CITY OF PAXTON
PAXTON, FLORIDA

FINANCIAL STATEMENTS
Year Ended September 30, 2023


PAXTON TOWN HALL
NO PARKING

CITY OF PAXTON, FLORIDA

CITY OFFICIALS AS OF SEPTEMBER 30, 2023

MAYOR

Ann Sexton

CITY COUNCIL

Jenice Armstrong - Chair

William McRae – Vice-Chair

Travis McMillan

Bobby C. Kemp

Donna L. Smith

CITY CLERK - TREASURER

Judy Williams

CITY ATTORNEY

Clay Adkinson

CITY OF PAXTON, FLORIDA
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INDEPENDENT AUDITORS' REPORT

R O
P H

RABREN, ODOM, PIERCE & HAYES, P.C.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Paxton
Paxton, Florida

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Paxton, Florida as of and for the year ended September 30, 2023 and the related notes to the financial statements, which collectively comprise the City of Paxton, Florida'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 and each major fund, of the City of Paxton, Florida as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in 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 City of Paxton, Florida, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 City of Paxton, Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 City of Paxton, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Paxton, Florida's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024 on our consideration of the City of Paxton, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City of Paxton, Florida'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 City of Paxton, Florida's internal control over financial reporting and compliance.

Rabren, Odom, Pierce & Hayes, PC

Andalusia, Alabama
June 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Paxton, Florida's (the City) management discussion and analysis presents an overview of the City's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the Independent Auditors' Report, beginning on page 1 and the City's financial statements beginning on page 13 of the Basic Financial Statements.

The City reports its financial position as required by the Governmental Accounting Standards Board (GASB). The GASB requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis.

The intent is to provide a brief, objective, and easily readable analysis of the City's financial position and performance as of and for the year ending September 30, 2023.

Financial Highlights:

The City's net position increased by $114,383 during the year ending September 30, 2023 due to the receipt of grant revenues for Projects along with increase in Utility Rates. The overall assets of the City exceeded liabilities (net position) at September 30, 2023 by $4,374,046.

At September 30, 2023, $1,170,642 (unrestricted net position) was available to meet the government's general ongoing obligations to citizens and creditors.

At September 30, 2023, the City's governmental funds reported an ending fund balance of $1,075,608, representing an increase of $17,554.

At September 30, 2023, the City's business type activities reported an ending net position of $2,651,312, representing a decrease of $56,353.

Governmental fund's revenues were $828,607 for the year ended September 30, 2023. Business type activity charges for services revenues were $571,833 at September 30, 2023 representing an increase of $48,376 or 9.2 percent.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements:
The government-wide financial statements, which consist of the Statement of Net Position and the Statement of Activities, are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector businesses. The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the Government's net position changed during the fiscal years. It focuses on the gross and net costs of various activities, which are provided by general taxes and other revenues. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (such as uncollected taxes).

The governmental activities of the City include general government, public safety, highways & streets, sanitation and culture/recreation. Business type activities include water and sewer utilities.

The government-wide financial statements can be found on pages 13-14 of the Basic Financial Statements.

Fund Financial Statements:
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds:
Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is similar to the manner in which the budget is developed. 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 government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided on page 19 of the Basic Financial Statements to demonstrate budgetary compliance.

The basic governmental funds financial statements can be found on pages 15-18 of the Basic Financial Statements.

Proprietary Funds:
Services provided to the general public for which customers are charged a fee are generally reported in enterprise funds, which are a type of proprietary fund. Proprietary funds use the same basis of accounting as business-type activities; therefore, the financial statements include additional information, such as depreciation expense and cash flows, which are not presented for governmental funds. The City maintains separate proprietary funds to account for the water and sewer operations. These statements can be found on pages 20-23 of the Basic Financial Statements.

Notes to the Financial Statements:
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-42 of the Basic Financial Statements.

Government-Wide Financial Analysis:
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $4,374,046 at September 30, 2023 and by $4,259,663 at September 30, 2022.

The following is a condensed Statement of Net Position as of September 30, 2023 and 2022:

Condensed Statement of Net Position

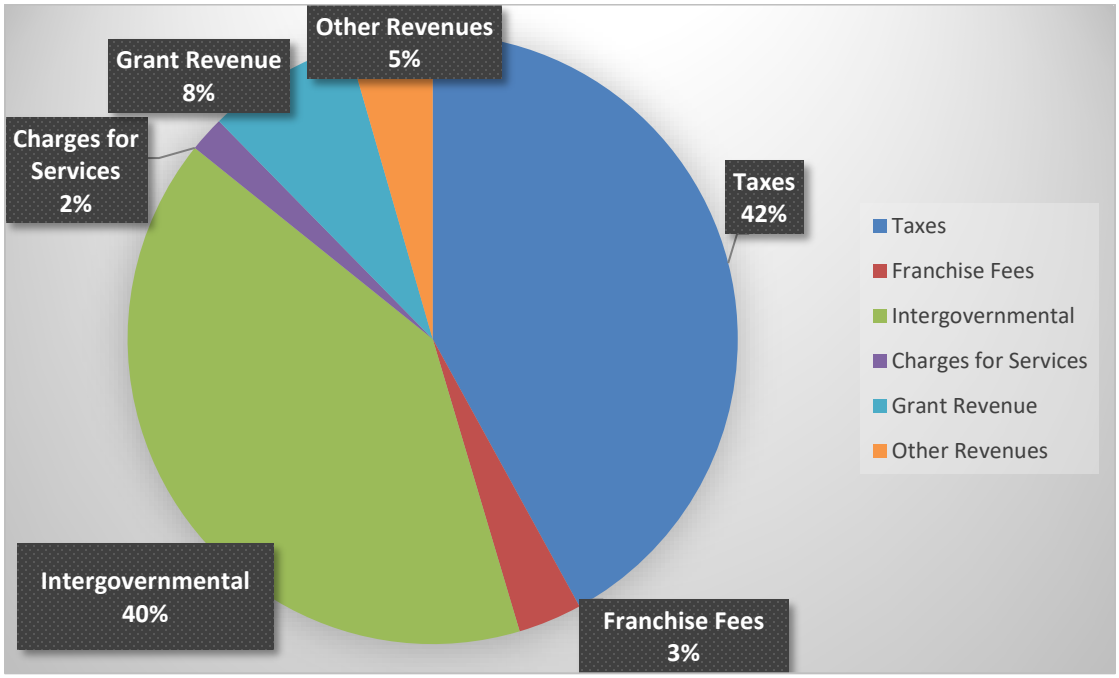
	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2023	2022	2023	2022	2023	2022	2023-2022
Current and Other Assets	$ 1,100,535	$ 1,079,204	$ 333,344	$ 286,611	$ 1,433,879	$ 1,365,815	4.98%
Capital Assets	647,126	493,944	3,342,345	3,468,568	3,989,471	3,962,512	0.68%
Right of Use Assets	-	-	3,126	1,432	3,126	1,432	54.19%
Total Assets	1,747,661	1,573,148	3,678,815	3,756,611	5,426,476	5,328,327	1.84%
Current Liabilities	24,927	21,150	95,155	43,908	120,082	65,058	84.58%
Long-Term Liabilties	-	-	932,348	1,005,038	932,348	1,005,038	-7.23%
Total Liabilities	24,927	21,150	1,027,503	1,048,946	1,052,430	1,070,096	-1.65%
Net Position:							
Invested in Capital Assets Net of Related Debt	647,126	493,944	2,370,248	2,464,984	3,017,374	2,958,928	1.98%
Restricted	23,200	1	162,830	125,287	186,030	125,288	48.48%
Unrestricted	1,052,408	1,058,053	118,234	117,394	1,170,642	1,175,447	-0.41%
Total Net Position	$ 1,722,734	$ 1,551,998	$ 2,651,312	$ 2,707,665	$ 4,374,046	$ 4,259,663	2.69%

