

VILLAGE OF INDIANTOWN

Basic Financial Statements and
Supplementary Information
For the Year Ended September 30, 2024

Village of Indiantown, Florida
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INTRODUCTORY SECTION

Village of Indiantown, Florida
List of Principal Officials
Council/Village Manager Form of Government
September 30, 2024

Village Council

Carmine DiPaolo, Mayor
Angelina Perez, Vice Mayor

Karen Onsager
Vernestine Williams-Palmer
Phyllis Waters Brown

Village Manager

Taryn Kryzda, MPA

Village Clerk

LaRhonda McBride

Village Attorney

Wade C. Vose, ESQ

Finance Director

Michael Florio, BSc.

Village Auditors

Citrin Cooperman

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

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 the Village of Indiantown, Florida (the "Village"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Village 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 Village's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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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 auditor's 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 and *Government 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 and *Government 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 Village'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 Village'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and schedules as listed in the table of contents, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 by us. In our opinion, based on our audit, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

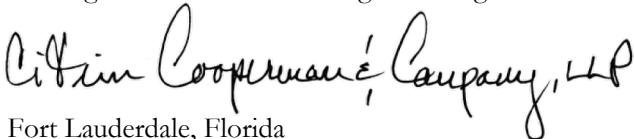
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2026, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Fort Lauderdale, Florida
February 12, 2026

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Village's financial statements (beginning on page 12).

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2024:

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at September 30, 2024, by approximately \$ 34.6 million (net position).
- During fiscal year 2024, the Village's net position increased by approximately \$ 11.0 million resulting from current operations.
- At the end of the fiscal year, the General Fund reported a fund balance of approximately \$ 9.8 million, or 167% of the General Fund expenditure.

Overview of the Financial Statements

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

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

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

Both government-wide financial statements distinguish functions of the Village that are principally supported by taxes, charges for services, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, transportation, and culture/recreation.

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

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

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

Proprietary Funds: The Village reports one proprietary fund – the Water and Wastewater Fund. Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Village uses proprietary fund to account for its water and sewer utilities.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also contains Other Information. The information includes certain required supplementary information. In addition, the combining statements referred to above are presented immediately following the required supplementary information.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the Village's progress in funding its obligation to provide pension benefits to its employees. This section also includes a comparison between the adopted and final budget and actual financial results for the Village's General fund. Budgetary comparison schedule have been provided for the General fund to demonstrate compliance with the budget.

**Village of Indiantown, Florida
Management’s Discussion and Analysis
September 30, 2024**

Government-wide Financial Analysis

Net Position: As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year the Village’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$ 34,583,810. The following table summarizes the Village’s net position at September 30, 2024 and 2023 and is followed by a comparative analysis between the two years.

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

	Net Position As of September 30, 2024 and 2023					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 14,061,379	\$ 10,790,505	\$ 3,493,966	\$ 4,312,522	\$ 17,555,345	\$ 15,103,027
Capital assets	7,204,373	5,510,265	21,352,820	11,064,744	28,557,193	16,575,009
Total assets	<u>21,265,752</u>	<u>16,300,770</u>	<u>24,846,786</u>	<u>15,377,266</u>	<u>46,112,538</u>	<u>31,678,036</u>
Deferred Outflows of Resources	<u>659,397</u>	<u>950,349</u>	<u>325,975</u>	<u>313,429</u>	<u>985,372</u>	<u>1,263,778</u>
Liabilities:						
Other liabilities	3,216,145	2,812,530	1,323,261	138,761	4,539,406	2,951,291
Long-term liabilities	<u>2,903,468</u>	<u>1,863,122</u>	<u>3,623,715</u>	<u>3,468,119</u>	<u>6,527,183</u>	<u>5,331,241</u>
Total liabilities	<u>6,119,613</u>	<u>4,675,652</u>	<u>4,946,976</u>	<u>3,606,880</u>	<u>11,066,589</u>	<u>8,282,532</u>
Deferred Inflows of resources	<u>1,345,551</u>	<u>1,079,639</u>	<u>101,960</u>	<u>13,774</u>	<u>1,447,511</u>	<u>1,093,413</u>
Net Position:						
Net investment in capital assets	5,954,190	5,510,265	17,703,564	8,137,681	23,657,754	13,647,946
Restricted	482,956	239,408	-	-	482,956	239,408
Unrestricted	<u>8,022,839</u>	<u>5,746,155</u>	<u>2,420,261</u>	<u>3,932,360</u>	<u>10,443,100</u>	<u>9,678,515</u>
Total net position	<u>\$ 14,459,985</u>	<u>\$ 11,495,828</u>	<u>\$ 20,123,825</u>	<u>\$ 12,070,041</u>	<u>\$ 34,583,810</u>	<u>\$ 23,565,869</u>

The Village’s governmental assets increased by approximately \$4.96 million, primarily attributable to the acquisition of a new building and higher internal balances resulting from interfund transactions. Governmental liabilities increase by about \$1.44 million compared to fiscal year 2023. This increase was driven largely by the issuance of a new loan, recognition of a subscription liability related to a information technology agreement, increase in the net pension liability, the addition of a new lease obligation, and differences in the timing of vendor payments relative to the prior year.

The Village’s business-type activities assets increased by approximately \$9.47 million, reflecting increased construction expenditures for the Village’s sewer project and higher internal balances from interfund transactions. Liabilities for business-type activities increased by approximately \$1.34 million from fiscal year 2023, primarily due to a new equipment lease and the recognition of a subscription liability related to the information technology agreement.

Village of Indiantown, Florida
Management's Discussion and Analysis
September 30, 2024

The Village's overall net position increased in fiscal year 2024. The Village's net position increased by \$11.02 million or approximately 47% from \$ 23.6 million in 2023. The increase in net position in current year is a result of operations in both the governmental and business-type activities, as well as the government as a whole. The Village ended the year with positive net position overall, including net investment in capital assets and unrestricted net position available for future Village operations.

Of the Village's net position for total activities, approximately \$23.7 million reflects its investment in capital assets (e.g., land, buildings, equipment and infrastructure), net of accumulated depreciation and less any outstanding debt used to construct or acquire those assets. These capital assets are used to provide citizen services and are therefore not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the Village's net position, \$0.5 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10.4 million is unrestricted and may be used to meet the Village's ongoing obligations to citizens and creditors.

**Village of Indiantown, Florida
Management's Discussion and Analysis
September 30, 2024**

Changes in Net Position

The following table summarizes the Village's changes in net position for the years ended September 30, 2024 and 2023 and is followed by a comparative analysis between the two years.

	Changes in Net Position For the years ended September 30, 2024 and 2023					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 460,523	\$ 460,503	\$ 2,491,332	\$ 3,086,803	\$ 2,951,855	\$ 3,547,306
Operating grants and contributions	-	40,000	-	718,952	-	758,952
Capital grants and contributions	8,639,043	170,758	-	1,500,000	8,639,043	1,670,758
General revenues:						
Property taxes	3,675,412	3,260,434	-	-	3,675,412	3,260,434
Intergovernmental revenue	1,290,538	1,948,418	-	-	1,290,538	1,948,418
Other taxes	199,989	282,333	-	-	199,989	282,333
Franchise fees	486,043	502,184	-	-	486,043	502,184
Investment income	524,367	281,718	140,662	89,062	665,029	370,780
Miscellaneous and other gains	82,755	87,518	-	-	82,755	87,518
Total revenues	<u>15,358,670</u>	<u>7,033,866</u>	<u>2,631,994</u>	<u>5,394,817</u>	<u>17,990,664</u>	<u>12,428,683</u>
Operating Expenses:						
General government	3,113,414	3,628,628	-	-	3,113,414	3,628,628
Transportation	563,607	733,159	-	-	563,607	733,159
Culture and recreation	621,720	476,224	-	-	621,720	476,224
Interest expense	50,901	-	-	-	50,901	-
Utility	-	-	2,623,081	1,948,971	2,623,081	1,948,971
Total expenses	<u>4,349,642</u>	<u>4,838,011</u>	<u>2,623,081</u>	<u>1,948,971</u>	<u>6,972,723</u>	<u>6,786,982</u>
Increase in net position before transfers	11,009,028	2,195,855	8,913	3,445,846	11,017,941	5,641,701
Transfers	<u>(8,044,871)</u>	<u>(397,909)</u>	<u>8,044,871</u>	<u>397,909</u>	<u>-</u>	<u>-</u>
Increase in net position	2,964,157	1,797,946	8,053,784	3,843,755	11,017,941	5,641,701
Net Position, Beginning	11,495,828	9,697,882	12,070,041	8,226,286	23,565,869	17,924,168
Net Position, Ending	<u>\$ 14,459,985</u>	<u>\$ 11,495,828</u>	<u>\$ 20,123,825</u>	<u>\$ 12,070,041</u>	<u>\$ 34,583,810</u>	<u>\$ 23,565,869</u>

Governmental Activities - The Village's governmental activities total revenue increased by approximately \$8.3 million. The increase is a result of capital grant from Florida Department of Environmental Protection (FDEP) Wastewater Grant Program.

Property tax revenues increased by \$ 414,978 or 13% when compared to FY 2023. The increase is directly related to the increased assessed property values and maintaining the same millage rate of 1.6304 mils compared to the roll-back rate of 1.4446 mils.

Finally, investment income increased by \$ 242,649 or 86% from the prior year resulting from positive returns related to interest rate trends and favorable economic conditions.

General government expenses decreased by \$ 515,214 or 14% from the prior year primarily due to lower payroll costs resulting from employee attrition.

Transportation expense decreased by \$169,552 or 23% from prior year primarily due to lower professional services and contractual services.

Culture and recreation expense is increased by \$145,496 or 31% from prior year primarily due to higher payroll expense and contractual services.

Business-type Activities -

Charges for services decreased by \$ 595,471 or 19% due to an decrease in impact Fees. In FY 2023, the Village has executed two large water and sewer developer agreements with Terra Lago CDD for Phase IA and IB. The payment of water/sewer impact fees were due at the time the agreements were approved by Village Council. The Village has not been able to approve any more large developer agreements of that size since that time as there is no available water system capacity to sell which led to decrease in sewer impact fees.

Investment income increased by \$ 51,600 or 58% from the prior year due to favorable market conditions and interest rates which contributed to the overall increase.

Business-type activities expenses increased by \$ 674,110 or 35% from the prior year primarily due to increase in personnel salaries/benefits resulting from new hires and increase in depreciation expense resulting from purchase of high-capacity water and wastewater applications equipment for ARPA project.

Reporting the Village's most significant funds:

The fund financial statements provide detailed information about the most significant funds – not the Village.

For the General fund, cash and cash equivalents increased by approximately \$ 2.5 million mainly as a result of the proceeds from bank loan. Accounts payable increased by \$ 193,619 mainly due to conversion of legacy financial system that lasted from end of August until second week of October. Capital outlay increased by \$ 923,291 as a result of grant-funded FDEP project improvements activity coming in the current year.

General fund, fund balance increased by \$2.8 million as a result of more revenue from investment income and expenditures being under budget as discussed later in this analysis.

In ARPA fund, grants and contribution has increased by \$8.4 million from FY 2023 mainly due to FDEP project revenue. Overall fund balance increased by approximately \$244,000 as a result.

For the Water and Wastewater fund, cash and cash equivalents decreased by \$ 72,398 mainly as a result of the Village purchasing investments. There was an increase in capital asset balance by \$10.3 million due to increased construction expenditures for the Village's sewer project and purchase of equipment for sewer project. There was an increase in fund's loan balance by \$155,596 due to new equipment lease and the recognition of a subscription liability related to the information technology agreement.

