

TOWN OF CENTURY, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

**TOWN OF CENTURY, FLORIDA
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SEPTEMBER 30, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Town Council Members
Town of Century, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Century, Florida (the Town), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of the Town of Century, Florida, as of September 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information since 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 September 13, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Century, Florida's, internal control over financial reporting and compliance.

Warren Averett, LLC

Pensacola, Florida
September 13, 2022

**TOWN OF CENTURY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

General Information

As management of the Town, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here, in conjunction with our Town's financial statements, which follow this section.

Financial Highlights

- The assets of the Governmental Activities of the Town exceeded its liabilities at the close of fiscal year 2021 by \$5.0 million. Of this amount, \$4.4 million is invested in capital assets (net of related debt), and \$3.5 million is restricted for debt service payments and specific uses that are restricted by third-party sources. The Town has a remaining deficit balance of \$2.9 million in unrestricted net position.
- The assets of the Business Type Activities of the Town exceeded its liabilities at the close of fiscal year 2021 by \$4.9 million. Of this amount, \$4.3 million is invested in capital assets (net of related debt), and \$98,000 is restricted for debt service payments that are restricted by third-party sources. The Town has a remaining balance of \$633,000 in unrestricted net position.

Overview of the Financial Statements

The focus of the Governmental Accounting Standards Board (GASB), Statement No. 34, financial statements is on both the Town, as a whole (government-wide), and on the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (year-to-year, government-to-government), and enhance the Town's accountability.

This discussion and analysis intends to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to private-sector business.

The statement of net position presents information on all of the Town'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 Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (i.e., uncollected taxes and earned, but unused, annual leave). Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities).

**TOWN OF CENTURY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

The governmental activities of the Town include general government, public safety, public services and intergovernmental functions. The business-type activities of the Town include the natural gas, water and sewer, and sanitation operations. All of these activities are collectively referred to in the financial statements as those of the primary government.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities of objectives. The Town, 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 Town can be divided into two categories: Governmental Funds and Proprietary Funds.

FUNDS

Governmental Funds

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

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

The Town maintains three individual governmental funds (General Fund, Special Revenue Fund and Community Redevelopment Agency Fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for these funds.

The Town adopts an annual appropriated budget for its General Fund, Community Redevelopment Agency Fund, and Special Revenue Fund. Budgetary comparison schedules, which are located within the Required Supplementary Information of this report, as listed in the table of contents, are provided for the fund to demonstrate compliance with the budget.

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its natural gas, water and sewer, and sanitation operations.

**TOWN OF CENTURY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements provide information as follows: the natural gas, water and sewer and sanitation are considered major proprietary funds of the Town, and the information is presented separately in the proprietary fund statement of net position and in the proprietary fund statement of revenues, expenses and changes in net position for these funds.

Notes to the Financial Statements

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. The largest portion of the Town's net position, \$8.7 million, reflects its net investment in capital assets (i.e., land, buildings, improvements other than buildings, infrastructure, and other), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

**TOWN OF CENTURY, FLORIDA
STATEMENTS OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other asset	\$ 1,154,405	\$ 543,287	\$ 977,005	\$ 797,073	\$ 2,131,410	\$ 1,340,360
Capital assets	4,425,631	4,669,548	5,571,911	5,665,045	9,997,542	10,334,593
Total assets	5,580,036	5,212,835	6,548,916	6,462,118	12,128,952	11,674,953
Long-term liabilities						
outstanding	6,112	49,319	1,329,593	1,434,399	1,335,705	1,483,718
Other liabilities	506,592	69,189	227,584	246,817	734,176	316,006
Total liabilities	512,704	118,508	1,557,177	1,681,216	2,069,881	1,799,724
Net investment in capital assets	4,425,631	4,635,448	4,259,963	4,268,350	8,685,594	8,903,798
Restricted	3,565,409	3,582,369	98,144	102,710	3,663,553	3,685,079
Unrestricted (deficit)	(2,923,708)	(3,123,490)	633,632	409,842	(2,290,076)	(2,713,648)
Total net position	\$ 5,067,332	\$ 5,094,327	\$ 4,991,739	\$ 4,780,902	\$10,059,071	\$ 9,875,229

**TOWN OF CENTURY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

**TOWN OF CENTURY, FLORIDA
STATEMENTS OF CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenues						
Charges for services	\$ 118,737	\$ 109,864	\$ 1,687,013	\$ 1,473,264	\$ 1,805,750	\$ 1,583,128
Operating grants and contributions	12,418	362,410	-	-	12,418	362,410
Capital grants and contributions	-	-	179,459	44,021	179,459	44,021
General revenues						
Property taxes	38,917	35,582	-	-	38,917	35,582
Other taxes and intergovernmental	736,545	641,320	-	-	736,545	641,320
Other revenue	233,463	203,392	337	2,014	233,800	205,406
TOTAL REVENUES	1,140,080	1,352,568	1,866,809	1,519,299	3,006,889	2,871,867
EXPENSES						
Primary government						
General government	671,710	1,101,761	-	-	671,710	1,101,761
Transportation	237,526	328,947	-	-	237,526	328,947
Culture and recreation	78,497	90,781	-	-	78,497	90,781
Business-type activities						
Natural gas	-	-	528,028	597,668	528,028	597,668
Water and sewer	-	-	1,198,755	1,299,259	1,198,755	1,299,259
Sanitation	-	-	108,531	102,905	108,531	102,905
TOTAL EXPENSES	987,733	1,521,489	1,835,314	1,999,832	2,823,047	3,521,321
Increase (decrease) in net position before transfers	152,347	(168,921)	31,495	(480,533)	183,842	(649,454)
Transfers	(179,342)	(504,311)	179,342	504,311	-	-
Change in net position	(26,995)	(673,232)	210,837	23,778	183,842	(649,454)
NET POSITION, BEGINNING	5,094,327	5,767,559	4,780,902	4,757,124	9,875,229	10,524,683
NET POSITION, ENDING	\$ 5,067,332	\$ 5,094,327	\$ 4,991,739	\$ 4,780,902	\$10,059,071	\$ 9,875,229

**TOWN OF CENTURY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

FINANCIAL IMPACTS

Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below:

Revenues

- **Economic Condition:** This can reflect a declining, stable or growing economic environment and has a substantial impact on property, sales, gas or other tax revenue.
- **Town Council Approved Rate Adjustments:** While certain tax rates are set by statute, the Town Council has significant authority to impose and periodically adjust rates (water, wastewater, natural gas, sanitation, sewer, impact fees, recreation user fees, etc.).
- **Changing Patterns in Intergovernmental Grant Revenue (both Recurring and Non-Recurring):** Certain recurring revenues (i.e., state revenue sharing and community development block grants) may experience significant changes periodically, while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.
- **Market Impacts on Investment Income:** The current market conditions have a significant influence on the Town's investment income, causing it to fluctuate greatly.

Expenses

- **Introduction of New Programs:** Within functional expense categories (general, transportation/streets, parks and recreation, etc.), individual programs may be added or deleted to meet changing community needs.
- **Authorized Position Adjustments:** Changes in service demand may cause the Town Council to change authorized staffing.
- **Salary Adjustments:** The ability to attract and retain human and intellectual resources requires the Town to strive to approach a competitive salary range position in the marketplace.
- **Inflation:** While overall inflation appears to be reasonably modest, the Town is a major consumer of certain commodities such as paper, chemicals, supplies, fuel, oil and parts. Some fluctuations may experience commodity specific increases.