At September 30, 2023 and 2022 the largest portion of the City's net position was reflected in investment in capital assets (e.g., land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

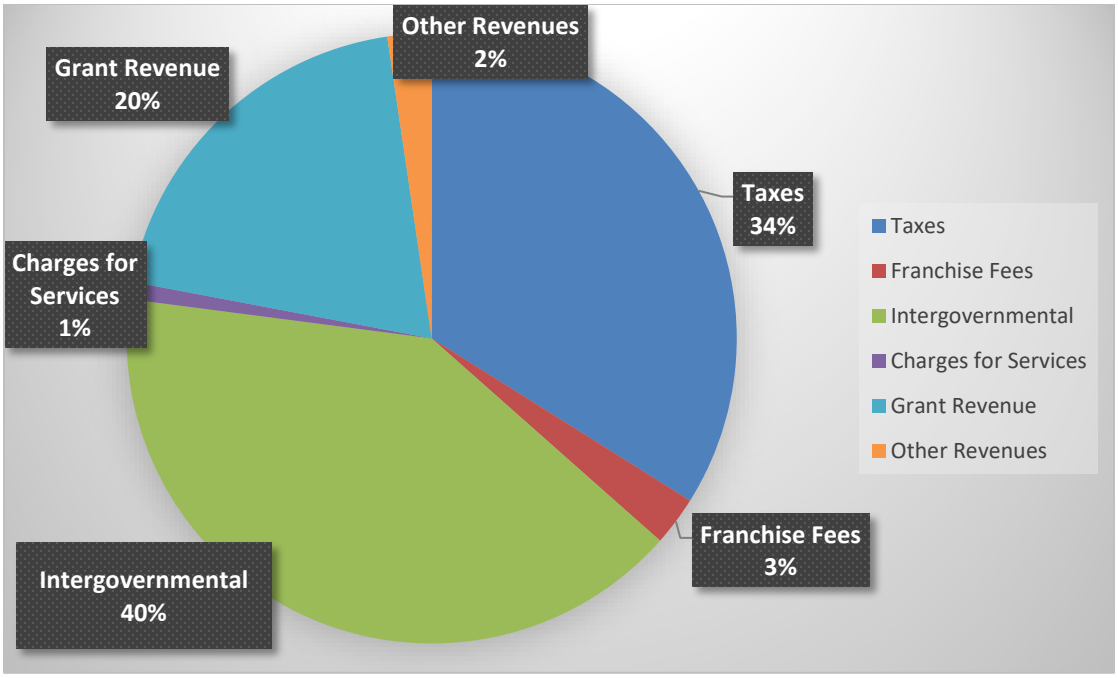
The governmental activities unrestricted net position of $1,052,408 at September 30, 2023, and $1,058,053 at September 30, 2022, may be used to meet the government's ongoing obligations to citizens and creditors.

The following graphs show revenues by type for the governmental activities for the years ended September 30, 2023 and 2022.

Year Ending 2023 Revenues by Source



Year Ending 2022 Revenues by Source



The following is a condensed Statement of Activities for the years ended September 30, 2023 and 2022.

Condensed Statement of Activities
For the Years ended September 30

	Governmental Activities		Business-Type Activities		Totals		Total Percentage Change
	2023	2022	2023	2022	2023	2022	2023-2022
Revenues:							
Program Revenue:							
Charges for Services	$ 16,900	$ 9,950	$ 571,833	$ 523,457	$ 588,733	$ 533,407	10.37%
Operating Grants and Contributions	-	214,366	-	214,366	-	428,732	100.00%
Capital Contributions	70,825	-	3,755	29,016	74,580	29,016	157.03%
General Revenues:							
Franchise Fees and Taxes	408,318	398,902	-	-	408,318	398,902	2.36%
Other (includes transfers)	381,896	704,103	21,720	(238,116)	403,616	465,987	-13.38%
Total Revenues	877,939	1,327,321	597,308	528,723	1,475,247	1,856,044	-20.52%
Expenses:							
General Government	650,882	750,146	-	-	650,882	750,146	-13.23%
Public Safety	686	1,156	-	-	686	1,156	-40.66%
Highways and Streets	9,074	14,747	-	-	9,074	14,747	-38.47%
Culture and Recreation	46,561	43,086	-	-	46,561	43,086	8.07%
Water	-	-	441,720	475,380	441,720	475,380	-7.08%
Sewer	-	-	211,941	173,288	211,941	173,288	22.31%
Total Expenses	707,203	809,135	653,661	648,668	1,360,864	1,457,803	-6.65%
Increase (Decrease) in Net Position	170,736	518,186	(56,353)	(119,945)	114,383	398,241	-71.28%
Net Position - Beginning	1,551,998	1,033,812	2,707,665	2,827,610	4,259,663	3,861,422	10.31%
Net Position - Ending	$ 1,722,734	$ 1,551,998	$ 2,651,312	$ 2,707,665	$ 4,374,046	$ 4,259,663	2.69%

Financial Analysis of the City's Funds

As noted earlier, the City uses Fund Accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds:

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported an ending fund balance of $1,075,608 at the end of fiscal year 2023 and $1,058,054 at the end of fiscal year 2022. This was an increase of $17,554 in fiscal year 2023, and $509,520 in fiscal year 2022. The non-spendable fund balance was $68,850, restricted was $23,200 and the unassigned fund balance was $983,558 at September 30, 2023. The non-spendable fund balance was $68,850, restricted was $1 and the unassigned fund balance was $989,203 at September 30, 2022.

The general fund is the only governmental fund of the City. At September 30, 2023, the unassigned fund balance of the General Fund was $986,558 and at September 30, 2022 was $989,203.

The basic governmental funds financial statements can be found on pages 15-19 of the Basic Financial Statements.

Proprietary Funds:

The City's proprietary funds are the business type activities reported in the government-wide financial statements. The City has two such funds: water and sewer. The same information is presented in proprietary fund statements, just with greater detail. The City presents both the water and sewer fund as major funds.

Water Fund - The Water Fund's net position decreased $11,693 during the fiscal year 2023 and decreased by $97,179 during fiscal year 2022. The Water Fund's unrestricted net position is $261,058 at September 30, 2023, and $248,147 at September 30, 2022.

Sewer Fund - The Sewer Fund's net position decreased $44,660 during the fiscal year 2023 and decreased by $22,766 during fiscal year 2022. The Sewer Fund's unrestricted net position is a deficit of $144,675 at September 30, 2023, and a deficit of $130,753 at September 30, 2022.

The proprietary fund statements can be found on pages 20-23 of the Basic Financial Statements.

Capital Asset and Debt Administration:

The City's investment in capital assets as of September 30, 2023 was $3,989,471 (net of accumulated depreciation) and at September 30, 2022 was $3,962,512 (net of accumulated depreciation). The investment in capital assets includes land, buildings, equipment and water and sewer systems, net of accumulated depreciation. The City spent $36,942 on the Water Meter Upgrade and Well Rehab project, $79,115 on the Paxton Senior Center project and $99,912 on the Paxton Health Clinic project during fiscal year 2023.

	Governmental Activities	Business-Type Activities	Totals
Land	$ 207,471	$ 56,572	$ 264,043
Construction in Progress	179,027	124,974	304,001
Infrastructure	-	5,759,245	5,759,245
Equipment	113,143	711,848	824,991
Improvements	55,970	2,093	58,063
Furniture and Fixtures	5,052	1,000	6,052
Buildings and Improvements	729,771	7,929	737,700
Vehicle	51,823	-	51,823
Software	-	46,900	46,900
Total capital assets	1,342,257	6,710,561	8,052,818
Less accumulated depreciation	(695,131)	(3,368,216)	(4,063,347)
Total capital assets, net	$ 647,126	$ 3,342,345	$ 3,989,471

Additional information on the City's capital assets can be found in Note 4 on pages 31-33 of notes to the financial statements.