Capital Assets and Debt Administration

Capital Assets: As of year-end, the Village had approximately \$ 28.6 million in capital assets (net of accumulated depreciation). Significant additions during the year included \$ 672,750 in high-capacity water and wastewater applications equipment and approximately \$8.3 million in water utility construction is currently in progress for the Village's wastewater collection and pumping project.

**Village of Indiantown, Florida
Management's Discussion and Analysis
September 30, 2024**

**Capital Assets (Net of Depreciation)
As of September 30, 2024 and 2023**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,450,572	\$ 1,450,572	\$ 775,980	\$ 775,980	\$ 2,226,552	\$ 2,226,552
Construction in progress	576,192	299,475	10,136,704	1,874,576	10,712,896	2,174,051
Infrastructure	3,323,855	3,466,308	-	-	3,323,855	3,466,308
Building improvements	1,033,158	21,193	-	-	1,033,158	21,193
Improvements other than building	-	-	8,253,435	7,656,970	8,253,435	7,656,970
Equipment	420,548	251,022	1,544,134	757,218	1,964,682	1,008,240
Intangible assets:						
Lease Asset	-	21,695	445,528	-	445,528	21,695
Subscription Asset	400,048	-	197,039	-	597,087	-
Total	\$ 7,204,373	\$ 5,510,265	\$ 21,352,820	\$ 11,064,744	\$ 28,557,193	\$ 16,575,009

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

Long-Term Liabilities: As of year-end, total long-term liabilities of the Village were approximately \$6.5 million, an increase of approximately \$1.2 million from 2023. \$1,990,820 of the liability was for the Village's proportionate share of the net pension liability of the Florida Retirement System. The balance of the remaining liabilities consists of \$2,638,350 outstanding principal related to the State Revolving Fund loan program for clean water and drinking water programs, and \$ 96,283 in accrued compensated absences. During the year, the Village issued a loan totaling \$1,550,000, which was used to purchase a building, with a remaining balance of \$1,460,000 at the end of the year. The Village entered into a new lease agreement for water improvement equipment of \$509,173 and subscription-based IT arrangements (SBITAs) of \$418,184 related to Tyler Tech and Granicus software.

**Long-Term Liabilities
As of September 30, 2024 and 2023**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Net pension liability	\$ 1,332,228	\$ 1,782,065	\$ 658,592	\$ 502,633	\$ 1,990,820	\$ 2,284,698
Compensated absences	38,116	49,385	38,911	38,423	77,027	87,808
Non-Ad Valorem						
Revenue note, 2023	1,325,000	-	-	-	1,325,000	-
Lease Liability - Equipment	-	31,672	185,353	-	185,353	31,672
Subscription liability	208,124	-	102,509	-	310,633	-
Notes and loans payable	-	-	2,638,350	2,927,063	2,638,350	2,927,063
Total debt	\$ 2,903,468	\$ 1,863,122	\$ 3,623,715	\$ 3,468,119	\$ 6,527,183	\$ 5,331,241

Additional information can be found in Note 7 of the financial statements.

Budgetary Highlights: The Village continued further implementation of key elements in support of the adopted Strategic Action Plan in the FY 2023-2024 Adopted Budget. Those items included the following:

The General fund revenue was greater than budgeted and expenditures were lower than budgeted. General fund revenue was more than budgeted by \$332,234. This variance is due primarily to a favorable variance in grant funding received and investment income. General fund expenditures were lower than budgeted by \$ 581,784 as result of vacancies in all General Fund departments.

Financial Information Contacts: The Village's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Village's finances and to demonstrate the Village's accountability. If you have any questions about the report or need additional financial information, contact the Village's Finance Director at 15516 SW Osceola Street, Suite B, Indiantown, FL 34956, or call (772) 597-9900.

BASIC
FINANCIAL STATEMENTS

Village of Indiantown, Florida
Statement of Net Position
September 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 7,004,757	\$ 870,287	\$ 7,875,044
Investments	5,726,321	2,129,923	7,856,244
Accounts receivables (net of allowances)	88,616	220,257	308,873
Lease receivables	41,552	-	41,552
Due from other governments	156,668	171,047	327,715
Prepaid items and other assets	-	50,000	50,000
Internal balances	(52,452)	52,452	-
Restricted investments	1,095,917	-	1,095,917
Capital assets, not being depreciated	2,026,764	10,912,684	12,939,448
Capital assets, being depreciated, net	5,177,609	10,440,136	15,617,745
Total assets	21,265,752	24,846,786	46,112,538
Deferred Outflows of Resources:			
Pension related	659,397	325,975	985,372
Total assets and deferred outflows of resources	21,925,149	25,172,761	47,097,910
Liabilities:			
Accounts payable and accrued liabilities	515,548	804,580	1,320,128
Unearned revenues	2,484,009	-	2,484,009
Customer deposits	-	56,480	56,480
Noncurrent liabilities:			
Due in one year			
Loans/notes payable	135,000	159,457	294,457
Compensated absences	9,529	9,727	19,256
Leases payable	-	257,525	257,525
Subscription liability	72,059	35,492	107,551
Due in more than one year			
Loans/notes payable	1,325,000	2,638,350	3,963,350
Compensated absences	38,116	38,911	77,027
Net pension liability	1,332,228	658,592	1,990,820
Leases payable	-	185,353	185,353
Subscription liability	208,124	102,509	310,633
Total liabilities	6,119,613	4,946,976	11,066,589
Deferred Inflows of Resources:			
Community trust	1,097,748	-	1,097,748
Lease receivables	41,552	-	41,552
Pension related	206,251	101,960	308,211
Total deferred inflows of resources	1,345,551	101,960	1,447,511

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

Village of Indiantown, Florida
Statement of Net Position (Continued)
September 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net Position:			
Net investment in capital assets	\$ 5,954,190	\$ 17,703,564	\$ 23,657,754
Restricted for:			
Coronavirus relief	482,956	-	482,956
Unrestricted	8,022,839	2,420,261	10,443,100
Total net position	<u>\$ 14,459,985</u>	<u>\$ 20,123,825</u>	<u>\$ 34,583,810</u>

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

Village of Indiantown, Florida
Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs:	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:						
Governmental activities:						
General government	\$ 3,113,414	\$ 438,542	\$ 8,639,043	\$ 5,964,171	\$ -	\$ 5,964,171
Transportation	563,607	-	-	(563,607)	-	(563,607)
Culture and recreation	621,720	21,981	-	(599,739)	-	(599,739)
Interest expense	50,901	-	-	(50,901)	-	(50,901)
Total governmental activities	<u>4,349,642</u>	<u>460,523</u>	<u>8,639,043</u>	<u>4,749,924</u>	<u>-</u>	<u>4,749,924</u>
Business-type activities:						
Water and wastewater	<u>2,623,081</u>	<u>2,491,332</u>	<u>-</u>	<u>-</u>	<u>(131,749)</u>	<u>(131,749)</u>
Total business-type activities	<u>2,623,081</u>	<u>2,491,332</u>	<u>-</u>	<u>-</u>	<u>(131,749)</u>	<u>(131,749)</u>
Total primary government	<u>\$ 6,972,723</u>	<u>\$ 2,951,855</u>	<u>\$ 8,639,043</u>	<u>4,749,924</u>	<u>(131,749)</u>	<u>4,618,175</u>
General revenues and transfers:						
Property taxes				3,675,412	-	3,675,412
Intergovernmental revenue, unrestricted				1,290,538	-	1,290,538
General government taxes				199,989	-	199,989
Franchise fees				486,043	-	486,043
Investment income				524,367	140,662	665,029
Miscellaneous				74,861	-	74,861
Gain on termination of leased asset				7,894	-	7,894
Transfers				(8,044,871)	8,044,871	-
Total general revenues and transfers				<u>(1,785,767)</u>	<u>8,185,533</u>	<u>6,399,766</u>
Change in net position				2,964,157	8,053,784	11,017,941
Net Position, Beginning of Year				<u>11,495,828</u>	<u>12,070,041</u>	<u>23,565,869</u>
Net Position, End of Year				<u>\$ 14,459,985</u>	<u>\$ 20,123,825</u>	<u>\$ 34,583,810</u>

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

Village of Indiantown, Florida
Balance Sheet - Governmental Funds
September 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund (ARPA)</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 5,907,009	\$ 1,095,917	\$ 1,831	\$ 7,004,757
Investments	5,726,321	-	-	5,726,321
Restricted investments	-	-	1,095,917	1,095,917
Accounts receivables	88,616	-	-	88,616
Leases receivables	41,552	-	-	41,552
Due from other governments	156,668	-	-	156,668
Due from other funds	268,113	1,857,332	-	2,125,445
	<u>12,188,279</u>	<u>2,953,249</u>	<u>1,097,748</u>	<u>16,239,276</u>
Total assets	\$	\$	\$	\$
Liabilities:				
Accounts payable	\$ 347,615	\$ 10,034	\$ 106,649	\$ 464,298
Accrued payroll and benefits	51,250	-	-	51,250
Due to other funds	1,943,384	3,250	231,263	2,177,897
Unearned revenues	27,000	2,457,009	-	2,484,009
	<u>2,369,249</u>	<u>2,470,293</u>	<u>337,912</u>	<u>5,177,454</u>
Total liabilities				
Deferred Inflow of Resources				
Leases	41,552	-	-	41,552
	<u>41,552</u>	<u>-</u>	<u>-</u>	<u>41,552</u>
Total liabilities and deferred inflow of resources	<u>2,410,801</u>	<u>2,470,293</u>	<u>337,912</u>	<u>5,219,006</u>
Fund Balances (Deficit):				
Restricted for:				
Capital projects	490,000	-	-	490,000
Community trust fund	-	-	1,097,748	1,097,748
Coronavirus relief	-	482,956	-	482,956
Unassigned	9,287,478	-	(337,912)	8,949,566
	<u>9,777,478</u>	<u>482,956</u>	<u>759,836</u>	<u>11,020,270</u>
Total fund balances				
Total liabilities, deferred inflow of resources and fund balances	\$ <u>12,188,279</u>	\$ <u>2,953,249</u>	\$ <u>1,097,748</u>	\$ <u>16,239,276</u>

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

Village of Indiantown, Florida
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
September 30, 2024

Fund Balances - Total Governmental Funds \$ 11,020,270

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

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

Capital assets	\$	8,003,071	
Accumulated depreciation		<u>(798,698)</u>	7,204,373

Deferred outflows, deferred inflows, and the net pension liability related to the Village's pension plan are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the governmental funds.

Deferred outflows - pension	\$	659,397	
Deferred inflows - pension		(206,251)	
Net pension liability		<u>(1,332,228)</u>	(879,082)

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

Compensated absences	\$	(47,645)	
Bonds payable		(1,460,000)	
Subscription liability		<u>(280,183)</u>	(1,787,828)

Other deferred inflows are not available to pay for current period expenditures.

