313,000 of expenses related to clean up after Hurricane Ian.

TOWN OF PONCE INLET, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

The Town's public safety (police, fire and inspection) function expenses are the most significant component of cost. During the 2022 - 2023 fiscal year, public safety costs totaled \$5,312,372, or 55% (compared to 56% last year), of the Town's total governmental expenses. The Town's general government function expenses are the next largest segment and totaled \$1,837,052 for the current year, or 19% (compared to 22% last year), of the Town's total operating expenses. The Town's stormwater, transportation and recreation functions combined totaled \$1,762,372 for the current year, or 18% (compared to 15% last year), of the total governmental expense. The Town's information technology function totaled \$642,110 for the current year, or 7% (compared to 6% last year). Interest expense on all of the Town's general long-term debt obligations totaled \$48,974 for the current year, or 1% (compared to 1% last year), of the total governmental expense.

The following is a summary of the Town's governmental expenses by function:

Expenses by Function - Governmental Activities



Business-type Activities

The major sources of operating revenues for the Town's business-type activities are charges for services attributed to its water, sewer and refuse utilities. Potable water is purchased in bulk from the City of Port Orange and sold to the Town's customers under rates established by the Town. Sewer collection services are billed by the Town on behalf of the City of Port Orange under rates established by Port Orange, all of which is remitted to Port Orange monthly. The Town collects an annual administrative fee for billing, collecting, and remitting all sewer charges and payments. The Town also bills utility connection and capacity fees on behalf of Port Orange under rates established by Port Orange, which are collected and subsequently remitted to Port Orange. Solid waste and recycling fees are charged to the Town's customers under rates established by the Town. An independent contractor is engaged by the Town to perform all collection and disposal activities.

TOWN OF PONCE INLET, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

Combined utility sales totaled \$3,142,673 in the current year, compared to \$3,045,127 one year earlier. The Town also collected Port Orange's water and sewer impact/connection fees totaling \$16,245 and \$60,576, respectively, which were remitted to the City of Port Orange. In addition to these charges, the Town received \$9,162 in impact/capital contributions and \$8,216 in investment earnings during the recent fiscal year.

Combined operating expenses of the Town's business-type activities totaled \$3,310,072 in the current year compared to \$3,083,760 one year earlier. Depreciation expense on utility fund assets included in this amount totaled \$133,919 and \$165,267 for the years ended September 30, 2023 and 2022, respectively.

Financial Analysis of the Town's Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the Town completed the year, its governmental funds reported a combined fund balance of \$6,858,309, which was \$69,856 less than the \$6,928,165 reported one year earlier.

The general fund is the chief operating fund of the Town. At September 30, 2023, the unassigned fund balance in the general fund totaled \$2,206,744, compared to \$1,871,042, one year earlier. Unassigned balances do not contain Town Council established stabilization (commitment) amounts of \$2,037,480 and \$2,314,410 for September 30, 2023 and 2022, respectively. Combined unassigned fund balances and stabilization amounts represent approximately 53% (28 weeks/193 days) of the Town's general fund spending for the 2022 - 2023 fiscal year compared to 59% (31 weeks/216 days) one year earlier.

The Public Land Acquisition and Facility special revenue fund was established in 2003 to separately account for the collection and disposition of the Town's franchise fee collections on solid waste and utility service taxes on providers of electricity and liquid propane in the Town (and pledged for debt service on the Town's Capital Improvement Revenue Note, Series 2005). These funds are restricted for the acquisition and improvement of real property in the Town. At September 30, 2023, unreserved fund balance in this fund was \$439,546 compared to \$464,357 one year earlier. To better describe the activity of this fund in regard to the obligation of the aforementioned Revenue Note, Series 2005 (the Town Hall capital project), the Town continues to budget approximately \$328,000 per year in revenue towards loan payments.

Fund balances in the Town's non-major special revenue and capital projects funds decreased by \$1,000,340 in the current year and totaled \$624,918, compared to \$1,625,258 at the end of the prior year.

Proprietary Funds. The Town's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

TOWN OF PONCE INLET, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

Unrestricted net position of the Water Utility Fund at the end of the current year amounted to \$850,863. Unreserved equity in the Town's Sewer Utility Fund (which is operated on a pass-through basis in conjunction with an Agreement with the City of Port Orange, Florida), totaled \$6,515 at September 30, 2023, all of which will ultimately be transferred to the Town's General Fund. Unreserved fund equity in the Town's Refuse Utility Fund totaled \$6,390 at September 30, 2023. Net operating transfers totaling \$114,760 were transferred to governmental funds during the current year in the form of excess equity, reimbursements for capital acquisitions and operating transfers. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

Over the course of the year, the Town Council revised the Town's operating budget. These budget amendments fall into two categories:

- Amendments and supplemental appropriations were approved midway through the year to reflect the actual opening account balances (correcting estimated amounts in the budget adopted at the beginning of the year).
- Increases/decreases in line item budget appropriations to prevent budget overruns.

Actual earned revenues were \$94,885 less than the final amounts anticipated to be received during the year in the Town's General Fund. Actual expenditures incurred were \$492,790 under the \$8.39 million amended budget appropriations provided in the current year operating budget.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2023, the Town had \$25 million invested in a broad range of capital assets, including land, buildings, park facilities, police equipment, public works equipment and water lines. This investment in capital assets, net of depreciation, for all activities is reflected in the following schedule:

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land and land rights	\$ 4,605,518	\$ 4,605,518	\$ 4,033	\$ 4,033	\$ 4,609,551	\$ 4,609,551
Buildings	5,993,009	5,807,969	6,713	-	5,999,722	5,807,969
Improvements other than buildings	6,595,413	5,779,692	4,075,223	4,075,223	10,670,636	9,854,915
Equipment and furniture	3,477,434	3,144,422	374,343	376,968	3,851,777	3,521,390
	20,671,374	19,337,601	4,460,312	4,456,224	25,131,686	23,793,825
Less accumulated depreciation	(7,743,111)	(7,338,365)	(2,694,875)	(2,568,281)	(10,437,986)	(9,906,646)
	12,928,263	11,999,236	1,765,437	1,887,943	14,693,700	13,887,179
Construction in progress	515,069	946,388	-	-	515,069	946,388
Net capital assets	<u>\$ 13,443,332</u>	<u>\$ 12,945,624</u>	<u>\$ 1,765,437</u>	<u>\$ 1,887,943</u>	<u>\$ 15,208,769</u>	<u>\$ 14,833,567</u>

TOWN OF PONCE INLET, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

Long-term Debt. At September 30, 2023, the Town had \$1,872,005 in governmental and business-type activities long-term note and promissory loan obligations outstanding, compared to \$2,358,170 one year earlier. All of the Town's long-term debt is secured solely by specified revenue sources and is not backed with the full faith and credit of the government.

These obligations and the Town's compensated absences liabilities are reflected in the following schedule:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Capital Improvement Revenue						
Note, Series 2005	\$ 618,000	\$ 909,000	\$ -	\$ -	\$ 618,000	\$ 909,000
Florida Department of						
Environmental Protection State						
Revolving Fund Loans	448,729	590,604	805,276	858,566	1,254,005	1,449,170
	1,066,729	1,499,604	805,276	858,566	1,872,005	2,358,170
Net pension liability	7,232,420	6,294,611	563,833	477,274	7,796,253	6,771,885
Other post-employment benefits	160,000	170,965	16,217	17,229	176,217	188,194
Compensated absences	433,580	405,368	64,347	61,447	497,927	466,815
General long-term debt	<u>\$ 8,892,729</u>	<u>\$ 8,370,548</u>	<u>\$ 1,449,673</u>	<u>\$ 1,414,516</u>	<u>\$ 10,342,402</u>	<u>\$ 9,785,064</u>

The Town has a 2005 capital improvement revenue note obligation payable to Bank of America totaling \$618,000 at September 30, 2023. The proceeds of this Series 2005 loan were used to finance the acquisition of land and the construction of a Town Hall and Public Safety Complex. The Town makes semi-annual debt service payments on this obligation until 2025.

The Town has a low interest loan program offered by the Florida Department of Environmental Protection Clean Water State Revolving Fund Loan Program. The proceeds of this construction loan were used to develop and rehabilitate the Town's stormwater management infrastructure. The Town makes semi-annual debt service payments on this obligation until 2026. The balance due on this loan at September 30, 2023 was \$448,729.

The Town has a low interest loan program offered by the Florida Department of Environmental Protection Drinking Water State Revolving Fund Loan Program. The proceeds of this construction loan were used to finance the construction of public water systems. The Town makes semi-annual debt service payments on this obligation until 2037. The balance due on this loan at September 30, 2023 was \$805,276.

Economic Factors and Next Year's Budgets and Rates

Many factors are considered each year by the Town Council in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop uniform utility fees that are reasonable, and more importantly, capable of cost recovery. Some of the major factors considered in this process are the local economy, civilian labor force, unemployment rates, and inflation rates.

TOWN OF PONCE INLET, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023

- The most recent estimates available for unemployment data in Volusia County, Florida are compiled by the U.S. Department of Labor, Bureau of Labor Statistics. This agency estimates a countywide unemployment rate of 3.4% at the end of September 2023, which is unfavorable to the 2.8% rate experienced one year earlier. These estimates are slightly higher than the State of Florida's 2.8% unemployment rate. Nationwide, the unemployment rate is stated at 3.8% as of September 2023.
- Inflationary trends for Volusia County are consistent with those trends experienced at the state and national levels.
- The Town Council voted to adopt the operating millage for the 2023 levy of 6.2779 mills. This is .9779 mills more than the millage rate used for the 2022 levy of 5.3 mills.

In the process of presenting a balanced operating budget for the General Fund for the 2023-2024 fiscal year and to meet the challenges discussed above, a complete departmental review of the operational needs of each department was considered and submitted to the Town Manager for approval prior to being compiled and submitted to the Town Council for inclusion in the final budget.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Office of the Town Manager, Town of Ponce Inlet, Florida, 4300 South Atlantic Avenue, Ponce Inlet, Florida 32127.

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BASIC FINANCIAL STATEMENTS

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TOWN OF PONCE INLET, FLORIDA
STATEMENT OF NET POSITION
September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lighthouse Association
Assets:				
Cash and cash equivalents	\$ 2,564,484	\$ 1,781,312	\$ 4,345,796	\$ 2,571,319
Investments	4,303,865	-	4,303,865	657,918
Receivables, net	401,552	293,773	695,325	-
Inventories	5,797	-	5,797	208,086
Prepaid expenses	38,293	6,406	44,699	51,585
Deposits	-	-	-	1,703
Right of use assets - leases, net	70,897	-	70,897	-
Right of use assets - SBITAs, net	136,780	-	136,780	-
Temporarily restricted assets:				
Cash and cash equivalents	-	224,179	224,179	-
Capital assets:				
Land, construction in progress and other	5,120,587	4,033	5,124,620	2,801,715
Other capital assets, net of depreciation	8,322,745	1,761,404	10,084,149	3,336,098
Total assets	20,965,000	4,071,107	25,036,107	9,628,424
Deferred outflows on pensions	1,734,850	130,520	1,865,370	-
Liabilities:				
Accounts payable and accrued liabilities	164,506	410,057	574,563	280,392
Deposits/unearned revenue	174,241	276,542	450,783	-
Accrued interest payable	6,566	3,046	9,612	-
Other postemployment benefits	160,000	16,217	176,217	-
Net pension liability	7,232,420	563,833	7,796,253	-
Lease liabilities:				
Due within one year	25,974	-	25,974	-
Due in more than one year	45,303	-	45,303	-
SBITA liabilities:				
Due within one year	47,291	-	47,291	-
Due in more than one year	88,941	-	88,941	-
Long-term debt:				
Due within one year	448,658	53,829	502,487	50,938
Due in more than one year	618,071	751,447	1,369,518	704,087
Compensated absences	433,580	64,347	497,927	-
Total liabilities	9,445,551	2,139,318	11,584,869	1,035,417
Deferred inflows on pensions	144,615	17,247	161,862	-
Net Position:				
Net investment in capital assets	12,376,603	957,115	13,333,718	5,382,788
Restricted for:				
Utility expansion	-	224,179	224,179	-
Public safety	218,637	-	218,637	-
Debt service	3,946	-	3,946	-
Transportation	478,495	-	478,495	-
Recreation	27,811	-	27,811	-
Historic Parcetti Hotel restoration	-	-	-	829,321
Unrestricted	4,192	863,768	867,960	2,380,898
Total net position	\$ 13,109,684	\$ 2,045,062	\$ 15,154,746	\$ 8,593,007

See Independent Auditors' Report and Notes to the Financial Statements.

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TOWN OF PONCE INLET, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Functions / Programs	Expenses	Program Revenues		
		Charges For Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 1,837,052	\$ 541,652	\$ -	\$ -
Public safety	5,312,372	875,554	-	-
Physical environment	339,725	-	373,373	-
Transportation	704,883	-	76,033	54,734
Culture/recreation	717,764	70,243	-	62,919
Information technology	642,110	-	-	-
Interest on long-term debt	48,974	-	-	-
Total governmental activities	9,602,880	1,487,449	449,406	117,653
Business-type Activities:				
Water utilities	1,821,222	1,618,332	-	9,162
Sewer utilities	1,081,713	1,105,699	-	-
Refuse utilities	407,137	418,642	-	-
Total business-type activities	3,310,072	3,142,673	-	9,162
Total primary government	\$ 12,912,952	\$ 4,630,122	\$ 449,406	\$ 126,815
Component Units:				
Lighthouse Association	\$ 1,787,529	\$ 1,756,314	\$ 95,846	\$ 668,705
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Public service taxes				
Other taxes				
Intergovernmental revenues				
Investment earnings (loss)				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Net position - end of year				

See Independent Auditors' Report and Notes to the Financial Statements.

TOWN OF PONCE INLET, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Lighthouse Association
\$ (1,295,400)	\$ -	\$ (1,295,400)	
(4,436,818)	-	(4,436,818)	
33,648	-	33,648	
(574,116)	-	(574,116)	
(584,602)	-	(584,602)	
(642,110)	-	(642,110)	
(48,974)	-	(48,974)	
(7,548,372)	-	(7,548,372)	
-	(193,728)	(193,728)	
-	23,986	23,986	
-	11,505	11,505	
-	(158,237)	(158,237)	
(7,548,372)	(158,237)	(7,706,609)	
			\$ 733,336
5,744,654	-	5,744,654	-
647,668	-	647,668	-
7,912	-	7,912	-
372,334	-	372,334	-
215,182	8,216	223,398	36,711
344,261	4,540	348,801	360
114,760	(114,760)	-	-
7,446,771	(102,004)	7,344,767	37,071
(101,601)	(260,241)	(361,842)	770,407
13,211,285	2,305,303	15,516,588	7,822,600
\$ 13,109,684	\$ 2,045,062	\$ 15,154,746	\$ 8,593,007

See Independent Auditors' Report and Notes to the Financial Statements.