Current Year Impacts – Governmental Activities

- Operating grants and general government expenditures decreased approximately \$350,000 and \$430,000, respectively, mainly due the completion of grant projects and programs during 2020.

**TOWN OF CENTURY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Current Year Impacts – Business-Type Activities

- Water and sewer costs decreased due to the Town fixing the supply line which broke in the prior year causing an approximate \$100,000 in additional repair costs in 2020 and requiring the Town to purchase water to supply the Town's customers.
- The Natural Gas Fund incurred losses related to decreased overall usage of gas during the year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$647,000, an increase of \$174,000 from the prior year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the deficit unassigned fund balance of the General Fund was \$3 million.

During the current fiscal year, the fund balance of the Town's General Fund increased by \$149,000. The key factors in this increase is due to transfers in from the Special Revenue Fund.

Proprietary Funds

The focus of the Town's proprietary funds is to provide the same type of information as found in the government-wide financial statements, but in more detail.

**TOWN OF CENTURY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

CAPITAL ASSETS AND OUTSTANDING DEBT

Capital Assets

The Town's investment in capital assets for governmental and business-type activities includes land, buildings, improvements, machinery and equipment, park facilities, roads, curbs and gutters, streets and sidewalks, greenways, drainage and sewer systems.

TOWN OF CENTURY, FLORIDA CAPITAL ASSETS (Net of Depreciation)						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 2,073,012	\$ 2,073,012	\$ 14,025	\$ 14,025	\$ 2,087,037	\$ 2,087,037
Construction in progress	32,786	-	244,260	53,219	277,046	53,219
Buildings, improvements, utility systems	6,067,589	6,067,589	12,059,042	12,059,042	18,126,631	18,126,631
Vehicles	-	-	237,889	237,889	237,889	237,889
Machinery and equipment	2,366,964	2,342,071	1,013,816	942,644	3,380,780	3,284,715
Accumulated depreciation	<u>(6,114,720)</u>	<u>(5,813,124)</u>	<u>(7,997,121)</u>	<u>(7,641,774)</u>	<u>(14,111,841)</u>	<u>(13,454,898)</u>
Total	<u>\$ 4,425,631</u>	<u>\$ 4,669,548</u>	<u>\$ 5,571,911</u>	<u>\$ 5,665,045</u>	<u>\$ 9,997,542</u>	<u>\$10,334,593</u>

Additional information on the capital assets of the Town can be found in Note 5 of this report.

Outstanding Debt

All of the Town's debt represents loans secured solely by equipment or specified revenue sources (i.e., utility revenues, sales tax revenues). The Town has no general obligation or special assessment debt. The state of Florida does not place a legal limit of debt on municipalities. For general obligation debts greater than one year, the Town is required to conduct a voter referendum process for approval of this type of debt. Additional information on the Town's long-term debt can be found in Note 8 of this report.

TOWN OF CENTURY, FLORIDA LONG-TERM DEBT OUTSTANDING						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Bonds and notes payable	\$ -	\$ 34,100	\$ 1,311,948	\$ 1,396,695	\$ 1,311,948	\$ 1,430,795
Total	<u>\$ -</u>	<u>\$ 34,100</u>	<u>\$ 1,311,948</u>	<u>\$ 1,396,695</u>	<u>\$ 1,311,948</u>	<u>\$ 1,430,795</u>

**TOWN OF CENTURY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The state of Florida, by constitution, does not have a state personal income tax; therefore, the state operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely upon property and a limited array of permitted other taxes (sales, gasoline, utility service taxes, etc.) and fees (franchise and occupational license) for their governmental activities. There is a limited number of state shared revenues and recurring and non-recurring grants from both the state and federal governments, which provide funding for specific programs, projects or activities. For the business-type activities and certain governmental activities (permitting and recreational programs), the user pays a related fee or charge associated with the service.

The level of taxes, fees and charges for services (including development related impact fees) has an impact on the Town's specific competitive ability to encourage development and redevelopment (office, retail, residential and industrial) for those businesses that choose to locate in our jurisdiction. As the Town has limited growth potential, it places great emphasis on redevelopment, as it is essential for the continued financial and economic health of our community.

REQUESTS FOR INFORMATION

This financial report is designed to give a general overview of the Town's finances and to demonstrate accountability for the money it receives from taxpayers, customers and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Clerk, P. O. Drawer 790, Century, FL 32535, by calling (850) 256-3208, or by sending an email to lhowington@centuryflorida.us.

**TOWN OF CENTURY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 744,859	\$ 169,002	\$ 913,861
Investments	602,887	-	602,887
Receivables, net	-	312,128	312,128
Due from other governments	77,259	-	77,259
Prepaid items	26,793	26,793	53,586
Internal balances	(297,393)	297,393	-
Restricted assets:			
Cash and investments	-	171,689	171,689
Capital assets:			
Non-depreciable	2,105,798	258,285	2,364,083
Depreciable, net	2,319,833	5,313,626	7,633,459
TOTAL ASSETS	5,580,036	6,548,916	12,128,952
LIABILITIES			
Accounts payable	38,498	118,361	156,859
Accrued liabilities	5,806	3,746	9,552
Unearned income	462,288	-	462,288
Payable from restricted assets:			
Current portion of long-term debt	-	98,726	98,726
Customer deposits	-	105,477	105,477
Non-current liabilities:			
Compensated absences	6,112	17,645	23,757
Long-term debt	-	1,213,222	1,213,222
TOTAL LIABILITIES	512,704	1,557,177	2,069,881
NET POSITION (DEFICIT)			
Net investment in capital assets	4,425,631	4,259,963	8,685,594
Restricted:			
Debt service and required reserves	-	98,144	98,144
Redevelopment district	29,533	-	29,533
Street construction and improvements	3,535,876	-	3,535,876
Unrestricted (deficit)	(2,923,708)	633,632	(2,290,076)
TOTAL NET POSITION	\$ 5,067,332	\$ 4,991,739	\$ 10,059,071

See notes to the financial statements.

**TOWN OF CENTURY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Function/program activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 671,710	\$ 118,737	\$ 12,418	\$ -	\$ (540,555)	\$ -	\$ (540,555)
Transportation	237,526	-	-	-	(237,526)	-	(237,526)
Culture and recreation	78,497	-	-	-	(78,497)	-	(78,497)
Total governmental activities	987,733	118,737	12,418	-	(856,578)	-	(856,578)
Business-type activities							
Natural gas	528,028	417,398	-	-	-	(110,630)	(110,630)
Water and sewer	1,198,755	1,113,147	-	179,459	-	93,851	93,851
Sanitation	108,531	156,468	-	-	-	47,937	47,937
Total business-type activities	1,835,314	1,687,013	-	179,459	-	31,158	31,158
TOTAL PRIMARY GOVERNMENT	\$ 2,823,047	\$ 1,805,750	\$ 12,418	\$ 179,459	(856,578)	31,158	(825,420)
General revenues							
Taxes							
Property taxes					\$ 38,917	\$ -	\$ 38,917
Sales and gas taxes					496,219	-	496,219
Other					132,666	-	132,666
State revenue sharing					107,660	-	107,660
Investment earnings					955	337	1,292
Miscellaneous					232,508	-	232,508
Transfers					(179,342)	179,342	-
Total general revenues					829,583	179,679	1,009,262
CHANGE IN NET POSITION					(26,995)	210,837	183,842
NET POSITION AT BEGINNING OF YEAR					5,094,327	4,780,902	9,875,229
NET POSITION AT END OF YEAR					\$ 5,067,332	\$ 4,991,739	\$ 10,059,071

See notes to the financial statements.