Long Term Debt:

At the end of fiscal year 2023, the City had bonded debt of $937,612 and a state revolving loan of $32,634. The City's total debt at September 30, 2023 was $970,247. At September 30, 2022, this amount was $1,003,584. As of September 30, 2023 and 2022, all debt was held in the proprietary funds.

Outstanding Debt at September 30, 2023 and 2022 was:

	September 30, 2023	September 30, 2022
Water System Revenue Bonds, Series 2006A	$ 80,153	$ 82,266
Water System Revenue Bonds, Series 2006B	105,106	107,877
Water System Revenue Bonds, Series 2018	409,853	418,925
Sewer Revenue Bonds, Series 1994	342,500	365,500
Florida Department Environmental DWSRF	32,634	29,016
	$ 970,246	$ 1,003,584

Additional information on the City's debt can be found in Note 7 on pages 35-41 of notes to the financial statements.

Request for Information

This report is designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the City's Clerk or the Mayor at P. O. Box 5200, Paxton, FL 32538.

FINANCIAL STATEMENTS

CITY OF PAXTON, FLORIDA
STATEMENT OF NET POSITION
September 30, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents - Unrestricted	$ 1,064,978	$ 11,191	$ 1,076,169
Cash and Cash Equivalents - Restricted	23,200	241,159	264,359
Receivables, Net	35,442	55,913	91,355
Prepaid Expenses	-	1,996	1,996
Internal Balances	(23,085)	23,085	-
Capital Assets, not being depreciated	386,498	181,546	568,044
Capital Assets, net of depreciation	260,628	3,160,799	3,421,427
Right of Use Assets, net of amortization	-	3,126	3,126
Total Assets	1,747,661	3,678,815	5,426,476
LIABILITIES			
Accounts Payable	23,861	7,778	31,639
Accrued Interest	-	3,421	3,421
Customer Deposits	-	42,753	42,753
Payroll Liabilities	1,066	-	1,066
Noncurrent Liabilities			
Due Within One Year	-	42,858	42,858
Due in More than One Year	-	930,693	930,693
Total Liabilities	24,927	1,027,503	1,052,430
NET POSITION			
Invested in Capital Assets, Net of Related Debt	647,126	2,370,248	3,017,374
Restricted	23,200	162,830	186,030
Unrestricted	1,052,408	118,234	1,170,642
Total Net Position	$ 1,722,734	$ 2,651,312	$ 4,374,046

The accompanying notes are an integral part of these statements.

CITY OF PAXTON, FLORIDA
STATEMENT OF ACTIVITIES
Year Ended September 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: CAPITAL GRANTS & CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: BUSINESS-TYPE ACTIVITIES	TOTALS
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES:						
General Government	$ 650,882	$ 16,900	$ 70,825	$ (563,157)		$ (563,157)
Public Safety	686	-	-	(686)		(686)
Highways and Streets	9,074	-	-	(9,074)		(9,074)
Culture and Recreation	46,561	-	-	(46,561)		(46,561)
Total Governmental Activities	707,203	16,900	70,825	(619,478)		(619,478)
BUSINESS-TYPE ACTIVITIES:						
Water	441,720	400,807	3,755		$ (37,158)	(37,158)
Sewer	211,941	171,026	-		(40,915)	(40,915)
Total Business-Type Activities	653,661	571,833	3,755		(78,073)	(78,073)
Total Primary Government	$ 1,360,864	$ 588,733	$ 74,580		(78,073)	(78,073)
GENERAL REVENUES						
Sales Tax				351,704	-	351,704
Utility Taxes				26,143	-	26,143
Franchise Fees				30,471	-	30,471
Licenses and Permits				1,878	-	1,878
Fines and Forfeits				367	-	367
Intergovernmental				363,118	-	363,118
Interest				110	11	121
Miscellaneous				37,917	215	38,132
Transfers In (Out)				(21,494)	21,494	-
Total General Revenues				790,214	21,720	811,934
Change in Net Position				170,736	(56,353)	114,383
Net Position, Beginning				1,551,998	2,707,665	4,259,663
Net Position, Ending				$ 1,722,734	$ 2,651,312	$ 4,374,046

The accompanying notes are an integral part of these statements.

CITY OF PAXTON, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2023

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS		
Cash and Cash Equivalents	$ 1,064,978	$ 1,064,978
Receivables, Net	35,442	35,442
Restricted Assets:		
Cash and Cash Equivalents	23,200	23,200
Total Assets	$ 1,123,620	$ 1,123,620
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$ 23,861	$ 23,861
Accrued Liabilities	1,066	1,066
Due to Other Funds	23,085	23,085
Total Liabilities	48,012	48,012
FUND BALANCES		
Nonspendable	68,850	68,850
Restricted	23,200	23,200
Unassigned	983,558	983,558
Total Fund Balances	1,075,608	1,075,608
Total Liabilities and Fund Balances	$ 1,123,620	$ 1,123,620

The accompanying notes are an integral part of these statements.

CITY OF PAXTON, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2023

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

Total Fund Balances - Governmental Funds		$ 1,075,608
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental Capital Assets	1,342,257	
Less: Accumulated Depreciation	(695,131)	
		647,126
Net Position of Governmental Activities		$ 1,722,734

The accompanying notes are an integral part of these statements.

CITY OF PAXTON, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended September 30, 2023

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES		
	$ 377,847	$ 377,847
Taxes	30,470	30,470
Franchise Fees	1,878	1,878
Licenses and Permits	363,118	363,118
Intergovernmental	16,900	16,900
Charges for Services	367	367
Fines and Forfeitures	110	110
Interest	37,917	37,917
Miscellaneous		
Total Revenues	828,607	828,607
EXPENDITURES		
General Government	640,103	640,103
Highways and Streets	8,274	8,274
Culture and Recreation	31,480	31,480
Capital Outlay	180,527	180,527
Total Expenditures	860,384	860,384
EXCESS OF EXPENDITURES OVER REVENUES	(31,777)	(31,777)
OTHER FINANCING USES		
Transfer to Other Funds	(21,494)	(21,494)
Grant Income	70,825	70,825
Total Other Financing Uses	49,331	49,331
Net Change in Fund Balance	17,554	17,554
FUND BALANCE - Beginning	1,058,054	1,058,054
FUND BALANCE - Ending	$ 1,075,608	$ 1,075,608

The accompanying notes are an integral part of these statements.

CITY OF PAXTON, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2023

Net Change in Fund Balances - Total Governmental Funds		$ 17,554
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Capital Outlay	180,527	
Less: Current year depreciation	(27,345)	
		153,182
Change in Net Position of Governmental Activities		$ 170,736

The accompanying notes are an integral part of these statements.