TOWN OF PONCE INLET, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2023

	General	S. Peninsula Drive Sidewalk	Public Land Acquisition and Facility	Hurricane Ian Restoration	Other Governmental Funds	Total- Governmental Funds
Assets:						
Cash and cash equivalents	\$ 644,077	\$ 802,756	\$ 383,176	\$ 77,202	\$ 657,273	\$ 2,564,484
Investments	4,303,865	-	-	-	-	4,303,865
Receivables, net	61,275	-	56,370	-	-	117,645
Due from other funds	21,156	-	-	-	-	21,156
Due from other governments	212,494	-	-	71,342	70	283,906
Inventories	5,797	-	-	-	-	5,797
Prepaid expenses	36,006	-	-	-	-	36,006
Total assets	\$ 5,284,670	\$ 802,756	\$ 439,546	\$ 148,544	\$ 657,343	\$ 7,332,859
Liabilities, Deferred Inflows, and Fund Balances:						
Liabilities:						
Accounts payable and accrued expenses	\$ 128,542	\$ -	\$ -	\$ 24,701	\$ 11,269	\$ 164,512
Due to other funds	-	-	-	-	21,156	21,156
Unearned revenue	186,377	-	-	-	-	186,377
Total liabilities	314,919	-	-	24,701	32,425	372,045
Deferred Inflows:						
Unavailable revenue	102,505	-	-	-	-	102,505
Fund Balances:						
Nonspendable	41,803	-	-	-	-	41,803
Restricted	566,449	-	-	-	162,440	728,889
Committed	2,037,480	-	439,546	-	-	2,477,026
Assigned	14,771	802,756	-	123,843	483,634	1,425,004
Unassigned	2,206,744	-	-	-	(21,156)	2,185,588
Total fund balances	4,867,246	802,756	439,546	123,843	624,918	6,858,309
Total liabilities, deferred inflow and fund balances	\$ 5,284,670	\$ 802,756	\$ 439,546	\$ 148,544	\$ 657,343	\$ 7,332,859

See Independent Auditors' Report and Notes to the Financial Statements.

TOWN OF PONCE INLET, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2023

Total governmental activities fund balances			\$ 6,858,309
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			13,443,337
Revenues in the statement of activities that do not provide current financial resources and, therefore, are not reported as revenue in the funds:			
Delinquent tax revenues	12,136		
Unavaible revenues not collected within 90 days	102,505		114,641
Difference between right of use assets recognized on leases and SBITAs and the corresponding liabilities related to these arrangements			2,457
The (increase) decrease in net pension liabilities, deferred outflows and inflows, and postemployment benefits costs are reported in the statement of activities, but not in individual governmental fund statements as follows:			
Deferred outflows of pension plans	1,734,850		
Deferred inflows of pension plans	(144,615)		
Net pension liabilities	(7,232,420)		
Other postemployment benefit obligation payable	(160,000)		(5,802,185)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Bonds and notes payable, and finance lease obligations	(1,066,729)		
Accrued interest payable	(6,566)		
Compensatory wages payable	(433,580)		(1,506,875)
Net position of governmental activities			\$ 13,109,684

See Independent Auditors' Report and Notes to the Financial Statements.

TOWN OF PONCE INLET, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	General	S. Peninsula Drive Sidewalk	Public Land Acquisition and Facility	Hurricane Ian Restoration	Other Governmental Funds	Total Governmental Funds
Revenue:						
Taxes:						
Property taxes	\$ 5,745,573	\$ -	\$ -	\$ -	\$ -	\$ 5,745,573
Local option gas taxes	130,767	-	-	-	-	130,767
Public service taxes	174,479	-	473,189	-	-	647,668
Business taxes	7,912	-	-	-	-	7,912
Permits, fees and assessments	1,024,041	-	44,393	-	22,730	1,091,164
Federal grant	-	-	-	270,868	-	270,868
Intergovernmental revenue	372,334	-	-	-	-	372,334
Local intergovernmental capital grants	-	-	-	-	62,919	62,919
Charges for services	366,523	-	-	-	-	366,523
Fines and forfeitures	27,619	-	-	-	1,230	28,849
Investment earnings (loss)	209,248	-	5,934	-	-	215,182
Insurance reimbursements	-	-	-	241,745	-	241,745
Miscellaneous revenue	91,422	-	-	-	13,963	105,385
Total revenue	8,149,918	-	523,516	512,613	100,842	9,286,889
Expenditures:						
Operating:						
General government	1,550,842	-	-	-	-	1,550,842
Public safety	4,465,412	-	-	-	-	4,465,412
Physical environment	17,400	-	7,955	314,370	-	339,725
Transportation	485,087	-	-	-	-	485,087
Culture/recreation	506,970	-	-	-	3,275	510,245
Information technology	559,297	-	-	-	-	559,297
Capital outlay:						
General government	-	-	212,372	-	-	212,372
Public safety	58,788	-	-	-	201,570	260,358
Transportation	148,666	-	-	-	-	148,666
Physical Environment	-	-	-	183,129	190,550	373,679
Information technology	41,176	-	-	-	39,701	80,877
Debt service:						
Principal	58,319	-	-	-	432,875	491,194
Interest	2,216	-	-	-	52,070	54,286
Total expenditures	7,894,173	-	220,327	497,499	920,041	9,532,040
Excess of revenues over (under) expenditures	255,745	-	303,189	15,114	(819,199)	(245,151)
Other Financing Sources (Uses):						
Operating transfers in	136,235	652,756	-	308,255	609,584	1,706,830
Operating transfers (out)	(273,819)	-	(328,000)	(199,526)	(790,725)	(1,592,070)
Lease and SBITA liabilities issued	60,535	-	-	-	-	60,535
	(77,049)	652,756	(328,000)	108,729	(181,141)	175,295
Excess of revenue and other sources over expenditures and other uses	178,696	652,756	(24,811)	123,843	(1,000,340)	(69,856)
Fund balances - beginning of year	4,688,550	150,000	464,357	-	1,625,258	6,928,165
Fund balances - end of year	\$ 4,867,246	\$ 802,756	\$ 439,546	\$ 123,843	\$ 624,918	\$ 6,858,309

See Independent Auditors' Report and Notes to the Financial Statements.

TOWN OF PONCE INLET, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENTS OF ACTIVITIES
For the Year Ended September 30, 2023

Net change in fund balances - total governmental funds		\$ (69,856)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:		
Expenditures for capital assets	1,075,952	
Less: net adjusted basis of current year asset disposals	(2,875)	
Less: current year provision for depreciation	<u>(575,375)</u>	497,702
Deferred outflows and inflows of resources are not available in the current period and, therefore, are not reported in the governmental funds. Deferred outflows and inflows of resources at year end consist of:		
Deferred outflows of pension plans	(149,744)	
Deferred inflows of pension plans	<u>34,420</u>	(115,324)
Unavailable revenues (revenues not collectable within sixty days after year-end) are recorded as a deferred inflow in the governmental funds. For government-wide financial statements these are considered revenue		102,505
Difference between right of use assets recognized on leases and SBITAs and the corresponding liabilities related to these arrangements		2,457
Net pension and postemployment benefits obligations that are actuarially due and payable in the current period which will be accumulated and paid in future periods consist of:		
Net pension liabilities	(937,809)	
Other postemployment benefit obligation payable	<u>10,965</u>	(926,844)
Some expenses reported in the statement of activities do not require the use of current financial resources are not reported as expenditures in the funds:		
(Increase) decrease in employee compensated absences	(28,212)	
(Increase) decrease in accrued interest on long-term debt obligations	<u>3,096</u>	(25,116)
Repayment of principal on long-term debt obligations is an expenditure in the governmental fund, but the repayments reduce long-term liabilities in the statement of net position		<u>432,875</u>
Change in net position of governmental activities		<u><u>\$ (101,601)</u></u>

See Independent Auditors' Report and Notes to the Financial Statements.

TOWN OF PONCE INLET, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Taxes:				
Property taxes	\$ 5,764,807	\$ 5,748,807	\$ 5,745,573	\$ (3,234)
Local option gas taxes	113,288	131,300	130,767	(533)
Public service taxes	178,276	174,700	174,479	(221)
Local business taxes	9,650	8,207	7,912	(295)
Permits and fees	807,023	957,397	1,024,041	66,644
Intergovernmental:				
Local half-cent sales tax	219,058	237,000	235,772	(1,228)
Other intergovernmental	236,380	128,600	136,562	7,962
Charges for services	339,067	355,401	366,523	11,122
Fines and forfeitures	25,500	25,500	27,619	2,119
Miscellaneous:				
Investment earnings (loss)	26,613	192,546	209,248	16,702
Contributions and donations	7,800	9,913	12,382	2,469
Miscellaneous revenues	247,865	275,432	79,040	(196,392)
Total revenues	<u>7,975,327</u>	<u>8,244,803</u>	<u>8,149,918</u>	<u>(94,885)</u>
Expenditures:				
General Government:				
Legislative	236,464	209,072	190,738	18,334
Executive, finance, and administrative	806,370	873,348	823,790	49,558
Legal	240,000	290,000	277,072	12,928
Planning and zoning	372,488	339,076	259,242	79,834
	<u>1,655,322</u>	<u>1,711,496</u>	<u>1,550,842</u>	<u>160,654</u>
Public Safety:				
Police	1,722,023	1,747,168	1,695,294	51,874
Fire	1,906,790	2,108,786	1,981,781	127,005
Protective Inspection	937,832	910,222	847,125	63,097
	<u>4,566,645</u>	<u>4,766,176</u>	<u>4,524,200</u>	<u>241,976</u>
Physical Environment:				
Stormwater	11,500	15,978	17,400	(1,422)
Transportation:				
Public works facilities	581,275	620,271	591,565	28,706
Road and street facilities	50,600	56,300	42,188	14,112
	<u>631,875</u>	<u>676,571</u>	<u>633,753</u>	<u>42,818</u>

See Independent Auditors' Report and Notes to the Financial Statements.

TOWN OF PONCE INLET, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Culture/Recreation	\$ 529,055	\$ 520,635	\$ 506,970	\$ 13,665
Information Technology	704,949	635,572	600,473	35,099
Debt Service - Leases and SBITAs				
Interest	-	2,216	2,216	-
Principal retirement	-	58,319	58,319	-
	-	60,535	60,535	-
Total expenditures	8,099,346	8,386,963	7,894,173	492,790
Excess of revenue over (under) expenditures	(124,019)	(142,160)	255,745	397,905
Other Financing Sources (Uses):				
Transfers from:				
Enterprise Funds	106,995	106,995	106,995	-
Capital Fire Equipment Fund	-	12,000	12,000	-
Capital Facility Maintenance Fund	-	17,240	17,240	-
Appropriated fund balance	273,607	219,208	-	(219,208)
Transfers to:				
Enterprise Funds	-	(17,235)	(17,235)	-
Capital Fire Equipment Fund	(100,000)	(100,000)	(100,000)	-
Capital Facility Maintenance Fund	(25,000)	(25,000)	(25,000)	-
Debt Service Fund	(131,583)	(131,583)	(131,584)	(1)
Lease and SBITA liabilities issued	-	60,535	60,535	-
Total other financing sources (uses)	124,019	142,160	(77,049)	(219,209)
Net change in fund balance	-	-	178,696	178,696
Fund Balance - Beginning of year	2,881,914	2,881,914	4,688,550	1,806,636
Fund Balance - End of year	\$ 2,881,914	\$ 2,881,914	\$ 4,867,246	\$ 1,985,332

See Independent Auditors' Report and Notes to the Financial Statements.

TOWN OF PONCE INLET, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – S. PENINSULA DRIVE SIDEWALK FUND
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Local government grant	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Physical Environment:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	-	-	-	-
Other Financing Sources (Uses):				
Appropriated for fund balance	(818,574)	(652,756)	-	652,756
Transfer from Hurricane Ian Fund	-	199,526	199,526	-
Transfer from Economic Impact Fund	818,574	453,230	453,230	-
Operating transfer from General Fund	-	-	-	-
Total other financing sources (uses)	-	-	652,756	652,756
Net change in fund balance	-	-	652,756	652,756
Fund Balance - Beginning of year	-	-	150,000	150,000
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 802,756</u>	<u>\$ 802,756</u>

See Independent Auditors' Report and Notes to the Financial Statements.

TOWN OF PONCE INLET, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – PUBLIC LAND ACQUISITION AND FACILITY

For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Taxes:				
Utility service taxes-electric	\$ 384,674	\$ 417,300	\$ 459,227	\$ 41,927
Utility service taxes-liquid propane	21,384	17,000	13,962	(3,038)
	<u>406,058</u>	<u>434,300</u>	<u>473,189</u>	<u>38,889</u>
Permits and fees:				
Franchise fees-solid waste	<u>35,468</u>	<u>43,700</u>	<u>44,393</u>	<u>693</u>
Miscellaneous Revenues:				
Investment earnings (loss)	<u>181</u>	<u>6,800</u>	<u>5,934</u>	<u>(866)</u>
Total revenues	<u>441,707</u>	<u>484,800</u>	<u>523,516</u>	<u>38,716</u>
Expenditures:				
Physical Environment:				
Operating expenditures	-	8,000	7,955	45
Other General Government:				
Capital expenditures	<u>197,676</u>	<u>221,690</u>	<u>212,372</u>	<u>9,318</u>
Total expenditures	<u>197,676</u>	<u>229,690</u>	<u>220,327</u>	<u>9,363</u>
Excess of revenue over (under) expenditures	<u>244,031</u>	<u>255,110</u>	<u>303,189</u>	<u>48,079</u>
Other Financing Sources (Uses):				
Appropriated fund balance	83,969	72,890	-	(72,890)
Operating transfer to Debt Service Fund	<u>(328,000)</u>	<u>(328,000)</u>	<u>(328,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(244,031)</u>	<u>(255,110)</u>	<u>(328,000)</u>	<u>(72,890)</u>
Net change in fund balance	-	-	(24,811)	(24,811)
Fund Balance - Beginning of year	<u>505,052</u>	<u>505,052</u>	<u>464,357</u>	<u>(40,695)</u>
Fund Balance - End of year	<u>\$ 505,052</u>	<u>\$ 505,052</u>	<u>\$ 439,546</u>	<u>\$ (65,506)</u>

See Independent Auditors' Report and Notes to the Financial Statements.