**TOWN OF CENTURY, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>CRA Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 249,737	\$ 462,288	\$ 32,834	\$ 744,859
Investments	38,842	564,045	-	602,887
Due from other funds	914,611	3,014,333	-	3,928,944
Due from other governments	51,536	25,723	-	77,259
Prepaid items	26,793	-	-	26,793
TOTAL ASSETS	<u>\$ 1,281,519</u>	<u>\$ 4,066,389</u>	<u>\$ 32,834</u>	<u>\$ 5,380,742</u>
LIABILITIES				
Accounts payable	\$ 38,498	\$ -	\$ -	\$ 38,498
Accrued liabilities	5,806	-	-	5,806
Unearned revenue	-	462,288	-	462,288
Due to other funds	4,154,811	68,225	3,301	4,226,337
Total liabilities	<u>4,199,115</u>	<u>530,513</u>	<u>3,301</u>	<u>4,732,929</u>
FUND BALANCE				
Nonspendable:				
Prepaid items	26,793	-	-	26,793
Restricted for:				
Street construction and improvements	-	3,535,876	-	3,535,876
Redevelopment district	-	-	29,533	29,533
Unassigned	(2,944,389)	-	-	(2,944,389)
Total fund balance (deficit)	<u>(2,917,596)</u>	<u>3,535,876</u>	<u>29,533</u>	<u>647,813</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,281,519</u>	<u>\$ 4,066,389</u>	<u>\$ 32,834</u>	<u>\$ 5,380,742</u>

See notes to the financial statements.

**TOWN OF CENTURY, FLORIDA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Fund balance, total governmental funds	\$	647,813
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the governmental funds:

Governmental non-depreciable assets	2,105,798	
Governmental depreciable assets	8,434,553	
Less accumulated depreciation	<u>(6,114,720)</u>	
		4,425,631

Long-term liabilities are not due and payable in the current period; therefore, they are not reported in the governmental funds:

Compensated absences	<u>(6,112)</u>	
		<u>(6,112)</u>

Net position of governmental activities	\$	<u><u>5,067,332</u></u>
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See notes to the financial statements.

**TOWN OF CENTURY, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General Fund	Special Revenue Fund	CRA Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 316,974	\$ 318,004	\$ 32,824	\$ 667,802
Intergovernmental	120,078	-	-	120,078
License, fees and permits	118,737	-	-	118,737
Miscellaneous	232,497	956	10	233,463
Total revenues	788,286	318,960	32,834	1,140,080
EXPENDITURES				
Current				
General government	377,043	-	175	377,218
Transportation	237,526	-	-	237,526
Culture and recreation	78,497	-	-	78,497
Capital outlay	57,679	-	-	57,679
Debt service	36,103	-	-	36,103
Total expenditures	786,848	-	175	787,023
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,438	318,960	32,659	353,057
OTHER FINANCING SOURCES				
Transfers in	147,784	-	-	147,784
Transfers out	-	(327,126)	-	(327,126)
Total other financing sources	147,784	(327,126)	-	(179,342)
NET CHANGE IN FUND BALANCE	149,222	(8,166)	32,659	173,715
FUND BALANCE (DEFICIT), BEGINNING	(3,066,818)	3,544,042	(3,126)	474,098
FUND BALANCE (DEFICIT), ENDING	<u>\$ (2,917,596)</u>	<u>\$ 3,535,876</u>	<u>\$ 29,533</u>	<u>\$ 647,813</u>

See notes to the financial statements.

**TOWN OF CENTURY, FLORIDA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2021**

Net change in fund balance – governmental funds	\$	173,715
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is depreciated/amortized over the estimated useful lives of the assets.

Expenditures for capital outlay	57,679	
Less current year depreciation	<u>(301,596)</u>	
		(243,917)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments on long-term debt	<u>34,100</u>	
		34,100

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

Change in long-term compensated absences		<u>9,107</u>
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Change in net position of governmental activities	\$	<u><u>(26,995)</u></u>
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See notes to the financial statements.

**TOWN OF CENTURY, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	<u>Sanitation Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 14,091	\$ 3,298	\$ 151,613	\$ 169,002
Receivables, net	35,198	63,804	213,126	312,128
Prepays	-	10,449	16,344	26,793
Due from other funds	11,000	-	1,957,443	1,968,443
Restricted cash and investments	-	-	171,689	171,689
Total current assets	<u>60,289</u>	<u>77,551</u>	<u>2,510,215</u>	<u>2,648,055</u>
Capital assets:				
Non-depreciable	-	4,000	254,285	258,285
Depreciable, net	-	190,783	5,122,843	5,313,626
Total capital assets	<u>-</u>	<u>194,783</u>	<u>5,377,128</u>	<u>5,571,911</u>
TOTAL ASSETS	<u>60,289</u>	<u>272,334</u>	<u>7,887,343</u>	<u>8,219,966</u>
LIABILITIES				
Current liabilities:				
Accounts payable	8,679	41,098	68,584	118,361
Due to other funds	20,901	1,621,900	28,249	1,671,050
Current portion of long-term debt	-	19,649	79,077	98,726
Accrued interest	-	826	2,920	3,746
Payable from restricted assets:				
Customer deposits	540	31,392	73,545	105,477
Total current liabilities	<u>30,120</u>	<u>1,714,865</u>	<u>252,375</u>	<u>1,997,360</u>
Non-current liabilities:				
Compensated absences	-	9,428	8,217	17,645
Long-term debt	-	349,175	864,047	1,213,222
Total non-current liabilities	<u>-</u>	<u>358,603</u>	<u>872,264</u>	<u>1,230,867</u>
TOTAL LIABILITIES	<u>30,120</u>	<u>2,073,468</u>	<u>1,124,639</u>	<u>3,228,227</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	-	(174,041)	4,434,004	4,259,963
Restricted for debt service	-	-	98,144	98,144
Unrestricted (deficit)	30,169	(1,627,093)	2,230,556	633,632
TOTAL NET POSITION (DEFICIT)	<u>\$ 30,169</u>	<u>\$ (1,801,134)</u>	<u>\$ 6,762,704</u>	<u>\$ 4,991,739</u>

See notes to the financial statements.

**TOWN OF CENTURY, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Sanitation Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 156,468	\$ 417,398	\$ 1,113,147	\$ 1,687,013
OPERATING EXPENSES				
Personal services	-	229,010	358,686	587,696
Operating	108,531	222,713	502,637	833,881
Depreciation	-	60,582	294,765	355,347
Total operating expenses	<u>108,531</u>	<u>512,305</u>	<u>1,156,088</u>	<u>1,776,924</u>
OPERATING INCOME (LOSS)	47,937	(94,907)	(42,941)	(89,911)
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental	-	-	179,459	179,459
Interest expense	-	(15,723)	(42,667)	(58,390)
Interest income	-	10	327	337
Total non-operating revenues (expenses)	<u>-</u>	<u>(15,713)</u>	<u>137,119</u>	<u>121,406</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	47,937	(110,620)	94,178	31,495
TRANSFERS AND CONTRIBUTIONS				
Transfers in	-	126,504	180,835	307,339
Transfers out	<u>(33,000)</u>	<u>(6,000)</u>	<u>(88,997)</u>	<u>(127,997)</u>
	<u>(33,000)</u>	<u>120,504</u>	<u>91,838</u>	<u>179,342</u>
CHANGE IN NET POSITION	14,937	9,884	186,016	210,837
NET POSITION (DEFICIT), BEGINNING	<u>15,232</u>	<u>(1,811,018)</u>	<u>6,576,688</u>	<u>4,780,902</u>
NET POSITION (DEFICIT), ENDING	<u>\$ 30,169</u>	<u>\$ (1,801,134)</u>	<u>\$ 6,762,704</u>	<u>\$ 4,991,739</u>

See notes to the financial statements.