CITY OF PAXTON, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
Year Ended September 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 280,000	$ 280,000	$ 377,847	$ 97,847
Franchise Fees	31,000	31,000	30,470	(530)
License and Permits	2,000	2,000	1,878	(122)
Intergovernmental	438,525	438,525	363,118	(75,407)
Charges for Services	20,600	20,600	16,900	(3,700)
Fines and Forfeitures	-	-	367	367
Interest	-	-	110	110
Miscellaneous	5,000	5,000	37,917	32,917
Total Revenues	777,125	777,125	828,607	51,482
Expenditures				
General Government	690,625	690,625	640,103	50,522
Highways and Streets	14,000	14,000	8,274	5,726
Culture and Recreation	27,500	27,500	31,480	(3,980)
Capital Outlay	5,000	5,000	180,527	(175,527)
Contingency	40,000	40,000	-	40,000
Total Expenditures	777,125	777,125	860,384	(83,259)
EXCESS OF EXPENDITURES OVER REVENUES	-	-	(31,777)	(31,777)
OTHER FINANCING USES				
Transfers from Other Funds	-	-	(21,494)	(21,494)
Grant Income	-	-	70,825	70,825
Total Other Financing Uses	-	-	49,331	49,331
Net Change in Fund Balances	-	-	17,554	17,554
FUND BALANCE - Beginning	1,058,054	1,058,054	1,058,054	-
FUND BALANCE - Ending	$ 1,058,054	$ 1,058,054	$ 1,075,608	$ 17,554

The accompanying notes are an integral part of these statements.

CITY OF PAXTON, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2023

	BUSINESS-TYPE ACTIVITIES		
	WATER FUND	SEWER FUND	TOTALS
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 11,191	$ -	$ 11,191
Receivables, net	42,290	13,623	55,913
Prepaid Insurance	1,996	-	1,996
Due from (to) Other Funds	173,470	(150,385)	23,085
Total Current Assets	228,947	(136,762)	92,185
NONCURRENT ASSETS:			
Restricted Cash and Cash Equivalents	172,577	68,582	241,159
Land and Construction in Progress	124,974	56,572	181,546
Capital Assets, net of accumulated depreciation	1,226,454	1,934,345	3,160,799
Right of Use Assets, net of accumulated amortization	3,126	-	3,126
Total Noncurrent Assets	1,527,131	2,059,499	3,586,630
Total Assets	1,756,078	1,922,737	3,678,815
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable	3,805	3,973	7,778
Accrued Interest Payable	1,923	1,498	3,421
Customer Deposits	34,298	8,455	42,753
Bonds and Notes Payable	17,603	24,000	41,603
Lease Liability	1,255	-	1,255
Total Current Liabilities	58,884	37,926	96,810
NONCURRENT LIABILITIES:			
Bonds and Notes Payable	610,143	318,500	928,643
Long-term Lease Liability	2,050	-	2,050
Total Noncurrent Liabilities	612,193	318,500	930,693
Total Liabilities	671,077	356,426	1,027,503
NET POSITION			
Invested in Capital Assets, net of related debt	723,682	1,648,417	2,372,099
Restricted	100,261	62,569	162,830
Unrestricted (Deficit)	261,058	(144,675)	116,383
Total Net Position	$ 1,085,001	$ 1,566,311	$ 2,651,312

The accompanying notes are an integral part of these statements.

CITY OF PAXTON, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
Year Ended September 30, 2023

	BUSINESS-TYPE ACTIVITIES		
	WATER FUND	SEWER FUND	TOTALS
REVENUES			
Charges for Services	$ 400,807	$ 171,026	$ 571,833
Total Revenues	400,807	171,026	571,833
OPERATING EXPENSES			
Salaries & Fringe Benefits	138,151	-	138,151
Contractual Services	21,889	23,841	45,730
Insurance	51,319	26,193	77,512
Utilities	26,340	24,465	50,805
Repairs and Maintenance	37,450	20,019	57,469
Materials and Supplies	32,719	29,930	62,649
Bad Debt	8,146	1,712	9,858
Equipment Lease	420	-	420
Other Expense	9,291	950	10,241
Depreciation	89,536	65,748	155,284
Amortization	10,674	-	10,674
Total Operating Expenses	425,935	192,858	618,793
Operating Loss	(25,128)	(21,832)	(46,960)
NONOPERATING REVENUE (EXPENSES)			
Grant Revenues	3,755	-	3,755
Interest Income	-	11	11
Miscellaneous Income	-	215	215
Interest Expense	(15,785)	(19,083)	(34,868)
Total Nonoperating Expenses	(12,030)	(18,857)	(30,887)
Loss before Transfers	(37,158)	(40,689)	(77,847)
Transfers from (to) Other Funds	25,465	(3,971)	21,494
Change in Net Position	(11,693)	(44,660)	(56,353)
NET POSITION - Beginning	1,096,694	1,610,971	2,707,665
NET POSITION - Ending	$ 1,085,001	$ 1,566,311	$ 2,651,312

The accompanying notes are an integral part of these statements.

CITY OF PAXTON, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2023

	BUSINESS-TYPE ACTIVITIES		
	WATER FUND	SEWER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	$ 383,224	$ 181,338	$ 564,562
Payments to Suppliers	(183,769)	(123,137)	(306,906)
Payments to Employees	(138,151)	-	(138,151)
Net Cash Provided By Operating Activities	61,304	58,201	119,505
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES			
Miscellaneous Income	-	215	215
Transfers from (to) Other Funds	25,465	(3,971)	21,494
Net Cash Provided (Used) By Noncapital Financing Activities	25,465	(3,756)	21,709
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Grant Proceeds	3,755	-	3,755
Purchases of Fixed Assets	(38,442)	-	(38,442)
Interest Payments on Debt	(14,929)	(19,184)	(34,113)
Interest Payments on Lease Liabilities	(144)	-	(144)
Loan Proceeds	3,947	-	3,947
Principal Payments on Debt	(14,285)	(23,000)	(37,285)
Principal Payments on Lease Liabilities	(1,138)	-	(1,138)
Net Cash Used By Capital Financing Activities	(61,236)	(42,184)	(103,420)
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income	-	11	11
Net Cash Provided by Investing Activities	-	11	11
Net Increase in Cash and Cash Equivalents	25,533	12,272	37,805
Cash and Cash Equivalents, Beginning			
Unrestricted	11,190	-	11,190
Restricted	147,045	56,310	203,355
	158,235	56,310	214,545
Cash and Cash Equivalents, Ending			
Unrestricted	11,191	-	11,191
Restricted	172,577	68,582	241,159
	$ 183,768	$ 68,582	$ 252,350

The accompanying notes are an integral part of these statements.

CITY OF PAXTON, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
Year Ended September 30, 2023

	BUSINESS-TYPE ACTIVITIES		
	WATER FUND	SEWER FUND	TOTALS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating Loss	$ (25,128)	$ (21,832)	$ (46,960)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:			
Depreciation	89,536	65,748	155,284
Amortization	10,674	-	10,674
Accounts Receivable	(15,786)	1,857	(13,929)
Other Receivable	5,003	-	5,003
Customer Deposits	(6,800)	8,455	1,655
Accounts Payable	3,805	3,973	7,778
Net Cash Provided By Operating Activities	$ 61,304	$ 58,201	$ 119,505

The accompanying notes are an integral part of these statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Paxton (the City) was originally incorporated under Chapter 29-404, Law of Florida, Act of 1953. Subsequent amendments were made under Chapter 69-1459 and under local ordinance in 1981. The City operates under the Council-Mayor form of government and provides the following services as authorized by its charter: public safety, water, sanitation, culture-recreation, public improvements, sewer, and general administrative service.

The accompanying basic financial statements of the City are presented in conformity with Generally Accepted Accounting Principles (GAAP) for State and local governments in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

The following is a summary of the more significant accounting policies and reporting practices of the City:

REPORTING ENTITY

The GASB establishes standards for defining and reporting on the financial reporting entity. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for agencies that make up its legal entity. It is also financially accountable for a legally separate agency where there is a potential for the agency to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. There are no component units which should be included as part of the financial reporting entity of the City of Paxton, Florida.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between governmental and business-type activities. Government-wide financial statements are comprised of the statement of net assets and the statement of activities. 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 Net Position presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

> Invested in Capital Assets, Net of Related Debt – This category represents capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The balance at September 30, 2023 was $3,017,374.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted – This category represents constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation. The balance restricted at September 30, 2023 was $186,030 reserved for capital improvements and debt service payments.