Debt trust fund payable			<u>(1,097,748)</u>
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Net Position of Governmental Activities \$ 14,459,985

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

Village of Indiantown, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund (ARPA)</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 3,675,412	\$ -	\$ -	\$ 3,675,412
Grants and contributions	189,295	8,449,748	-	8,639,043
Intergovernmental revenue	1,124,520	166,018	-	1,290,538
Franchise fees	486,043	-	-	486,043
Licenses and permits	245,805	-	-	245,805
Charges for services	80,130	-	-	80,130
Miscellaneous revenues	23,960	-	-	23,960
Development Review Applications	134,588	-	-	134,588
Other taxes	199,989	-	-	199,989
Investment income	465,447	58,920	58,922	583,289
Total revenues	<u>6,625,189</u>	<u>8,674,686</u>	<u>58,922</u>	<u>15,358,797</u>
Expenditures:				
Current:				
General government	2,964,670	1,474	-	2,966,144
Transportation	402,922	-	-	402,922
Culture and recreation	618,911	-	-	618,911
Capital outlay	1,624,188	64,754	276,487	1,965,429
Debt Service:				
Principal	199,579	-	-	199,579
Interest	50,901	-	-	50,901
Total expenditures	<u>5,861,171</u>	<u>66,228</u>	<u>276,487</u>	<u>6,203,886</u>
Excess (deficiency) of revenues over(under) expenditures	<u>764,018</u>	<u>8,608,458</u>	<u>(217,565)</u>	<u>9,154,911</u>
Other Financing Sources (Uses):				
Debt Proceeds	1,550,000	-	-	1,550,000
Transfers in	751,693	152,734	169,838	1,074,265
Transfers out	(601,492)	(8,517,644)	-	(9,119,136)
Subscription proceeds	382,255	-	-	382,255
Total other financing sources (uses)	<u>2,082,456</u>	<u>(8,364,910)</u>	<u>169,838</u>	<u>(6,112,616)</u>
Change in fund balances	2,846,474	243,548	(47,727)	3,042,295
Fund Balances, Beginning of Year	<u>6,931,004</u>	<u>239,408</u>	<u>807,563</u>	<u>7,977,975</u>
Fund Balances, End of Year	<u>\$ 9,777,478</u>	<u>\$ 482,956</u>	<u>\$ 759,836</u>	<u>\$ 11,020,270</u>

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

Village of Indiantown, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2024

Net Change in Fund Balances - Governmental Funds \$ 3,042,295

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

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

Capital outlay	\$	1,965,429	
Less: gain on disposal of capital assets		7,894	
Less: current year depreciation		<u>(255,050)</u>	1,718,273

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Revenue Note		(1,550,000)	
Subscription liability		<u>(382,255)</u>	(1,932,255)

In the governmental funds, current year expenditures related to pensions are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to pensions include amounts that do require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.

Change in net pension liability	\$	449,837	
Change in deferred outflows related to pensions		(290,952)	
Change in deferred inflows related to pensions		(165,438)	
Change in deferred inflows - community trust		<u>(58,922)</u>	(65,475)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Principal paid on lease liability	\$	7,507	
Principal paid on Bonds payable		90,000	
Change in compensated absences		1,740	
Payment for Subscription liability		<u>102,072</u>	<u>201,319</u>

Change in Net Position of Governmental Activities \$ 2,964,157

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

Village of Indiantown, Florida
Statement of Net Position - Proprietary Fund
September 30, 2024

	Water and Wastewater Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 870,287
Investments	2,129,923
Accounts receivable, net	220,257
Due from other funds	52,452
Due from other government	171,047
Prepaid Expenses and Deposits	50,000
Total current assets	<u>3,493,966</u>
Noncurrent assets:	
Capital assets, not being depreciated	10,912,684
Capital assets, being depreciated, net	10,440,136
Total assets	<u>24,846,786</u>
Deferred Outflows of Resources:	
Pension related	<u>325,975</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	529,604
Accrued interest	4,406
Customer deposits	56,480
Retainage Payable	270,570
Current portion, loan payable	159,457
Current portion, Leases payable	257,525
Current portion, Subscription payable	35,492
Current portion, compensated absences payable	9,727
Total current liabilities	<u>1,323,261</u>
Noncurrent liabilities:	
Loan payable	2,638,350
Leases payable	185,353
Subscription payable	102,509
Net pension liability	658,592
Compensated absences payable	38,911
Total noncurrent liabilities	<u>3,623,715</u>
Total liabilities	<u>4,946,976</u>
Deferred Inflows of Resources:	
Pension related	<u>101,960</u>
Net Position:	
Net investment in capital assets	17,703,564
Unrestricted	2,420,261
Total net position	<u>\$ 20,123,825</u>

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

Village of Indiantown, Florida
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2024

	Water And Wastewater Fund
Operating Revenues:	
Charges for services	\$ <u>2,491,332</u>
	<u>2,491,332</u>
Operating Expenses:	
Personnel services	1,030,020
Other operating expenses	1,196,787
Depreciation	<u>375,084</u>
Total operating expenses	<u>2,601,891</u>
Operating loss	<u>(110,559)</u>
Nonoperating Revenues (Expenses):	
Interest income	140,662
Interest expense	<u>(21,190)</u>
Total nonoperating revenues (expenses)	<u>119,472</u>
Income before transfers	<u>8,913</u>
Transfers:	
Transfer in	8,826,236
Transfer out	<u>(781,365)</u>
Total transfers	<u>8,044,871</u>
Increase in net position	8,053,784
Net Position, Beginning of Year	<u>12,070,041</u>
Net Position, End of Year	<u>\$ <u>20,123,825</u></u>

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

Village of Indiantown, Florida
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2024

	Water and Wastewater Fund
Cash Flows From Operating Activities:	
Receipts from customers	\$ 2,499,450
Payment to employees for services	(788,206)
Payment to suppliers for goods and services	(521,987)
	<u>1,189,257</u>
Net cash provided by operating activities	
Cash Flows From Noncapital Financing Activities:	
Advances and transfers from other funds, net	<u>896,261</u>
Net cash provided by noncapital financing activities	<u>896,261</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(10,015,986)
Interest and other fiscal charges paid on capital debt	(20,827)
Advances and transfers from other funds, net	8,826,236
Principal payments on debt	(201,630)
Proceeds from debt	<u>6,079</u>
Net cash used in capital and related financing activities	<u>(1,406,128)</u>
Cash Flows From Investing Activities	
Interest income	140,662
Purchase of Investments	<u>(892,450)</u>
Net cash used in investing activities	<u>(751,788)</u>
Net decrease in cash and cash equivalents	(72,398)
Cash and Cash Equivalents, Beginning of Year	<u>942,685</u>
Cash and Cash Equivalents, End of Year	<u>\$ 870,287</u>

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

Village of Indiantown, Florida
Statement of Cash Flows - Proprietary Fund (Continued)
For the Year Ended September 30, 2024

	<u>Water and Wastewater Fund</u>
Reconciliation of Operating Loss to Net Cash Provided By Operating Activities:	
Operating loss	\$ (110,559)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	375,084
Change in operating assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable, net	(5,767)
Prepaid items and other assets	(50,000)
Increase (decrease) in liabilities:	
Accounts payable	724,800
Net pension liability	155,959
Deferred outflows relating to pensions	(12,546)
Deferred inflows relating to pensions	88,186
Customer deposits	13,885
Compensated absences	<u>10,215</u>
Net cash provided by operating activities	<u>\$ 1,189,257</u>
Supplemental Disclosure of Cash flow information	
Schedule of noncash capital and related financing activities:	
Acquisition of property and equipment -	
Initial recognition of lease liability for right-to-use asset	\$ 509,173
Initial recognition of subscription liability for SBITA right-to-use asset	\$ 138,001

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

Note 1 – Summary of Significant Accounting Policies

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

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village’s accounting policies are described below.

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

Government-Wide and Fund Financial Statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. The major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds, as applicable.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The government-wide financial statements and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 measurable when the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other post-employment benefits, and claims and judgments, are recorded only when due. General capital asset acquisitions, including contracts that give the Village the right to use assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and subscription based information technology arrangements (SBITAs) are reported as other financing sources.

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

Taxes, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and other nonexchange revenues are recorded when all eligibility requirements (which often includes incurring qualifying expenditures) are met, including any time requirements, and the amount is received during the period or within the availability period as previously defined. Licenses and permits, certain charges for services, fines and forfeitures, and miscellaneous revenues are considered measurable and available when cash is received by the government. Revenue received in advance of fiscal year to which they apply is presented as unearned on the balance sheet.

The Village reports the following major governmental funds:

- The *General Fund* is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The ARPA Fund is a special revenue fund that was established to account for funds received under the American Rescue Plan associated with coronavirus, which are restricted for certain purposes.

Note 1 – Summary of Significant Accounting Policies (continued)

The Village reports the following major proprietary fund:

- The *Water and Wastewater Fund* accounts for the operations of the Village’s water and wastewater utility system.

Assets, Liabilities, and Fund Balance or Net Position:

Cash and cash equivalents: Cash and cash equivalents are defined as deposits with financial institutions, money market accounts, and money market mutual funds and highly liquid investments which are readily convertible to known amounts of cash and have a maturity when purchased of three months or less.

Investments: Investments are stated at their fair value, which is the price that would be received to sell an investment in an orderly transaction at year-end. Certain investments are stated at amortized cost if they have a remaining maturity of one year or less when purchased.

Receivables and Payables: Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”.

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

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

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

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

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

Building improvements	3-4 years
Equipment	5-30 years
Vehicles	12-15 years
Improvements other than buildings	25 years
Infrastructure	10-40 years

Right-to-use assets – The Village has recorded right-to-use lease assets (GASB 87) and right-to-use subscription-based information technology assets (GASB 96). Both types of assets are initially measured at an amount equal to the initial measurement of the related liability plus any payments made prior to the lease or subscription term, less incentives, and plus ancillary charges necessary to place the asset into service. These right-to-use assets are amortized on a straight-line basis over the life of the related lease or subscription term.

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

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

Unearned Revenues: Unearned revenue represents increases in assets prior to the eligibility criteria being met for recognition of revenue. Included in the balance is approximately \$ 2.5 million relating to the American Rescue Plan Act (“ARPA”) funding.

Net Position/Fund Balance Classification:

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

- a. Net investment in capital assets – This category groups all capital assets, including infrastructure into one component of net position. Accumulated depreciation and the outstanding balance of debt and other payables that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. Unspent debt proceeds are added to this category.
- b. Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions in enabling legislation.
- c. Unrestricted net position – This category represents net position that does not meet the definition of “net investment in capital assets” or “restricted.”

Sometimes the Village will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village’s policy to consider restricted – net position to have been depleted before unrestricted - net position is applied.

The Village classifies governmental fund balance as follows:

Non-spendable Fund Balance: This represents amounts that cannot be spent due to form (e.g., inventories, prepaid amounts) or are legally or contractually required to be maintained intact (such as corpus of an endowment fund).

Restricted Fund Balance: This represents amounts constrained for a specific purpose by external parties, such as creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance: This represents amounts that can only be used for specific purposes determined by a formal action (ordinance) of the Village Council, the Village’s highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Village Council removes those constraints by taking the same type of action.

Assigned Fund Balance: Assigned fund balances include spendable fund balance amounts that are intended to be used for a specific purpose that are neither considered restricted nor committed. Intent is expressed by the Village Council or a body or official to which the Village Council have delegated authority, which is the Village Manager, to assign amounts to be used for specific purposes. Appropriations of existing fund balances to eliminate deficits in a future budget and encumbrances are considered assignments of fund balance.

Note 1 – Summary of Significant Accounting Policies (continued)

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

Net Position/Fund Balance Classification (continued):

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

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the Village's policy to reduce the restricted amounts first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Village's policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts.

Note 2 – Deposits and Investments

Deposits: In addition to insurance provided by the Federal Depository Insurance Corporation ("FDIC"), all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as cash deposits are insured or collateralized.

