

CITY OF LAYTON, FLORIDA

Comprehensive Annual Financial Statements Report

Fiscal Year Ended  
September 30, 2019

**CITY OF LAYTON, FLORIDA  
AUDITED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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**CITY OFFICIALS**  
**CITY OF LAYTON, FLORIDA**

**FISCAL YEAR ENDED SEPTEMBER 30<sup>TH</sup>, 2019**

**ELECTED OFFICIALS**

**MAYOR**

**Bruce Halle**

**VICE-MAYOR**

**Greg Lewis**

**COUNCIL MEMBERS**

**Jeff Meeks**

**Cynthia Lewis**

**Philip Porter**

**Susan Grant**

**SMITH, BUZZI & ASSOCIATES, LLC.**  
CERTIFIED PUBLIC ACCOUNTANTS  
9425 SUNSET DRIVE, SUITE 180  
MIAMI, FLORIDA 33173  
TEL. (305) 598-6701  
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JULIO M. BUZZI, C.P.A.  
JOSE E. SMITH, C.P.A.

MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the City Council  
City of Layton, Florida

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information for the City of Layton, Florida (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which, collectively comprises the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, each major fund and the aggregate remaining fund information for the City of Layton, Florida as of September 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required supplementary information*

Accounting principles generally accepted in the United States of America, require that management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, budgetary comparison information and the other supplemental information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2019, on our consideration of the City's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading 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**. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

*Smith, Burgin & Associates, LLC.*

Miami, Florida  
November 27, 2019

## MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Layton's financial statements is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ended September 30<sup>th</sup>, 2019.

### Financial Highlights

- The assets of the City of Layton exceeded its liabilities at September 30<sup>th</sup>, 2019 by \$2,064,108 (net position). Of this amount, \$209,556 of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$60,042 during fiscal year 2019.
- As of September 30<sup>th</sup>, 2019, the City of Layton's governmental funds reported combined ending fund balances of \$1,255,063. This is an increase of \$52,846 over the prior year ending fund balances. This entire total is reserved and unreserved.

### Using this Report:

This report consists of a series of financial statements.

The **Statement of Net Position** (page 12) and the **Statement of Activities** (page 13) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. The statements separate governmental from business-type activities but both are measured and reported using the economic resource measurement focus and the full accrual basis of accounting.

The **Fund Financial Statements**, which report by fund type, begin on page 14. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore, you will find the reconciliation on

page 15 that converts this data to an economic resources measurement focus and the accrual basis of accounting for use in the entity-wide financial statements. Except for the General Fund and the Special Revenue Funds, all other funds of the City are combined in an "other funds" column. There were no "other funds" during the year. The Governmental Accounting Standards board (GASB) Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

## **The Government-Wide Financial Statements**

### **The Statement of Net Position and the Statement of Activities**

Government-wide financial statements are intended to allow the reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. The statements separate governmental from business-type activities. For purposes of these statements, both types are measured and reported using the economic resource measurement focus and the accrual basis of accounting.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 City's net assets changed during fiscal year 2019. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs. 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.

Both of these financial statements distinguish the primary types of functions of the City, defined as follows:

- *Governmental activities* - Most of the City's basic services are reported here, including police, public works, parks and recreation, building inspection, planning, code enforcement and general administration. Major revenues supporting these activities are ad-valorem taxes, sales and gas taxes and intergovernmental revenues. Lesser revenues come from building permits, local business tax receipts, fees and investments.
- *Business-type activities* - The City's business type activities would be reported here. Primarily user fees would support the activities. The City currently has no business type funds.



### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain financial 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 of the Funds of the City can be divided into three categories:

- *Governmental Funds* - Account for most of the city's tax-supported activities: Examples are the General Fund and the Capital Project Funds. These funds focus on how money flows into and out of the funds, and the balances left at year-end. The accounting method used is called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash, usually within a 60-day period. The two criteria used are that the revenue is measurable and available. Examples of differences from economic focus are that debt proceeds and grants are considered current revenue, and purchases of capital are considered expenditures whereas depreciation is not considered expenditure since there is no outlay of cash. In the City's highly regulatory environment, fund accounting serves a very important purpose, in that funds received for specific purposes are identified as such and can readily be audited.
- *Proprietary Funds* - Are used to account for the business-type, or enterprise activities of the government. Proprietary funds use full accrual basis accounting and the economic measurement focus. Fees or charges are the primary revenue source for proprietary funds. There are no proprietary funds.
- *Fiduciary Funds* - Are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the city's own programs. The accounting used for fiduciary funds is similar to proprietary funds. There are no fiduciary funds.

### **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 can be found beginning on page 18.

**Required Supplementary Information**

Generally accepted accounting principles (GAAP) call for certain unaudited information to accompany the audited basic financial statement and accompanying footnotes. This information is called required supplementary information (RSI) and includes this analysis, called the MD & A and budgetary comparisons.

The City's combined net position as of September 30th, 2019 were \$2,064,108. The City's combined revenues, including charges for services, shared revenues, taxes and investment earnings, were \$369,062. Total expenses city-wide was \$309,020. The increase to city-wide net position was \$60,042. The following Table 1 reflects the condensed Statement of Net Positions with comparative data for the previous year.