Unrestricted – This category represents net position that are not subject to externally imposed stipulations and are available for any purpose.

It is the City's policy to use restricted assets before unrestricted assets when both are available to fund specific expenditures.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are classified into three major categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that helps support all functions of government and contributes to the change in the net position for the fiscal year.

The government-wide statement of net position and the statement of activities are presented on a consolidated basis and are reflected on a full accrual, economic resource basis.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements follow and report additional and detailed information about operations for major funds. The City of Paxton currently does not have any funds considered non-major. A reconciliation is provided, which converts the results of the governmental fund accounting to the government-wide presentations.

The following are reported as major governmental funds:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major proprietary funds:

Water Fund – This fund accounts for all operations of the water department.
Sewer Fund – This fund accounts for all operations of the sewer department.

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting.

The focus of the GASB is on the City as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed to enhance the usefulness of the information.

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-spendable – Amounts that cannot be spent because they are either not spendable in form or they are legally or contractually required to be maintained intact. The City of Paxton has an amount of $68,850 classified as non-spendable fund balance at September 30, 2023.

Restricted – Amounts with constraints placed on their use that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or is imposed by law though constitutional provisions or enabling legislation. The City has $23,200 classified as restricted at September 30, 2023.

Committed – Amounts that can only be used for specific purposes imposed by formal action of the City of Paxton and remain binding unless removed in the same manner.

Assigned – Amounts that are constrained by the City for specific purposes but do not meet criteria to be classified as restricted or committed.

Unassigned – Residual amounts for the General Fund and includes all spendable amounts not contained in the other classifications.

BASIS OF PRESENTATION

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City uses the following fund categories and fund types:

Governmental Funds
General Fund – To account for all financial resources except those required to be accounted for in another fund. The General Fund is the City's operating fund.

Proprietary Funds
Enterprise Funds – These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expense, including depreciation) of providing goods or services to the general public be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

All governmental fund financial statements are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Expenditures are generally recognized when the related fund liability is incurred. Revenues are considered available when they are collectible within the current period or soon thereafter. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal year.

Those revenues susceptible to accrual are franchise taxes, grants relative to incurred cost, interest revenue and charges for services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Material unbilled utility service receivables, if any, are recorded at year end.

Cash and Cash Equivalents – Cash and cash equivalents are cash on hand as well as demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Accounts Receivable – Trade receivables are reported at gross amounts due from customers and, where appropriate reduced by an estimated portion that is expected to be uncollectible. The City grants credit to its customers who use its services, substantially all of whom are local residents or businesses.

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

Allowance for Doubtful Accounts – The City makes an estimate, based on the prior years, as to the amount of its accounts receivable in its enterprise funds that will not be collectible. The City makes a charge for this amount against operations and establishes a reserve for doubtful accounts. As the accounts are determined to be uncollectible, they are then charged against this reserve. At September 30, 2023, the reserve balance was $1,745. The City grants credit to customers who use its various services, substantially all of whom are local residents or businesses.

Right of Use Assets – The City recognized an intangible right of use lease assets as a result of implementing GASB Statement No. 87, *Leases*. Right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any payments prior to the lease term, less lease incentives and plus any ancillary charges necessary to place the lease into service. The right to use assets are amortized using the straight-line method over the life of the related lease. Such amortization is included in amortization expense on the financial statements of revenues, expenses, and changes in net position.

Capital Assets -– Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	30-50
Building Improvements	7-15
Vehicles	5-10
Equipment	7-15
Water & Sewer System	5-50

Compensated Absences – The City has adopted written policies as to the accumulation of vacation and sick leave but has elected not to record any expenditure or related liability for accumulated vacation and sick leave benefits of its employees. Such amounts are recorded only when taken and are not considered to be material.

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

Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Flows – The City considers investments with a maturity of less than 90 days as cash equivalents for the purpose of the statement of cash flows. The amount of interest actually paid by the City's Enterprise Funds during the year totaled $34,113.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETS AND BUDGETARY ACCOUNTING

Usually during the month of September, the Mayor submits to the City Council a proposed budget for the fiscal year commencing the following October 1. The budget includes proposed expenditures and the means of financing them. The budget is legally adopted by the Council for the upcoming fiscal year. The City does not use encumbrance accounting and any amounts not expended under the budget lapse at year end. Expenditures may not legally exceed budgeted appropriations at the fund level. It is City policy to amend the budget subsequent to year end for any revenues or expenditures that exceeded budgeted amounts during the year. As such, the "Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund" presented in the financial statements reflects the final budget that is adopted by the City subsequent to year end.

The budget for the General Fund is adopted on a basis consistent with GAAP.

NOTE 3 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City would not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City maintains its deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statues. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under Florida Statue Chapter 280 and the federal deposit insurance program, all the City's deposits are fully insured or collateralized with collateral held by the State Treasurer. Currently, the City is not exposed to any known interest rate or credit risks.

Restricted cash and cash equivalents were comprised of the following at September 30, 2023:

Cash	
Restricted for Customer Deposits	$ 12,888
Restricted for Debt Service	177,224
Restricted for Capital Improvements	23,200
Restricted Investments	51,047
	$ 264,359

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

	Balance 10/1/2022	Additions	Deletions	Balance 9/30/2023
GOVERNMENTAL ACTIVITIES:				
Capital Assets, not being depreciated				
Land	$ 207,471	$ -	$ -	$ 207,471
Construction in Progress	-	179,027	-	179,027
Total capital assets not being depreciated	207,471	179,027	-	386,498
Capital Assets, being depreciated				
Buildings and Improvements	729,771	-	-	729,771
Vehicles	51,823	-	-	51,823
Furniture and Fixtures	5,052	-	-	5,052
Land Improvements	55,970	-	-	55,970
Equipment	111,643	1,500	-	113,143
Total capital assets being depreciated	954,259	1,500	-	955,759
Less accumulated depreciation for:				
Buildings	456,068	24,963	-	481,031
Vehicles	50,823	800	-	51,623
Furniture and Fixtures	5,052	-	-	5,052
Land Improvements	48,376	615	-	48,991
Equipment	107,467	967	-	108,434
	667,786	27,345	-	695,131
Total capital assets, being depreciated, net	286,473	(25,845)	-	260,628
Governmental activities capital assets, net	$ 493,944	$ 153,182	$ -	$ 647,126

NOTE 4 – CAPITAL ASSETS (Continued)

	Balance 10/1/2022	Additions	Deletions	Balance 9/30/2023
BUSINESS-TYPE ACTIVITIES:				
Capital Assets, not being depreciated				
Land	$ 56,572	$ -	$ -	$ 56,572
Construction in Progress	88,032	36,942	-	124,974
Total capital assets not being depreciated	144,604	36,942	-	181,546
Capital Assets, being depreciated				
Water System and Improvements	2,687,083	-	-	2,687,083
Equipment	710,348	1,500	-	711,848
Furniture and Fixtures	1,000	-	-	1,000
Sewer System and Improvements	3,072,162	-	-	3,072,162
Land Improvements	2,093	-	-	2,093
Buildings	7,929	-	-	7,929
Software	46,900	-	-	46,900
Total capital assets being depreciated	6,527,515	1,500	-	6,529,015
Less accumulated depreciation for:				
Water System and Improvements	1,432,956	63,719	-	1,496,675
Equipment	656,096	29,454	-	685,550
Furniture and Fixtures	1,000	-	-	1,000
Sewer System and Improvements	1,082,499	61,444	-	1,143,943
Land Improvements	675	139	-	814
Buildings	6,608	528	-	7,136
Software	23,718	9,380	-	33,098
	3,203,552	164,664	-	3,368,216
Total capital assets, being depreciated, net	3,323,963	(163,164)	-	3,160,799
Business-Type activities capital assets, net	$ 3,468,567	$(126,222)	$ -	$3,342,345

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	$ 10,778
Public Safety	686
Highways and Streets	800
Culture and Recreation	15,081
Total Depreciation Expense - Governmental Activities	$ 27,345
Business-Type Activities	
Water Fund	$ 98,916
Sewer Fund	65,748
Total Depreciation Expense - Business-Type Activities	$ 164,664

NOTE 5 – RIGHT OF USE LEASE ASSET

The City recorded A right of use lease asset during the year ended September 30, 2023. The right of use lease asset is amortized on a straight-line basis over the life of the related lease.