Investments: The investment of funds is authorized by Florida Statutes, which allows the Village to invest in the Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, SEC-registered money market funds with the highest credit quality rating, interest-bearing time deposits or savings accounts in qualified public depositories and direct obligations of the United States Treasury. Certain investments of the proprietary fund are governed by Bond Indentures.

The Florida State Board Administration ("SBA") Pool, herein referred to as "Florida PRIME", is not a registrant with Securities and Exchange Commission ("SEC"); however, its board has adopted operating procedures consistent with the requirements for a 2a-7 fund. For the Florida PRIME, a 2a-7 like pool, the value of the Village's position is the same as the value of the pool shares and is recorded at amortized cost. In accordance with these requirements, the method used to determine the participant's shares sold and redeemed is the amortized cost method. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for the amortization of discount or premium over the period from purchase to maturity.

The Village's account balance in the SBA is its amortized cost. The SBA is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the SBA. Additionally, the Office of the Auditor General of the State of Florida performs the operational audit of the activities and investment of the SBA. The SBA accounts are not subject to custodial risk as these investments are not evidenced by securities that exist in physical or bank entry form.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Village's investment in the Florida PRIME meets the definition of a qualifying investment pool that measures, for financial reporting purposes, all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2024, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Note 2 – Deposits and Investments (continued)

Investments as of September 30, 2024, were as follows:

	Investments Measured at Amortized Cost	Maturity
	<u>Cost</u>	<u>Maturity</u>
State Board of Administration:		
Florida Prime	\$ 8,952,161	35 days

These deposits and investments are reflected in the accompanying statement of net position as cash and cash equivalents of \$ 7,875,044, investments of \$ 7,856,244 and restricted investments of \$ 1,095,917.

Credit risk: The State Board of Administration funds held by the Village are rated AAAM by Standard and Poor's.

Interest rate risk: Florida Statutes state that the investment portfolio be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. The Village's investments are not subject to interest rate risk.

Custodial credit risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the Village's investments are subject to custodial credit risk.

Note 3 – Receivables

Receivables as of September 30, 2024, for the Village's major funds, are as follows:

	General Fund	Water and Wastewater	Total
	<u> </u>	<u> </u>	<u> </u>
Receivables			
Accounts	\$ 88,616	\$ 220,257	\$ 308,873
Leases	41,552	-	41,552
Due from other governments	<u>156,668</u>	<u>171,047</u>	<u>327,715</u>
	<u>\$ 286,836</u>	<u>\$ 391,304</u>	<u>\$ 678,140</u>

Note 4 – Property Taxes

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

Village of Indiantown, Florida
Notes to Basic Financial Statements
September 30, 2024

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	Balance October 1, 2023	Additions	Transfers/ Deletions	Balance September 30, 2024
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,450,572	\$ -	\$ -	\$ 1,450,572
Construction in progress	299,475	276,717	-	576,192
Total capital assets, not being depreciated	<u>1,750,047</u>	<u>276,717</u>	<u>-</u>	<u>2,026,764</u>
Capital assets being depreciated:				
Infrastructure	3,765,300	-	-	3,765,300
Building and Building improvements	158,980	1,060,000	-	1,218,980
Equipment	363,315	208,958	-	572,273
Intangible right to use: Lease Asset	104,133	-	104,133	-
Intangible right to use: Subscription Asset	-	419,754	-	419,754
Total capital assets being depreciated	<u>4,391,728</u>	<u>1,688,712</u>	<u>104,133</u>	<u>5,976,307</u>
Less accumulated depreciation for:				
Infrastructure	298,992	142,453	-	441,445
Building and Building improvements	137,787	48,035	-	185,822
Equipment	112,293	39,432	-	151,725
Intangible right to use: Lease Asset	82,438	5,424	87,862	-
Intangible right to use: Subscription Asset	-	19,706	-	19,706
Total accumulated depreciation	<u>631,510</u>	<u>255,050</u>	<u>87,862</u>	<u>798,698</u>
Total capital assets depreciated, net	<u>3,760,218</u>	<u>1,433,662</u>	<u>16,271</u>	<u>5,177,609</u>
Governmental activities, net	<u>\$ 5,510,265</u>	<u>\$ 1,710,379</u>	<u>\$ 16,271</u>	<u>\$ 7,204,373</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 775,980	\$ -	\$ -	\$ 775,980
Construction in progress	1,874,576	8,262,128	-	10,136,704
Total capital assets, not being depreciated	<u>2,650,556</u>	<u>8,262,128</u>	<u>-</u>	<u>10,912,684</u>
Capital assets being depreciated:				
Improvements other than building	8,276,542	822,647	-	9,099,189
Equipment	796,463	862,467	-	1,658,930
Intangible right to use: Lease Asset	-	509,173	-	509,173
Intangible right to use: Subscription Asset	-	206,745	-	206,745
Total capital assets being depreciated	<u>9,073,005</u>	<u>2,401,032</u>	<u>-</u>	<u>11,474,037</u>
Less accumulated depreciation for:				
Improvements other than building	619,572	226,182	-	845,754
Equipment	39,245	75,551	-	114,796
Intangible right to use: Lease Asset	-	63,645	-	63,645
Intangible right to use: Subscription Asset	-	9,706	-	9,706
Total accumulated depreciation	<u>658,817</u>	<u>375,084</u>	<u>-</u>	<u>1,033,901</u>
Total capital assets depreciated, net	<u>8,414,188</u>	<u>2,025,948</u>	<u>-</u>	<u>10,440,136</u>
Business-type activities, net	<u>\$ 11,064,744</u>	<u>\$ 10,288,076</u>	<u>\$ -</u>	<u>\$ 21,352,820</u>

Village of Indiantown, Florida
Notes to Basic Financial Statements
September 30, 2024

Note 5 – Capital Assets (continued)

Depreciation expenses of \$ 91,556, \$ 160,685 and \$ 2,809 were charged to general governmental, transportation, and culture and recreation activities, respectively, in the current year. Depreciation expense of \$ 375,084 was charged to the Water and Wastewater fund in the current year.

Note 6 – Interfund Receivables/Payables

The net composition of interfund balances as of September 30, 2024, is as follows:

Receivable Fund	Due from other funds	Due to other funds
General	\$ 268,113	\$ 1,943,384
Special Revenue (ARPA)	1,857,332	3,250
Non-Major governmental funds	-	231,263
Water and Wastewater	52,452	-
Total Interfund Balances	\$ 2,177,897	\$ 2,177,897

The outstanding balances between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) and payments between funds are made.

Note 7 – Long-term Liabilities and Debt

The following schedule details the Village’s long-term liability and debt obligation activity for governmental and business-type activities for the year ended September 30, 2024:

	Balance October 1, 2023	Additions	Reductions	Balance September 30, 2024	Amounts Due Within One Year
Governmental activities:					
Net pension liability	\$ 1,782,065	\$ -	\$ 449,837	\$ 1,332,228	\$ -
Non-Ad Valorem Revenue note, 2023	-	1,550,000	90,000	1,460,000	135,000
Lease liability	31,672	-	31,672	-	-
Subscription liability	-	382,255	102,072	280,183	72,059
Compensated absences	49,385	64,295	66,035	47,645	9,529
Total governmental activities	\$ 1,863,122	\$ 1,996,550	\$ 739,616	\$ 3,120,056	\$ 216,588
Business-type activities:					
Direct borrowings:					
State Revolving Fund - 430310	\$ 1,132,287	\$ -	\$ 41,174	\$ 1,091,113	\$ 41,174
State Revolving Fund - 430320	965,221	-	30,912	934,309	31,203
State Revolving Fund - 430330	151,969	6,079	-	158,048	15,805
State Revolving Fund - 430340	523,146	-	55,880	467,266	56,429
State Revolving Fund - 430350	154,440	-	7,369	147,071	14,846
Net pension liability	502,633	155,959	-	658,592	-
Compensated absences	38,423	40,327	30,112	48,638	9,727
Lease Liability - Equipment	-	509,173	66,295	442,878	257,525
Subscription Liability	-	138,001	-	138,001	35,492
Total business-type activities	\$ 3,468,119	\$ 849,539	\$ 231,742	\$ 4,085,916	\$ 462,201

Note 7 – Long-term Liabilities and Debt (Continued)

The Village has an unsecured bank loan obtained from a local financial institution and was issued as a \$ 1,000,000 line of credit carrying an interest rate of prime minus 0.50% with a floor of 3% and a ceiling of 18%. The entire line of credit was unused as of September 30, 2024.

On September 21, 2020, the Village entered into two agreements, 430310 and 430320, with the Florida Department of Environmental Protection, State Revolving Fund, with the beginning of the repayment period on May 15, 2021. The two notes are payable in sixty semi-annual payments in a combined amount of \$ 40,542, including interest at the rate of 0.94% for 430320. 430310 does not bear interest. Loans are secured by the net revenues of the water and sewer system.

On February 24, 2021, the Village entered into two agreements with the Florida Department of Environmental Protection, State Revolving Fund, with the beginning of the repayment period for note 430340 on February 15, 2023, of twenty semi-annual loan payments of \$ 30,435 including interest at the rate of 0.98%; for note 430350, the repayment period begins on May 15, 2024, with twenty semi-annual loan payments of \$ 8,125 including interest at the rate of 0.98%. Loans are secured by the net revenues of the water and sewer system.

On May 26, 2021, the Village entered into an agreement with the Florida Department of Environmental Protection, State Revolving Fund – 430330, with the beginning of the repayment period on February 15, 2025. The note is payable in twenty semi-annual payments of \$ 8,164. No interest is charged on this note. This loan is secured by the net revenues of the water and sewer system.

On December 20, 2023, the Village issued the Non-Ad Valorem Revenue Note, Series 2023. The proceeds of the Note were used to finance the purchase of a leased Village hall building currently under lease with the Village. The purchase price of the Village hall building was \$1,060,000. The remaining proceeds, after deduction of debt issuance costs and other charges, were invested in Florida Prime investments. The Note bears interest at a rate of 4.71%, with annual principal and semi-annual interest payments commencing on September 1, 2024, and matures on September 1, 2033.

Terms of Significant Events of Default Related to State Revolving Fund (SRF) Loans

Significant events of default by the Project Sponsor (Village of Indiantown) as stipulated in the loan agreements with the Department (Florida Department of Environmental Protection) are delineated as follows:

- Failure to make any installment of the Semiannual Loan Payments when due for a period of 30 days after the due date.
- Any proceeding instituted, with the acquiescence of the Project Sponsor, for the purpose of effecting a composition between the Project Sponsor and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are payable from Gross Revenues of the Water or Sewer System.
- Any bankruptcy, insolvency or other similar proceeding instituted by, or against, the Project Sponsor under federal or state bankruptcy or insolvency law now or hereafter in effect and, if instituted against the Project Sponsor, is not dismissed within 60 days after filing.
- Any charge that is brought alleging violations of any criminal law in the implementation of the Project or the administration of the proceeds from the loan agreement, against one or more officials of the Project Sponsor, by a State or Federal law enforcement authority, which charges are not withdrawn or dismissed within 60 days following the filing thereof.
- Failure of the Project Sponsor to give immediate written notice to the Department within 30 days of its knowledge of a potential default or an event of default.