**TOWN OF CENTURY, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Sanitation Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 156,195	\$ 384,625	\$ 1,049,548	\$ 1,590,368
Payments to suppliers	(108,246)	(247,069)	(497,689)	(853,004)
Payments to employees	-	(244,437)	(363,318)	(607,755)
Net cash provided by (used in) operating activities	<u>47,949</u>	<u>(106,881)</u>	<u>188,541</u>	<u>129,609</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers	(33,000)	120,504	91,838	179,342
Interfund borrowings/repayments	(5,000)	37,460	(7,672)	24,788
Net cash provided by (used in) non-capital and related financing activities	<u>(38,000)</u>	<u>157,964</u>	<u>84,166</u>	<u>204,130</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions of capital assets	-	(13,670)	(248,543)	(262,213)
Proceeds (payments) on long-term debt	-	(20,277)	(64,470)	(84,747)
Interest on debt	-	(15,432)	(42,605)	(58,037)
Capital contributions	-	-	179,459	179,459
Net cash used in capital and related financing activities	<u>-</u>	<u>(49,379)</u>	<u>(176,159)</u>	<u>(225,538)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	-	10	327	337
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>9,949</u>	<u>1,714</u>	<u>96,875</u>	<u>108,538</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>4,142</u>	<u>1,584</u>	<u>226,427</u>	<u>232,153</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 14,091</u>	<u>\$ 3,298</u>	<u>\$ 323,302</u>	<u>\$ 340,691</u>
CASH AND CASH EQUIVALENTS				
Current cash and investments	14,091	3,298	151,613	169,002
Restricted cash and investments	-	-	171,689	171,689
	<u>\$ 14,091</u>	<u>\$ 3,298</u>	<u>\$ 323,302</u>	<u>\$ 340,691</u>

See notes to the financial statements.

**TOWN OF CENTURY, FLORIDA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS – CONTINUED
 FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Sanitation Fund</u>	<u>Natural Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 47,937	\$ (94,907)	\$ (42,941)	\$ (89,911)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	60,582	294,765	355,347
Decrease (increase) in assets:				
Accounts receivable	(223)	(32,856)	(63,599)	(96,678)
Prepaid expenses	-	(135)	631	496
Increase (decrease) in liabilities:				
Accounts payable	285	(24,221)	4,227	(19,709)
Compensated absences payable	-	(15,427)	(4,632)	(20,059)
Customer deposits	(50)	83	90	123
Net cash provided by (used in) operating activities	<u>\$ 47,949</u>	<u>\$ (106,881)</u>	<u>\$ 188,541</u>	<u>\$ 129,609</u>

See notes to the financial statements.

**TOWN OF CENTURY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

1. DESCRIPTION OF TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Town

The Town of Century, Florida (the Town), was incorporated under the laws and statutes of the state of Florida in 1945. The Town operates under a Mayor-Council form of government chosen at large every four years. As authorized by its charter, the Town provides the following services: roads and streets, water and sewer, sanitation, natural gas, culture and recreation, public improvements and general administrative services. The Town does not provide educational, public safety or library facilities, as those services are provided by the Escambia County School Board and Escambia County Board of County Commissioners.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America.

The following is a summary of the significant accounting policies of the Town:

The Reporting Entity

The financial statements of the Town have been prepared in conformity with the accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (GASB).

The Century Community Redevelopment Agency (the Agency) was established by the Town, as a separate legal entity in accordance with Florida Statute 163, Section III. The Agency oversees the redevelopment of the Town. The Community Redevelopment Agency Board is identical to the Town Council. The Town manages the Agency's assets. The Agency is reported in the financial statements of the primary government as a "blended component unit". Separate financial statements of the Agency are not prepared.

Government-Wide and Fund Financial Statements

The basic financial statements include government-wide and fund financial statements. The reporting model focuses on the Town as a whole, as well as major funds. Government-wide and fund financial statements categorize primary activities as governmental or business-type. In the statement of net position, governmental and business-type activities (1) are presented on a consolidated basis, and (2) reflect full accrual accounting, which incorporates long-term assets and receivables, as well as long-term debt and obligations. As a general rule, eliminations have been made to minimize the double counting of internal activities.

The statement of activities reflects both the gross and net cost per functional category (transportation, culture and recreation, etc.), which are otherwise being supported by general government revenues (taxes, licenses and permits, etc.). The statement of activities reduces gross expenses, including depreciation, by related program revenues. The program revenues must be directly associated with a function of a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

**TOWN OF CENTURY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

1. DESCRIPTION OF TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting

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

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

Franchise taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Sales taxes, gasoline taxes and other intergovernmental revenues collected and held by the state at year end on behalf of the Town, are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Escambia County Florida Tax Collector bills and collects property taxes for the Town in accordance with the laws of the state of Florida. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharged by payment. Taxes are payable when levied (on November 1, or soon thereafter, as the assessment roll becomes available to the Tax Collector). The following is the current property tax calendar:

Lien Date	January 1
Levy Date	November 1
Due Date	November 1
Delinquent Date	April 1

Discounts of 1% are granted for each month taxes are paid prior to March. Revenue recognition criteria for property taxes under GASB requires that property taxes expected to be collected within 60 days of the current period be accrued. No accrual has been made for ad-valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year. Current year taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to uncollectibility; therefore, they are not recorded as a receivable on the balance sheet date.

TOWN OF CENTURY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

1. DESCRIPTION OF TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation

The financial transactions of the Town are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's utility function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for utility services. The Town also recognizes as operating revenues, the portion of tap fees intended to recover the cost of connecting customers to the system. Operating expenses for enterprise funds include the cost of service, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The following two broad classifications are used to categorize the fund types used by the Town:

Governmental

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses and balances of financial resources) and not net income.

General Fund – This is the Town's primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund – This fund is used to account for the Town's intergovernmental local option sales tax revenues designated to support the Town's capital and infrastructure related projects.

Community Redevelopment Agency Fund – This fund is used to account for revenues and expenditures of the redevelopment area established within the Town.

**TOWN OF CENTURY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

1. DESCRIPTION OF TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Proprietary

Proprietary funds focus on the determination of net income, changes in net position, financial position and cash flows. All of the Town's proprietary funds are enterprise funds, as fees are charged to external users for services. The following is a description of the major proprietary funds of the Town.

Natural Gas Fund – Used to account for the sale of natural gas to the Town's residents.

Water and Sewer Fund – Used to account for the water and sewer operations of the Town.

Sanitation Fund – Accounts for the solid waste collection, disposal and/or recycling.

Assets, Liabilities and Net Position or Fund Balance

Cash and Cash Equivalents

Each fund's cash on hand, demand deposits and short-term investments are considered cash and cash equivalents. For purposes of these statements, all highly liquid investments (including restricted assets), with a maturity of three months or less when purchased, are considered to be cash equivalents.