	Balance 10/1/2022	Additions	Deletions	Balance 9/30/2023
Governmental Activities:				
Leased Equipment	$ 2,178	$ 2,988	$ -	$ 5,166
Total Right of Use Asset	2,178	2,988	-	5,166
Less Accumulated Amortization				
Leased Equipment	(746)	(1,294)	-	(2,040)
Total Accumulated Amortization	(746)	(1,294)	-	(2,040)
Right of Use Asset, net	$ 1,432	$ 1,694	$ -	$ 3,126

NOTE 6 – LEASE LIABILITY

The City entered into agreements to lease certain equipment, that qualify as other than short-term leases under GASB 87. This lease has been recorded at the present value of the future minimum lease payments as of October 1, 2021, which was the City's implementation date of GASB 87.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2023, were as follows:

Years Ended September 30,	Principal	Interest	Total Payments
2024	$ 1,255	$ 162	$ 1,417
2025	583	115	698
2026	620	77	697
2027	659	38	697
2028	188	3	191
	$ 3,305	$ 395	$ 3,700

NOTE 7 – LONG-TERM DEBT

Long-Term Debt Activity for the year ended September 30, 2023 was as follows:

	Balance 10/1/2022	Additions	Reductions	Balance 9/30/2023	Due Within One Year
Sewer Revenue Bonds, Series 1994	$ 365,500	$ -	$ 23,000	$ 342,500	$ 24,000
Water Revenue Bonds, Series 2006A	82,266	-	2,113	80,153	2,208
Water Revenue Bonds, Series 2006B	107,877	-	2,771	105,106	2,895
Water Revenue Bonds, Series 2018	418,925	-	9,072	409,853	9,197
FL Dept. of Environmental Protection - DWSRF	29,016	3,947	329	32,634	3,303
	$ 1,003,584	$ 3,947	$ 37,285	$ 970,246	$ 41,603

The City completed construction of a new water collection and treatment system during the year ended September 30, 1995. In conjunction with this project the City executed a $640,000 Water and Sewer System Revenue Bond Anticipation Notes Series 1994, with Barnett Bank of Northwest Florida, N.A

Subsequently the City issued Water and Sewer Revenue Bonds in the amount of $685,500 all of which were purchased by Rural Economic and Community Development. The proceeds from this issue were used to retire the Revenue Bond Anticipation notes along with the interest due.

NOTE 7 – LONG TERM DEBT (Continued)

Bond Numbers	Maturities	Interest Rate	Principal	Interest	Total
28	9/1/24	5.25%	$ 24,000	$ 17,981	$ 41,981
29	9/1/25	5.25%	25,000	16,721	41,721
30	9/1/26	5.25%	27,000	15,409	42,409
31	9/1/27	5.25%	28,000	13,991	41,991
32	9/1/28	5.25%	29,000	12,521	41,521
33	9/1/29	5.25%	31,000	10,999	41,999
34	9/1/30	5.25%	33,000	9,371	42,371
35	9/1/31	5.25%	34,000	7,639	41,639
36	9/1/32	5.25%	36,000	5,854	41,854
37	9/1/33	5.25%	38,000	3,964	41,964
38	9/1/34	5.25%	37,500	1,969	39,469
			$ 342,500	$ 116,419	$ 458,919

The revenue of the sewer system as well as the revenue of the water system are specific revenues pledged for the repayment of the Water and Sewer Revenue Bonds.

Sewer Bond covenants require the City to make monthly payments to a sinking fund in amounts based upon a pro rata portion of the current year debt service requirement. Additionally, the bond covenant also requires a monthly payment to a reserve account equal to 1/10 of 1/12 of the maximum bond service requirement of the current or future years. In addition, a reserve for future debt service requirements must be maintained. There are several other limitations, restrictions and covenants, pertaining to bond and interest sinking fund and reserve cash requirements, insurance, user fees, etc. contained in the debt instruments. The City is in material compliance with these limitations, restrictions, and covenants.

The City of Paxton has issued two separate Water System Bonds, Series 2006A in the amount of $107,000 and Series 2006B in the amount of $139,000 all of which were purchased by Rural Economic and Community Development. The proceeds from these issues were used as matching funds for grants to repair the water system.

NOTE 7 – LONG TERM DEBT (Continued)

Below is the schedule for the Water System Revenue Bonds, Series 2006A.

Bond Numbers	Maturities	Interest Rate	Principal	Interest	Total
18	9/1/24	4.50%	$ 2,208	$ 3,739	$ 5,947
19	9/1/25	4.50%	2,307	3,640	5,947
20	9/1/26	4.50%	2,411	3,536	5,947
21	9/1/27	4.50%	2,520	3,427	5,947
22	9/1/28	4.50%	2,633	3,314	5,947
23	9/1/29	4.50%	2,751	3,196	5,947
24	9/1/30	4.50%	2,875	3,072	5,947
25	9/1/31	4.50%	3,005	2,942	5,947
26	9/1/32	4.50%	3,140	2,807	5,947
27	9/1/33	4.50%	3,281	2,666	5,947
28	9/1/34	4.50%	3,429	2,518	5,947
29	9/1/35	4.50%	3,583	2,364	5,947
30	9/1/36	4.50%	3,744	2,203	5,947
31	9/1/37	4.50%	3,913	2,034	5,947
32	9/1/38	4.50%	4,089	1,858	5,947
33	9/1/39	4.50%	4,273	1,674	5,947
34	9/1/40	4.50%	4,465	1,482	5,947
35	9/1/41	4.50%	4,666	1,281	5,947
36	9/1/42	4.50%	4,876	1,071	5,947
37	9/1/43	4.50%	5,095	852	5,947
38	9/1/44	4.50%	5,325	622	5,947
39	9/1/45	4.50%	5,564	383	5,947
			$ 80,153	$ 50,681	$ 130,834

NOTE 7 – LONG TERM DEBT (Continued)

Below is the schedule for the Water System Revenue Bonds, Series 2006B.