Note 7 – Long-term Liabilities and Debt (Continued)

Remedies of Default

All rights, remedies, and powers conferred in the loan agreements and transaction documents are cumulative and are not exclusive of any other rights or remedies, and are in addition to every other right, power, and remedy the Department may have, whether specifically granted within each loan agreement, or any other transaction document, or existing at law, in equity, or by statute. Any and all such rights and remedies of default may be exercised as often and in such order as the Department may deem expedient. Upon any of the events of default and subject to the rights of others having prior liens on the Pledged Revenues, the Department may enforce its rights by, *inter alia*, any of the following remedies:

- By mandamus or other proceeding at law or in equity, cause to establish rates and collect fees and charges for use of the Water and Sewer Systems, and to require the Project Sponsor to the terms of the loan agreement.
- By action or suit in equity, require the Project Sponsor to account for all moneys received from the Department or from the ownership of the Water and Sewer Systems and to account for the receipt, use, application, or disposition of Pledged Revenues.
- By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Department.
- By applying to a court of competent jurisdiction, cause to appoint a receiver to manage the Water and Sewer Systems, establish and collect fees and charges, and apply the revenues to the reduction of the obligations under the loan agreement(s).
- By certifying to the Auditor General and the Chief Financial Officer delinquency on loan repayments, the Department may intercept the delinquent amount plus six percent, expressed as an annual interest rate, penalty of the amount due to the Department from any unobligated funds due to the Project Sponsor under any revenue or tax sharing fund established by the State, except as otherwise provided by the State Constitution or State law. Penalty interest shall accrue on any amount due and payable beginning on the 30th day following the date upon which payment is due.
- By notifying financial market credit rating agencies and potential creditors.
- By suing for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees.
- By accelerating the repayment schedule or increasing the interest rate on the unpaid principal of each loan amount to as much as 16.67 times the Financing Rate.

Note 7 – Long-term Liabilities and Debt (Continued)

The estimated annual debt service requirements to maturity for Non-Ad Valorem Revenue Note, Series 2023 outstanding as of September 30, 2024, are as follows:

Fiscal Year	Governmental Activities: Revenue Note, 2023		
	Principal	Interest	Total
2025	\$ 135,000	\$ 68,766	\$ 203,766
2026	140,000	62,408	202,408
2027	145,000	55,814	200,814
2028	155,000	48,984	203,984
2029	160,000	41,684	201,684
2030-2033	<u>725,000</u>	<u>87,371</u>	<u>812,371</u>
	\$ <u>1,460,000</u>	\$ <u>365,025</u>	\$ <u>1,825,025</u>

The estimated annual debt service requirements to maturity for debt outstanding as of September 30, 2024, are as follows:

Fiscal Year	Business-Type Activities: Direct Borrowings		
	Principal	Interest	Total
2025	\$ 159,457	\$ 14,556	\$ 174,013
2026	160,975	13,561	174,536
2027	161,979	12,558	174,537
2028	162,992	11,544	174,536
2029	164,016	10,521	174,537
2030-2034	701,871	37,798	739,669
2035-2039	380,483	24,948	405,431
2040-2044	388,869	16,565	405,434
2045-2049	397,654	7,780	405,434
2050-2051	<u>119,511</u>	<u>558</u>	<u>120,069</u>
	\$ <u>2,797,807</u>	\$ <u>150,389</u>	\$ <u>2,948,196</u>

Note 8 – Interfund Transfers

Interfund transfers during the fiscal year ended September 30, 2024, are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 751,693	\$ 601,492
Capital Improvement Fund	169,838	-
Special Revenue Fund	152,734	8,517,644
Water and Wastewater Fund	<u>8,826,236</u>	<u>781,365</u>
Total Interfund Transfers	\$ <u>9,900,501</u>	\$ <u>9,900,501</u>

Note 8 – Interfund Transfers (Continued)

The transfer from the General Fund to the Special Revenue fund and capital improvement fund were used to fund various projects. Also, it represents allocated costs to the Water and Wastewater fund. The transfer out from the Special Revenue fund to the Water and Wastewater fund were to fund various capital projects in wastewater fund. The transfer from the Water and Wastewater fund to the General fund represents allocated costs of General fund services.

Note 9 – Florida Retirement System

Defined Benefit Plan

As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System (“FRS”) provides two cost sharing, multiple employers defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”) and a defined contribution pension plan (“Investment Plan”) (see Note 10). As a rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating municipality or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

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

Pension Plan

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

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

Note 9 – Florida Retirement System (continued)

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

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

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

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

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2022 through June 30, 2023, and from July 1, 2023, through June 30, 2024, respectively, were as follows: Regular - 11.91% and 11.51%; Special Risk Administrative Support - 38.65% and 37.76%; Special Risk - 27.83% and 30.61%; Senior Management Service - 31.57% and 32.46%; Elected Officers' - 57.00% and 56.62%; and DROP participants - 18.60% and 19.13%. These employer contribution rates include 2.00% HIS Plan subsidy for both the periods October 1, 2022, through June 30, 2023, and from July 1, 2023, through June 30, 2024.

The Village's contributions, including employee contributions, to the Plan totaled \$200,977 for the fiscal year ended September 30, 2024.

Note 9 – Florida Retirement System (continued)

HIS Plan

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

Benefits Provided - For the fiscal year ended September 30, 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$ 7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$ 45 and a maximum HIS payment of \$ 225 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

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 June 30, 2024, the HIS contribution was 2.00%. The Village contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Village's contributions to the HIS Plan totaled \$31,237 for the fiscal year ended September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2024, the Village reported liabilities of \$ 1,428,003 for its proportionate share of the Pension Plan's net pension liability and \$ 562,817 for the HIS Plan's net pension liability for a total pension liability of \$ 1,990,820. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. At June 30, 2024, the Village's proportionate share was .00369139 percent for the Pension Plan and .003751871 percent for the HIS Plan, which was an decrease of .000503092 percent and .000110075 percent, respectively, from the proportionate share measured as of June 30, 2023.

The net pension liability and related components are allocated to the governmental activities and business-type activities based on the distribution of current year employee compensation. At September 30, 2024, it is distributed 67% to governmental activities and 33% to business-type activities.

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

Note 9 – Florida Retirement System (continued)

For the year ended September 30, 2024, the Village recognized pension expense of \$ 185,954 for the Pension plan and \$ 52,202 for the HIS plan for a total pension expense of \$ 238,156. At September 30, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources		
	Pension Plan	HIS Plan	Total
Difference between expected and actual experience	\$ 144,267	\$ 5,434	\$ 149,701
Changes of assumptions	195,721	9,961	205,682
Changes in proportion and differences between Village contributions and proportionate share of contributions	405,393	166,686	572,079
Village contributions subsequent to the measurement date	50,261	7,649	57,910
Total	<u>\$ 795,642</u>	<u>\$ 189,730</u>	<u>\$ 985,372</u>

Description	Deferred Inflows of Resources		
	Pension Plan	HIS Plan	Total
Difference between expected and actual experience	\$ -	\$ 1,081	\$ 1,081
Changes of assumptions	-	66,630	66,630
Net difference between project and actual earnings on pension plan investments	94,913	204	95,117
Changes in proportion and differences between Village contributions and proportionate share of contributions	129,977	15,406	145,383
Total	<u>\$ 224,890</u>	<u>\$ 83,321</u>	<u>\$ 308,211</u>

Note 9 – Florida Retirement System (continued)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending September 30, 2025. The amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS and HIS Plan will be recognized in pension expense as follows:

Year Ended September 30,	Employer Share of Deferred Outflow/Inflow		
	Pension Plan	HIS Plan	Total
2025	\$ 153,250	\$ 52,946	\$ 206,196
2026	344,436	50,307	394,743
2027	40,683	12,044	52,727
2028	(21,755)	(6,247)	(28,002)
2029	3,877	(7,790)	(3,913)
Thereafter	-	(2,500)	(2,500)

Actuarial Assumptions - The Florida Retirement System is responsible for setting the assumptions used in the funding valuations of both pension plans pursuant to section 216.136 (10), Florida Statutes. The Pension Plan’s valuation is performed annually. The HIS Plan has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the Pension Plan was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the Pension Plan. The municipal rate used to determine total pension liability increased from 3.65% to 3.93%. The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Pension Plan	HIS Plan
Inflation	2.40%	2.40%
Salary Increase	3.50%, average, including inflation	3.50%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation	N/A
Actuarial cost method	Individual entry age	Individual entry age
Mortality table	PUB-2010 with Projection Scale MP-2021	PUB-2010 with Projection Scale MP-2021

Note 9 – Florida Retirement System (continued)

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

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.3%	3.3%	1.1%
Fixed income	29.0%	5.7%	5.6%	3.9%
Global equity	45.0%	8.6%	7.0%	18.2%
Real estate	12.0%	8.1%	6.8%	16.6%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	<u>2.0%</u>	6.6%	6.2%	8.7%
Total	<u>100%</u>			
Assumed Inflation - Mean			2.4%	1.5%

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

Discount Rate - The discount rate used to measure the total pension liability was 6.70% for the pension plan. The pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The discount rate used to measure the total pension liability was 3.93% for the HIS Plan. In general, the discount rate for calculating the HIS Plan’s total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the municipal bond rate was used to determine the total pension liability. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Village’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following table presents the sensitivity of the Village’s proportionate share of the net pension liability (asset) to changes in the discount rate. The sensitivity analysis, below, shows the impact to the Village’s proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2024:

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
Village's proportionate share of the net pension liability (asset) for Pension Plan	\$ <u>2,511,808</u>	\$ <u>1,428,003</u>	\$ <u>520,087</u>

Note 9 – Florida Retirement System (continued)

	1% Decrease <u>(2.93%)</u>	Current Discount Rate <u>(3.93%)</u>	1% Increase <u>(4.93%)</u>
Village's proportionate share of the net pension liability for HIS Plan	\$ <u>640,695</u>	\$ <u>562,817</u>	\$ <u>498,166</u>

Pension Plans’ Fiduciary Net Position - The effect of FRS on the Village's net position has been determined on the same basis used by FRS. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefits and administrative expenses are recognized when due and payable. Investments are reported at Fair Value. Detailed information about the pension plans’ fiduciary net position is available in the state’s separately issued financial reports.

Note 10 – Defined Contribution Plans

Section 457(b) Plan

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

Investment Plan

The Village offers to its employees a defined contribution pension plan, as a part of the Florida Retirement System (Note 9). The SBA administered the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida’s Annual Comprehensive Financial Report.

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

Note 10 – Defined Contribution Plan (continued)

<u>Class</u>	<u>Allocated</u>
Elected Officials	11.38%
Senior Management	9.67%
Special Risk	16.00%
Special Risk Administrative Support	9.95%
Regular Employees	8.30%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan vesting is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on these funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over his or her account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2024, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Village.

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

The Village’s pension expense for the Investment Plan totaled \$ 8,000 for the year ended September 30, 2024.

Note 11 – Leases and Subscription-Based Information Technology Arrangements (SBITAs)

Village as Lessee

On July 1, 2024, the Village entered into an equipment lease agreement with a third party vendor. The lease was originally scheduled to expire on June 30, 2025; however, the main agreement provides an option to extend the term through June 30, 2026, which the Village has exercised. The equipment is utilized for the purpose of water treatment. At September 30, 2024, the total cost of this lease asset for the Village’s business-type activities is \$509,173, less accumulated amortization of \$63,645. Lease payments are made on an annual basis, and a security deposit of \$50,000 was provided at the inception of the lease.