TOWN OF PONCE INLET, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – HURRICANE IAN RESTORATION

For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Grants:				
Federal Grant - FEMA	\$ -	\$ 199,526	\$ 270,868	\$ 71,342
Miscellaneous:				
Insurance Reimbursement	<u>-</u>	<u>241,745</u>	<u>241,745</u>	<u>-</u>
Total revenues	<u>-</u>	<u>441,271</u>	<u>512,613</u>	<u>71,342</u>
Expenditures:				
Physical Environment:				
Operating expenditures	-	333,710	314,370	19,340
Capital outlay	<u>-</u>	<u>187,028</u>	<u>183,129</u>	<u>3,899</u>
Total expenditures	<u>-</u>	<u>520,738</u>	<u>497,499</u>	<u>23,239</u>
Excess of revenue over (under) expenditures	<u>-</u>	<u>(79,467)</u>	<u>15,114</u>	<u>94,581</u>
Other Financing Sources (Uses):				
Appropriated for fund balance	-	(29,262)	-	29,262
Transfer from Economic Impact Fund	-	308,255	308,255	-
Transfer to S. Peninsula Drive Sidewalk Fund	<u>-</u>	<u>(199,526)</u>	<u>(199,526)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>79,467</u>	<u>108,729</u>	<u>29,262</u>
Net change in fund balance	-	-	123,843	123,843
Fund Balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,843</u>	<u>\$ 123,843</u>

See Independent Auditors' Report and Notes to the Financial Statements.

TOWN OF PONCE INLET, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Refuse Utility	Totals
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 1,688,958	\$ 89,354	\$ 3,000	\$ 1,781,312
Restricted cash and cash equivalents	224,179	-	-	224,179
Receivables, net:				
Accounts	3,373	1,222	1,349	5,944
Unbilled accounts	158,246	93,486	36,097	287,829
Prepaid expenses	6,406	-	-	6,406
Total current assets	<u>2,081,162</u>	<u>184,062</u>	<u>40,446</u>	<u>2,305,670</u>
Noncurrent Capital Assets:				
Land and land rights	4,033	-	-	4,033
Infrastructure	1,505,602	-	-	1,505,602
Distribution system	2,569,621	-	-	2,569,621
General utilities equipment	381,056	-	-	381,056
	<u>4,460,312</u>	<u>-</u>	<u>-</u>	<u>4,460,312</u>
Less: accumulated depreciation	(2,694,875)	-	-	(2,694,875)
Total noncurrent capital assets	<u>1,765,437</u>	<u>-</u>	<u>-</u>	<u>1,765,437</u>
 Total assets	<u>3,846,599</u>	<u>184,062</u>	<u>40,446</u>	<u>4,071,107</u>
 Deferred Outflows on Pensions	<u>130,520</u>	<u>-</u>	<u>-</u>	<u>130,520</u>
Liabilities:				
Accounts payable and accrued expenses	201,500	177,547	34,056	413,103
Customer deposits	276,542	-	-	276,542
Other postemployment benefits	16,217	-	-	16,217
Net pension liability	563,833	-	-	563,833
Long-term debt:				
Due within one year	53,829	-	-	53,829
Due in more than one year	751,447	-	-	751,447
Compensated absences	64,347	-	-	64,347
 Total liabilities	<u>1,927,715</u>	<u>177,547</u>	<u>34,056</u>	<u>2,139,318</u>
 Deferred Inflows on Pensions	<u>17,247</u>	<u>-</u>	<u>-</u>	<u>17,247</u>
Net Position:				
Net investment in capital assets	957,115	-	-	957,115
Restricted for utility expansion	224,179	-	-	224,179
Unrestricted	850,863	6,515	6,390	863,768
 Total net position	<u>\$ 2,032,157</u>	<u>\$ 6,515</u>	<u>\$ 6,390</u>	<u>\$ 2,045,062</u>

See Independent Auditors' Report and Notes to the Financial Statements.

TOWN OF PONCE INLET, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION –
PROPRIETARY FUNDS

For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Refuse Utility	Totals
Operating Revenues:				
Charges For Services:				
Sales and connection fees	\$ 1,581,277	\$ 1,021,161	\$ -	\$ 2,602,438
Port Orange's connection/impact fees	16,245	60,576	-	76,821
Other administrative charges	20,810	23,962	-	44,772
Refuse and recycling charges	-	-	418,642	418,642
Total operating revenue	1,618,332	1,105,699	418,642	3,142,673
Operating Expenses:				
Cost of sales	888,780	-	-	888,780
Personal services	599,434	-	-	599,434
Materials and supplies	17,489	-	-	17,489
Maintenance and repairs	41,488	-	-	41,488
Contractual services	93,572	1,021,137	407,137	1,521,846
Other expenses	21,991	-	-	21,991
Impact/connect fee payments to Port Orange	16,245	60,576	-	76,821
Depreciation	133,919	-	-	133,919
Total operating expenses	1,812,918	1,081,713	407,137	3,301,768
Operating income (loss)	(194,586)	23,986	11,505	(159,095)
Nonoperating revenues (expenses):				
Investment earnings	8,216	-	-	8,216
Miscellaneous revenue	4,540	-	-	4,540
Interest on long-term debt	(8,304)	-	-	(8,304)
Net nonoperating revenue (expenses)	4,452	-	-	4,452
Income before contributions and transfers	(190,134)	23,986	11,505	(154,643)
Capital contributions	9,162	-	-	9,162
Transfer to General Fund	(70,495)	(12,500)	(24,000)	(106,995)
Transfer from General Fund	17,235	-	-	17,235
Transfer to Debt Service Fund	-	(12,500)	(12,500)	(25,000)
Net decrease in net position	(234,232)	(1,014)	(24,995)	(260,241)
Net position - beginning of year	2,266,389	7,529	31,385	2,305,303
Net position - end of year	\$ 2,032,157	\$ 6,515	\$ 6,390	\$ 2,045,062

See Independent Auditors' Report and Notes to the Financial Statements.

TOWN OF PONCE INLET, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Refuse Utility	Totals
Cash Flows From Operating Activities:				
Cash received from customers and users	\$ 1,582,355	\$ 1,097,119	\$ 417,534	\$ 3,097,008
Cash paid for personal services	(497,147)	-	-	(497,147)
Cash paid to suppliers and others	(1,038,520)	(1,067,627)	(404,797)	(2,510,944)
Net cash provided by operating activities	46,688	29,492	12,737	88,917
Cash Flows From Noncapital and Related Financing Activities:				
Nonoperating revenues received	4,540	-	-	4,540
Nonoperating expenses paid	(8,304)	-	-	(8,304)
Operating transfers received	17,235	-	-	17,235
Operating transfers paid	(70,495)	(25,000)	(36,500)	(131,995)
Net cash used for non-capital and related financing activities	(57,024)	(25,000)	(36,500)	(118,524)
Cash Flows From Capital and Related Financing Activities:				
Contributed capital received	25,407	-	-	25,407
Acquisition of fixed assets	(11,414)	-	-	(11,414)
Capital transfers to Port Orange	(16,245)	-	-	(16,245)
Repayment of long-term debt	(53,523)	-	-	(53,523)
Net cash used for capital and related financing activities	(55,775)	-	-	(55,775)
Cash Flows From Investing Activities:				
Interest earnings received	8,216	-	-	8,216
Net cash provided by investing activities	8,216	-	-	8,216
Net increase (decrease) in cash and cash equivalents	(57,895)	4,492	(23,763)	(77,166)
Cash and cash equivalents - Beginning of year	1,971,032	84,862	26,763	2,082,657
Cash and cash equivalents - End of year	\$ 1,913,137	\$ 89,354	\$ 3,000	\$ 2,005,491
Reconciliation of cash and cash equivalents:				
Unrestricted cash	\$ 1,688,958	\$ 89,354	\$ 3,000	\$ 1,781,312
Restricted cash	224,179	-	-	224,179
Total - all sources	\$ 1,913,137	\$ 89,354	\$ 3,000	\$ 2,005,491

See Independent Auditors' Report and Notes to the Financial Statements.

TOWN OF PONCE INLET, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Refuse Utility	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (194,586)	\$ 23,986	\$ 11,505	\$ (159,095)
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation	133,919	-	-	133,919
Changes in assets and liabilities:				
Accounts receivable	(22,696)	(8,580)	(1,108)	(32,384)
Prepaid expenses	799	-	-	799
Accounts payable and accrued expenses	24,001	14,086	2,340	40,427
Other post employment benefits	(1,012)	-	-	(1,012)
Compensated absences	2,900	-	-	2,900
Pension liability	86,559	-	-	86,559
Deferred outflows on pensions	14,728	-	-	14,728
Deferred inflows on pensions	(3,175)	-	-	(3,175)
Customer deposits	5,251	-	-	5,251
Net cash provided by operating activities	<u>\$ 46,688</u>	<u>\$ 29,492</u>	<u>\$ 12,737</u>	<u>\$ 88,917</u>

See Independent Auditors' Report and Notes to the Financial Statements.

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NOTES TO THE FINANCIAL STATEMENTS

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Ponce Inlet, Florida (the “Town”), have been prepared in conformance with accounting principles generally accepted in the United States of America, as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Town’s significant accounting policies:

A. Reporting Entity

The Town of Ponce Inlet, Florida, is a municipal corporation created by the Laws of Florida, located in Volusia County. The Town was originally incorporated under the general laws of Florida in May 1963 under the provisions of House Bill No. 1133 (amending Article 2, Section 4, of Chapter 63-1829, Laws of Florida, Special Acts of 1963), and the Municipal Home Rule Power Act, F.S. Ch. 166. The legislative branch of the Town is composed of an elected five-member Town Council consisting of the Mayor and four Council members. The Town Council is governed by the Town Charter and by state and local laws and regulations. The Town Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed Town Manager.

The accompanying financial statements present the financial position, results of operations and cash flows of the applicable funds controlled by or dependent on the Town. In evaluating the Town as a reporting entity, management has addressed all potential component units for which the entity may or may not be financially accountable and, as such, be included within the Town’s financial statements.

Discretely Presented Component Unit. The “component unit” column in the basic financial statements includes the financial data of the Ponce DeLeon Inlet Lighthouse Preservation Association, Inc. (the “Lighthouse Association”). The financial statements of the Lighthouse Association are discretely reported in separate columns to emphasize that it is legally separate from the Town (primary government). The Lighthouse Association was created exclusively to manage the contribution of citizen efforts, services and resources in the development, restoration, improvement and operation of the Ponce DeLeon Inlet Lighthouse, a historical site owned by the Town of Ponce Inlet, under the terms of a maintenance agreement dated May 22, 1985.

The Lighthouse Association was created as a non-profit corporation and is exempt from income taxes under the provisions of Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3). Under its corporate charter, the Lighthouse Association must devote at least 70% of its gross receipts to undertaking its stated purpose. Furthermore, the Town Council has the authority to disapprove any activity(ies) of the Lighthouse Association deemed not to be in harmony with the responsibilities of the Town and all Lighthouse Association assets revert to the Town upon its dissolution.

Complete financial statements of the component unit can be obtained directly from the Association’s administrative offices, which is as follows:

Administrative Office:
Ponce DeLeon Inlet Lighthouse Preservation Association, Inc.
4931 South Peninsula Drive
Ponce Inlet, FL 32127

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report aggregated information for the overall government for all of the activities of the primary government and the discretely presented component unit. The primary government is reported in two columns to separately report governmental activities from business-type activities. Component unit data is aggregated into a single column. These statements do not report fiduciary funds or fiduciary component units such as retirement trust funds. When applicable, those activities are reported only in fund financial statements. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange revenues are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported as enterprise funds.

The statement of net position presents the overall government's financial position at year-end. The statement of activities presents direct expenses of a given function or segment offset by program revenues for the fiscal reporting period. The resulting net expense or revenue is then totaled and offset by general revenues producing the aggregate change in net position for the period. 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 of the government, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other nonexchange revenues not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual business-type funds are reported in separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 3 months of the end of the current fiscal period, except for property taxes, for which the period is 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

TOWN OF PONCE INLET, FLORIDA
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Property taxes, franchise fees, intergovernmental revenue, licenses and permits, charges for services, and interest earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized and grouped into four classes, based on their principal characteristics. The accounting treatment for each type of transaction is as follows:

- ***Derived Tax Revenue***, defined as assessments imposed on exchange transactions. Examples include: sales taxes, franchise tax, utility taxes, etc. Assets from derived tax revenue are recognized in the period when the exchange transaction on which the tax is imposed or when resources are received, whichever occurs first. Revenues are recognized, net of estimated uncollectible amounts, in the same period that the assets are recognized. Resources received in advance are recorded as deferred revenue until the period of the exchange.
- ***Imposed Nonexchange Revenue***, result from assessments on nongovernmental entities, other than assessments on exchange transactions. Examples include: ad valorem (property) taxes, fines and penalties, and property forfeitures. Assets from imposed nonexchange revenues are recognized in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Property taxes are recognized in the period for which the taxes are levied. All other imposed nonexchange revenues are recognized in the same period that the assets are recognized.
- ***Government-mandated Nonexchange Transactions***, frequently establish eligibility requirements before a transaction can occur. Examples include federal awards and state financial assistance. Until the requirements are met, the recipient does not have a receivable and the recognition of revenue received in advance is deferred. The providers (usually federal, state, and county governments) often offer resources on a reimbursement (“expenditure-driven”) basis at the time the recipient has incurred allowable costs under the applicable program.
- ***Voluntary Nonexchange Transactions***, result from legislative or contractual agreements other than exchanges, entered into willingly by two or more parties. Examples include certain grants, entitlements, and donations by nongovernmental entities. Principal characteristics of these types of transactions are (1) they are not imposed on the provider or recipient, and (2) fulfillment of eligibility requirements is essential for a transaction to occur. Assets and revenues are recognized when all applicable eligibility requirements, including time requirements, are met. Resources received in advance are reported as deferred revenue.

Proprietary fund financial statements are reported using the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. Based on the accounting and reporting standards set forth in Government Accounting Standards Board Statement No. 20, “*Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting*”, the Town has opted to apply only those accounting and reporting pronouncements issued by the GASB subsequent to November 30, 1989, as it pertains to the accounting for proprietary fund activity.

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The Town's accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of the governmental and proprietary fund financial statements is on major funds, as defined and determined based on criteria established under Governmental Accounting Standards Board's Statement No. 34.

The Town reports the following governmental funds:

- The **General Fund** is the principal fund of the Town which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Town other than proprietary fund activities are financed through revenues received by the General Fund.
- The **Debt Service Fund** is a debt service fund established by the Town to separately account for the resources accumulated and payments made for principal and interest on general long-term debt of the Town's governmental funds.

The Town reports the following proprietary funds:

- The **Water Utility Fund** accounts for the costs and recovery of costs in the form of user charges related to the purchase and distribution of potable water within the Town. The maintenance and improvement of utility plant required to provide these goods and services has been financed primarily from user charges and a loan from the Florida Department of Environmental Protection.
- The **Sewer Utility Fund** accounts for the activities of the Town's sewer utility system, which is owned and operated by the City of Port Orange. The costs of wastewater collection and pumping systems are recovered by user charges billed to customers by the Town pursuant to customer rate schedules established by Port Orange. All utility service amounts billed by the Town, and collected from its customers, are subsequently remitted to the City of Port Orange.
- The **Refuse Utility Fund** accounts for the activities of the Town's refuse collection system which provides the community with refuse and recycling services provided by third-party contracted vendors, the costs of which are recovered by user charges.