Investments

Section 218.415 of the Florida Statutes prescribes certain allowable investments, including the Local Government Surplus Funds Trust Fund (Florida PRIME), Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, interest-bearing time deposits or savings accounts in qualified public depositories or direct obligations of the U.S. Treasury.

The Town's funds are invested in the Florida PRIME, an external investment pool operated by Florida's State Board of Administration (SBA). The SBA is governed by Chapter 19-7 of the Florida Administrative Code (FAC). The FAC provides guidance and establishes the general operating procedures for the administration of the Florida PRIME. The Florida PRIME meets the criteria of GASB Statement 79 to measure its investments at amortized cost, which approximates fair value, and the reported investment balance is equal to the value of the pooled shares. The Florida Auditor General performs an operational audit of activities and investments of the SBA.

Florida PRIME manages credit risk by purchasing only high quality securities and monitors the credit risks of its portfolio securities on an ongoing basis by reviewing periodic financial data, issuer news and developments, and ratings of certain nationally recognized statistical rating organizations. Florida PRIME manages interest rate risk by purchasing only short-term fixed income securities.

**TOWN OF CENTURY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

1. DESCRIPTION OF TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Position or Fund Balance – Continued

Interfund Activities

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans between funds outstanding at the end of the fiscal year are referred to as either "due to other funds" or "due from other funds" (i.e., the current portion of interfund loans) or "advances" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

Receivables

All proprietary fund receivables are shown net of an allowance for uncollectibles.

Restricted Assets

Certain resources of the General Fund, Natural Gas Fund and Water and Sewer Fund are classified as restricted assets because their use is limited by applicable bond covenants or loan agreements.

Additionally, water and sewer and natural gas deposits received from customers are classified as restricted assets. This money is restricted for payment of the final customer bill, refund to a good-standing customer or refund to the customer upon settlement of the final bill.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, curbs and sidewalks, drainage systems, lighting systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial cost more than \$500.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

**TOWN OF CENTURY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

1. DESCRIPTION OF TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Position or Fund Balance – Continued

Capital Assets – Continued

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Water and sewer system	5-50 Years
Natural gas distribution system	20-50 Years
System infrastructure	20-40 Years
Buildings and improvements	5-20 Years
Tools and equipment	3-20 Years
Vehicles	3-10 Years

Compensated Absences

Vacation and sick leave are accrued in the governmental activities and proprietary funds. Sick leave may be accrued up to six months. Vacation leave is expected to be taken within the calendar year. Employees are eligible to receive payment for two hours of every eight hours of available unpaid sick leave up to a maximum of 1,000 available hours upon retirement or termination.

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

Governmental Fund Balances

The Town classifies fund balances in the governmental funds as follows:

Nonspendable fund balances – cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balances – can only be used for specific purposes, which are externally imposed by creditors, grantors, contributors or laws or regulations, or are imposed by law through constitutional provisions or enabling legislation.

Committed fund balances – can be used only for the specific purposes determined by a formal action of the Town’s highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (adoption of another ordinance) to remove or revise the limitation.

**TOWN OF CENTURY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

1. DESCRIPTION OF TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Position or Fund Balance – Continued

Governmental Fund Balances – Continued

Assigned fund balances – can only be used for specific purposes, which do not meet the more formal criterion to be considered either restricted or committed. Fund balances may be assigned by the Town Council for specific purposes through the budget process or agenda items. The assigned designation may be reversed by the Town Council at any public meeting.

Unassigned fund balances – represent the residual fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned), as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use in the General Fund or any other governmental fund, it is the Town's policy to use committed resources first, then assigned, and then unassigned, as needed. The Town does not have a formal minimum fund balance requirement.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted by ordinance for all governmental and proprietary funds. However, budgets for proprietary funds are not legally required to be reported and are not included in these financial statements.

TOWN OF CENTURY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

Budgets – Continued

Budgetary data reflected in the financial statements are established by the following procedures:

Prior to October 1 of each year, proposed budgets are received by the Town Council from the Mayor. These proposed expenditures, along with all estimated receipts, taxes to be levied, and balances expected to be brought forward, are considered by the Town Council. The Town Council incorporates such changes as deemed necessary, sets proposed millages, and establishes dates for tentative and final public budget hearings as prescribed by Florida Statutes.

Proposed budgets are advertised in a newspaper of general circulation in the Town. Public hearings are conducted for the purposes of receiving input, responding to complaints and providing reasons and explanations for intended actions to all citizens participating.

3. CASH AND INVESTMENTS

Cash

The Town follows the provisions of Chapter 280 of the Florida Statutes, which requires the Town to maintain deposits with only "Qualified Public Depositories." The Town maintains cash in various bank accounts.

Investments

At September 30, 2021, the Town had investments of approximately \$602,000 with the Florida PRIME. The fair value of the Town's position in Florida PRIME is the same as the value of the pool shares. In accordance with GASB Statement No. 79, Florida PRIME qualifies for measuring its investments at amortized cost and management of the pool believes that the pool is exempt from GASB Statement No. 72, fair value hierarchy disclosures. As of September 30, 2021, there were no redemption fees or maximum transaction amounts or any other requirements that serve to limit a participant's daily access to 100% of their account value.

Foreign Currency Risk

The Florida PRIME was not exposed to any foreign currency risk during the year ended September 30, 2021.

Security Lending

The Florida PRIME did not participate in securities lending program during the year ended September 30, 2021.

Credit Quality

The Florida PRIME is rated by Standard and Poors and carries an AAAM rating.

Interest Rate Risk

As of September 30, 2021, the dollar weighted average days to maturity (WAM) of Florida PRIME is 49 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME, at September 30, 2021, is 64 days.

TOWN OF CENTURY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

4. RECEIVABLES

Accounts Receivable

As of September 30, 2021, the Town has estimated approximately \$63,000 as an allowance for uncollectible accounts related to business-type activities.

5. CAPITAL ASSETS

Capital asset activity was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases or Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land and improvements	\$ 2,073,012	\$ -	\$ -	\$ 2,073,012
Construction in progress	-	32,786	-	32,786
Total capital assets not being depreciated	2,073,012	32,786	-	2,105,798
Capital assets being depreciated:				
Buildings and improvements	6,067,589	-	-	6,067,589
Machinery and equipment	2,342,071	24,893	-	2,366,964
Total capital assets being depreciated	8,409,660	24,893	-	8,434,553
Accumulated depreciation	(5,813,124)	(301,596)	-	(6,114,720)
Total capital assets being depreciated, net	2,596,536	(276,703)	-	2,319,833
Governmental activities, net	<u>\$ 4,669,548</u>	<u>\$ (243,917)</u>	<u>\$ -</u>	<u>\$ 4,425,631</u>
Business-type activities				
Capital assets not being depreciated:				
Land and improvements	\$ 14,025	\$ -	\$ -	\$ 14,025
Construction in progress	53,219	191,041	-	244,260
Total capital assets not being depreciated	67,244	191,041	-	258,285
Capital assets being depreciated:				
Vehicles	237,889	-	-	237,889
Buildings and utility system	12,059,042	-	-	12,059,042
Machinery and equipment	942,644	71,172	-	1,013,816
Total capital assets being depreciated	13,239,575	71,172	-	13,310,747
Accumulated depreciation	(7,641,774)	(355,347)	-	(7,997,121)
Total capital assets being depreciated, net	5,597,801	(284,175)	-	5,313,626
Business-type activities, net	<u>\$ 5,665,045</u>	<u>\$ (93,134)</u>	<u>\$ -</u>	<u>\$ 5,571,911</u>