**Table 1 - Net Assets**

	<u>2019</u>	<u>2018</u>
<u>Governmental Activities</u>		
Current and other assets	\$1,270,412	1,217,415
Capital assets, net of depreciation	<u>809,045</u>	<u>801,849</u>
Total Assets	<u>2,079,457</u>	<u>2,019,264</u>
Other Liabilities	<u>15,349</u>	<u>15,198</u>
Net Position:		
Invested in capital assets, net of Related debt	809,045	801,849
Restricted and unrestricted	<u>1,255,063</u>	<u>1,202,217</u>
Total Liabilities and Net Position	<u>\$2,079,457</u>	<u>2,019,264</u>

The largest portion of the City's net position \$809,045 or 39.2% are its investment in capital assets such as land, buildings, machinery and equipment, less any outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. It is also important to recognize that other resources will be required to repay any outstanding debt on capital assets; there is currently no outstanding debt. There were restricted net assets, leaving the balance as unrestricted net assets of \$209,556 that may be used to meet the City's ongoing obligations to citizens and creditors. The City's overall financial position continues to be healthy.

Table 2 is the condensed Statement of Activities for the fiscal year ended September 30th, 2019 with comparative data for the previous year.

**Table 2 - Net Assets**

	<u>2019</u>	<u>2018</u>
<u>Governmental Activities</u>		
Revenues:		
Program revenues		
Charges for services	\$ 24,312	24,056
Grants	-	-
General revenues		
Property taxes	165,182	148,942
Other taxes	42,983	41,928
Intergovernmental revenues	116,392	109,000
Fines and forfeitures	3,948	1,293
Interest/Investment earnings	9,333	13,860
Rental income	1,000	1,000
Other and capital outlay	5,912	28,322
Total Revenues	<u>369,062</u>	<u>368,401</u>
Expenses:		
General government	212,815	219,090
Public safety	46,418	49,479
Physical environment	19,147	67,323
Transportation	23,315	26,052
Culture/recreation	7,325	6,680
Total Expenses	<u>309,020</u>	<u>368,624</u>
Increase (Decrease) in Net Position	60,042	(223)
Net Position - Beginning	<u>2,004,066</u>	<u>2,004,289</u>
Net Position - Ending	<u>\$2,064,108</u>	<u>2,004,066</u>

**Governmental Activities**

Table 3 presents the cost of each of the City's programs as well as each program's net cost (total cost less program revenues -i.e. excluding taxes-), generated by the activities. The net cost represents the portion of each program that is supported by various taxes.

The cost of all governmental activities this fiscal year was \$309,020. As shown in the Statement of Activities (see page 13), the net cost ultimately paid through taxes and other resources was \$284,708 and the remaining \$24,312 was provided by:

- \$24,312 in charges for services - the business tax fees of \$550 and development-type fees of \$23,762 were the most significant.

**Table 3 - Governmental Activities**

	<u>Net cost of Services</u>
	<u>2019</u>
General Government	\$ 212,815
Public Safety	22,106
Physical Environment	19,147
Transportation	23,315
Culture/Recreation	<u>7,325</u>
Totals	<u>\$ 284,708</u>

**Financial Analysis of the Governments Fund**

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

**Governmental Funds**

Governmental funds are comprised of the general fund, special revenue funds, debt service funds and capital project funds. Governmental funds use the current financial resources measurement focus that provides information on the near-term inflows, outflows and balances of spendable resources.

The *General Fund* is the chief operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$209,556, which was also the total of the general Fund, as none was reserved. The fund balance of the City's general fund decreased by \$9,539 during the current fiscal year.

**General Fund Budgetary Highlights**

There were no differences between the General fund's original budget and final amended budget other than line item allocations that did not affect the total budget.

**Capital Asset and Debt Administration**

The City's capital assets as of September 30, 2019 reflect an investment of \$809,045 net of accumulated depreciation.

In compliance with GASB # 34, the City has separated out an infrastructure asset category, which was formerly, included in Improvements other than buildings. The City's infrastructure, such as roads, multi-use paths, bridges, piers and sewer pipe, are to be recorded at actual costs for all assets placed in service after October 1<sup>st</sup>, 2003. Infrastructure assets acquired prior to this date have not been capitalized.

Table 4 provides a comparative summary of net capital assets by category for both governmental and business-type activities for which there were none.

**Table 4 - Capital Assets at Year-End (Net of Depreciation)**

	<u>2019</u>
Land	\$ 587,608
Buildings and improvements	160,959
Vehicles and equipment	<u>60,478</u>
Total Capital Assets	<u>\$ 809,045</u>

Capital assets increased by \$23,527 during this fiscal year.

**Economic Factors and Next Year's Budget and Rate**

Although the City currently enjoys a healthy economy because of the accumulation of adequate reserves, as revenues decrease due to current economic conditions and as expenses continually increase, the City must monitor finances to preserve these reserves.

These factors were a consideration when preparing the City's fiscal year 2018-19 budget. Although the fiscal year 2019/2020 budget is being funded by the same tax rate as was levied in the prior year, expenses continue to rise and the City remains prudent to protect the reserves that have been slowly and carefully accumulated and to match current revenues with current expenditures.