Additionally, the Town reports the following fund types:

- **Special Revenue Funds** - are used to account for the proceeds of specific revenue sources (other than special assessments, or capital projects) which are legally restricted to finance particular functions or activities of the Town. These funds include the Public Land Acquisition and Facility Fund, Tree Bank Fund, Sidewalks Fund, Parks and Recreation Fund, Police Education Fund, the Contraband/Forfeitures Fund, and the Hurricane Ian Restoration Fund.
- **Capital Projects Funds** – are used to account for capital projects whose life may extend for many fiscal years. These funds include the Economic Impact Fund, Fire Department Capital Fund, Capital Facility Maintenance Fund, Ponce de Leon Circle Sewer Project Fund, and the South Peninsula Drive Sidewalk Project Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

TOWN OF PONCE INLET, FLORIDA
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Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund Town activities has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes (when applicable) and other charges between the Town's water and sewer function and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for utility sales and services. The Town recognizes as operating revenue the portion of impact fees intended to recover the cost of connecting new customers to the water system. Impact and connection fees are also assessed and collected from sewer customers which are remitted directly to the City of Port Orange to recover their costs connecting new customers to the sewer system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

The Town's investment policies are governed by state statutes and local ordinance. These policies authorize the Town to invest in the Local Government Surplus Funds Trust Fund, authorized intergovernmental investment pools, Securities and Exchange Commission registered money market funds (with rating exceptions), interest-bearing savings accounts, interest bearing certificates of deposits, interest bearing time deposits and direct obligations of the U.S. Treasury.

All of the Town's investments are reported at fair value, with the exception of certificates of deposit, which are recorded at historical value. Interest on certificates of deposit are not recognized until they are received, typically when the certificate of deposit matures.

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2. Receivables and Payables

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

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled water, sewer and refuse accounts receivable are accrued by the Town at September 30th, to recognize the sales revenues earned between the last meter reading dates made in mid-September through the end of the fiscal year.

All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. Inventories and Prepaid Items

The cost of stored fuel inventory is accounted for on the consumption basis wherein inventories are charged as expenditures when used, rather than when purchased. All inventories are valued at cost, which approximates net realizable value. The effect of this method is to flow the costs of the fuel in the order in which they are purchased and to assign a balance sheet inventory valuation more nearly at current replacement value. No required minimum levels of inventory are maintained.

All other inventories are valued at average cost and consist of the merchandise held for sale in the Lighthouse Association gift shop (a discretely presented component unit).

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

4. Restricted Assets

Certain proceeds from the imposition of the Town’s impact fee requirements and from building permits are classified as restricted assets on the balance sheet because their use is limited by applicable legal indentures.

5. Capital Assets

Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town. The Town has elected to report all known infrastructure assets and related depreciation expense on all infrastructure assets in the entity-wide statement of net position and statement of activities.

TOWN OF PONCE INLET, FLORIDA
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Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Infrastructure assets are capitalized when their costs exceed \$5,000 and possess useful lives of more than two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized if they meet the dollar threshold above for capitalization.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but charged to operating expense as incurred.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Proprietary fund capital assets that are constructed include construction period interest that is capitalized net of interest earned on unexpended construction funds and, therefore, depreciated over the remaining useful life of the related asset, when applicable.

Depreciation is provided for by utilization of the straight-line method calculated on a service-life basis to amortize the cost of the assets over their economic estimated useful lives which are as follows:

Buildings	15 - 40 years
Source of supply plant.....	25 - 50 years
Pumping plant.....	25 - 50 years
Water treatment plant	25 - 50 years
Transmission and distribution plant	25 - 50 years
Infrastructure	15 - 50 years
Equipment.....	3 - 25 years

6. *Compensated Absences*

The portion of payroll costs paid subsequent to year-end attributable to services performed prior to year-end, including accumulated unpaid vacation and sick-leave, is recorded and recognized as a current liability. The portion of the liability for compensated absences attributable to periods beyond the current year is recognized as a long-term liability. The General Fund and Water Utility Fund employ personnel and are responsible for liquidating compensated absence obligations.

It is the Town's policy to grant employees personal leave based upon the number of years of employment with the Town. Annual leave for full-time general employees accrues at the rate of 144 to 288 hours per year based on number of years of employment. Annual leave for part-time (20-39 hours per week) general employees accrues at the rate of 72 to 144 hours per year based on number of years of employment. Annual leave for firefighters accrues at the rate of 204 to 408 hours per year based on number of years of employment. A cumulative total of 480 hours (60 days) is the maximum personal leave which may be carried over to the next calendar year. Upon termination, without cause, all accrued annual leave is paid up to 480 hours. Accrued personal leave over 480 hours upon termination, without cause, is lost. As such, it is the Town's policy to accrue only accrued personal leave up to 480 hours as a liability, as amounts over this will not be payable upon termination.

7. *Unearned Revenue*

Unearned revenues are reported when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

TOWN OF PONCE INLET, FLORIDA
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8. Long-term Obligations

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Debt issuance costs, when incurred, are charged to expense in the fund receiving debt proceeds.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources expense until then. The Town has one item that qualifies for reporting in this category. It is the deferred amount on defined benefit pension liabilities associated with the Florida Retirement System (FRS) and Florida Retirement System Health Insurance Subsidy (HIS). The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. A deferred amount on pension results from the recognition of the Town's proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to the pension plan. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liabilities in future reporting years.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualifies for reporting in this category. It is the deferred inflows on defined benefit pension contributions, earnings and other liabilities associated with the Florida Retirement System (FRS) and Florida Retirement System Health Insurance Subsidy (HIS) that qualify for reporting in this category and also the deferred inflows for revenue unavailable within 90 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10. Pensions / Net Pension Liabilities

In the financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting. In general, the Town recognizes a net pension liability, which represents the Town's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan.

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 FRS defined benefit plan and the HIS defined benefit plan, and additions to/deductions from the FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

11. Leases and Subscription Based Information Technology Arrangements (SBITAs)

The Town has recorded right of use assets in connection with leases and SBITAs presented under GASB 87 and 96. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease.

TOWN OF PONCE INLET, FLORIDA
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12. Fund Balance Flow Assumptions

Sometimes the entity will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Fund Balance Policies

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable. This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted. This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources from external resource providers and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation). The Town has classified law enforcement forfeitures as being restricted because their use is restricted by state statute for police investigative expenditures. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Building inspection fees are restricted by state statute and county laws and are legally segregated for the funding of inspection services.

Committed. This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned. This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to the Town Manager through the budgetary process, as is authorized under Part I, Article VI, Section 6.04(d) of the Town Charter.

TOWN OF PONCE INLET, FLORIDA
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Unassigned. This classification includes the residual fund balance for the General Fund and fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The Town would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

14. Net Position

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets groups all capital assets into one component of net position; accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category. Restricted net position includes all net position with external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Unrestricted net position is the residual amount of net position of the Town that is not restricted for any particular purpose.

In 2009, The Town Council approved Resolution 2009-04, “*Policy for Reserve/Contingency Level of Operating Budget (Policy)*”. Under the Policy, a portion of the fund balance of the General Fund is committed for stabilization arrangements, such as might be needed in emergency situations or when revenue shortages or budgetary imbalances occur. The Policy states that, an amount equal to at least 3 months (25%) of the annual operating revenue of the General Fund is to be committed for use in covering current and future risks such as revenue shortfalls, natural disasters, unanticipated expenditures and to ensure stable tax rates. At September 30, 2023, \$2,037,480 of the fund balance for the General Fund was reported as committed for economic stabilization. The Policy recognizes that under extreme conditions, the use of resources may result in the committed fund balance amount dropping below the established threshold. Such amounts are required to be reinstated by the end of the subsequent fiscal year.

15. Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

E. Recent Accounting Standards

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

- Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. It is anticipated that no action will be required by the Town to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after December 15, 2021, and had no impact on the Town.

TOWN OF PONCE INLET, FLORIDA
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- Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The provisions of this Statement are effective for reporting periods beginning after December 31, 2021, and had no impact on the Town.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022, and had no impact on the Town.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.
- Statement No. 99, *Omnibus 2022*. Updates on the requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022, and had no impact on the Town.

The Town is currently evaluating the effects that the following Governmental Accounting Standards Board (GASB) Statements, which will be implemented in future financial statements, will have on its financial statements for subsequent fiscal years.

- Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The provisions of this statement will be effective for reporting periods beginning after June 15, 2023.

TOWN OF PONCE INLET, FLORIDA
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- Statement No. 101, *Compensated Absences*. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The provisions of this statement will be effective for reporting periods beginning after December 15, 2023.
- Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The provisions of this statement will be effective for reporting periods beginning after June 15, 2024.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

Following the governmental fund balance sheet is a reconciliation of the fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-Wide Statement of Activities

Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation of the net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting. The Town uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- On or before August 1st, the Town Manager submits a preliminary budget to the Town Council for the ensuing fiscal year.
- Budget workshop sessions are scheduled by the Town Council, as needed.
- A general summary of the budget and notice of public hearing is published in a local newspaper.

TOWN OF PONCE INLET, FLORIDA
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- Prior to October 1st, the budget is legally enacted through passage of an ordinance.
- The Town Council, by ordinance, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue in accordance with Section 6.04 of the Town Charter. Prior to the end of the fiscal year, supplemental appropriations are typically made for unanticipated spending requirements by the Council.
- The Town Council must approve all inter-departmental budget amendments and/or appropriations transfers. The Town Manager is authorized to approve all intra-department budget amendments.
- Budgetary control is exercised at the fund level.
- Every appropriation lapses at the close of the fiscal year.

B. Excess of Expenditures over Appropriations

During the year ended September 30, 2023, none of the Town's funds reported actual expenditures that exceeded budgetary appropriations for the year. The Ponce de Leon Circle Sewer Project had a deficit fund balance of \$21,156 as of September 30, 2023.

NOTE 4 - PROPERTY TAX CALENDAR

Under Florida law, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the offices of the County Property Appraiser and County Finance Director. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The ad valorem millage rate assessed by the Town (2022 levy) was 5.30 mills. Collections on this levy were received during the year ended September 30, 2023.

The Town's property tax calendar is as follows:

Assessment Roll Valuation Date	January 1
Property Appraiser prepares the assessment roll with values as of January 1, submits preliminary roll for approval by the State and notifies each taxing authority of their respective valuations.	July 1
Town Council holds two required public hearings and adopts a budget and ad valorem tax millage rate for the coming fiscal year.	September
Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable (Levy date).	November 1
A Notice of Taxes is mailed to each property owner on the assessment roll. Taxes are paid November through March, with the following applicable discounts:	November 1

<u>Month Paid</u>	<u>Discount</u>
November	4%
December	3%
January	2%
February	1%
March	None

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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All unpaid taxes on real/tangible personal property become delinquent.	April 1
Listings of unpaid real and personal property taxes are advertised.	April/May
Tax certificates are sold on all real estate parcels with unpaid real property taxes (Lien date).	June 1
A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent taxes	August

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits. At September 30, 2023, the carrying value of the Town's cash deposit accounts totaled \$4,345,696 and the bank balances totaled \$4,395,410. Cash deposits and certificates of deposit totaling a carrying value of \$4,303,865, are held by banks that are fully insured and/or collateralized at September 30, 2023, as required by Chapter 280, Florida Statutes. Amounts do not include \$100 in cash funds on hand at the end of the fiscal year.

At September 30, 2023, the carrying value of the Lighthouse Association's bank deposits totaled \$2,571,319 of which approximately \$1,479,000 was in excess of the Federal Deposit Insurance Corporation limit of \$250,000. In addition, the Lighthouse Association holds \$535,833 in certificates of deposit, all of which are FDIC insured. The Association also holds \$122,085 in equity securities that are not FDIC insured.

Investments. As of September 30, 2023, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (Years)	
		Less Than 1	From 1-5
Certificates of deposit:			
Florida Qualified Public Depositories	\$ 2,303,865	\$ 2,303,865	\$ -
Custodial and Non-Florida Depositories	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
Total investments - primary government	4,303,865	2,303,865	2,000,000
Lighthouse Association - component unit:			
Certificates of deposit	535,833	-	535,833
Equities and exchange traded funds	98,067	98,067	-
Corporate securities	<u>24,018</u>	<u>24,018</u>	<u>-</u>
Total investments - component unit	<u>657,918</u>	<u>122,085</u>	<u>535,833</u>
Total investments - combined	<u>\$ 4,961,783</u>	<u>\$ 2,425,950</u>	<u>\$ 2,535,833</u>

The Lighthouse Association's investments consist of amounts invested in certificates of deposit with average maturities of 9 to 36 months, and also certain equities as noted above.

TOWN OF PONCE INLET, FLORIDA
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For the Year Ended September 30, 2023

Interest Rate Risk. Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Town has developed formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments are governed by the Town's Investment Policies and related state statutes. Generally, the Town limits the acquisition of investments with maturities of greater than twenty-four months, unless such investments are purchased for holding to maturity. Interest rate risk is minimized for all other investments, which are normally held for periods of less than one year.

GASB 40, "*Deposit and Investment Risk Disclosures*," requires that interest rate risk be disclosed using one of the five approved methods for all debt investments as well as investments in mutual funds, external investment pools, and other pooled investments that do not meet the definition of a 2a-7 like pool. The five methods are segmented time distribution, specific identification, weighted average maturity (WAM), duration, and simulation model. Different methods may be presented for different types of investments.

Credit Risk. The Town's investment policies allow the government to invest in Local Government Surplus Trust Fund Investment Pool, United States Government Securities, United States Government Agencies, federal instrumentalities, interest bearing time deposits or savings accounts, repurchase agreements, commercial paper, bankers' acceptances, state and/or local governmental taxable and/or tax-exempt debt, registered investment companies (money market and mutual funds), and authorized intergovernmental investment pools.

Concentrations of Credit Risk. The Town's investment policies place limits on portfolio composition, individual issuers and maturity limitations, all of which vary for each allowable investment type. Supplemental due diligence requirements have been established that must be met prior to investing with registered investment companies and intergovernmental investment pools.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a failure of a depository, the Town's deposits may not be returned to it. Pursuant to the applicable provisions of Chapter 280, Florida Statutes, *The Florida Security for Public Deposits Act* ("the Act"), the State of Florida, Department of Financial Services, Division of Treasury, Bureau of Collateral Management have established specific requirements relative to security and collateralization for public deposits. Accordingly, banks qualifying as a public depository in the State of Florida must adopt the necessary procedures outlined in these statutes and meet all of the requirements of this chapter to be designated by the State's Chief Financial Officer as eligible to receive deposits from municipal depositors. Collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance is required to be pledged or deposited with the State's Chief Financial Officer to secure such deposits. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Securities eligible to be pledged as collateral are generally limited to obligations of the United States government and any state thereof and are held in the name of the State Chief Financial Officer's office. Compliance with the provisions of Chapter 280, Florida Statutes, is monitored by a Qualified Public Depository Oversight Board with members appointed by the State Chief Financial Officer.