**TOWN OF CENTURY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

5. CAPITAL ASSETS – CONTINUED

Depreciation expense was as follows:

Governmental activities	
General government	\$ 197,198
Transportation	77,309
Culture and recreation	<u>27,089</u>
Total depreciation expense – governmental activities	<u>\$ 301,596</u>
Business-type activities	
Natural gas	\$ 60,582
Water and sewer	<u>294,765</u>
Total depreciation expense – business-type activities	<u>\$ 355,347</u>

6. DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets are held in trust for the employee's benefit. Individually, the plan participants select and make changes in funding options made available by the independent plan administrator. Since plan participants select the investment fund or funds in which their deferred compensation accounts are invested, the Town has no liability for investment losses. The Town's fiduciary responsibility is to administer the plan properly and to assure the investment alternatives made available are reasonable. The plan is available to all Town employees. In accordance with GASB Statement No. 32, the assets and liabilities of the plan are not reflected in the Town's financial statements since the Town has no fiduciary responsibilities, other than administrative, in connection with the plan. The Town contributed approximately \$58,000 to the plan for the current year end.

7. RISK MANAGEMENT

The Town is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases insurance through commercial carriers and coverage through Preferred Governmental Insurance Trust, which includes workers' compensation, comprehensive general liability and automobile physical damage. There has been no significant reduction in insurance coverage from prior fiscal year. Insurance coverage has been sufficient to cover all claims made in the prior three fiscal years.

**TOWN OF CENTURY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

8. LONG-TERM DEBT

Changes in Long-Term Debt Liabilities

The following is a summary of changes in long-term debt liabilities of the Town:

	<u>10/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>9/30/2021</u>	<u>Current Portion</u>
Governmental activities					
Bonds payable	\$ 34,100	\$ -	\$ (34,100)	\$ -	\$ -
Total governmental activities	<u>\$ 34,100</u>	<u>\$ -</u>	<u>\$ (34,100)</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type activities					
Long-term debt	\$ 1,396,695	\$ 15,277	\$ (100,024)	\$ 1,311,948	\$ 98,726
Total business-type activities	<u>\$ 1,396,695</u>	<u>\$ 15,277</u>	<u>\$ (100,024)</u>	<u>\$ 1,311,948</u>	<u>\$ 98,726</u>

Annual Requirements to Amortize Debt Outstanding

The annual requirements to amortize all debt outstanding except compensated absences as of year-end are as follows:

<u>Business-Type Activities September 30,</u>	<u>Bonds Payable</u>		<u>State Revolving Loans and Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 68,749	\$ 40,898	\$ 29,977	\$ 11,394
2023	72,322	37,341	29,830	11,330
2024	76,119	33,589	30,535	10,625
2025	80,039	29,632	31,260	9,900
2026	84,184	25,462	32,005	9,155
2027-2031	332,823	60,853	167,069	33,827
2032-2036	139,088	13,035	78,640	17,091
2037-2041	-	-	59,308	5,659
Total	<u>\$ 853,324</u>	<u>\$ 240,810</u>	<u>\$ 458,624</u>	<u>\$ 108,981</u>

**TOWN OF CENTURY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

8. LONG-TERM DEBT – CONTINUED

BUSINESS-TYPE ACTIVITIES

Water and Sewer Fund

1991 Series, Water and Sewer Revenue Bonds, bearing interest at 5.875%, with annual principal payments ranging from \$36,900 to \$73,700, required until maturity in 2029.

Current	Long-Term	Total
\$ 49,100	\$ 435,400	\$ 484,500

State Revolving Loan, bearing interest at 1.87%, requiring semi-annual principal and interest payments until maturity in 2041.

13,937	161,059	174,996
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State Revolving Loan, bearing interest at 2.82%, requiring semi-annual principal and interest payments until maturity in 2031.

7,275	178,812	186,087
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State Revolving Loan, bearing interest at 2.61%, requiring semi-annual principal and interest payments until maturity in 2026.

7,722	74,542	82,264
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State Revolving Loan, bearing no interest, requiring semi-annual principal payments until maturity in 2041.

1,043	14,234	15,277
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Total Water and Sewer Fund

79,077	864,047	943,124
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Natural Gas Fund

2015 Series, Gas System Revenue Bonds, bearing interest at 3.375%, with annual principal payments ranging from \$8,795 to \$33,700, required until maturity in 2055.

19,649	349,175	368,824
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Total Natural Gas Fund

19,649	349,175	368,824
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TOTAL BUSINESS-TYPE ACTIVITIES

\$ 98,726	\$ 1,213,222	\$ 1,311,948
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TOTAL LONG-TERM DEBT

\$ 1,311,948

**TOWN OF CENTURY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

9. CONDUIT DEBT

Conduit debt obligations have been established in the Town’s name by private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans and leases. The Town is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2021, the outstanding conduit debt of the Town is \$2.4 billion.

10. INTERFUND BALANCES

The composition of interfund balances are as follows:

Due to Other Funds	Due from Other Funds				Total
	General Fund	Special Revenue Fund	Water and Sewer	Sanitation	
General Fund	\$ -	\$ 2,801,688	\$ 1,342,123	\$ 11,000	\$ 4,154,811
Special Revenue Fund	51,412	-	16,813	-	68,225
CRA Fund	3,301	-	-	-	3,301
Natural Gas Fund	831,649	212,645	577,606	-	1,621,900
Water and Sewer Fund	28,249	-	-	-	28,249
Sanitation Fund	-	-	20,901	-	20,901
	<u>\$ 914,611</u>	<u>\$ 3,014,333</u>	<u>\$ 1,957,443</u>	<u>\$ 11,000</u>	<u>\$ 5,897,387</u>

Interfund balances result from transfers of funds for short-term cash flow requirements. In 2018, the Town approved a repayment plan between the General Fund and Special Revenue Fund requiring \$300 per month to repay the interfund loan.

11. FINANCIAL CONDITION

At September 30, 2021, there was a deficit in fund balance in the General Fund of \$2.9 million and in the Natural Gas Fund of \$1.8 million. Both of these funds have borrowed significant amounts from other funds of the Town. The Town plans to transfer excess funds when and if available in subsequent fiscal years to replenish these funds. See finding 2021-004 referenced in the accompanying schedule of findings and responses for additional information on status of financial condition.

**TOWN OF CENTURY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

12. COMMITMENTS AND CONTINGENCIES

Concentration

The Town has a major utility customer that comprises more than 45% of the charges for services reported in the Natural Gas and Water and Sewer funds.

Litigation

The Town is involved in lawsuits and claims incidental to its operations. Management believes that any liability that may ultimately result from resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Town.