Note 11 – Leases and Subscription-Based Information Technology Arrangements (SBITAs) (continued)

The future lease payments under these lease agreements are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Business-type Lease</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 257,525	\$ 8,695	\$ 266,220
2026	185,353	14,312	199,665
	<u>\$ 442,878</u>	<u>\$ 23,007</u>	<u>\$ 465,885</u>

Village as Lessor:

On April 1, 2024, the Village entered a lease agreement as a lessor with Kane Center to lease the club house building. The lease payment is \$1,500 per month and the lease is cancellable by either party by giving 30 days’ written notice. The Village estimates the lease to continue for three years and recognizes the lease receivable and deferred inflows accordingly.

The Future minimum payments under these leases due to the Village through maturity are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Governmental Activities Lease</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 17,209	\$ 791	\$ 18,000
2026	16,418	1,582	18,000
2027	7,925	1,076	9,001
	<u>\$ 41,552</u>	<u>\$ 3,449</u>	<u>\$ 45,001</u>

Village as Subscription-Based Information Technology Arrangements Lessee:

In 2023, the Village adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). This standard requires governments to recognize certain cloud-based right-to-use (RTU) software implementation and subscription assets, along with the related lessee liabilities. Previously, these arrangements were classified as operating subscriptions and recorded as outflows of resources based solely on contract payment provisions. GASB 96 establishes a single accounting model for IT subscriptions, based on the principle that software subscriptions represent a financing of the right to use an underlying asset. Under this guidance, qualifying subscription arrangements are capitalized and amortized over their term. Arrangements with a maximum possible subscription term of one year or less continue to be reported as operating subscriptions, consistent with prior practice.

The Village is committed under various SBITA agreements. The Village entered into an agreement with Granicus Software, which expires on September 29, 2026, with annual payments of \$28,778. Pricing changes were effective beginning September 30, 2024. Another agreement was entered into with Tyler Technologies, which expires in September of 2028, with annual payments of \$82,297.

At September 30, 2024, the total cost of SBITA assets for the Village’s governmental activities is \$419,754, less accumulated amortization of \$19,706. For the Village’s business-type activities, the total cost of SBITA assets is \$206,745, less accumulated amortization of \$9,706.

Village of Indiantown, Florida
Notes to Basic Financial Statements
September 30, 2024

Note 11 – Leases and Subscription-Based Information Technology Arrangements (SBITAs) (continued)

The future lease payments under these SBITA arrangements are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Governmental Activities SBITA's</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 72,059	\$ 3,394	\$ 75,453
2026	70,424	6,790	77,214
2027	48,028	7,111	55,139
2028	45,868	9,271	55,139
2029	43,804	11,335	55,139
	<u>\$ 280,183</u>	<u>\$ 37,901</u>	<u>\$ 318,084</u>

<u>Fiscal Year Ending September 30,</u>	<u>Business-type SBITA's</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 35,492	\$ 1,672	\$ 37,164
2026	34,686	3,344	38,030
2027	23,656	3,502	27,158
2028	22,592	4,566	27,158
2029	21,575	5,583	27,158
	<u>\$ 138,001</u>	<u>\$ 18,667</u>	<u>\$ 156,668</u>

Note 12 – Restricted Investments Held By Community Trust Fund

On July 23, 1991, Indiantown Cogeneration, L.P. (ICL), a Delaware limited partnership, entered into a Planned Unit Development Zoning Agreement with Martin County, Florida. ICL transferred \$1,000,000 to the Board of County Commissioners of Martin County, Florida (the "Trustee") to be held in trust for the benefit of the community. The trust was scheduled to terminate on July 23, 2025 and has been extended under the same terms through July 23, 2050.

On July 23, 2025, the Trustee shall distribute \$1,000,000 of Trust principal to ICL or its successor in interest, as applicable. Any remaining principal and income of the trust shall accrue to the benefit of the Trustee (Martin County) upon termination of the Trust. As of September 30, 2024, the Village held \$1,097,748 in cash, cash equivalents and investments, inclusive of accrued interest. These funds are restricted and may only be utilized for the purposes specified under the governing trust agreement.

Note 13 – Risk Management

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

Note 14 - Significant Third-Party Arrangements

The Village is currently included in the Martin County Municipal Service Taxing Unit (MSTU) for Fire Protection and EMS Services. An interlocal agreement between the Village of Indiantown and Martin County was approved on September 27, 2018, by the Village Council under Ordinance 001-2018 for the Village to retain fire rescue services from the County MSTU. There are two subsequent amendments that have been approved related to the interlocal agreement. The first amendment was approved on May 23, 2019, under Ordinance 12-2019. The purpose of the amendment was for the Village to consent to the inclusion of the incorporated area of the Village to be formally included within the County's Fire Rescue MSTU, and to amend the provisions of the original interlocal agreement to change from payment made by the Village to the MSTU, to instead for taxes to subsequently be collected and remitted directly to the Martin County Fire Rescue MSTU. The second amendment to the interlocal agreement was approved by the Council on July 22, 2021. The second amendment was for the County to agree to give the Village \$1.5 million as a contribution toward construction of a 12-inch fire loop for the improvement of fire protection services within the Village. This was also in consideration for the Village to remain included within the Fire Rescue MSTU.

Previously, the Village of Indiantown entered into an Interlocal Agreement with Terra Lago Community Development District under the Florida Interlocal Cooperation Act of 1969. The agreement provides for joint construction of wastewater collection and pumping system improvements as a single project. The District will manage procurement, bidding, and construction for both parties' components, while the Village will fund its portion of the project. Upon completion, ownership of the Village's wastewater facilities will transfer to the Village for operation and maintenance. The Village has secured funding through the Florida Department of Environmental Protection (FDEP) Wastewater Grant Program, including a grant of \$18 million under Standard Grant Agreement No. LPA0307 and an additional \$20 million award announced in February 2023 and \$5 million in FY 2024. The estimated capital cost for the Village's components is approximately \$24 million, subject to revision.

Note 15 – Subsequent Events

The Village's management has evaluated subsequent events through February 12, 2026, the date on which the financial statements were available for issuance.

On July 21, 2025, the Village extended its trust agreement with Indiantown Cogeneration, L.P. (ICL), for an additional 25 years. Thereby, the trust shall automatically terminate on July 23, 2050.

**REQUIRED
SUPPLEMENTARY INFORMATION**

Village of Indiantown, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended September 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues:				
Property taxes	\$ 3,636,955	3,636,955	\$ 3,675,412	\$ 38,457
Operating grants and contributions	-	-	189,295	189,295
Intergovernmental revenue	1,130,000	1,130,000	1,124,520	(5,480)
Other taxes	318,500	318,500	199,989	(118,511)
Licenses, permits and franchise fees	838,500	838,500	731,848	(106,652)
Charges for services	11,000	11,000	80,130	69,130
Fines and forfeitures	3,000	3,000	-	(3,000)
Investment income	260,000	260,000	465,447	205,447
Development Review Applications	90,000	90,000	134,588	44,588
Miscellaneous revenues	5,000	5,000	23,960	18,960
Total revenues	<u>6,292,955</u>	<u>6,292,955</u>	<u>6,625,189</u>	<u>332,234</u>
Expenditures:				
Current:				
General government				
Legislative	100,120	100,120	86,138	13,982
Administrative services	1,468,419	1,468,419	1,123,968	344,451
Community and economic dev.	1,661,092	1,661,092	1,271,469	389,623
Financial services	890,666	890,666	483,095	407,571
Legal services	170,000	170,000	-	170,000
Transportation				
Public works and engineering	650,000	650,000	402,922	247,078
Culture and recreation				
Parks and recreation	637,658	637,658	618,911	18,747
Capital outlay	865,000	865,000	1,624,188	(759,188)
Debt Service:				
Principal	-	-	199,579	(199,579)
Interest	-	-	50,901	(50,901)
Total expenditures	<u>6,442,955</u>	<u>6,442,955</u>	<u>5,861,171</u>	<u>581,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(150,000)</u>	<u>(150,000)</u>	<u>764,018</u>	<u>914,018</u>
Other Financing Sources (Uses):				
Debt Proceeds	-	-	1,550,000	1,550,000
Transfers in	150,000	150,000	751,693	601,693
Transfers out	-	-	(601,492)	(601,492)
Subscription payments	-	-	382,255	382,255
Total other financing sources (uses)	<u>150,000</u>	<u>150,000</u>	<u>2,082,456</u>	<u>1,932,456</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ 2,846,474</u>	<u>\$ 2,846,474</u>

Note 1 - Budgets and Budgetary Accounting

An annual appropriated budget is adopted for all governmental funds.

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

- (a) The Village Manager submits to the Council a proposed operating budget for the ensuing fiscal year. The operating budget includes appropriations and the means of financing them with an explanation regarding each expenditure that is not of a routine nature.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) Prior to October 1, the budget is legally enacted through passage of a resolution.
- (d) The Village Council, by motion, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated. During the year ended September 30, 2024, there were no significant supplemental appropriations.
- (e) Formal budgetary integration is employed as a management control device. The Village Manager is authorized to approve administrative transfers between departments within the same fund. Transfer requests are reviewed by the Department Director and/or a designated representative. Budgetary integrity is established for control purposes at the department level.
- (f) The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year-end. Encumbrances are re-appropriated in the following year's budget.
- (g) The Village had excess of expenditures over appropriations for Capital Outlay of \$759,188 and debt service by \$250,480 in General Fund. These over-expenditures were funded through use of prior years' available fund balance.

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

June 30, (Measurement Date)	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Village's proportion of the FRS net pension liability	0.00369139%	0.00419448%	0.00371806%	0.00258827%	0.00110525%	0.00003778%
Village's proportionate share of the FRS net pension liability	\$ 1,428,003	\$ 1,671,369	\$ 1,383,416	\$ 195,514	\$ 479,032	\$ 13,011
Village's covered payroll	\$ 1,444,424	\$ 1,475,858	\$ 1,299,167	\$ 990,759	\$ 385,078	\$ 34,165
Village's proportionate share of the net pension liability as a percentage of its covered payroll	98.86%	113.25%	106.48%	19.73%	124.40%	38.08%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available. The Village began participating in the Florida Retirement System in 2019.

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

June 30, (Measurement Date)	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Village's proportion of the HIS net pension liability	0.00375187%	0.00419448%	0.00368566%	0.00309603%	0.00118842%	0.00005606%
Village's proportionate share of the HIS net pension liability	\$ 562,817	\$ 613,329	\$ 390,371	\$ 379,775	\$ 145,105	\$ 6,273
Village's covered payroll	\$ 1,521,376	\$ 1,530,011	\$ 1,356,510	\$ 1,096,061	\$ 412,477	\$ 37,500
Village's proportionate share of the net pension liability as a percentage of its covered payroll	36.99%	40.09%	28.78%	34.65%	35.18%	16.73%
HIS plan fiduciary net position as a percentage liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available. The Village began participating in the Florida Retirement System in 2019.

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

Report Period Ending:	2024	2023	2022	2021	2020	2019
Contractually required FRS contribution	\$ 200,977	\$ 170,956	\$ 239,478	\$ 95,041	\$ 34,866	\$ 6,453
FRS contributions in relation to the contractually required FRS contribution	<u>(200,977)</u>	<u>(170,956)</u>	<u>(239,478)</u>	<u>(95,041)</u>	<u>(34,866)</u>	<u>(6,453)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,478,904	\$ 1,505,224	\$ 1,310,735	\$ 1,120,925	\$ 493,583	\$ 95,818
FRS contributions as a percentage of covered payroll	13.59%	11.36%	18.27%	8.48%	7.06%	6.73%

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available. The Village began participating in the Florida Retirement System in 2019.