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 6 – DISAGGREGATION OF RECEIVABLES AND PAYABLES

Amounts are aggregated into single accounts receivable (net of allowance for uncollectible accounts) and accounts payable/accrued liability lines for certain funds and aggregated columns. Below is a detail for the governmental and business-type activities anticipated to be collected within an operating cycle:

	Primary Government			Component
	Government	Business		Unit
Assets	Activities	Type Activities	Total	Lighthouse
Accounts receivable	\$ 117,646	\$ 8,706	\$ 126,352	\$ -
Delinquent taxes receivable	12,136	-	12,136	-
Unbilled accounts receivable	-	287,829	287,829	-
Due from other governments	283,906	-	283,906	-
	413,688	296,535	710,223	-
Less allowance for doubtful accounts	(12,136)	(2,762)	(14,898)	-
Net receivables	<u>\$ 401,552</u>	<u>\$ 293,773</u>	<u>\$ 695,325</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ 99,283	\$ 45,712	\$ 144,995	\$ 63,680
Accrued wages	65,223	13,406	78,629	-
Contract and retention payable	-	-	-	216,712
Due to other governments	-	350,939	350,939	-
Net payables	<u>\$ 164,506</u>	<u>\$ 410,057</u>	<u>\$ 574,563</u>	<u>\$ 280,392</u>

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

Interfund Transfers - Transfers occur to move revenues from various funds to debt service funds as debt service principal and interest payments become due and to move funds to finance various programs, provide grant matching funds, or to subsidize operations that the Town must account for in other funds in accordance with budgetary authorizations.

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

Interfund transfers between the Town's governmental and business-type funds during the fiscal year ended September 30, 2023, are as follows:

	Transfer From	Transfer To
Governmental Activities		
General Fund		
Debt Service Fund	\$ -	\$ 131,584
Fire Department Capital Fund	12,000	100,000
Capital Facility Maintenance Fund	17,240	25,000
Water Utility Fund	70,495	17,235
Sewer Utility Fund	12,500	-
Refuse Utility Fund	24,000	-
Debt Service Fund		
General Fund	131,584	-
Public Land Acquisition and Facility Fund	328,000	-
Sewer Utility Fund	12,500	-
Refuse Utility Fund	12,500	-
Capital Facility Maintenance Fund		
General Fund	25,000	17,240
Fire Department Capital Special Revenue Fund		
General Fund	100,000	12,000
Hurricane Ian Restoration Fund		
Economic Impact Fund	308,255	-
S. Peninsula Drive Sidewalk Fund	-	199,526
S. Peninsula Drive Sidewalk Fund		
Hurricane Ian Restoration Fund	199,526	-
Economic Impact Fund	453,230	-
Economic Impact Fund		
Hurricane Ian Restoration Fund	-	308,255
S. Peninsula Drive Sidewalk Fund	-	453,230
Public Land Acquisition and Facility Fund		
Debt Service Fund	-	328,000
	<u>\$ 1,706,830</u>	<u>\$ 1,592,070</u>
Net Transfers from Governmental Funds	<u><u>\$ 114,760</u></u>	
Business-type Activities		
Water Utility Fund		
General Fund	\$ 17,235	\$ 70,495
Sewer Utility Fund		
General Fund	-	12,500
Debt Service Fund	-	12,500
Refuse Utility Fund		
General Fund	-	24,000
Debt Service Fund	-	12,500
	<u>\$ 17,235</u>	<u>\$ 131,995</u>
Net Transfers to Business-Type Funds	<u><u>\$ (114,760)</u></u>	

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities

The following is a summary of changes in capital assets during the year:

	Balances 9/30/2022	Additions	Transfers	Disposals	Balances 9/30/2023
Capital assets, not being depreciated					
Land	\$ 4,605,518	\$ -	\$ -	\$ -	\$ 4,605,518
Construction in progress	946,388	180,780	(612,099)	-	515,069
	<u>5,551,906</u>	<u>180,780</u>	<u>(612,099)</u>	<u>-</u>	<u>5,120,587</u>
Capital assets, being depreciated					
Buildings	5,807,969	185,040	-	-	5,993,009
Improvements other than buildings	5,779,692	315,978	500,797	(1,054)	6,595,413
Equipment, furniture, and vehicles	3,144,422	394,154	111,302	(172,444)	3,477,434
	<u>14,732,083</u>	<u>895,172</u>	<u>612,099</u>	<u>(173,498)</u>	<u>16,065,856</u>
Less: accumulated depreciation	<u>(7,338,365)</u>	<u>(575,375)</u>	<u>-</u>	<u>170,629</u>	<u>(7,743,111)</u>
	<u>7,393,718</u>	<u>319,797</u>	<u>612,099.00</u>	<u>(2,869)</u>	<u>8,322,745</u>
Net capital assets	<u>\$ 12,945,624</u>	<u>\$ 500,577</u>	<u>\$ -</u>	<u>\$ (2,869)</u>	<u>\$ 13,443,332</u>

Depreciation expense was as follows for the year ended September 30, 2023:

Governmental activities	
General government	\$ 107,138
Public safety	128,512
Transportation	169,954
Culture/recreation	129,856
Information technology	<u>39,915</u>
Total depreciation expense	<u>\$ 575,375</u>

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

B. Business-Type Activities

The following is a summary of changes in capital assets during the year:

	Balances 9/30/2022	Additions	Transfers	Disposals	Balances 9/30/2023
Capital assets, not being depreciated					
Land	\$ 4,033	\$ -	\$ -	\$ -	\$ 4,033
	<u>4,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,033</u>
Capital assets, being depreciated					
Buildings	-	6,713	-	-	6,713
Improvements other than buildings	4,075,223	-	-	-	4,075,223
Equipment, furniture, and vehicles	<u>376,968</u>	<u>4,702</u>	<u>-</u>	<u>(7,327)</u>	<u>374,343</u>
	4,452,191	11,415	-	(7,327)	4,456,279
Less: accumulated depreciation	<u>(2,568,281)</u>	<u>(133,919)</u>	<u>-</u>	<u>7,325</u>	<u>(2,694,875)</u>
	<u>1,883,910</u>	<u>(122,504)</u>	<u>-</u>	<u>(2)</u>	<u>1,761,404</u>
Net capital assets	<u>\$ 1,887,943</u>	<u>\$ (122,504)</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ 1,765,437</u>

There was no capitalized interest charged in the current year. Depreciation expense for the year ended September 30, 2023 totaled \$133,919.

C. Discretely Presented Component Unit – Lighthouse Association

The following is a summary of changes in capital assets during the year:

	Balances 9/30/2022	Additions	Disposals	Balances 9/30/2023
Capital assets, not being depreciated				
Land	\$ 407,450	\$ -	\$ -	\$ 407,450
Renovation in progress	453,012	872,759	-	1,325,771
Museum artifact collection	<u>1,055,238</u>	<u>13,256</u>	<u>-</u>	<u>1,068,494</u>
	<u>1,915,700</u>	<u>886,015</u>	<u>-</u>	<u>2,801,715</u>
Capital assets, being depreciated				
Restoration and improvement	3,425,801	41,582	-	3,467,383
Historical property	1,700,000	-	-	1,700,000
Equipment and furniture	<u>292,457</u>	<u>29,464</u>	<u>(26,190)</u>	<u>295,731</u>
	5,418,258	71,046	(26,190)	5,463,114
Less: accumulated depreciation	<u>(2,046,374)</u>	<u>(104,855)</u>	<u>24,213</u>	<u>(2,127,016)</u>
	<u>3,371,884</u>	<u>(33,809)</u>	<u>(1,977)</u>	<u>3,336,098</u>
Net capital assets	<u>\$ 5,287,584</u>	<u>\$ 852,206</u>	<u>\$ (1,977)</u>	<u>\$ 6,137,813</u>

Depreciation expense for the year ended September 30, 2023 totaled \$104,855.

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 9 – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)

The Town's right of use (ROU) assets recognized under lease agreements subject to GASB No. 87 are as follows as of September 30, 2023:

Lease Description	Lease Type	Classification	Gross Asset Balance	Accumulated Amortization	Net Asset Balance
2023 Chevy Silverado #1	Operating	Vehicles	\$ 24,790	\$ 3,512	\$ 21,278
2023 Chevy Silverado #2	Operating	Vehicles	24,790	3,512	21,278
2023 Chevy Silverado #3	Operating	Vehicles	24,790	3,512	21,278
Quadient mail machine	Operating	Equipment	8,227	1,164	7,063
			<u>\$ 82,597</u>	<u>\$ 11,700</u>	<u>\$ 70,897</u>

The following is a summary of lease agreements that the Town is party to as of September 30, 2023:

Operating leases for three 2023 Chevy Silverado's with identical terms. Term began in May of 2023 and ends in May of 2026. Payment of \$2,142 (\$714 for each vehicle) due monthly including interest at the Town's incremental borrowing rate.	\$ 64,238
Operating lease for Quadient mail machine. Term began in November of 2022 and ends in November of 2027. Payment of \$108.80 due monthly including interest at the Town's incremental borrowing rate.	<u>7,039</u>
Total lease liability at September 30, 2023	71,277
Less current portion	<u>(25,974)</u>
Total long-term lease liability at September 30, 2023	<u>\$ 45,303</u>

The following are future payments due under leases noted above as of September 30, 2023:

Fiscal Year Ended September 30	Chevy Silverado Leases		Mail Machine Lease		Total
	Liability Reduction	Interest	Liability Reduction	Interest	
2024	\$ 24,375	\$ 1,329	\$ 1,599	\$ 217	\$ 27,520
2025	24,992	711	1,655	161	27,519
2026	14,870	123	1,713	104	16,810
2027	-	-	1,772	44	1,816
2028	-	-	301	1	302
Thereafter	-	-	-	-	-
	<u>\$ 64,237</u>	<u>\$ 2,163</u>	<u>\$ 7,040</u>	<u>\$ 527</u>	<u>\$ 73,967</u>

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

The Town's right of use (ROU) assets recognized under subscription-based information technology arrangements (SBITAs) subject to GASB No. 96 are as follows as of September 30, 2023:

SBITA Description	Gross Asset Balance	Accumulated Amortization	Net Asset Balance
Telecom System	\$ 158,246	\$ 40,117	\$ 118,129
Police body cameras	24,985	6,334	18,651
	<u>\$ 183,231</u>	<u>\$ 46,451</u>	<u>\$ 136,780</u>

The following is a summary of SBITAs that the Town is party to as of September 30, 2023:

Five year agreement with Blueline for a telecom system. Term began in August of 2021 and will end in August of 2026. Payments of \$3,485 due monthly including interest at the Town's incremental borrowing rate.	\$ 117,298
Five year agreement with Axon for body cameras for the police department. Term began in August of 2022 and will end in August of 2027. Payments of \$6,624 due annually including interest at the Town's incremental borrowing rate.	<u>18,934</u>
Total SBITA liability at September 30, 2023	136,232
Less current portion	<u>(47,291)</u>
Total long-term SBITA liability at September 30, 2023	<u>\$ 88,941</u>

The following are future payments due under SBITAs noted above as of September 30, 2023:

Fiscal Year Ended September 30	Blueline Telecom System		Axon Body Cameras		Total
	Liability Reduction	Interest	Liability Reduction	Interest	
2024	\$ 41,139	\$ 676	\$ 6,152	\$ 472	\$ 48,439
2025	41,422	393	6,310	314	48,439
2026	34,737	109	6,472	152	41,470
2027	-	-	-	-	-
2028	-	-	-	-	-
Thereafter	-	-	-	-	-
	<u>\$ 117,298</u>	<u>\$ 1,178</u>	<u>\$ 18,934</u>	<u>\$ 938</u>	<u>\$ 138,348</u>

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 10 - LONG-TERM DEBT

The Town's long-term debt is comprised of the following at September 30, 2023:

A. Primary Government – Governmental Activities

Capital Improvement Revenue Note, Series 2005

In April 2005, the Town issued a Capital Improvement Revenue Note, Series 2005, which was originally issued for \$4,030,000 and is payable through July 2025. Proceeds from the note were used to finance the acquisition of real property and for related capital improvements. The note is secured by a pledge of the Town's electric and liquid propane utility tax, solid waste franchise fee, and the Florida Power and Light franchise fee. The note bears interest at a fixed rate of 4.11% and is payable semi-annually on January 1 and July 1 through maturity on July 1, 2025. Principal payments are due annually on July 1 through maturity on July 1, 2025. The balance due on this obligation at September 30, 2023 totaled \$618,000. Current maturities due on this obligation totaled \$303,000 at September 30, 2023.

The total remaining principal and interest to be paid on the note totals \$656,347. During the current year, electric and liquid propane utility tax, solid waste franchise fee, and the Florida Power and Light franchise fee revenue was \$814,794, compared to annual debt requirements of \$328,400.

Clean Water State Revolving Fund Loan

In October 2004, the Town entered into a state revolving fund loan agreement with the State of Florida Department of Environmental Protection to finance the planning, design, and construction of stormwater pollution control facilities. The loan is secured by specific pledged revenues which include the Town's cell tower lease revenue, one to six cents local option fuel taxes, telecommunications excise taxes and a pledged annual transfer of \$25,000 from the utility enterprise fund. The original loan bears interest at 2.95% per annum for the first disbursement of \$96,559, 2.65% per annum for the first loan amendment disbursement of \$1,668,216, and 2.57% for the second loan amendment disbursement of \$303,500 and 2.62% for the third loan amendment disbursement of \$303,500. The loan is payable in semiannual payments due in March and September and becomes due in September 2026. The aggregate balance due on this obligation at September 30, 2023 was \$448,729. Current maturities due on this obligation totaled \$145,658 at September 30, 2023.

The total remaining principal and interest to be paid on the loan totals \$503,890. During the current year, the pledged revenues identified above totaled \$353,431, compared to annual debt requirements of \$165,859.

B. Business-Type Activities

Drinking Water State Revolving Fund Loan

In June 2015, the Town entered into a state revolving fund loan agreement with the State of Florida Department of Environmental Protection to finance the construction of public water systems. The loan is secured by pledged revenues generated by the Town's water system. The original loan in the amount of \$1,122,126 bears interest at 1.01% per annum. The loan is payable in semiannual payments due in May and November and becomes due in May 2037. The aggregate balance due on this obligation at September 30, 2023 was \$805,276. Current maturities due on this obligation totaled \$53,829 at September 30, 2023.

The total remaining principal and interest to be paid on the loan totals \$865,579.

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

Loan Restrictions and Covenants - Pursuant to Sections 3.01 and 6.01 of the Loan Agreement, the Town is required to make monthly loan deposits to the loan debt service accounts equal to one-sixth of the next succeeding semi-annual interest and principal payments. In the event of a failure to make the monthly loan deposits, the Town is required to promptly notify the State of Florida Department of Environmental Protection of any such failure. During the year ended September 30, 2023, the Town made all the mandatory transfers on a timely basis.