**Request for Information**

This financial report is designed to provide a general overview of the City of Layton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be address to the:

City Clerk  
City of Layton  
P.O. Box 778  
Long Key, Fl 33031

CITY OF LAYTON, FLORIDA  
Statement of Net Position  
September 30, 2019

	<u>Governmental Activities</u>	<u>Total</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 224,755	\$ 224,755
Investments	-	-
Accounts Receivable	150	150
Restricted Assets:		
Cash and Cash Equivalents	1,045,507	1,045,507
Capital Assets-Net of Accumulated Depreciation		
Land	587,608	587,608
Buildings and improvements	160,959	160,959
Vehicles, Equipment and Furniture	<u>60,478</u>	<u>60,478</u>
 Total Assets	 <u>2,079,457</u>	 <u>2,079,457</u>
 <u>Liabilities</u>		
Accounts Payable	<u>15,349</u>	<u>15,349</u>
 Total Liabilities	 <u>15,349</u>	 <u>15,349</u>
 <u>Net Position</u>		
Invested in Capital Assets, net of related debt	809,045	809,045
Restricted and unrestricted	<u>1,255,063</u>	<u>1,255,063</u>
 Total Net Position	 <u>\$2,064,108</u>	 <u>\$2,064,108</u>

See accompanying notes to financial statements.

CITY OF LAYTON, FLORIDA

Statement of Activities

For the Fiscal Year Ended September 30, 2019

	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Capital Grants and Contributions</u>	Primary Government		
				<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Functions/Programs:						
Primary Government:						
Governmental activities:						
General Government	\$ 212,815	-	-	(212,815)	-	(212,815)
Public Safety	46,418	24,312	-	(22,106)	-	(22,106)
Physical Environment	19,147	-	-	(19,147)	-	(19,147)
Transportation	23,315	-	-	(23,315)	-	(23,315)
Culture/Recreation	7,325	-	-	(7,325)	-	(7,325)
Total Governmental Activities	309,020	24,312	-	(284,708)	-	(284,708)
Business-type activities:	-	-	-	-	-	-
Total Primary Government	<u>\$ 309,020</u>	<u>24,312</u>	<u>-</u>	<u>(284,708)</u>	<u>-</u>	<u>(284,708)</u>
General Revenues:						
Property taxes, for general purpose				165,182	-	165,182
Gas taxes				42,983	-	42,983
Infrastructure taxes				69,793	-	69,793
Intergovernmental revenues				46,599	-	46,599
Fines and Forfeitures				3,948	-	3,948
Interest/Investment earnings				9,333	-	9,333
Rental income				1,000	-	1,000
Miscellaneous and capital outlay				5,912	-	5,912
Total general revenues and transfers				<u>344,750</u>	<u>-</u>	<u>344,750</u>
Change in Net Position				60,042	-	60,042
Net Position, beginning of year,				<u>2,004,066</u>	<u>-</u>	<u>2,004,066</u>
Net Position, end of year				<u>\$2,064,108</u>	<u>-</u>	<u>2,064,108</u>

See accompanying notes to financial statements.



CITY OF LAYTON, FLORIDA

Balance Sheet - Governmental Funds

For the Fiscal Year Ended September 30, 2019

	<u>General Fund</u>	<u>Gas Tax</u>	<u>Infrastructure Surtax</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 224,755	761,122	284,385	1,270,262
Investments	-	-	-	-
Accounts Receivable	150	-	-	150
Prepaid Expenses and other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>224,905</u>	<u>761,122</u>	<u>284,385</u>	<u>1,270,412</u>
 <u>Liabilities</u>				
Accounts payable	<u>15,349</u>	<u>-</u>	<u>-</u>	<u>15,349</u>
Total Liabilities	<u>15,349</u>	<u>-</u>	<u>-</u>	<u>15,349</u>
 Fund Balances				
Unassigned Fund Balance	209,556	-	-	209,556
Committed Fund Balance	-	761,122	-	761,122
Assigned Fund Balance	<u>-</u>	<u>-</u>	<u>284,385</u>	<u>284,385</u>
Total Fund Balances	<u>209,556</u>	<u>761,122</u>	<u>284,385</u>	<u>1,255,063</u>
Total Liabilities and Fund Equities	\$ <u>224,905</u>	<u>761,122</u>	<u>284,385</u>	<u>1,270,412</u>

See accompanying notes to financial statements.

CITY OF LAYTON, FLORIDA

Reconciliation of the Balance Sheet  
To the Statement of Net Position - Governmental Funds

For the Fiscal Year Ended September 30, 2019

Fund Balance Totals - Governmental Funds \$1,255,063

Amounts reported for Governmental Activities in  
the Statement of Net Position are different  
because:

Capital Assets used in governmental activities  
are not current financial resources and, therefore,  
are not reported in the Governmental Funds Balance  
Sheet. The cost of the assets is \$952,556, and  
the accumulated depreciation is \$143,511. 809,045

Net Assets of Governmental Activities \$2,064,108

See accompanying notes to financial statements.