13. UNEARNED REVENUE – AMERICAN RESCUE PLAN ACT

Governmental funds defer revenue recognition in connection with resources that have been received, but not-yet earned. The American Rescue Plan grant does not require the Town to hold unspent funds in a separate bank account. The unspent funding is not earned so it is not a component of net position at the fund or government-wide level. Since the terms of the grant require the funds to be expended within a set number of years and unspent funds are not considered restricted assets of the government unit, the Town does not consider presentation of the unspent monies as restricted assets necessary as of September 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CENTURY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 270,904	\$ 316,974	\$ 316,974	\$ -
Licenses, fees and permits	124,000	118,737	118,737	-
Intergovernmental	656,500	120,078	120,078	-
Miscellaneous	258,200	265,535	232,497	(33,038)
Total revenues	1,309,604	821,324	788,286	(33,038)
EXPENDITURES				
Current:				
General government	922,915	377,043	377,043	-
Transportation	363,024	237,526	237,526	-
Culture and recreation	101,359	78,497	78,497	-
Capital outlay	-	57,679	57,679	-
Debt service	36,000	36,103	36,103	-
Total expenditures	1,423,298	786,848	786,848	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(113,694)	34,476	1,438	(33,038)
OTHER FINANCING SOURCES (USES)				
Transfers in	116,194	147,784	147,784	-
Transfers out	(30,500)	-	-	-
Total other financing sources	85,694	147,784	147,784	-
NET CHANGE IN FUND BALANCE	(28,000)	182,260	149,222	(33,038)
FUND BALANCE (DEFICIT), BEGINNING	28,000	-	(3,066,818)	(3,066,818)
FUND BALANCE (DEFICIT), ENDING	<u>\$ -</u>	<u>\$ 182,260</u>	<u>\$ (2,917,596)</u>	<u>\$ (3,099,856)</u>

See notes to required supplementary information.

TOWN OF CENTURY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE FUND
SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 205,000	\$ 313,655	\$ 318,004	\$ 4,349
Intergovernmental	-	462,288	-	(462,288)
Miscellaneous	18,000	955	956	1
Total revenues	223,000	776,898	318,960	(457,938)
EXPENDITURES				
Current:				
Culture and recreation	20,000	-	-	-
Total expenditures	20,000	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	203,000	776,898	318,960	(457,938)
OTHER FINANCING USES				
Transfers out	(178,583)	(327,126)	(327,126)	-
NET CHANGE IN FUND BALANCE	24,417	449,772	(8,166)	(457,938)
FUND BALANCE, BEGINNING	-	-	3,544,042	3,544,042
FUND BALANCE, ENDING	<u>\$ 24,417</u>	<u>\$ 449,772</u>	<u>\$ 3,535,876</u>	<u>\$ 3,086,104</u>

See notes to required supplementary information.

**TOWN OF CENTURY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – CRA FUND
SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 13,929	\$ 32,824	\$ 32,824	\$ -
Miscellaneous	-	10	10	-
Total revenues	<u>13,929</u>	<u>32,834</u>	<u>32,834</u>	<u>-</u>
EXPENDITURES				
Current				
General government	<u>13,929</u>	<u>175</u>	<u>175</u>	<u>-</u>
Total expenditures	<u>13,929</u>	<u>175</u>	<u>175</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	32,659	32,659	-
FUND BALANCE, BEGINNING	-	-	(3,126)	(3,126)
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 32,659</u>	<u>\$ 29,533</u>	<u>\$ (3,126)</u>

See notes to required supplementary information.

**TOWN OF CENTURY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021**

Budgets and Budgetary Accounting

Prior to October 1 of each year, proposed budgets are received by the Town Council from the Mayor. These proposed expenditures, along with all estimated receipts, taxes to be levied, and balances expected to be brought forward, are considered by the Town Council. The Town Council incorporates such changes as deemed necessary, sets proposed millages and establishes dates for tentative and final public budget hearings as prescribed by Florida Statutes.

Proposed budgets are advertised in a newspaper of general circulation in the Town. Public hearings are conducted for the purposes of receiving input, responding to complaints and providing reasons and explanations for intended actions to all citizens participating.

COMPLIANCE SECTION

**INDEPENDENT ACCOUNTANTS' REPORT ON AN EXAMINATION OF
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor and Members of the Town Council
Town of Century, Florida

We have examined the Town of Century, Florida's (the Town's) compliance with Florida Statute 218.415 with regards to the investments for the year ended September 30, 2021. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town'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 Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with specified requirements. The nature, timing and the extent of the procedures selected depend on judgement, including an assessment of risk of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with the specified requirements.

In our opinion, the Town of Century, Florida, complied, in all material respects, with Florida Statute 218.415 with regards to the investments for the year ended September 30, 2021.

Warren Averett, LLC

Pensacola, Florida
September 13, 2022

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 Town Council Members
Town of Century, 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 financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Century, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Century, Florida's, basic financial statements, and have issued our report thereon dated September 13, 2022.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies noted in 2021-001 and 2021-002, described in the accompanying schedule of findings and responses, to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency 2021-003, described in the accompanying schedule of findings and responses, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Century, Florida's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance that is required to be reported under *Government Auditing Standards* and that is described in the accompanying schedule of findings and responses as items 2021-004 and 2021-005.

Town of Century, Florida's, Response to Findings

The Town of Century, Florida's, response to the findings identified in our audit is included in the accompanying schedule of findings and responses. The response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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.

Warren Averett, LLC

Pensacola, Florida
September 13, 2022

**TOWN OF CENTURY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Material Weaknesses

Finding 2021-001: Cash Management

Criteria:

The Town of Century, Florida (the Town), should maintain adequate cash available to meet the operating needs of the Town. In addition, adequate reserves should be maintained as required by debt agreements, and sufficient funding should be held for customer deposits.

Condition:

The Town experienced the following cash management issues during the fiscal year:

- Inadequate funds held for customer deposits in the Natural Gas Fund.
- Inadequate funds held for required debt service reserves in the Natural Gas Fund.

Cause:

The Town has experienced turnover within the leadership of the Town over the past few years which has caused a loss of consistency with financial processes and management. Further, the Town has experienced reoccurring operating deficits in the Natural Gas Fund causing cash shortages.

Effect:

The Town has experienced reoccurring operating deficits in the Natural Gas Fund. These deficits have highlighted the need for effective utilization of cash assets to enable the Town's ability to attempt a financial recovery.

Recommendation:

The Town Council should reevaluate operations of the Natural Gas Fund to ensure adequate cash is maintained to meet all requirements of operations of the fund and debt service requirements.

Views of Responsible Officials and Planned Corrective Action:

The Town will continue to evaluate options to increase funding and reserves for the Natural Gas Fund.

**TOWN OF CENTURY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Finding 2021-002: Reconciliation of Accounts

Criteria:

The Town's general ledger accounts should be reconciled monthly to detail subsidiary ledgers, and any reconciling items be promptly investigated and adjusted, and adequate supporting documentation for the adjustments be maintained.

Condition:

Significant audit adjustments were necessary for certain tax revenue, employee leave liabilities, interfund activity and capital asset activity.

Cause:

The Town did not properly reconcile multiple general ledger accounts as of year end.

Effect:

As a result, audit adjustments were required to adjust for the actual audited amounts and allow for proper balancing of current year activity in the accounts.

Recommendation:

We recommend all general ledger accounts be reconciled monthly to detail subsidiary ledgers, and any reconciling items be promptly investigated and adjusted, and adequate supporting documentation for the adjustments be maintained.

Views of Responsible Officials and Planned Corrective Action:

The Town will ensure accounts are reconciled timely and adequate support is maintained going forward.

Significant Deficiency

Finding 2021-003: Capital Asset Tracking

Criteria:

The Town should have adequate procedures surrounding capital asset identification and tracking to ensure the capitalization threshold is properly and consistently applied. In addition, Town management should ensure assets are consistently tagged for inventory and added to the Town's capital asset record listing.