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

Report Period Ending:	2024	2023	2022	2021	2020	2019
Contractually required HIS contribution	\$ 31,237	\$ 26,020	\$ 22,518	\$ 20,383	\$ 8,806	\$ 1,729
HIS contributions in relation to the contractually required HIS contribution	<u>(31,237)</u>	<u>(26,020)</u>	<u>(22,518)</u>	<u>(20,383)</u>	<u>(8,806)</u>	<u>(1,729)</u>
HIS contribution deficiency (excess)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
Covered payroll	\$ 1,561,845	\$ 1,567,481	\$ 1,364,026	\$ 1,227,894	\$ 530,502	\$ 104,151
HIS contributions as a percentage of covered payroll	2.00%	1.66%	1.65%	1.66%	1.66%	1.66%

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available. The Village began participating in the Florida Retirement System in 2019.

Village of Indiantown, Florida
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2024

	<u>Community Trust Fund</u>	<u>Capital Improvement Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 1,831	\$ -	\$ 1,831
Restricted Investments	<u>1,095,917</u>	<u>-</u>	<u>1,095,917</u>
Total assets	<u>\$ 1,097,748</u>	<u>\$ -</u>	<u>\$ 1,097,748</u>
Liabilities:			
Accounts payable	-	106,649	106,649
Due to other funds	<u>\$ -</u>	<u>\$ 231,263</u>	<u>\$ 231,263</u>
Total liabilities	<u>\$ -</u>	<u>\$ 337,912</u>	<u>\$ 337,912</u>
Fund Balances (Deficit):			
Restricted for:			
Community development	1,097,748	-	1,097,748
Unassigned	<u>-</u>	<u>(337,912)</u>	<u>(337,912)</u>
Total fund balances (deficit)	<u>1,097,748</u>	<u>(337,912)</u>	<u>759,836</u>
Total liabilities and fund balances	<u>\$ 1,097,748</u>	<u>\$ -</u>	<u>\$ 1,097,748</u>

Village of Indiantown, Florida
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2024

	Community Trust Fund	Capital Improvement Fund	Total Nonmajor Governmental Funds
Revenues:			
Investment income	\$ 58,922	\$ -	\$ 58,922
Total revenues	<u>58,922</u>	<u>-</u>	<u>58,922</u>
Expenditures:			
Capital outlay	-	276,487	276,487
Excess (deficiency) of revenues over/(under) expenditures	<u>58,922</u>	<u>(276,487)</u>	<u>(217,565)</u>
Other Financing Sources:			
Transfers in	<u>-</u>	169,838	169,838
Total other financing	<u>-</u>	<u>169,838</u>	<u>169,838</u>
Change in fund balance	58,922	(106,649)	(47,727)
Fund Balances (Deficit), Beginning of Year	<u>1,038,826</u>	<u>(231,263)</u>	<u>807,563</u>
Fund Balances (Deficit), End of Year	<u>\$ 1,097,748</u>	<u>\$ (337,912)</u>	<u>\$ 759,836</u>

COMPLIANCE SECTION –
OTHER REPORTS OF
INDEPENDENT AUDITORS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Indiantown, Florida (the "Village"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated February 12, 2026.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2024-004 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024-001, 2024-002, 2024-003, 2024-005 and 2024-006 to be significant deficiencies.

Report on Compliance and Other Matters

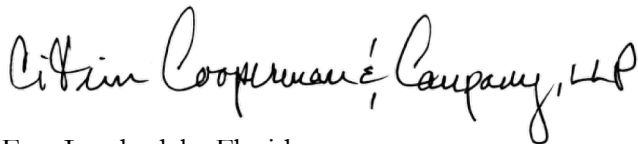
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2024-001.

Village's Response to Findings

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

Purpose of this Report

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



Fort Lauderdale, Florida
February 12, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Village of Indiantown, Florida's (the "Village") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended September 30, 2024. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Village's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. 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, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

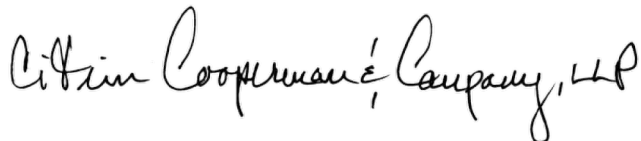
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The Village is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Village's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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



Fort Lauderdale, Florida
February 12, 2026

Village of Indiantown, Florida
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Federal Award Pass-Through Identifying Number</u>	<u>Total Expenditures</u>	<u>Provided to Subrecipients</u>
U.S. Department of Treasury				
Passed Through the State of Florida				
Department of Environment Protection:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Y-5129	\$ 166,018	\$ -
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	LPA0307	<u>8,449,748</u>	<u>-</u>
Total COVID-19 - Coronavirus State and Local Fiscal Recovery Funds			<u>8,615,766</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 8,615,766</u>	<u>\$ -</u>

See notes to schedule of expenditures of federal awards.

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Village of Indiantown, Florida (the "Village"). The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the Village.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

Note 3 - Indirect Cost Rate

The Village did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Village of Indiantown, Florida
Schedule of Findings and Questioned Costs
September 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified Opinion*

Internal control over financial reporting:

Material weakness(es) identified? X yes no
 Significant deficiency(ies) identified? X yes none reported
 Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? yes X no
 Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major federal programs? *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal program:

<u>AL No.</u>	<u>Federal Program or Cluster</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? yes X no

SECTION II – FINANCIAL STATEMENTS FINDINGS

2024-001 Non-Compliance with Florida Statutes – Significant Deficiency – Repeat Finding

Criteria: Section 218.39(1), Florida Statutes, requires that a local government shall have an annual financial audit of its accounts and records completed within nine (9) months after the end of its fiscal year.

Condition: The Village did not issue and file the September 30, 2024 financial statements with the Auditor General by June 30, 2025, or the Annual Financial Report (“AFR”) to the Florida Department of Financial Services by June 30, 2025, as required by Florida Statutes.

Cause: The Village experienced significant personnel turnover within the finance department.

Effect: The lack of personnel led to delays in performing required financial statement closing procedures.

Recommendation: We recommend that the Village assess the finance department staffing needs and hire the required personnel. Also, consideration may need to be given to outsourcing a portion of the Village’s accounting and finance function to ensure a timely close and audit.

Management’s response: Additional staff were hired prior to the end of FY25, which specific duties have been assigned to support our annual closing procedures for development of the audit needs lists. We anticipate this matter will be closed and no further reference to deficiency will be noted subsequent to completion of the FY25 audit.

2024-002 Bank Reconciliation Procedures – Significant Deficiency – Repeat Finding

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

Condition: During the audit, we noted that the bank reconciliations were being completed and reviewed, but they were not being completed in a timely manner in order to allow for a timely close of the month.

Cause: Village personnel were not reviewing and approving bank reconciliations as part of the monthly closing process. In addition, the Village converted to a new financial reporting software.

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

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

SECTION II – FINANCIAL STATEMENTS FINDINGS (continued)

**2024-002 Bank Reconciliation Procedures – Significant Deficiency – Repeat Finding
(continued)**

Management’s response: Additional staff were hired prior to the end of FY25, which daily tasks have been assigned to maintain current cash receipt and disbursement postings and pooled cash balances. The implementation of the Village’s new ERP system, which was ongoing through most of FY24 and all of FY25, did create a significant workload for the Financial Services Department which resulted in the continued delay in the timely completion of bank reconciliations. Subsequent to the end of FY25, the delays due to the ERP implementation and short staffing issues have now been resolved. We expect bank reconciliations to be completed during FY26 within the time parameters established by our monthly close process.

2024-003 Month-End and Year-End Closing Schedule and Procedures – Significant Deficiency – Repeat Finding

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

Condition: During the audit, we noted that the Village has not established a formalized month-end and year-end closing schedule. The absence of a structured closing process may limit the Village’s ability to produce timely and accurate financial reports and to clearly define the roles and responsibilities of personnel involved in preparing monthly and annual financial statements.

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

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

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

Management response: Additional staff were hired prior to the end of FY25, which specific duties have been assigned to support our month-end and annual closing procedures for development of the audit needs lists. The final version of our closing schedule with staff assigned will be provided to the auditors prior to commencement of the FY25 audit. We anticipate this matter will be closed and no further reference to deficiency will be noted subsequent to completion of the FY25 audit.

SECTION II – FINANCIAL STATEMENTS FINDINGS (continued)

2024-004 Lack of review of overtime pay of employees – Material Weakness

Criteria: Department management shall proactively monitor the authorization of paid overtime. Overtime must be minimized and approved only when it is clearly justifiable and operationally necessary. Overtime assignments should be authorized for individual employees on a fair and equitable basis whenever practicable, ensuring that opportunities are distributed without any bias. All overtime hours must be subject to independent validation of both the actual hours worked and the work performed. Validation shall be supported by appropriate documentation, such as completed work orders or equivalent records. Additionally, the Village should have a clear policy in place establishing controls over the overtime process including the individuals responsible for review, the situations in which overtime is acceptable and the documentation required for the process of earning overtime.

Condition: During our audit, we identified 5 individuals in the Utilities Department with overtime hours ranging from 4.75 hours to 24 hours for the applicable pay period for which there was no documentation substantiating the purpose of the overtime paid.

Cause: Department management has not required and/or maintained proper documentation on file substantiating the purpose of overtime paid prior to the Village paying out overtime hours.

Effect: Without proper approval processes and monitoring of overtime hours, the opportunity for waste or abuse to occur is more probable.

Recommendation: The Village should institute an updated policy on overtime and put controls in place that provide the necessary information to justify and validate overtime. The Village should also implement a work order system that documents the utilization of time and materials, which work orders are then approved by frontline supervisors who can attest that the information including time worked and overtime is complete and accurate.

Management response: In February, 2025, the Village’s Personnel Rules were updated to require all overtime to be submitted to and approved by the Village Manager. To further strengthen the oversight and accountability of approved overtime, additional measures were implemented by the Financial Services Director in October, 2025, requiring all departments to submit a mandatory bi-weekly overtime justification form. The new form is submitted by each department to Finance/Payroll for completeness and accuracy, then approved by the Village Manager. Overtime justifications that are deemed incomplete by Finance and/or that are rejected by the Village Manager will result in overtime that is not paid to the employee. The Utilities/Public Works Department among others are in need of implementing a work order system for enhanced tracking and accountability of staff time and materials used. The new system is expected to be implemented sometime during FY26.

2024-005 User Access - Software– Significant Deficiency

Criteria: Administrative access to the Village's software platforms should be limited to information technology personnel or consultants.

Condition: The Financial Services Director has administrator privileges in Black Mountain Software and the ability to create and assign system access.

Cause: Internal controls over the assignment of user access rights are not properly designed and implemented.

Effect: Administrator privileges may lead to improper use of data, changes of data and/or manipulation of data which could increase the risk of misstatement or noncompliance in the financial statements.

Recommendation: Administrator privileges within Black Mountain Software should be restricted to the IT department or designated personnel outside of accounting and finance management. This separation of duties ensures that individuals responsible for financial oversight and transaction processing do not have the ability to add or remove user profiles, thereby reducing the risk of unauthorized data manipulation. Executives, finance, and accounting staff should be granted only the specific access rights necessary to perform their job functions. The Company should discontinue the practice of assigning passwords and instead require users to create and maintain their own login credentials within the Black Mountain Cloud environment. A formal password policy must be developed and enforced with standard instructions like Passwords may be long (12 characters or more) without complexity or expiration, provided they are checked against lists of commonly used or compromised passwords. Alternatively, shorter passwords may be permitted if accompanied by complexity requirements and expiration periods of 120 days or less. An account lockout threshold should be established to limit the number of failed login attempts, thereby reducing the risk of brute-force attacks.