Bond Numbers	Maturities	Interest Rate	Principal	Interest	Total
18	9/1/24	4.50%	$ 2,895	$ 4,831	$ 7,726
19	9/1/25	4.50%	3,025	4,701	7,726
20	9/1/26	4.50%	3,162	4,564	7,726
21	9/1/27	4.50%	3,304	4,422	7,726
22	9/1/28	4.50%	3,453	4,273	7,726
23	9/1/29	4.50%	3,608	4,118	7,726
24	9/1/30	4.50%	3,770	3,956	7,726
25	9/1/31	4.50%	3,940	3,786	7,726
26	9/1/32	4.50%	4,117	3,609	7,726
27	9/1/33	4.50%	4,303	3,423	7,726
28	9/1/34	4.50%	4,496	3,230	7,726
29	9/1/35	4.50%	4,698	3,028	7,726
30	9/1/36	4.50%	4,910	2,816	7,726
31	9/1/37	4.50%	5,131	2,595	7,726
32	9/1/38	4.50%	5,362	2,364	7,726
33	9/1/39	4.50%	5,603	2,123	7,726
34	9/1/40	4.50%	6,259	1,467	7,726
35	9/1/41	4.50%	6,524	1,202	7,726
36	9/1/42	4.50%	6,798	928	7,726
37	9/1/43	4.50%	7,087	639	7,726
38	9/1/44	4.50%	7,387	339	7,726
39	9/1/45	4.50%	5,274	2,452	7,726
			$ 105,106	$ 64,866	$ 169,972

The City completed construction of the Waterline Replacement Project during the year ended September 30, 2019. In conjunction with this project the City executed a $454,000 Water System Revenue Bond, Series 2018, dated September 26, 2018, which were purchased by the United States Department of Agriculture, Rural Utilities Service. The bonds will mature no later than September 26, 2058 and bear interest at the rate of 1.375%. The proceeds are to be used as repayment of the Water System Revenue Bond Anticipation Note, Series 2018 with COBANK, ACB.

NOTE 7 – LONG TERM DEBT (Continued)

Below is the schedule for the Water System Revenue Bond, Series 2018.

Bond Numbers	Maturities	Interest Rate	Principal	Interest	Total
6	9/26/24	1.375%	$ 9,197	$ 5,635	$ 14,832
7	9/26/25	1.375%	9,323	5,509	14,832
8	9/26/26	1.375%	9,451	5,381	14,832
9	9/26/27	1.375%	9,581	5,251	14,832
10	9/26/28	1.375%	9,713	5,119	14,832
11	9/26/29	1.375%	9,847	4,986	14,833
12	9/26/30	1.375%	9,982	4,850	14,832
13	9/26/31	1.375%	10,119	4,713	14,832
14	9/26/32	1.375%	10,258	4,574	14,832
15	9/26/33	1.375%	10,399	4,433	14,832
16	9/26/34	1.375%	10,542	4,290	14,832
17	9/26/35	1.375%	10,687	4,145	14,832
18	9/26/36	1.375%	10,834	3,998	14,832
19	9/26/37	1.375%	10,983	3,849	14,832
20	9/26/38	1.375%	11,134	3,698	14,832
21	9/26/39	1.375%	11,287	3,545	14,832
22	9/26/40	1.375%	11,443	3,390	14,833
23	9/26/41	1.375%	11,600	3,232	14,832
24	9/26/42	1.375%	11,759	3,073	14,832
25	9/26/43	1.375%	11,921	2,911	14,832
26	9/26/44	1.375%	12,085	2,747	14,832
27	9/26/45	1.375%	12,251	2,581	14,832
28	9/26/46	1.375%	12,420	2,412	14,832
29	9/26/47	1.375%	12,590	2,242	14,832
30	9/26/48	1.375%	12,764	2,069	14,833
31	9/26/49	1.375%	12,939	1,893	14,832
32	9/26/50	1.375%	13,117	1,715	14,832
33	9/26/51	1.375%	13,297	1,535	14,832
34	9/26/52	1.375%	13,480	1,352	14,832
35	9/26/53	1.375%	13,666	1,167	14,833
36	9/26/54	1.375%	13,853	979	14,832
37	9/26/55	1.375%	14,044	788	14,832
38	9/26/56	1.375%	14,237	595	14,832
39	9/26/57	1.375%	14,433	399	14,832
40	9/26/58	1.375%	14,617	201	14,818
			$ 409,853	$ 109,257	$ 519,110

NOTE 7 – LONG TERM DEBT (Continued)

The City entered into an agreement with the Florida Department of Environmental Protection for a Drinking Water State Revolving Fund Loan for the planning and design phase of the meter replacement and well rehabilitation projects. The loan amount is $65,542 with principal forgiveness of $32,771. The loan calls for semiannual payments of $1,793 with interest at .92%. At September 30, 2022 the City had spent $58,032 in connection with this loan. The City had recorded a note payable of $32,963 and loan forgiveness of $32,771.

The City received an extension for the completion of the planning and design phase which extended the beginning date for the semiannual loan payments. The payments will begin August 15, 2023, and continue semiannually thereafter on February 15th and August 15th of each year until fully paid.

Below is the schedule for the Drinking Water State Revolving Fund loan.

Date	Interest Rate	Principal	Interest	Total
2/15/24	0.092%	$ 1,648	$ 150	$ 1,798
8/15/24	0.092%	1,655	143	1,798
2/15/25	0.092%	1,663	135	1,798
8/15/25	0.092%	1,670	128	1,798
2/15/26	0.092%	1,678	120	1,798
8/15/26	0.092%	1,686	112	1,798
2/15/27	0.092%	1,694	104	1,798
8/15/27	0.092%	1,701	97	1,798
2/15/28	0.092%	1,709	89	1,798
8/15/28	0.092%	1,717	81	1,798
2/15/29	0.092%	1,725	73	1,798
8/15/29	0.092%	1,733	65	1,798
2/15/30	0.092%	1,741	57	1,798
8/15/30	0.092%	1,749	49	1,798
2/15/31	0.092%	1,757	41	1,798
8/15/31	0.092%	1,765	33	1,798
2/15/32	0.092%	1,773	25	1,798
8/15/32	0.092%	1,781	17	1,798
2/15/33	0.092%	1,789	9	1,798
		$ 32,634	$ 1,528	$ 34,162

NOTE 7 – LONG TERM DEBT (Continued)

The following is a schedule of the Water and Sewer revenue bond and state revolving fund debt service requirements for the next five years and thereafter:

Years Ended September 30,	Principal	Interest
2024	$ 41,603	$ 32,479
2025	42,988	30,833
2026	45,387	29,122
2027	46,800	27,291
2028	48,226	25,396
Thereafter	745,242	197,623
	$ 970,246	$ 342,744

NOTE 8 – DUE TO/FROM OTHER FUNDS

The following is a schedule of the inter-fund receivables and payables at September 30, 2023:

	Interfund Receivables	Interfund Payables
General Fund	$ 68,850	$ 91,935
Water Works Fund	192,643	19,173
Sewer Fund	-	150,385
Totals	$ 261,493	$ 261,493

NOTE 9 – TRANSFERS

The following is a schedule of transfers between funds at September 30, 2023:

	Transfers In	Transfers Out
General Fund	$ 181,045	$ 202,539
Water Works Fund	153,705	128,240
Sewer Fund	-	3,971
Totals	$ 334,750	$ 334,750

NOTE 10 – FRANCHISE FEES

The City has granted franchises to various utilities (electric, telephone, cable TV, L.P. gas) to operate within the City. In exchange for this right the franchisees have contracted to pay the City a fee ranging from one to three percent of their gross receipts. The City has no responsibility for the maintenance or upkeep of these utilities.

NOTE 11 – RISK MANAGEMENT

The City of Paxton is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained coverage from commercial insurance companies, effectively transferring risk of loss.

NOTE 12 – CONTINGENT LIABILITIES

The City's compliance with the various requirements of the USDA Rural Development as they relate to the loans that it received are subject to program compliance audits conducted by the lender or their representative. The amount, if any, of expenditures which may be disallowed by the lender cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 25, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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P H

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

To the Honorable Mayor and Members of the City Council
City of Paxton
Paxton, 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 and each major fund of the City of Paxton, Florida as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Paxton, Florida's basic financial statements and have issued our report thereon dated June 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Paxton, Florida's internal control over financial reporting (internal control) as 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 City of Paxton, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Paxton, Florida's internal control.