CITY OF LAYTON, FLORIDA

Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds

For the Fiscal Year Ended September 30, 2019

	<u>General</u>	<u>Local Option Gas Tax</u>	<u>Infrastructure Surtax</u>	<u>Total</u>
Revenues				
Grants - Waste Water System	\$ -	-	-	-
Taxes:				
Property	165,182	-	-	165,182
Gas	-	42,983	-	42,983
Licenses and Permits	24,312	-	-	24,312
Intergovernmental Revenues	39,200	3,953	73,239	116,392
Fines and Forfeitures	3,948	-	-	3,948
Interest/Investment Earnings	969	6,283	2,081	9,333
Rental Income	1,000	-	-	1,000
Other Revenues and Donations	5,912	-	-	5,912
Total Revenues	<u>240,523</u>	<u>53,219</u>	<u>75,320</u>	<u>369,062</u>
Expenditures				
Current:				
General Government	209,645	-	10,366	220,011
Public Safety	46,418	-	-	46,418
Physical Environment	-	-	19,147	19,147
Transportation	-	23,315	-	23,315
Culture and Recreation	7,325	-	-	7,325
Capital Outlay	-	-	-	-
Total Expenditures	<u>263,388</u>	<u>23,315</u>	<u>29,513</u>	<u>316,216</u>
Excess (Deficiency) of Revenues over Expenditures	(22,865)	29,904	45,807	52,846
Other Financing Sources (Uses):				
Operating Transfers from (to) Other Funds	<u>13,326</u>	<u>7,746</u>	<u>(21,072)</u>	<u>-</u>
Net Changes in Fund Balances	(9,539)	37,650	24,735	52,846
Fund Balance at Beginning of Year	<u>219,095</u>	<u>723,472</u>	<u>259,650</u>	<u>1,202,217</u>
Fund Balance at End of Year	<u>\$ 209,556</u>	<u>761,122</u>	<u>284,385</u>	<u>1,255,063</u>

See accompanying notes to financial statements.

CITY OF LAYTON, FLORIDA

Reconciliation of the Governmental Statement of Revenues,  
Expenditures and Changes in Fund Balances

For the Fiscal Year Ended September 30, 2019

Amounts reported for Governmental Activities in  
the Statement of Activities are different  
because:

Net Change in Fund Balances - Total Governmental Funds	\$ 52,846
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Government funds report capital outlays as  
expenditures. However, in the Statement of  
Activities the cost of assets is allocated  
over their useful lives and reported as  
depreciation expense. This is the amount  
by which depreciation exceeded capital  
outlay in the current period.

Capital Outlay	23,527
Depreciation	<u>(16,331)</u>

Change in Net Position of Governmental Activities	\$ <u>60,042</u>
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See accompanying notes to financial statements.

CITY OF LAYTON, FLORIDA

Notes to Financial Statements

September 30, 2019

**(1) Summary of Significant Accounting Policies**

**Reporting Entity**

The City of Layton, Florida (the "City") is a political subdivision of the state of Florida, located in Monroe County. The City as established by Chapter 24386, Special Acts of 1963 of the Florida Legislature, operates under a Mayor-Commission form of government and provides the following services as authorized by its Charter; public safety (building department), highway and streets, culture-recreation, public improvements, planning and zoning, and general administrative services. The Mayor and the Council are responsible for legislative and fiscal control of the City. The operating activities are conducted by the Mayor.

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

The accompanying financial statements present the combined financial position, results of operations and cash flows of the applicable fund types and account groups governed by the City.

**Financial Reporting Entity**

The financial statements were prepared in accordance with Government Accounting Standards, 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 City, organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete. The City 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 the specific financial burdens on the City. Based upon the application of these criteria, there were no organizations that met the criteria described above.

CITY OF LAYTON, FLORIDA

Notes to Financial Statements

September 30, 2019

(1) Summary of Significant Accounting Policies - (Cont.)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of inter-fund 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. There are currently no enterprise funds.

CITY OF LAYTON, FLORIDA

Notes to Financial Statements

September 30, 2019

(1) **Summary of Significant Accounting Policies - (Cont.)**

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

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

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to apply liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditure related to compensated absences and claims and judgments, are recorded only when payment is due. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental activities of the government-wide presentation.

Property taxes, franchise taxes, licenses, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

(1) Summary of Significant Accounting Policies - (Cont.)

Measurement Focus and Basis of Accounting  
and Financial Statement Presentation - (Cont.)

The City reports the following major Governmental Funds:

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

Additionally, the City would report the following fund type when a project is so designated:

*Capital Projects Funds* to account for financial resources that are limited to expenditures for capital outlay.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds, when existing, distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the costs of services, personnel costs, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

(1) **Summary of Significant Accounting Policies - (Cont.)**

**Measurement Focus and Basis of Accounting  
and Financial Statement Presentation - (Cont.)**

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

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

**Assets, Liabilities, and Net Assets or Equity**

**Deposits and Investments**

Cash and cash equivalents consists of cash on hand and cash on deposit with financial institutions. The City maintains separate cash accounts for substantially all City funds including those for restricted cash and investments held with trustees. Interest income is directly allocated based upon the earnings of each accounts' cash and investments. For the purposes of the statement of cash flows, the City considers highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

The City has no investments currently and deposits funds into interest bearing money market and certificate of deposit accounts.

CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

(1) Summary of Significant Accounting Policies - (Cont.)

Assets, Liabilities, and Net Assets or Equity - (Cont.)

Receivables and Payables

During the course of operations, there may be transactions which occur between individual funds for goods provided or services rendered. These receivables and payables are reported as "due from other funds" or "due to other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". At the year end there were none.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide fund financial statements.

Capital Assets

Capital assets, which include property, land, equipment, and infrastructure assets (e.g., roads, bridges, bike paths, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets acquired after October 1<sup>st</sup>, 2003 are capitalized at cost as acquired. Infrastructure assets that were placed in service prior to that date were not reported.

The government defines capital assets as assets with an initial individual cost of more than \$750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at an estimated fair market value at the date of donation. During 2013, three (3) parcels of land whose appraised value was \$250,000 were donated to the City with a corresponding credit to Miscellaneous income and donations.

CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

(1) **Summary of Significant Accounting Policies - (Cont.)**

**Capital Assets - (Cont.)**

The costs of normal maintenance or repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. They are included as ordinary expenditures for the appropriate function.

Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. The ranges of useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 50
Improvements other than buildings	15 - 20
Infrastructure	30
Vehicles and equipment	5 - 10

The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to earnings.

Interest is capitalized on enterprise fund assets constructed with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project construction with interest earned on invested proceeds over the same period.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City does not have any items that qualify for reporting in this category.

CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

(1) **Summary of Significant Accounting Policies - (Cont.)**

**Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. At September 30, 2019 all vacation earned had been used. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The General Fund has typically been used to liquidate such amounts.

**Unearned/Unavailable Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenues at the government-wide level arise only when the City receives resources before it has a legal claim to them.

**Net Position/Fund Balances**

Net assets in the financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net positions represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. Unrestricted net positions consist of all net position that do not meet the definition of the other two components.

**Fund Balance**

The City presents fund balance in accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

**(1) Summary of Significant Accounting Policies - (Cont.)**

**Net Position/Fund Balances - (Cont.)**

Non-spendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid Items - portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expense for the City which is not a spendable resource.

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - portion of fund balance that can only be used for specific purpose imposed by majority vote of City's governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

Assigned Fund Balance - portion of fund balance that City intends to use for specific purposes.

Unassigned Fund Balance - the portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the general fund.

**(2) Stewardship, Compliance and Accountability**

**Budgets -**

**Legal Compliance**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general fund, special revenue funds, debt service funds, certain capital project funds, and enterprise funds. All annual appropriations lapse at fiscal year end and are not automatically re-appropriated the following fiscal year. On July 1<sup>st</sup> of each year, the Monroe county Property Appraiser supplies the city with the assessed taxable valuation of the property located within the City on which the City's millage (property tax) rate for the next budget year will be based. Prior to July 31<sup>st</sup>, a public hearing is held at which a proposed budget is presented to the City commission and, by resolution, the City commission establishes a proposed millage (property tax) rate.

CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

(2) **Stewardship, Compliance and Accountability - (Cont.)**

***Budgets -***

**Legal Compliance - (Cont.)**

Based on the State of Florida "TRIM" (Truth in Millage) calendar, the City holds two public hearings on the tentative millage rate and tentative budget during the month of September. The budget is adopted by Resolution. Project-length financial plans are also adopted for all Capital Project Funds.

Budget amounts are presented as originally adopted and as amended by the City Council. Budget amendments, adopted by Resolution of the City Council, are used to revise the budgeted amounts throughout the year. The City Council may amend the budget within existing appropriations of individual funds; there were minor amendments during the year.

The level of control whereby expenditures cannot exceed appropriations is at the fund level. During the fiscal year ended September 30th, 2019, there were no supplemental appropriations approved by the City Council in accordance with this policy.

**Property Taxes**

All real and tangible personal property taxes are due and payable on November 1<sup>st</sup> of each year, or as soon thereafter as the tax roll is certified by the Monroe county Property Appraiser, and become delinquent on April 1<sup>st</sup> of the following year. The billing and collection of all property taxes is done for the City by the Monroe County Tax Collector.

The Tax collector mails to each property owner on the tax roll a notice of taxes levied by the various governmental entities in the County. Discounts are allowed for payment of property taxes made between November 1<sup>st</sup> and March 1<sup>st</sup>. Tax certificates for the full amount of any unpaid taxes or assessments must be sold no later than June 1<sup>st</sup> of each year. Procedures for collecting delinquent taxes, including applicable tax certificate sales, tax deed sales and tangible personal property seizure and sales, are provided for by the laws of Florida. Enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. Key dates in the property tax cycle (latest date, where appropriate) are as follows:

CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

(2) **Stewardship, Compliance and Accountability - (Cont.)**

**Property Taxes - (Cont.)**

July 1<sup>st</sup> - Assessment roll certified, unless extension granted by Florida Department of Revenue.