Management's response: Black Mountain Software was officially replaced by Tyler Technologies ERP Pro 10 in October, 2024. All issues in relation to the weakness of system controls specific to the legacy financial software ended on this date through discontinuation of use, which the new Tyler ERP Pro 10 environment supports all recommended practices to be put in place. Due to prior inability to engage external IT or hire internal IT staff to takeover administrator security roles for our new Tyler financial software, the Finance Director did maintain administrator duties but will make the transition of those credentials to other staff who do not directly support the accounting and financial reporting function of the Village. This change will take place in the near future during FY26.

2024-006 - Lack of Vendor Risk Management – Significant Deficiency

Criteria: As part of a program for vendor risk management, the Village should obtain annually SOC 1 reports from its vendors to ensure that there are no material changes in their internal controls that would affect the Village's operations.

Condition: The Village did not obtain and review a SOC 1 report annually for its software vendors.

Cause: The Village does not have the appropriate design of internal controls to ensure proper monitoring of its vendors.

Effect: Village vendors may have material weaknesses or findings in their systems as reported by service auditors in their SOC 1 reports that may not be identified increasing the risk that something can go wrong with the Village's vendor managed software.

Recommendation: The engagement team recommends that management identify the inherent risks present in all IT vendor relationships and develop a vendor risk management program with controls intended to mitigate those risks. Additionally, for the controls that have been outsourced to the service providers, the company should understand how the service providers have implemented the controls that the company is relying upon and determine if the controls implemented by the service provider are sufficient. In that way, management will be in a better position to manage the resulting residual risk and will have a basis to decide when those residual risks are higher than their risk appetite.

Management's response: We concur an update to the Village's Risk Management Policy should be made to identify mitigation of risk in the unlikely event of the absence of a SOC 1 report being provided by our new software provider. This policy will be in place prior to commencement of the FY25 audit.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

**Village of Indiantown, Florida
Summary Schedule of Prior Audit Findings (Unaudited)
For the Year Ended September 30, 2024**

Finding 2023-01: Non Compliance with Florida Statutes

Current Status: The finding is still applicable and repeated as 2024-001.

Finding 2021-01, 2022-01, 2023-02: Bank Reconciliation Procedures

Current Status: The finding is still applicable and repeated as 2024-002.

Finding 2021-03, 2022-03, 2023-03: Month-End and Year-End Closing Schedule and procedures

Current Status: The finding is still applicable and repeated as 2024-003.

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

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

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Indiantown, Florida (the "Village"), as of and for the year ended September 30, 2024, and have issued our report thereon February 12, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated February 12, 2026, 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. Uncorrected findings from the 2021, 2022 and 2023 reports are presented in the Summary Schedule of Prior Audit Findings.

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. This information is disclosed in Note 1 of the Village's financial statements.

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

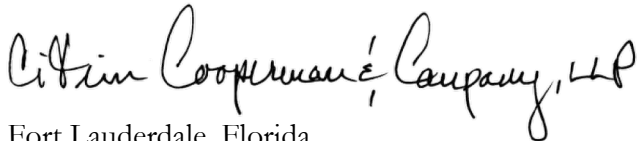
As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the Village's geographical boundaries during the fiscal year under audit.

Additional Matters

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

Purpose of this Letter

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



Fort Lauderdale, Florida
February 12, 2026



Citrin Cooperman & Company, LLP
Certified Public Accountants

6550 N Federal Hwy, 4th Floor
Fort Lauderdale, FL 33308
T 954.771.0896 F 954.938.9353
citrincooperman.com

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

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

We have examined the Village of Indiantown, Florida's (the "Village") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* (the "specified requirements"), during the year ended September 30, 2024. Management is responsible for the Village's compliance with the specified requirements. Our responsibility is to express an opinion on the Village'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 Village complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Village complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the Village complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

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

A handwritten signature in black ink that reads "Citrin Cooperman & Company, LLP".

Fort Lauderdale, Florida
February 12, 2026



February 12, 2026

Stephen Emery, CPA, Partner
Citrin Cooperman & Company, LLP
6550 N. Federal Highway, 4th Floor
Fort Lauderdale, FL 33308

RE: FY24 Audit Findings Update and Corrective Action Plan

Dear Mr Emery:

Please accept this letter as an update to prior year audit findings and formal acknowledgement and acceptance of the Correction Action Plan to be put in place subsequent to the findings identified during the Fiscal Year 2024 Audit:

CORRECTIVE ACTION PLAN

For the Year Ended September 30, 2024

2024-01 Non-Compliance with Florida Statutes – Significant Deficiency (Repeat Finding)

Village Response: Additional staff were hired prior to the end of FY25, which specific duties have been assigned to support our annual closing procedures for development of the audit needs lists. We anticipate this matter will be closed and no further reference to deficiency will be noted subsequent to completion of the FY25 audit.

2024-02 Bank Reconciliation Procedures – Significant Deficiency (Repeat Finding)

Village Response: Additional staff were hired prior to the end of FY25, which daily tasks have been assigned to maintain current cash receipt and disbursement postings and pooled cash balances. The implementation of the Village's new ERP system, which was ongoing through most of FY24 and all of FY25, did create a significant workload for the Financial Services Department which resulted in the continued delay in the timely completion of bank reconciliations. Subsequent to the end of FY25, the delays due to the ERP implementation and short staffing issues have now been resolved. We expect bank reconciliations to be completed during FY26 within the time parameters established by our monthly close process.

15516 S.W. Osceola Street. Suite B, Indiantown, Florida 34956
Post Office Box 398 Indiantown, Florida 34956
772-597-9900 www.indiantownfl.gov

**2024-03 Month-End and Year-End Closing Schedule and Procedures – Significant Deficiency
(Repeat Finding)**

Village Response: Additional staff were hired prior to the end of FY25, which specific duties have been assigned to support our month-end and annual closing procedures for development of the audit needs lists. The final version of our closing schedule with staff assigned will be provided to the auditors prior to commencement of the FY25 audit. We anticipate this matter will be closed and no further reference to deficiency will be noted subsequent to completion of the FY25 audit.

2024-004 Lack of review of overtime pay of employees – Material Weakness

Criteria: Department management shall proactively monitor the authorization of paid overtime. Overtime must be minimized and approved only when it is clearly justifiable and operationally necessary. Overtime assignments should be authorized for individual employees on a fair and equitable basis whenever practicable, ensuring that opportunities are distributed without any bias. All overtime hours must be subject to independent validation of both the actual hours worked and the work performed. Validation shall be supported by appropriate documentation, such as completed work orders or equivalent records. Additionally, the Village should have a clear policy in place establishing controls over the overtime process including the individuals responsible for review, the situations in which overtime is acceptable and the documentation required for the process of earning overtime.

Condition: During our audit, we identified 5 individuals in the Utilities Department with overtime hours ranging from 4.75 hours to 24 hours for the applicable pay period for which there was no documentation substantiating the purpose of the overtime paid.

Cause: Department management has not required and/or maintained proper documentation on file substantiating the purpose of overtime paid prior to the Village paying out overtime hours.

Effect: Without proper approval processes and monitoring of overtime hours, the opportunity for waste or abuse to occur is more probable.

Recommendation: The Village should institute an updated policy on overtime and put controls in place that provide the necessary information to justify and validate overtime. The Village should also implement a work order system that documents the utilization of time and materials, which work orders are then approved by frontline supervisors who can attest that the information including time worked and overtime is complete and accurate.

Management response: In February, 2025, the Village's Personnel Rules were updated to require all overtime to be submitted to and approved by the Village Manager. To further strengthen the oversight and accountability of approved overtime, additional measures were implemented by the Financial Services Director in October, 2025, requiring all departments to submit a mandatory bi-weekly overtime justification form. The new form is submitted by each department to Finance/Payroll for completeness and accuracy, then approved by the Village Manager. Overtime justifications that are deemed incomplete by Finance and/or that are rejected by the Village Manager will result in overtime that is not paid to the employee. The Utilities/Public Works Department among others are in need of implementing a work order system for enhanced tracking and accountability of staff time and materials used. The new system is expected to be implemented sometime during FY26.

2024-005 User Access - Software– Significant Deficiency

Criteria: Administrative access to the Village's software platform's should be limited to information technology personnel or consultants.

Condition: The Financial Services Director has administrator privileges in Black Mountain Software and the ability to create and assign system access.

Cause: Internal controls over the assignment of user access rights are not properly designed and implemented.

Effect: Administrator privileges may lead to improper use of data, changes of data and/or manipulation of data which could increase the risk of misstatement or noncompliance in the financial statements.

Recommendation: Administrator privileges within Black Mountain Software should be restricted to the IT department or designated personnel outside of accounting and finance management. This separation of duties ensures that individuals responsible for financial oversight and transaction processing do not have the ability to add or remove user profiles, thereby reducing the risk of unauthorized data manipulation. Executives, finance, and accounting staff should be granted only the specific access rights necessary to perform their job functions. The Company should discontinue the practice of assigning passwords and instead require users to create and maintain their own login credentials within the Black Mountain Cloud environment. A formal password policy must be developed and enforced with standard instructions like Passwords may be long (12 characters or more) without complexity or expiration, provided they are checked against lists of commonly used or compromised passwords. Alternatively, shorter passwords may be permitted if accompanied by complexity requirements and expiration periods of 120 days or less. An account lockout threshold should be established to limit the number of failed login attempts, thereby reducing the risk of brute-force attacks.

Management's response: Black Mountain Software was officially replaced by Tyler Technologies ERP Pro 10 in October, 2024. All issues in relation to the weakness of system controls specific to the legacy financial software ended on this date through discontinuation of use, which the new Tyler ERP Pro 10 environment supports all recommended practices to be put in place. Due to prior inability to engage external IT or hire internal IT staff to takeover administrator security roles for our new Tyler financial software, the Finance Director did maintain administrator duties but will make the transition of those credentials to other staff who do not directly support the accounting and financial reporting function of the Village. This change will take place in the near future during FY26.

2024-006 - Lack of Vendor Risk Management – Significant Deficiency

Criteria: As part of a program for vendor risk management, the Village should obtain annually SOC 1 reports from its vendors to ensure that there are no material changes in their internal controls that would affect the Village's operations.

Condition: The Village did not obtain and review a SOC 1 report annually for its software vendors.

Cause: The Village does not have the appropriate design of internal controls to ensure proper monitoring of its vendors.

Effect: Village vendors may have material weaknesses or findings in their systems as reported by service auditors in their SOC 1 reports that may not be identified increasing the risk that something can go wrong with the Village's vendor managed software.

Recommendation: The engagement team recommends that management identify the inherent risks present in all IT vendor relationships and develop a vendor risk management program with controls intended to mitigate those risks. Additionally, for the controls that have been outsourced to the service providers, the company should understand how the service providers have implemented the controls that the company is relying upon and determine if the controls implemented by the service provider are sufficient. In that way, management will be in a better position to manage the resulting residual risk and will have a basis to decide when those residual risks are higher than their risk appetite.

Management's response: We concur an update to the Village's Risk Management Policy should be made to identify mitigation of risk in the unlikely event of the absence of a SOC 1 report being provided by our new software provider. This policy will be in place prior to commencement of the FY25 audit.

Sincerely,



Michael Florio
Financial Services Director