Changes in Long-Term Debt

A summary of changes in the Town's long-term debt for the year is as follows:

A. Primary Government – Governmental Activities

	Balance 9/30/2022	Additions	Deletions	Balance 9/30/2023
Notes payable:				
Capital Improvement Revenue Note, Series 2005	\$ 909,000	\$ -	\$ (291,000)	\$ 618,000
Florida Department of Environmental Protection State Revolving Fund Loan	590,604	-	(141,875)	448,729
Net pension liability	6,294,611	937,809	-	7,232,420
Other post-employment benefits	170,965	-	(10,965)	160,000
Compensated absences	405,368	28,212	-	433,580
Total long-term debt	<u>\$ 8,370,548</u>	<u>\$ 966,021</u>	<u>\$ (443,840)</u>	8,892,729
Less current maturities				<u>(448,658)</u>
Net long-term debt				<u>\$ 8,444,071</u>

Debt Service to Maturity

Aggregate debt service requirements to maturity on long-term debt obligations are as follows:

Fiscal Year Ended	Capital Improvement Note		FDEP State	
	Principal	Interest	Revolving Fund Loan	Interest
September 30			Principal	
2024	\$ 303,000	\$ 25,400	\$ 145,658	\$ 20,201
2025	315,000	12,947	149,542	18,395
2026	-	-	153,529	16,565
2027	-	-	-	-
2028	-	-	-	-
Thereafter	-	-	-	-
	<u>\$ 618,000</u>	<u>\$ 38,347</u>	<u>\$ 448,729</u>	<u>\$ 55,161</u>

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

B. Primary Government – Business-Type Activities

	Balance 9/30/2022	Additions	Deletions	Balance 9/30/2023
Notes payable:				
Florida Department of Environmental Protection State Revolving Fund Loan	\$ 858,566	\$ -	\$ (53,290)	\$ 805,276
Net pension liability	477,274	86,559	-	563,833
Other post-employment benefits	17,229	-	(1,012)	16,217
Compensated absences	61,447	2,900	-	64,347
Total long-term debt	<u>\$ 1,414,516</u>	<u>\$ 89,459</u>	<u>\$ (54,302)</u>	1,449,673
Less current maturities				<u>(53,829)</u>
Net long-term debt				<u>\$ 1,395,844</u>

Debt Service to Maturity

Aggregate debt service requirements to maturity on long-term debt obligations are as follows:

Fiscal Year Ended September 30,	FDEP State Revolving Fund Loan		Total
	Principal	Interest	
2024	\$ 53,829	\$ 7,998	\$ 61,827
2025	54,374	7,453	61,827
2026	54,925	6,902	61,827
2027	55,481	6,346	61,827
2028	56,043	5,784	61,827
2029-2033	288,842	20,293	309,135
2034-2038	241,782	5,527	247,309
	<u>\$ 805,276</u>	<u>\$ 60,303</u>	<u>\$ 865,579</u>

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

The component unit had the following debt activity during the year ended September 30, 2023:

	Balance 9/30/2022	Additions	Deletions	Balance 9/30/2023
Notes payable:				
Note payable to financial institution	\$ 859,196	\$ -	\$ (104,171)	\$ 755,025
Less current maturities				<u>(50,938)</u>
Net long-term debt				<u><u>\$ 704,087</u></u>

Future debt maturities on long-term debt of the component unit are as follows for September 30, 2023:

<u>September 30,</u>	<u>Principal</u>
2024	\$ 50,938
2025	53,273
2026	55,714
2027	58,268
2028	60,939
Thereafter	<u>475,893</u>
	<u><u>\$ 755,025</u></u>

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 11 – FUND BALANCE

The following table contains the individual components of the reported fund balance classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used at September 30, 2023:

Fund Balances	Major Funds					Total
	General Fund	S. Peninsula Drive Sidewalk Fund	Public Land Acquisition and Facility Fund	Hurricane Ian Restoration Fund	Nonmajor Funds	
Nonspendable:						
Inventories and prepaids	\$ 41,803	\$ -	\$ -	\$ -	\$ -	\$ 41,803
Restricted:						
Public safety	-	-	-	-	130,683	130,683
Debt service	-	-	-	-	3,946	3,946
Impact Fees - Parks and Rec	-	-	-	-	27,811	27,811
Protective inspection	87,954	-	-	-	-	87,954
Transportation gas tax	478,495	-	-	-	-	478,495
Committed:						
Operating reserve	2,037,480	-	-	-	-	2,037,480
Public land acquisitions	-	-	439,546	-	-	439,546
Assigned:						
General government	93	-	-	-	266,002	266,095
Public works	-	802,756	-	-	173,547	976,303
Hurricane restoration	-	-	-	123,843	-	123,843
Recreation	14,678	-	-	-	44,085	58,763
Unassigned	2,206,744	-	-	-	(21,156)	2,185,588
	<u>\$4,867,246</u>	<u>\$ 802,756</u>	<u>\$ 439,546</u>	<u>\$ 123,843</u>	<u>\$ 624,918</u>	<u>\$ 6,858,309</u>

NOTE 12 – EMPLOYEES’ PENSION PLANS

1. Florida Retirement System (FRS) (Defined Benefit Pension Plan)

General Information About the FRS. The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

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Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

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 from the Web site:

www.dms.myflorida.com/workforce_operations/retirement/publications

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The Town's general classes of membership available are as follows:

- Regular Class - Members of the FRS who do not qualify for membership in the other classes.
- Senior Management Service Class (SMSC) - Members in senior management level positions.
- Special Risk Class - Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, emergency medical technicians and paramedics that meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

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<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class members initially enrolled before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class members initially enrolled on or after July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Senior Management Service Class</i>	2.00
<i>Special Risk Class</i>	
Service from Dec. 1, 1970 through Sept. 30, 1974	2.00
Service on and after Oct. 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2022-2023 fiscal year were as follows:

<u>Class</u>	<u>Employee</u>	<u>Percent of Gross Salary</u>	
		<u>Employer (1)</u>	
		<u>Pre 7/01/23</u>	<u>Post 6/30/23</u>
FRS, Regular	3.00	11.91	13.57
FRS, Senior Management Service	3.00	31.57	34.52
FRS, Special Risk	3.00	27.83	32.67
DROP - Applicable to Members of the Above Class	0.00	18.60	21.13
FRS, Reemployed Retiree		(2)	(2)

Notes: (1) Employer rates include 1.66 percent and 2.00 percent for the postemployment health insurance subsidy for Pre 7/01/23 and Post 6/30/23, respectively. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The Town's employer and employee contributions to the FRS Plan totaled \$745,164 and \$117,243 respectively, for the fiscal year ended September 30, 2023. This excludes HIS defined benefit pension plan contributions of \$67,268 and FRS Investment Plan contributions of \$125,738.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2023, the Town reported a liability of \$6,172,236 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Town's proportionate share of the net pension liability was based on the Town's 2022-2023 fiscal year contributions relative to the 2022-2023 fiscal year contributions of all participating members based on a June 30, 2023 fiscal year. At June 30, 2023, the Town's proportionate share was 0.015489902 percent, which was up 0.000163625 percent from its proportionate share measured at June 30, 2022 of 0.015326277 percent.

For the fiscal year ended September 30, 2023, the Town recognized Plan pension expense of \$578,287. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 579,520	\$ -
Changes in assumptions	402,358	-
Net difference between projected and actual earnings on FRS pension plan investments	257,769	-
Changes in proportion and differences between FRS contributions and proportionate share of contributions	214,526	16,132
Contributions subsequent to the measurement date	227,679	-
Total	<u>\$ 1,681,852</u>	<u>\$ 16,132</u>

The deferred outflows of resources related to pensions, totaling \$227,679, resulting from the Town's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30:</u>	<u>Amount</u>
2024	\$ 237,578
2025	(3,054)
2026	1,056,928
2027	116,387
2028	30,202
	<u>\$ 1,438,041</u>

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Actuarial Assumptions. The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2023, valuation were based on the most recent actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return assumption of 6.70 percent consists of two building block components: a real (in excess of inflation) return of 4.20 percent, consistent with the currently articulated real return target in the current Florida State Board of Administration's investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2022 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.70 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice.

For reference, the table below contains a summary of Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead based on a forward-looking capital market economic model:

Asset Class	Target Allocation	Annual Arithmetic Return	
Cash	1.00%	2.60%	
Fixed income	19.80%	4.40%	
Global equity	54.00%	8.80%	
Real Estate (Property)	10.30%	7.40%	
Private Equity	11.10%	12.00%	
Strategic Investments	3.80%	6.20%	
Total	100.00%		
Assumed Inflation - Mean		2.40%	1.90%

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Calculation of Money-Weighted Rate of Return. For the year ended June 30, 2023, the annual money-weighted rate of return on FRS pension plan investments, net of pension plan investment expense, was 3.35 percent. The money-weighted rate of return considers the changing amounts estimated as invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. Cash flows are estimated on a monthly basis and are assumed to occur at the beginning of each month. Cash inflows are netted with cash outflows, resulting in a net cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

Discount Rate. The discount rate used to measure the total pension liability was 6.70 percent. The 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.

Sensitivity of the Entity's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.70 percent) or 1 percentage-point higher (7.70 percent) than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
The Town's proportionate share of the net pension liability (0.015326277%)	\$ 10,543,436	\$ 6,172,236	\$ 2,515,204

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Payable to the FRS Pension Plan. The Town had no amounts payable to the FRS Plan for outstanding contributions at September 30, 2023.

2. HIS Pension Plan (Defined Benefit Pension Plan)

Plan Description. The HIS Pension Plan (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 June 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

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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, 2023, the HIS contribution rate for the period from October 1, 2022 through June 30, 2023, and from July 1, 2023 through September 30, 2023, was 1.66% and 2.00%, respectively, of payroll pursuant to section 112.363, Florida Statutes. The Town contributed 100 percent of its statutorily required contributions for the current and preceding 3 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 the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Town's contributions to the HIS Plan totaled \$67,268 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions. At September 30, 2023, the Town reported a net pension liability of \$1,624,017 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Town's proportionate share of the net pension liability was based on the Town's 2022-2023 fiscal year contributions relative to the total 2022-2023 fiscal year contributions of all participating members. At June 30, 2023, the Town's proportionate share was 0.010225946 percent, which was up 0.0000130415 percent from its proportionate share measured at June 30, 2022, of 0.010095531 percent.

For the fiscal year ended September 30, 2023, the Town recognized HIS Plan pension expense of \$572,958. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,774	\$ 3,812
Changes in assumptions	42,695	140,727
Net difference between projected and actual earnings on HIS pension plan investments	839	-
Changes in proportion and differences between HIS contributions and proportionate share of contributions	94,536	1,191
Contributions subsequent to the measurement date	21,672	-
	<u>\$ 183,516</u>	<u>\$ 145,730</u>

The deferred outflows of resources related to pensions, totaling \$21,672 resulting from the Town's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

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

<u>Fiscal Year Ending June 30:</u>	<u>Amount</u>
2024	\$ 17,590
2025	14,059
2026	6,915
2027	(12,966)
2028	(9,089)
Thereafter	<u>(395)</u>
	<u><u>\$ 16,114</u></u>

Actuarial Assumptions. The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	3.65 percent

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The following changes in actuarial assumptions occurred in 2023:

The municipal rate used to determine total pension liability was increased from 3.54% to 3.65%.

Discount Rate. The discount rate used to measure the total pension liability was 3.65 percent. In general, the discount rate for calculating the 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 benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Entity's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 3.54 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
The Town's proportionate share of the net pension liability (0.010095531%)	<u>\$ 1,852,750</u>	<u>\$ 1,624,017</u>	<u>\$ 1,434,412</u>

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Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Payable to the HIS Pension Plan. The Town had no amounts payable to the HIS Plan for outstanding contributions at September 30, 2023

3. FRS Investment Plan (Defined Contribution Pension Plan)

The Town contributes to the Florida Retirement System (FRS) Investment Plan, a defined contribution pension plan, for its eligible employees electing to participate in the FRS Investment Plan. The FRS Investment Plan is administered by the Florida State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.450 I, Florida Statutes, eligible FRS members may elect to participate in the FRS Investment Plan in lieu of the FRS defined-benefit plans. The Town's employees participating in DROP are not eligible to participate in the FRS Investment Plan. Employer and employee contributions, including amounts contributed to individual member's 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 FRS Investment Plan are established and may be amended by the Florida Legislature. The FRS Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Special Risk, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member's accounts during the 2022-2023 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employer</u>	
	<u>Pre 7/01/23</u>	<u>Post 6/30/23</u>
FRS, Regular	6.30	8.30
FRS, Senior Management Service	7.67	9.67
FRS, Special Class	14.00	16.00

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 FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested 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 their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the FRS Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of FRS Investment Plan members. For the fiscal year ended June 30, 2023, 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 Town.

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After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS 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 FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

The Town's FRS Investment Plan pension expense totaled \$125,738 for the fiscal year ended September 30, 2023.

Payable to the FRS Investment Plan. The Town had no amounts payable to the FRS Investment Plan for outstanding contributions at September 30, 2023.

4. Defined Contribution Plans - General Employees

Florida Municipal Pension Trust Fund (the "FMPTF") - The Town contributes to the Florida Municipal Trust Fund, which provides for a 457(b) deferred compensation plan for employer and employee contributions, respectively. These plans are administered by Florida League of Cities, Inc., P. O. Box 1757, Tallahassee, FL 32302-1757, under Section 2-221 of the Town's Code of Ordinances, the Town established this plan for all regular full time and regular part time employees, except police officers and firefighters.

The Town, as the sponsoring employer, is responsible for defining and amending pension benefit terms, provisions and contribution requirements for the plan. On August 15, 2007, the Town Council adopted Ordinance 2007-20, amending the pension plan for general employees to allow for the conversion to the Florida Retirement System, effective October 1, 2007. As a result of these actions, twenty-two employees opted to withdraw from the above described retirement plan options and convert to the Florida Retirement System. Seven employees remained in the Plan. No new employees will be eligible for entry in the 401(a) plan after October 1, 2007. For each employee in the plan, the Town is required to contribute 10% of the gross employee wages. Employees are permitted to make contributions to the 457(b) pension plan, up to applicable Internal Revenue Code limits. For the year ended September 30, 2023, employee contributions totaled \$13,800 and the Town recognized retirement expense of \$-0-.

All qualifying employees, with no age requirement, are eligible to participate in the plan immediately upon the date of employment. Employees immediately vest in the elective deferral contributions made to the Plan. The vested portions of the accounts or contributions to the plan are available to the participants immediately upon termination of service. Employees do not vest in employer contributions to the plan until after participating for five full years in the plan, at which time employees are 100% vested in the plan.