Condition:

Our review of the Town's capital asset accounts indicated there were assets that had not been correctly recorded in the Town's records. In addition, the Town had not completed an inventory of assets on hand.

Cause:

The Town has experienced turnover in staffing and has not completed an inventory of assets.

**TOWN OF CENTURY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Significant Deficiency – Continued

Finding 2021-003: Capital Asset Tracking – Continued

Effect:

The Town may have assets that have not been correctly recorded in the Town's records, and there may be assets recorded on the Town's records that are no longer in use or cannot be located.

Recommendation:

We recommend Town management review procedures surrounding capital asset identification and tracking to ensure the capitalization threshold is properly and consistently applied. In addition, Town management should ensure assets are consistently tagged for inventory and added to the Town's capital asset record listing.

Views of Responsible Officials and Planned Corrective Action:

Currently, the Town tags assets and accounts for assets on a "tagging" basis. The Town also uses this list for insurance purposes as well. However, the actual depreciation schedule reconciliation has not been done and this procedure will be implemented.

Compliance Findings

Finding 2021-004: Financial Condition

Criteria:

Section 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, require that we apply financial condition assessment procedures for the Town.

Condition:

The Town's overall financial condition demonstrates signs of a deteriorating financial condition described in Section 218.39 (5), Florida Statutes.

Cause:

Overall factors contributing to this condition include lack of short- and long-term financial planning, improper cash management activities and lack of analysis of existing tax rates and fee structures for proprietary operations.

Effect:

As noted in findings reported in the fiscal years 2017 through 2020 audits, the Town has experienced several cash flow and management issues resulting in the inability to maintain proper restricted cash required as noted in finding 2021-001.

**TOWN OF CENTURY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Compliance Findings – Continued

Finding 2021-004: Financial Condition – Continued

Effect – Continued:

Additionally, as of year end, the General Fund and Natural Gas Fund owed the Special Revenue Fund approximately \$2.8 million and \$212,000, respectively. The local option sales tax revenues recorded in the Special Revenue Fund are restricted for specific purposes; therefore, these funds will have to be repaid or it will be considered an inappropriate use of the restricted revenues. In June 2018, the Council approved a repayment plan of \$300 per month for the interfund loan between the General Fund and Special Revenue Fund. In addition, the Town should evaluate costs incurred in prior years for possible reclassification, if such costs met the nature allowed for infrastructure improvements.

The General Fund and Natural Gas Fund have deficit net positions at September 30, 2021, and operating losses were reported by the Natural Gas and Water and Sewer funds for the year.

Recommendation:

We recommend the Town develop long- and short-term financial plans to improve its financial condition. The financial plans should include: (1) a review of spending needs; (2) a system for monitoring revenues and expenditures; (3) budget reserves to provide for future capital needs and unexpected costs; and (4) projected revenues sufficient to cover projected costs. The Town should analyze existing rate structures for proprietary operations to determine their sufficiency in covering expenses and should explore all available options to increase revenues or decrease expenditures. In an effort to improve the financial stability of the Natural Gas Fund, the Town should actively monitor natural gas usage against the purchased gas to evaluate areas of weakness in system.

Views of Responsible Officials and Planned Corrective Action:

The Town was aware of the deteriorating financial condition caused by the Gas Fund. Currently, the Town has completed the installation of new meters for the Gas Fund and has significantly reduced inaccurate meters. The Town has hired a former City Manager to act in the capacity of City Manager and make recommendations to the Council. All other funds are self-sustaining. The Town has currently renegotiated the contract with the Department of Corrections, which will result in significant increases in revenue for gas, water, and sewer.

The Town just completed the projected budget for the 2021-2022 year, and conservatively, there are reserves added in each fund including the Gas Fund.

**TOWN OF CENTURY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Compliance Findings – Continued

Finding 2021-005: Audit Filings

Criteria:

Section 218.32 of the Florida Statutes requires the Town to submit its annual financial report to the Florida Department of Financial Services within 45 days after delivery of the audit report, but no later than nine months after the end of the fiscal year of the government entity. In addition, Section 218.39 of the Florida Statutes requires the Town's audited financial statements to be submitted to the Auditor General within 45 days after delivery of the audit report but not later than nine months after the end of the fiscal year of the governmental entity.

Condition:

The Town did not adhere to the filing requirements for the fiscal year ended September 30, 2021.

Cause:

Overall factors contributing to this condition include COVID-19 closures of Town Hall and staffing transitions during the year which caused delays in providing information and responses to the auditor.

Effect:

The Town is not in compliance with Florida Statute requirements.

Recommendation:

We recommend the Town establish financial policies and procedures to allow for the timely filing of these required submissions.

Views of Responsible Officials and Planned Corrective Action:

The Town is aware of the delinquent filings, and was unable to control the COVID-19 impacts, and will work to be timelier in future fiscal years.

MANAGEMENT LETTER

To the Honorable Mayor and Town Council Members
Town of Century, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Century, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated September 13, 2022.

Auditors' Responsibility

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, and Chapter 10.550, *Rules of the Auditor General*.

Other Reports Required

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 in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in these reports and schedule, which are dated September 13, 2022 should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. Corrective actions have been taken to address some findings and recommendations made in the preceding annual financial audit report. Below is a summary of the findings, which have been repeated for the current year:

<i>FY 19 Finding Number</i>	<i>FY 20 Finding Number</i>	<i>FY 21 Finding Number</i>	<i>Status</i>
2019-003	2020-003	2021-002	Repeated
2019-005	2020-005	2021-004	Repeated
2019-002	2020-002	Resolved	Removed
2019-004	2020-004	2021-003	Repeated
2019-001	2020-001	2021-001	Repeated
NA	2020-006	2021-005	Repeated

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 official title and legal authority for the Town of Century, Florida, has been disclosed in Note 1 to the financial statements.

Financial Condition

Section 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 the Town of Century, Florida, has one or more of the conditions described in Section 218.503(1) of the Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1) of the 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 Town of Century, 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 the same. We have noted deteriorating financial conditions, which are outlined in our Finding 2021-004 in the accompanying Schedule of Findings and Responses.

Section 10.554(1)(i)2., *Rules of Auditor General*, requires that we communicate any recommendations to improve the Town's financial management. Our recommendations are outlined in the accompanying Schedule of Findings and Responses and other comments are outlined below.

Supporting Documentation

We noted that supporting documentation for cash receipts and cash disbursements was frequently lost or misplaced, or not easily accessible. This documentation is an important part of the books and records, and effective internal control procedures should not allow for this practice to occur. We strongly suggest that the Town establish, and consistently maintain, a regular, systematic filing system.

Management's Response

As a part of this process, one person will be designated in charge of all filings for documentation of cash receipts and cash disbursements.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the CRA reported:

- a. The total number of CRA employees compensated in the last pay period of the CRA's fiscal year was 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year was 0
- c. All compensation earned by or awarded to employees, whether paid or accrued regardless of contingency was \$0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency was \$0.
- e. The CRA does not have any construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CRA amends a final adopted budget under Section 189.016(6), Florida Statutes, as included in the Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget to Actual reported on pages 37.

Additional Matters

Section 10.554(1)(i)3., *Rules of Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that has occurred or is likely to have occurred, that has 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, members of the Town Council, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

We greatly appreciate the assistance and cooperation extended to us during our audit.

Warren Averett, LLC

Pensacola, Florida
September 13, 2022