93 days later (normally October 1<sup>st</sup>). Millage resolution approved and taxed levied following certification of assessment roll.

November 1<sup>st</sup> - Property taxes become due and payable (maximum discount, i.e., 4 percent).

April 1<sup>st</sup> - Taxes become delinquent (lien date).

Prior to June 1<sup>st</sup> - Tax certificates sold.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepting in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these 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.

**Subsequent Events**

Subsequent events were evaluated through November 27, 2019, which is the date the financial statements were available to be issued.

(3) **Detailed Notes on All Funds**

**Deposits and investments**

The City maintains a cash and investment pool that is available for use by all funds except for those in which the cash must be segregated due to bond indenture or other legal restrictions such as in the deferred compensation plan.

CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

(3) **Detailed Notes on All Funds (Cont.)**

**Deposits**

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits which consist of cash on hand and interest bearing checking accounts 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 eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any losses. Therefore, all amounts presented as deposits are insured or collateralized.

**Investments**

The City is authorized to invest in obligations of the United States Treasury, its agencies, instrumentalities and the Local Government Surplus Funds Trust Fund administered by the State Board of Administration. The investments follow the investment rules defined in Florida Statutes Chapter 215. The investment policy defined in the statutes attempts to promote, through state assistance, the maximization of net investment earnings on invested surplus funds of local units of governments while limiting the risk to which the funds are exposed. All funds are invested in checking, money market and certificates of deposit accounts.

There were no losses during the period due to default by counterparties to investment transactions, and the City had no other types of investments during the year other than those described above.



CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

(3) Detailed Notes on All Funds (Cont.)

Investments (Cont.)

Type	Category 1	Fair Value
General Investments		
Investments (F.M.I.T.)	\$ -	\$ -
Investments not Subject to Categorization		
Certificates of Deposits		<u>197,207</u>
Total Investments		197,207
Plus Deposits:		
Checking Accounts		<u>1,072,770</u>
Total Deposits and Investments		<u>1,269,977</u>
Plus Cash on Hand:		<u>285</u>
Total Cash, Deposits and Investments		<u>\$1,270,262</u>

Inherent rate risk

The City has an investment policy of structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds in money market accounts and certificates of deposit.

The following schedule reconciles the deposit and investment information above to the City-wide Statement of Net Position and Statement of Fiduciary Net Position:

CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

(3) **Detailed Notes on All Funds (Cont.)**

**Investments (Cont.)**

The following schedule reconciles the deposit and investment information above to the City-wide Statement of Net Position and Statement of Fiduciary Net Position:

	Current		Restricted		Total Cash and Investments
	Cash and Equivalents	Investments	Cash and Equivalents	Investments	
<u>Governmental Activities</u>					
General	\$ 224,755	-	1,045,507	-	1,270,262
Other Governmental	-	-	-	-	-
Total Governmental	<u>224,755</u>	<u>-</u>	<u>1,045,507</u>	<u>-</u>	<u>1,270,262</u>
Total	\$ <u>224,755</u>	<u>-</u>	<u>1,045,507</u>	<u>-</u>	<u>1,270,262</u>

	General	Special Revenue Funds	Total
<u>Accounts Receivable</u>			
<u>Governmental Activities</u>			
Unrestricted:			
Accounts Receivables	\$ <u>150</u>	<u>-</u>	<u>150</u>
Total unrestricted Receivables	<u>\$ 150</u>	<u>-</u>	<u>150</u>

Accounts Payable and Other Accrued  
Expenses

<u>Governmental Activities</u>			
Accounts Payable	\$ 4,384	-	4,384
Accrued Liabilities	<u>10,965</u>	<u>-</u>	<u>10,965</u>
Total Governmental	<u>\$15,349</u>	<u>-</u>	<u>15,349</u>

CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

(3) **Detailed Notes on All Funds (Cont.)**

**Investments (Cont.)**

	<u>General</u>	<u>Special Revenue Funds</u>	<u>Total</u>
<u>Intergovernmental Revenues</u>			
<u>Governmental Activities</u>			
Operating Grants and Shares Revenues			
State Shared Revenues	\$39,200	77,192	116,392
Local Shared Revenues	-	-	-
Capital Grant Revenues	-	-	-
Other Inter-local Agreements	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$39,200</u>	<u>77,192</u>	<u>116,392</u>

**Capital Assets**

Capital Assets activity for the year ended September 30, 2019 was as follows:

	<u>Balance 10/1/2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/2019</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$587,608	-	-	587,608
Capital assets, being depreciated:				
Buildings	222,272	-	-	222,272
Improvements other than buildings	24,822	-	-	24,822
Infrastructure	-	-	-	-
Vehicles, Furniture and equipment	94,327	23,527	-	117,854
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total capital assets being depreciated	341,421	23,527	-	364,948
Less accumulated depreciation for:				
Buildings	58,804	4,214	-	63,018
Improvements other than buildings	21,775	1,342	-	23,117
Infrastructure	-	-	-	-
Vehicles, Furniture and Equipment	46,601	10,775	-	57,376
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total accumulated depreciation	127,180	16,331	-	143,511
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total capital assets, being depreciated, net	214,241	7,196	-	221,437
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Governmental activities capital assets, net	<u>\$801,849</u>	<u>7,196</u>	<u>-</u>	<u>809,045</u>

CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

(3) **Detailed Notes on All Funds (Cont.)**

**Capital Assets (Cont.)**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities

General government	<u>\$16,331</u>
Total deprecation expense-governmental activities	<u>\$16,331</u>

(4) **Other Information**

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The city purchases commercial insurance and also participates in a public entity risk pool administered by Florida League of Cities, Inc. with insurance programs for general professional liability and workers compensation. The City pays an annual premium to Florida League of Cities, Inc. for this insurance coverage. Participation in this risk pool is non-assessable. There were no significant reductions in insurance coverages as compared to the prior year. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. The City retains the risk of loss up to a deductible amount with the risk of loss in excess of this amount transferred to the pool with limits of liability of \$1,000,000 per occurrence for general and professional liability. The City is not aware of any ongoing, pending or threatened litigation or claims as of September 30, 2019.

CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

(4) **Other Information**

**Miscellaneous Revenues**

Other Revenue in the General Government Fund types as of September 30, 2019 is as follows:

	<u>General</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Rents	\$ 1,000	-	1,000
Other Income and donations	<u>5,912</u>	<u>-</u>	<u>5,912</u>
Total Other Revenue	<u>\$ 6,912</u>	<u>-</u>	<u>6,912</u>

**Restatements**

Due to provisions of GASB Statement No. 34, the beginning net assets of governmental activities were restated to include the governmental long-term debt and governmental fixed assets as of September 30, 2004.

**Litigation**

The City is not involved in any litigation or disputes incidental to its operations. Legal counsel is not aware of any pending or threatened litigation. Accordingly, the accompanying financial statements do not include any provision for such matters.

**Commitments and Contingencies**

Amounts received or receivable from grantor agencies are subject to compliance audits by grantor agencies, principally federal and state governments. Any disallowed expenses, including amounts already collected, might constitute a liability of the applicable funds. The City does not believe any contingent liabilities are material. The City did not receive any grants in fiscal 2018 and accordingly, the City does not believe any contingent liabilities exist at September 30, 2019 and if any exist, they are immaterial.

CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

(4) **Other Information - (Cont.)**

**Reserve/Designations**

The City maintains special revenue funds to account for external or internal restrictions placed on revenue sources. A summary of restrictions that meet the criteria for restricted net assets is as follows:

*Special Revenue Funds:*

*Local Option Gas Tax* - Tax levied for transportation projects and restricted per Florida Statutes.

*Infrastructure Surtax* - Tax levied, restricted for infrastructure purposes only as to use per agreement with Monroe county and Florida Statutes.

**Operating Leases**

The City was not committed under any operating leases for office equipment.

**Law Enforcement Agreement**

The City entered into a contract with the Monroe County Sheriff's Office for local law enforcement services. The charge for these services for fiscal 2019 amounted to \$22,018. The rate is based on the lesser of the millage rate for unincorporated areas of the County or 1.0 mills.

**Violations of Law**

The audit did not disclose any violations of law, significant or otherwise, for material over expenditures at the legal level of control identified in the budgetary comparison schedules.

CITY OF LAYTON, FLORIDA  
Notes to Financial Statements  
September 30, 2019

**(5) Other Post-Employment Health Care Benefits**

GASB Statement No. 45; Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions ("OPEB"), established new accounting standards for post-retirement benefits. The new standard does not require funding of OPEB expense, but any difference between the annual required contribution ("ARC") and the amount funded during the year is required to be recorded in the employer's Statement of Net Position as an increase (decrease) in the OPEB obligation.

The City does not offer post-retirement benefits to retired employees.

**(6) Subsequent Events**

The Company has evaluated subsequent events for disclosure and recognition through November 27, 2019, the date on which these financial statements were available to be issued.

CITY OF LAYTON, FLORIDA  
 Budgetary Comparison Schedule  
 General Fund

For the Year Ended September 30, 2019

	Budgeted <u>Original</u>	Budgeted <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
REVENUES:				
Taxes	\$ 165,500	165,500	165,182	(318)
Licenses and Permits	20,500	20,500	24,312	3,812
Intergovernmental Revenues	54,700	54,700	39,200	(15,500)
Fund Transfers	-	-	-	-
Fines	600	600	3,948	3,348
Interest and Investment Earnings	4,000	4,000	969	(3,031)
Rental Income	1,000	1,000	1,000	-
Other Income	<u>1,000</u>	<u>1,000</u>	<u>5,912</u>	<u>4,912</u>
Total Revenues	<u>247,300</u>	<u>247,300</u>	<u>240,523</u>	<u>(6,777)</u>
EXPENDITURES:				
Current:				
General Government:				
Legislative	500	500	304	196
Financial and administrative	163,000	163,000	155,902	7,098
Legal	22,000	22,000	23,921	(1,921)
Comprehensive Planning	7,500	7,500	7,500	-
Contingency	-	-	-	-
Other General Governmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Government	<u>193,000</u>	<u>193,000</u>	<u>187,627</u>	<u>5,373</u>
Public Safety:				
Law Enforcement	24,000	24,000	22,018	1,982
Emergency Management	-	-	-	-
Protective Inspections	<u>44,000</u>	<u>44,000</u>	<u>46,418</u>	<u>(2,418)</u>
Total Public Safety	<u>68,000</u>	<u>68,000</u>	<u>68,436</u>	<u>(436)</u>
Cultural Recreation				
Special Events	<u>7,300</u>	<u>7,300</u>	<u>7,325</u>	<u>(25)</u>
Total Expenditures	<u>268,300</u>	<u>268,300</u>	<u>263,388</u>	<u>4,912</u>

See accompanying notes to financial statements.