International City Management Association Retirement Corporation (the "ICMA") - The Town provides its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b) and Section 2-291 of the Town's Code of Ordinances. The plan is administered by the International City Managers Association Retirement Corporation, 777 North Capitol Street, NE, Suite 600, Washington, DC 20002. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended September 30, 2023, employee contributions totaled \$13,100 and the Town recognized retirement expense of \$4,082.

All qualified employees at least 18 years of age become eligible to participate in the 457(b) plan on the first date of the month following the date of employment. Employees voluntarily contribute to the plan. Employees immediately vest in the elective deferral contributions made to the 457(b) plan. The vested portions of the accounts or contributions to the plan are available to the participants immediately upon termination of service.

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Nationwide Retirement Solutions – The Town provides its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b) and Section 2-291 of the Town’s Code of Ordinances. This plan is administered by Nationwide Retirement Solutions, P. O. Box 182797, Columbus, OH 43218-2797. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended September 30, 2023, employee contributions totaled \$6,935 and the Town recognized retirement expense of \$-0-.

All qualified employees at least 18 years of age become eligible to participate in the 457(b) plan on the first date of the month following the date of employment. Employees voluntarily contribute to the plan. Employees immediately vest in the elective deferral contributions made to the 457(b) Plan. The vested portions of the accounts or contributions to the plan are available to the participants immediately upon termination of service.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description. The Town’s Retiree Health Care Plan (the “OPEB Plan”) is a single-employer defined benefit postemployment healthcare plan that covers eligible retired employees of the Town. The Plan is administered by the Town and allows employees who retire and meet retirement eligibility requirements under one of the Town’s retirement plans to continue medical insurance coverage as a participant in the Town’s OPEB Plan. Under certain conditions, eligible individuals also include spouses and dependent children. The OPEB Plan does not issue a publicly available financial report. Employees covered by benefit terms as of September 30, 2023 were as follows:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>59</u>
	<u>62</u>

Benefits Provided. The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the Town are eligible to receive postemployment health care benefits. All retiree and dependent coverage is at the expense of the retiree.

Total OPEB Liability.

Measurement Date – 9/30/2022
Measurement Period – 10/1/2021 to 9/30/2022
Reporting Period – 10/1/2022 to 9/30/2023
Sponsor’s Total OPEB liability measurement date - 9/30/2022

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of September 30, 2023 using the following actuarial assumptions –

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	4.77%
Initial Trend Rate	7.25%
Ultimate Trend Rate	4.00%
Years to Ultimate	52

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the validation date using Projection Scale AA.

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Discount Rate. Given the Town's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 4.77%. The high quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

OPEB Expense. For the year ended September 30, 2023, the Town recognized OPEB Revenue of \$49.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (3.77 percent) or one percentage point higher (5.77 percent) than the current rate:

	1% Decrease (3.77%)	Current Discount Rate (4.77%)	1% Increase (5.77%)
Total OPEB Liability	\$ 190,145	\$ 176,217	\$ 163,893

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.00% - 6.25%) or 1 percentage point higher (5.00% - 8.25%) than the healthcare cost trend rates (4.00% - 7.25%):

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$ 162,910	\$ 176,217	\$ 191,449

Components of OPEB Expense. Under GASB 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the Total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB expense. The components of OPEB expense as of September 30, 2023 are as follows:

	9/30/2023
Service cost	\$ 26,488
Interest	5,104
Recognition of changes in total OPEB liability	(34,241)
Administrative expenses	2,600
Net Change	<u>\$ (49)</u>

TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 14 – COMPONENT UNIT CASH FLOWS

See below for a summarization of the cash flows of the Ponce DeLeon Inlet Lighthouse Preservation Association, Inc. for the year ended September 30, 2023:

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 770,407
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	104,855
Loss on disposal of assets	277
Unrealized gain on investments	(13,553)
(Increase) decrease in:	
Inventory	(6,460)
Prepaid expenses	(10,386)
Museum artifact collection	(13,256)
Increase (decrease) in:	
Accounts payable and accrued liabilities	<u>191,025</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,022,909</u>
---	------------------

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from maturity of investments	186,510
Purchase of investments	(355,329)
Purchases of property and equipment	<u>(942,105)</u>

NET CASH USED FOR INVESTING ACTIVITIES	<u>(1,110,924)</u>
--	--------------------

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on long-term debt	<u>(104,171)</u>
----------------------------	------------------

NET CASH USED BY FINANCING ACTIVITIES	<u>(104,171)</u>
---------------------------------------	------------------

NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(192,186)
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BEGINNING OF YEAR	<u>2,763,505</u>
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END OF YEAR	<u><u>\$ 2,571,319</u></u>
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TOWN OF PONCE INLET, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies in current and prior years are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 16 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by general liability insurance. Commercial insurance policies are also obtained for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 17 – LEGAL MATTERS

The Town is from time to time engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the Counsel to the Town, no other legal proceedings are pending or threatened which may materially affect the financial condition of the Town.

NOTE 18 – SUBSEQUENT EVENTS

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through April 18, 2024, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF PONCE INLET, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
CHANGE IN TOTAL OPEB LIABILITY

	2023	2022	2021	2020	2019
Reporting Period - September 30, 2022	\$ 188,200	\$ 171,138	\$ 165,559	\$ 146,684	\$ 151,168
Service cost	26,487	26,628	13,914	12,543	16,861
Interest	5,104	4,139	6,237	6,452	5,988
Differences between expected and actual experience	6,474	-	1,108	-	10,762
Changes of assumptions	(40,715)	(4,983)	(5,063)	9,711	(30,925)
Changes of benefit terms	-	-	-	-	-
Contributions - Employer	-	-	-	-	-
Benefit payments	(9,333)	(8,722)	(10,617)	(9,831)	(7,170)
Other changes	-	-	-	-	-
Net changes	<u>(11,983)</u>	<u>17,062</u>	<u>5,579</u>	<u>18,875</u>	<u>(4,484)</u>
Reporting Period - September 30, 2023	<u>\$ 176,217</u>	<u>\$ 188,200</u>	<u>\$ 171,138</u>	<u>\$ 165,559</u>	<u>\$ 146,684</u>

Notes:

Changes of assumptions reflect a change in the discount rate from 2.43% for the reporting period ended September 30, 2022, to 4.77% for the reporting period ended September 30, 2023.

Also reflected as assumption changes are updated health care costs and premiums.

See Independent Auditors' Report

TOWN OF PONCE INLET, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES – SPONSOR’S TOTAL OPEB LIABILITY AND RELATED
RATIOS –

Reporting Period Ending	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Measurement Date	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Service cost	\$ 26,487	\$ 26,628	\$ 13,914	\$ 12,543	\$ 16,861
Interest	5,104	4,139	6,237	6,452	5,988
Differences between expected and actual experience	6,474	-	1,108	-	10,762
Changes of assumptions	(40,715)	(4,983)	(5,063)	9,711	(30,925)
Benefit payments	<u>(9,333)</u>	<u>(8,722)</u>	<u>(10,617)</u>	<u>(9,831)</u>	<u>(7,170)</u>
Net Change in Total OPEB Liability	(11,983)	17,062	5,579	18,875	(4,484)
Total OPEB Liability - Beginning	<u>188,200</u>	<u>171,138</u>	<u>165,559</u>	<u>146,684</u>	<u>151,168</u>
Total OPEB Liability - Ending	<u><u>\$ 176,217</u></u>	<u><u>\$ 188,200</u></u>	<u><u>\$ 171,138</u></u>	<u><u>\$ 165,559</u></u>	<u><u>\$ 146,684</u></u>
Covered Employee Payroll - Projected	<u><u>\$ 3,519,444</u></u>	<u><u>\$ 3,069,043</u></u>	<u><u>\$ 2,994,188</u></u>	<u><u>\$ 2,730,980</u></u>	<u><u>\$ 2,664,371</u></u>
Sponsor's Total OPEB Liability as a percentage of Covered Employee Payroll	<u><u>5.01%</u></u>	<u><u>6.13%</u></u>	<u><u>5.72%</u></u>	<u><u>6.06%</u></u>	<u><u>5.51%</u></u>

Notes:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

FY 2023	4.77%
FY 2022	2.43%
FY 2021	2.14%

No assets are accumulated in a trust in accordance with paragraph 4 of GASB 75

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TOWN OF PONCE INLET, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Schedule of the Proportionate Share										
of the Net Pension Liability:										
Town proportion of the net pension liability	0.015489902%	0.015326277%	0.014872566%	0.014566303%	0.014044218%	0.014410270%	0.013566090%	0.013057636%	0.011120579%	0.010599369%
Town proportionate share of the net pension liability	\$ 6,172,236	\$ 5,702,607	\$ 1,123,453	\$ 6,313,250	\$ 4,836,633	\$ 4,340,448	\$ 4,012,758	\$ 3,297,063	\$ 1,436,372	\$ 646,717
Town covered payroll	\$ 4,138,390	\$ 3,277,242	\$ 3,145,277	\$ 2,874,203	\$ 2,717,579	\$ 2,520,534	\$ 2,239,725	\$ 2,424,268	\$ 2,317,860	\$ 2,186,188
Town proportionate share of the net pension liability as a percentage of covered payroll	149.15%	174.01%	35.72%	219.65%	177.98%	172.20%	179.16%	136.00%	61.97%	29.58%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Schedule of Contributions:										
Contractually required contribution	\$ 745,164	\$ 654,000	\$ 566,581	\$ 483,974	\$ 409,793	\$ 368,595	\$ 412,168	\$ 340,268	\$ 318,409	\$ 285,945
Contributions in relation to the contractually required contribution	(745,164)	(654,000)	(566,581)	(483,974)	(409,793)	(368,595)	(412,168)	(340,268)	(318,409)	(285,945)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town covered payroll	\$ 4,138,390	\$ 3,277,242	\$ 3,145,277	\$ 2,874,203	\$ 2,717,579	\$ 2,520,534	\$ 2,239,725	\$ 2,424,268	\$ 2,317,860	\$ 2,186,188
Contributions as a percentage of covered payroll	18.01%	19.96%	18.01%	16.84%	15.08%	14.62%	18.40%	14.04%	13.74%	13.08%

Notes:

-  (1) The amounts presented for each fiscal year were determined as of June 30.
 (2) *Changes of Assumptions* -
 Inflation rate - 2.4% (no change from previous year)
 Payroll growth rate - 3.25% (no change from previous year)
 Long-term expected rate of return - 6.70% (no change from previous year)

See Independent Auditors' Report.

TOWN OF PONCE INLET, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FRS HEALTH INSURANCE SUBSIDY DEFINED BENEFIT PENSION PLAN

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Schedule of the Proportionate Share of the Net Pension Liability:										
Town proportion of the net pension liability	0.010225946%	0.010095531%	0.009715029%	0.009046920%	0.009080829%	0.009080829%	0.008362877%	0.008084316%	0.007504364%	0.007327383%
Town proportionate share of the net pension liability	\$ 1,624,017	\$ 1,069,278	\$ 1,191,694	\$ 1,104,614	\$ 1,013,080	\$ 961,125	\$ 894,197	\$ 942,194	\$ 765,327	\$ 685,128
Town covered payroll	\$ 4,138,390	\$ 3,277,242	\$ 3,145,277	\$ 2,874,203	\$ 2,717,579	\$ 2,520,534	\$ 2,239,725	\$ 2,424,268	\$ 2,317,860	\$ 2,186,188
Town proportionate share of the net pension liability as a percentage of covered payroll	39.24%	32.63%	37.89%	38.43%	37.28%	38.13%	39.92%	38.87%	33.02%	31.34%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%
Schedule of Contributions:										
Contractually required contribution	\$ 67,268	\$ 61,086	\$ 57,105	\$ 52,133	\$ 50,848	\$ 48,656	\$ 45,971	\$ 40,243	\$ 31,725	\$ 26,587
Contributions in relation to the contractually required contribution	(67,268)	(61,086)	(57,105)	(52,133)	(50,848)	(48,656)	(45,971)	(40,243)	(31,725)	(26,587)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town covered payroll	\$ 4,138,390	\$ 3,277,242	\$ 3,145,277	\$ 2,874,203	\$ 2,717,579	\$ 2,520,534	\$ 2,239,725	\$ 2,424,268	\$ 2,317,860	\$ 2,186,188
Contributions as a percentage of covered payroll	1.63%	1.86%	1.82%	1.81%	1.87%	1.93%	2.05%	1.66%	1.37%	1.22%

Notes:

- (1) The amounts presented for each fiscal year were determined as of June 30.
- (2) *Changes of Assumptions* -
 - Inflation rate - 2.4% (no change from previous year)
 - Payroll growth rate - 3.25% (no change from previous year)
 - Long-term expected rate of return -3.65% (3.54% in previous year)

See Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

BUDGETARY COMPARISON SCHEDULES

OTHER MAJOR FUNDS

OTHER NONMAJOR FUNDS

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TOWN OF PONCE INLET, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Special Revenue Funds				
	Tree Bank	Sidewalks	Parks and Recreation	Police Education	Contraband Forfeitures
Assets:					
Cash and cash equivalents	\$ 44,085	\$ 90,787	\$ 27,811	\$ 14,783	\$ -
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	70	-
Total assets	<u>\$ 44,085</u>	<u>\$ 90,787</u>	<u>\$ 27,811</u>	<u>\$ 14,853</u>	<u>\$ -</u>
Liabilities and Fund Balances (Deficits):					
Liabilities:					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):					
Restricted	-	-	27,811	14,853	-
Committed	-	-	-	-	-
Assigned	44,085	90,787	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>44,085</u>	<u>90,787</u>	<u>27,811</u>	<u>14,853</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 44,085</u>	<u>\$ 90,787</u>	<u>\$ 27,811</u>	<u>\$ 14,853</u>	<u>\$ -</u>

See Independent Auditors' Report

TOWN OF PONCE INLET, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

Capital Project Funds					
Fire Department Capital	Capital Facility Maintenance	Economic Impact	Ponce de Leon		Total Nonmajor Governmental Funds
			Circle Sewer Project	Debt Service	
\$ 115,830	\$ 82,760	\$ 277,271	\$ -	\$ 3,946	\$ 657,273
-	-	-	-	-	-
-	-	-	-	-	70
<u>\$ 115,830</u>	<u>\$ 82,760</u>	<u>\$ 277,271</u>	<u>\$ -</u>	<u>\$ 3,946</u>	<u>\$ 657,343</u>
\$ -	\$ -	\$ 11,269	\$ -	\$ -	\$ 11,269
-	-	-	21,156	-	21,156
-	-	11,269	21,156.00	-	32,425
115,830	-	-	-	3,946	162,440
-	-	-	-	-	-
-	82,760	266,002	-	-	483,634
-	-	-	(21,156)	-	(21,156)
<u>115,830</u>	<u>82,760</u>	<u>266,002</u>	<u>(21,156)</u>	<u>3,946</u>	<u>624,918</u>
<u>\$ 115,830</u>	<u>\$ 82,760</u>	<u>\$ 277,271</u>	<u>\$ -</u>	<u>\$ 3,946</u>	<u>\$ 657,343</u>