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

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Governmental Audit Quality Center

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

Report on Compliance and Other Matters

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

City of Paxton's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Paxton, Florida's response to the findings identified in our audit and described in the accompanying "Schedule of Findings and Responses." The City of Paxton's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Rabren, Odom, Pierce & Hayes, PC

Andalusia, Alabama
June 25, 2024

Condition Number: 2023-01

Criteria:	A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).
Condition:	The City's personnel lack the expertise to apply the required accounting principles to convert their existing accounting records to GAAP-based financial statements.
Cause:	The City is a small entity with few employees and therefore lacks the resources necessary to select and apply the appropriate accounting principles to prepare financial statements in accordance with GAAP.
Effect:	The City engages with their auditors' firm to assist in the application of new GAAP standards and to prepare the City's financial statements as a nonattest engagement.
Recommendation:	We recommend the City educate their staff with GAAP and GASB based training along with access to research websites.
Management Response:	See Management Response on page 50.

Condition Number 2023-02

Criteria:	A fundamental concept of internal control is the separation of duties.
Condition:	No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.
Cause:	Due to the small size of the City, the accounting and administrative staff are precluded from performing certain internal controls that would be preferred.
Effect:	If the separation of duties is inadequate, there is a resulting danger that intentional fraud or unintentional errors could occur and not be detected.
Recommendation:	We recommend that the City hire additional staff or use existing staff to implement internal controls over assets and the accounting processes.
Management Response:	See Management Response on page 50.

Condition Number: 2022-01

Criteria:	A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).
Condition:	The City's personnel lack the expertise to apply the required accounting principles to convert their existing accounting records to GAAP-based financial statements.
Cause:	The City is a small entity with few employees and therefore lacks the resources necessary to select and apply the appropriate accounting principles to prepare financial statements in accordance with GAAP.
Effect:	The City engages with their auditors' firm to assist in the application of new GAAP standards and to prepare the City's financial statements as a nonattest engagement.
Recommendation:	We recommend the City educate their staff with GAAP and GASB based training along with access to research websites.
Management Response:	See Management Response on page 50.

Condition Number 2022-02

Criteria:	A fundamental concept of internal control is the separation of duties.
Condition:	No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.
Cause:	Due to the small size of the City, the accounting and administrative staff are precluded from performing certain internal controls that would be preferred.
Effect:	If the separation of duties is inadequate, there is a resulting danger that intentional fraud or unintentional errors could occur and not be detected.
Recommendation:	We recommend that the City hire additional staff or use existing staff to implement internal controls over assets and the accounting processes.
Management Response:	See Management Response on page 50.

MANAGEMENT LETTER

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MANAGEMENT LETTER

To the Honorable Mayor and Members of the City Council
City of Paxton
Paxton, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Paxton, Florida, as of and for the year ended September 30, 2023, and have issued our report thereon dated June 25, 2024.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance in accordance with Chapter 10.550, Rules of the Auditor General and Schedule of Findings. Disclosure in that report, which is dated June 25, 2024 should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Recommendations were made, however due to the small size of the entity; management believes the cost of correcting these conditions would exceed the benefits to be derived from doing so. As noted below, these deficiencies remained at fiscal year ended September 30, 2023.

2022-2023 Finding #	2021-2022 Finding #	2020-2021 Finding #	2019-2020 Finding #	2018-2019 Finding #	2017-2018 Finding #	2016-2017 Finding #
2023-01	2022-01	2021-01	2020-01	2019-01	2018-01	2017-01
2023-02	2022-02	2021-02	2020-02	2019-02	2018-02	2017-02

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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 as required by accounting principles generally accepted in the United States of America in Note 1 to the financial statements.

Financial Condition

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

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

Annual Financial Report

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

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit of the City of Paxton, Florida we noted findings and recommendations in our "Schedule of Findings".

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

Purpose of this Letter

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

Rabren, Odom, Pierce & Hayes, PC

Andalusia, Alabama
June 25, 2024

INDEPENDENT ACCOUNTANTS' REPORT
ON COMPLIANCE WITH
LOCAL GOVERNMENT INVESTMENT POLICIES

R O
P H

RABREN, ODOM, PIERCE & HAYES, P.C.

Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH *LOCAL GOVERNMENT INVESTMENT POLICIES*

Honorable Mayor and Members of the City Council
City of Paxton
Paxton, Florida

We have examined the City of Paxton, Florida's compliance with the requirements of Section 218.415, Florida Statues, *Local Government Investment Policies*, during the fiscal year ended September 30, 2023. The City of Paxton, Florida's management is responsible for its' compliance with those requirements. Our responsibility is to express an opinion on the City of Paxton, Florida's compliance based on our examination.

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

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

In our opinion, the City of Paxton, Florida complied in all material respects, with the specified requirements for the year ended September 30, 2023.

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

Rabren, Odom, Pierce & Hayes, PC

June 25, 2024
Andalusia, Alabama

MEMBERS
American Institute of Certified Public Accountants, PCPS/The Alliance for CPA Firms, Alabama Society of Certified Public Accountants, Florida Institute of Certified Public Accountants
Governmental Audit Quality Center

MANAGEMENT RESPONSE LETTER

Incorporated 1952

City of Paxton

21872 U.S. Hwy. 331 N.
Laurel Hill, Florida 32567
Mayor Ann Sexton
asexton@paxtonfl.net

Administrative
(850) 834-2489

Utilities
(850) 834-2716

June 25, 2024

Auditor General's Office
P.O. Box 1735
Tallahassee, Florida 32302

This letter is in response to the findings identified by our Auditors in their Management Letter dated June 25, 2024.

Section 10.554 (1)(i)1 states in the management letter whether or not recommendations made in preceding annual financial audit reports have been followed.

Section 10.554(1)(i)3 states in the management letter that we address any recommendations to improve our financial management, accounting procedures, and internal controls.

In response to both of the above items, the City of Paxton is a small entity with limited staff and complete segregation of duties is not always possible. The City of Paxton does separate duties to the extent possible and is always searching for ways to keep recordkeeping duties separate from the custody of assets. During the fiscal year ended September 30, 2023, the City of Paxton continued educating our staff on GAAP and GASB standards by requiring them to attend online and in-person classes. We plan to keep educating our staff to enable them to understand and increase their knowledge to assist in their daily activities of selecting and implementing the appropriate accounting principles. However, with the small size of our entity and budget constraints, employing a full-time accountant is not practical. We will continue to rely on our external auditors for the preparation of our financial statements.

We believe the cost of correcting both above conditions would exceed the benefits to be derived from doing so.

We believe that our actions are responsive to the findings as reported by our Auditors' in their Management Letter and will correct the situations as identified by them.

Sincerely,

Ann Sexton

Ann Sexton, Mayor
City of Paxton

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared MAYOR ANN SEXTON of CITY OF PAXTON, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer[1] of CITY OF PAXTON which is a local governmental entity of the State of Florida.

2. The governing body of CITY OF PAXTON adopted (Ordinance No. **_07-02____**or Resolution No. _____) implementing an impact fee or authorized CITY OF PAXTON to receive and expend proceeds of an impact fee implemented by PAXTON CITY COUNCIL.

3. CITY OF PAXTON has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Ann Sexton

MAYOR ANN SEXTON

STATE OF FLORIDA
COUNTY OF WALTON

SWORN TO AND SUBSCRIBED before me this 28 day of June, 2024.

Jenice Armstrong

NOTARY PUBLIC
Print Name Jenice Armstrong

Personally known ✓ or produced identification _____

Type of identification produced: _____

My Commission Expires:

NOTARY PUBLIC STATE OF FLORIDA
JENICE ARMSTRONG
Commission # HH 067511
Expires March 28, 2025
Bonded Thru Budget Notary Services

[1] Pursuant to Section 163.31801(8), Florida Statutes, if there is no chief financial officer, the executive officer must sign the affidavit.