CITY OF LAYTON, FLORIDA  
 Budgetary Comparison Schedule  
 Infrastructure Surtax  
 For the Year Ended September 30, 2019

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Infrastructure Tax	\$ <u>65,500</u>	<u>65,500</u>	<u>73,239</u>	<u>7,739</u>
Intergovernmental Revenues:				
Interest earnings	<u>1,800</u>	<u>1,800</u>	<u>2,081</u>	<u>281</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>67,300</u>	<u>67,300</u>	<u>75,320</u>	<u>8,020</u>
EXPENDITURES:				
Repairs and Improvements	26,000	26,000	19,147	6,853
General Government	<u>10,000</u>	<u>10,000</u>	<u>10,366</u>	<u>(366)</u>
Total Expenditures	<u>36,000</u>	<u>36,000</u>	<u>29,513</u>	<u>6,487</u>

See accompanying notes to financial statements.

CITY OF LAYTON, FLORIDA

Budgetary Comparison Schedule  
Local Option Gas Tax

For the Year Ended September 30, 2019

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes:				
Local Option Gas Tax	\$ <u>36,000</u>	<u>36,000</u>	<u>42,983</u>	<u>6,983</u>
Intergovernmental Revenues:				
State Shared Taxes	6,000	6,000	3,953	(2,047)
Interest earnings	<u>4,500</u>	<u>4,500</u>	<u>6,283</u>	<u>1,783</u>
Total Revenues	<u>46,500</u>	<u>46,500</u>	<u>53,219</u>	<u>6,719</u>
EXPENDITURES:				
Transportation Maintenance	<u>230,000</u>	<u>230,000</u>	<u>23,315</u>	<u>206,685</u>
Total Expenditures	<u>230,000</u>	<u>230,000</u>	<u>23,315</u>	<u>206,685</u>

See accompanying notes to financial statements.

CITY OF LAYTON, FLORIDA

Note to Budgetary Comparison Schedules

For the Year Ended September 30, 2019

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

An annual appropriated budget is adopted for the General Fund, Infrastructure Surtax Fund, and Local Option Gas Tax Fund on a basis consistent with accounting principles generally accepted in the United States. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- a. Annually, the City Clerk submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearing are conducted to obtain taxpayer comments.
- c. Prior to October 1<sup>st</sup>, the budget is legally enacted through passage of a resolution.
- d. The City Council, by motion, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated.
- e. The City Clerk is authorized to transfer budget amounts within the departments within any fund. However, any revisions that alter the total appropriations of any department must be approved by the City Council. Therefore, the legal level of control is at the department level.
- f. Formal budgetary integration is employed as a management control device during the year for all budgeted funds. The final budget included an amendment by City Council to reclassify expenditures in the General Fund; however, overall expenditures did not change from the original budget.
- g. Appropriations which are neither expended nor specifically designated to be carried over, lapse at the end of the fiscal year.

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MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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 City Council  
City of Layton, Florida:

We have audited, 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 the general purpose financial statements of City of Layton, Florida (the "City") as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprises the City's basic financial statements and have issued our report thereon dated November 27, 2019.

**Internal Control Over Financial Reporting**

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

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

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

#### **Compliance and Other Matters**

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

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

*Smith, Burgin & Associates, LLC.*

November 27, 2019

**SMITH, BUZZI & ASSOCIATES, LLC.**

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INDEPENDENT AUDITOR'S REPORT TO CITY MANAGEMENT

Honorable Mayor and City Council  
City of Layton, Florida

**Report on the Financial Statements**

We have audited the financial statements of the City of Layton, Florida (the "City"), as of and for the year ended September 30, 2019, and have issued our report thereon dated November 27, 2019.

**Auditor's Responsibility**

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

**Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, and Independent Auditor'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 November 27, 2019, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Layton, Florida was established by Chapter 24386 special acts of 1963 of the Florida Legislature. The legal authority is disclosed in the notes to the financial statements.

**Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City 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 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. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The assessment was prepared as of fiscal year end.

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, we did not have any such recommendations.

**Special District Component Units**

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

**Additional Matters**

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.

*Smith, Burgin & Associates, LLC.*

Miami, Florida  
November 27, 2019

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

Honorable Mayor, and City Council  
City of Layton, Florida  
Layton, Florida

We have examined City of Layton, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

SMITH, BUZZI AND ASSOCIATES, LLC.

*Smith, Buzzi & Associates, LLC.*

Miami, Florida  
November 27, 2019