TOWN OF PONCE INLET, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	Special Revenue Funds				
	Tree Bank	Sidewalks	Parks and Recreation	Police Education	Contraband Forfeitures
Revenue:					
Permits and fees	\$ 19,600	\$ -	\$ 3,130	\$ -	\$ -
Grants from local governments	-	-	-	-	-
Grants from state government	-	-	-	-	-
Taxes	-	-	-	-	-
Fines and forfeitures	-	-	-	1,230	-
Miscellaneous:					
Investment earnings (loss)	-	-	-	-	-
Miscellaneous revenue	-	13,963	-	-	-
Total revenue	19,600	13,963	3,130	1,230	-
Expenditures					
Operating:					
Public safety	-	-	-	-	-
Physical environment	-	-	-	-	-
Culture/recreation	3,275	-	-	-	-
Capital Outlay:					
Public safety	-	-	-	-	-
Physical environment	-	-	-	-	-
Information technology	-	-	-	-	-
Culture/recreation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	3,275	-	-	-	-
Excess of revenue over (under) expenditures	16,325	13,963	3,130	1,230	-
Other Financing Sources (Uses):					
Operating transfers out	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Net change in fund balances	16,325	13,963	3,130	1,230	-
Fund Balances (deficit) - Beginning of year	27,760	76,824	24,681	13,623	-
Fund Balances (deficit) - End of year	\$ 44,085	\$ 90,787	\$ 27,811	\$ 14,853	\$ -

See Independent Auditors' Report

TOWN OF PONCE INLET, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

Capital Project Funds			Ponce de Leon		Total
Capital Fire Equipment	Capital Facility Maintenance	Economic Impact	Circle Sewer Project	Debt Service	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,730
-	-	-	-	-	-
-	-	-	62,919	-	62,919
-	-	-	-	-	-
-	-	-	-	-	1,230
-	-	-	-	-	-
-	-	-	-	-	13,963
-	-	-	62,919	-	100,842
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,275
201,570	-	-	-	-	201,570
-	-	146,849	43,701	-	190,550
-	-	39,701	-	-	39,701
-	-	-	-	-	-
-	-	-	-	432,875	432,875
-	-	-	-	52,070	52,070
201,570	-	186,550	43,701	484,945	920,041
(201,570)	-	(186,550)	19,218	(484,945)	(819,199)
(12,000)	(17,240)	(761,485)	-	-	(790,725)
100,000	25,000	-	-	484,584	609,584
(113,570)	7,760	(948,035)	19,218	(361)	(1,000,340)
229,400	75,000	1,214,037	(40,374)	4,307	1,625,258
\$ 115,830	\$ 82,760	\$ 266,002	\$ (21,156)	\$ 3,946	\$ 624,918

TOWN OF PONCE INLET, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – DEBT SERVICE FUND
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues:				
Miscellaneous Revenues:				
Investment earnings (loss)	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Debt Service:				
2005 Capital Improvement Revenue Note:				
Principal payments	291,000	291,000	291,000	-
Interest payments	37,360	37,360	37,360	-
State Revolving Fund Loan:				
Principal payments	141,875	141,875	141,875	-
Interest payments	14,710	14,710	14,710	-
	484,945	484,945	484,945	-
Total expenditures	484,945	484,945	484,945	-
Excess of revenue over (under) expenditures	(484,945)	(484,945)	(484,945)	-
Other Financing Sources (Uses):				
Operating transfer from General Fund	131,584	131,584	131,584	-
Operating transfer from Public Land				
Acquisition and Facility Fund	328,361	328,361	328,000	(361)
Operating transfer from Enterprise Funds	25,000	25,000	25,000	-
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	484,945	484,945	484,584	(361)
Net change in fund balance	-	-	(361)	(361)
Fund Balance - Beginning of year	5,133	4,307	4,307	-
Fund Balance - End of year	\$ 5,133	\$ 4,307	\$ 3,946	\$ (361)

See Independent Auditors' Report

TOWN OF PONCE INLET, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – TREE BANK SPECIAL REVENUE FUND
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Permits and fees:				
Tree assessment	\$ 4,000	\$ 4,000	\$ 19,600	\$ 15,600
Total revenues	4,000	4,000	19,600	15,600
Expenditures:				
Culture/Recreation:				
Operating expenditures	4,000	4,000	3,275	725
Capital outlay	-	-	-	-
Total expenditures	4,000	4,000	3,275	725
Excess of revenue over (under) expenditures	-	-	16,325	16,325
Other Financing Sources (Uses):				
Appropriated for fund balance	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	16,325	16,325
Fund Balance - Beginning of year	13,906	13,906	27,760	13,854
Fund Balance - End of year	\$ 13,906	\$ 13,906	\$ 44,085	\$ 30,179

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TOWN OF PONCE INLET, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – SIDEWALKS SPECIAL REVENUE FUND
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Miscellaneous:				
Miscellaneous revenue	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 13,963</u>	<u>\$ 6,463</u>
Total revenues	<u>7,500</u>	<u>7,500</u>	<u>13,963</u>	<u>6,463</u>
Expenditures:				
Culture/Recreation:				
Operating expenditures	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Excess of revenue over (under) expenditures	<u>1,500</u>	<u>1,500</u>	<u>13,963</u>	<u>12,463</u>
Other Financing Sources (Uses):				
Appropriated for fund balance	<u>(1,500)</u>	<u>(1,500)</u>	<u>-</u>	<u>1,500</u>
Total other financing sources (uses)	<u>(1,500)</u>	<u>(1,500)</u>	<u>-</u>	<u>1,500</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>13,963</u>	<u>13,963</u>
Fund Balance - Beginning of year	<u>53,166</u>	<u>53,166</u>	<u>76,824</u>	<u>23,658</u>
Fund Balance - End of year	<u><u>\$ 53,166</u></u>	<u><u>\$ 53,166</u></u>	<u><u>\$ 90,787</u></u>	<u><u>\$ 37,621</u></u>

See Independent Auditors' Report

TOWN OF PONCE INLET, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – PARKS AND RECREATION SPECIAL REVENUE FUND
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Permits and fees:				
Impact fees-residential	\$ 5,395	\$ 5,395	\$ 3,130	\$ (2,265)
Total revenues	<u>5,395</u>	<u>5,395</u>	<u>3,130</u>	<u>(2,265)</u>
Expenditures:				
Culture/Recreation:				
Operating expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Excess of revenue over (under) expenditures	<u>4,395</u>	<u>4,395</u>	<u>3,130</u>	<u>(1,265)</u>
Other Financing Sources (Uses):				
Appropriated for fund balance	<u>(4,395)</u>	<u>(4,395)</u>	<u>-</u>	<u>4,395</u>
Total other financing sources (uses)	<u>(4,395)</u>	<u>(4,395)</u>	<u>-</u>	<u>4,395</u>
Net change in fund balance	-	-	3,130	3,130
Fund Balance - Beginning of year	<u>9,030</u>	<u>9,030</u>	<u>24,681</u>	<u>15,651</u>
Fund Balance - End of year	<u>\$ 9,030</u>	<u>\$ 9,030</u>	<u>\$ 27,811</u>	<u>\$ 18,781</u>

See Independent Auditors' Report

TOWN OF PONCE INLET, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – POLICE EDUCATION SPECIAL REVENUE FUND
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Fines and forfeitures	\$ 1,200	\$ 1,200	\$ 1,230	\$ 30
Total revenues	1,200	1,200	1,230	30
Expenditures:				
Public Safety:				
Law Enforcement:				
Operating expenditures	4,000	4,000	-	4,000
Total expenditures	4,000	4,000	-	4,000
Excess of revenue over (under) expenditures	(2,800)	(2,800)	1,230	4,030
Other Financing Sources (Uses):				
Appropriated for fund balance	2,800	2,800	-	(2,800)
Total other financing sources (uses)	2,800	2,800	-	(2,800)
Net change in fund balance	-	-	1,230	1,230
Fund Balance - Beginning of year	10,751	10,751	13,623	2,872
Fund Balance - End of year	<u>\$ 10,751</u>	<u>\$ 10,751</u>	<u>\$ 14,853</u>	<u>\$ 4,102</u>

See Independent Auditors' Report

TOWN OF PONCE INLET, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – CONTRABAND FORFEITURES SPECIAL REVENUE FUND
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Miscellaneous:				
Investment earnings (loss)	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Public Safety:				
Law Enforcement:				
Operating expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	-	-	-	-
Other Financing Sources (Uses):				
Appropriated fund balance	-	-	-	-
Net change in fund balance	-	-	-	-
Fund Balance - Beginning of year	7,033	7,033	-	(7,033)
Fund Balance - End of year	<u>\$ 7,033</u>	<u>\$ 7,033</u>	<u>\$ -</u>	<u>\$ (7,033)</u>

See Independent Auditors' Report

TOWN OF PONCE INLET, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – ECONOMIC IMPACT CAPITAL PROJECT FUND
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Grants:				
	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Information Technology				
Operating expenditures	57,132	-	-	-
Capital outlay	-	39,705	39,701	4
Physical Environment				
Capital outlay	250,000	146,851	146,849	2
Total expenditures	307,132	186,556	186,550	6
Excess of revenue over (under) expenditures	(307,132)	(186,556)	(186,550)	6
Other Financing Sources (Uses):				
Transfer to Hurricane Ian Fund	-	(308,255)	(308,255)	-
Transfer to S. Peninsula Drive Sidewalk Fund	(818,574)	(453,230)	(453,230)	-
Appropriated for fund balance	1,125,706	948,041	-	(948,041)
Total other financing sources (uses)	307,132	186,556	(761,485)	(948,041)
Net change in fund balance	-	-	(948,035)	(948,035)
Fund Balance - Beginning of year	-	-	1,214,037	1,214,037
Fund Balance - End of year	\$ -	\$ -	\$ 266,002	\$ 266,002

See Independent Auditors' Report

TOWN OF PONCE INLET, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – FIRE DEPARTMENT CAPITAL PROJECT FUND
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Miscellaneous:				
Investment earnings (loss)	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Public Safety:				
Fire Suppression:				
Operating expenditures	-	-	-	-
Capital outlay	201,643	201,643	201,570	73
Total expenditures	201,643	201,643	201,570	73
Excess of revenue over (under) expenditures	(201,643)	(201,643)	(201,570)	73
Other Financing Sources (Uses):				
Appropriated fund balance	101,643	113,643	-	113,643
Transfer to General Fund	-	(12,000)	(12,000)	-
Transfer from General Fund	100,000	100,000	100,000	-
Net change in fund balance	-	-	(113,570)	113,716
Fund Balance - Beginning of year	50,000	200,000	229,400	(29,400)
Fund Balance - End of year	\$ 50,000	\$ 200,000	\$ 115,830	\$ 84,316

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TOWN OF PONCE INLET, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – FACILITY MAINTENANCE CAPITAL PROJECT FUND
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Miscellaneous:				
Investment earnings (loss)	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Operating expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfer from General Fund	25,000	25,000	25,000	-
Transfer to General Fund	-	(17,240)	(17,240)	-
Appropriated fund balance	(25,000)	(7,760)	-	7,760
Net change in fund balance	-	-	7,760	7,760
Fund Balance - Beginning of year	-	-	75,000	75,000
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,760</u>	<u>\$ 82,760</u>

See Independent Auditors' Report

TOWN OF PONCE INLET, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – PONCE DE LEON CIRCLE SEWER CAPITAL PROJECT FUND
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Grants:				
State grant	\$ 118,427	\$ 62,919	\$ 62,919	\$ -
Other revenues:				
Reimbursements from City of Port Orange	<u>4,320</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	122,747	62,919	62,919	-
Portion of revenues attributable to City of Port Orange per cost-share agreement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net revenues - Ponce Inlet share	<u>122,747</u>	<u>62,919</u>	<u>62,919</u>	<u>-</u>
Expenditures:				
Physical Environment:				
Capital outlay	<u>65,892</u>	<u>43,703</u>	<u>43,701</u>	<u>2</u>
Portion of capital outlay attributable to City of Port Orange per cost-share agreement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net capital outlay - Ponce Inlet share	<u>65,892</u>	<u>43,703</u>	<u>43,701</u>	<u>(2)</u>
Excess of revenue over (under) expenditures	<u>56,855</u>	<u>19,216</u>	<u>19,218</u>	<u>2</u>
Other Financing Sources (Uses):				
Appropriated for fund balance	(56,855)	(19,216)	-	19,216
Operating transfer from Water Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(56,855)</u>	<u>(19,216)</u>	<u>-</u>	<u>19,216</u>
Net change in fund balance	-	-	19,218	19,218
Fund Deficit - Beginning of year	<u>-</u>	<u>-</u>	<u>(40,374)</u>	<u>(40,374)</u>
Fund Deficit - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,156)</u>	<u>\$ (21,156)</u>

See Independent Auditors' Report

COMPLIANCE SECTION

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*

The Honorable Mayor
and Members of the Town Council
Town of Ponce Inlet, 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 Town of Ponce Inlet, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Ponce Inlet, Florida's basic financial statements and have issued our report thereon dated April 18, 2024. Our report includes a reference to other auditors who audited the financial statements of the Ponce DeLeon Inlet Lighthouse Preservation Association, Inc., the discretely presented component unit, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit, as described in our report on the Town of Ponce Inlet, Florida's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

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

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

The Honorable Mayor
and Members of the Town Council
Town of Ponce Inlet, Florida
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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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Ponce Inlet, Florida'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

BMC CPAs

April 18, 2024

MANAGEMENT LETTER

The Honorable Mayor
and Members of the Town Council
Town of Ponce Inlet, Florida

Report on Financial Statements

We have audited the financial statements of Town of Ponce Inlet, Florida, (the “Town”) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 18, 2024.

Auditors’ 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 Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant’s Report on an examination conducted in accordance with *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, which are dated April 18, 2024, 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. There were no findings and recommendations made in the preceding annual 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 Honorable Mayor
and Members of the Town Council
Town of Ponce Inlet, Florida
Page 2

Financial Condition

Section 10.554(1)(i)4 and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment was done as of the fiscal year end.

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2023, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2023. In connection with our audit, we determined that these two reports were in agreement.

Other 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

BMC CPAs

April 18, 2024



INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Mayor
and Members of the Town Council
Town of Ponce Inlet, Florida

We have examined the Town of Ponce Inlet, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the period October 1, 2022 to September 30, 2023. Management is responsible for the Town of Ponce Inlet, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Town of Ponce Inlet, Florida's compliance with the specified 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 Town of Ponce Inlet, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Ponce Inlet, Florida complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town of Ponce Inlet, Florida's compliance with specified requirements.

In our opinion, the Town of Ponce Inlet, Florida complied, in all material respects, with the aforementioned requirements during the period October 1, 2022 to September 30, 2023.

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

April 18, 2024