

Financial Report

September 30, 2022

City of Mascotte, Florida

Introductory Section

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MAYOR

Steven Sheffield

CITY COUNCIL

Brenda Brasher, Mayor Pro-Tem

Ellen Cruz, Council Member

CITY MANAGER

Annamarie Reno

Randy Brasher, Council Member

Mandy Freeman, Council Member

CITY FINANCE DIRECTOR

Dolly Miller

Financial Section

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Mascotte, Florida

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Mascotte, Florida (the "City")*, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, infrastructure special revenue fund, community redevelopment fund and American Rescue Plan Act Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

the City's 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 3 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Information

Management is responsible for the other information. The other information comprises the introductory section, but does not include the financial statements and auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 3, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McDiarmid Davis

Orlando, Florida
February 3, 2023

As management of the *City of Mascotte, Florida* we offer readers of the *City of Mascotte's* financial statements this narrative overview and analysis of the financial activities of the *City of Mascotte* for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the *City of Mascotte* exceeded its liabilities at the close of the current fiscal year by \$27,023,608 (net position). Of this amount, \$9,345,316 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$3,642,052.
- As of the close of the current fiscal year, the *City of Mascotte's* governmental funds reported combined ending fund balances of \$7,479,041, an increase of \$1,369,305 in comparison with the prior year. Approximately 59% of this total amount, \$4,387,440, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,387,440 or 130% of total general fund expenditures.

Overview of the Financial Statements

The financial statements focus on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the City's accountability.

This discussion and analysis are intended to serve as an introduction to the *City of Mascotte's* (the City) basic financial statements. The City'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 *City of Mascotte's* financial position, in a manner similar to a private-sector business. They include a *Statement of Net Position* and a *Statement of Activities*.

The *Statement of Net Position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the current 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the *City of Mascotte* 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 and charges (*business-type activities*). The governmental activities of the *City of Mascotte* include general government, public safety, public works, sanitation and recreation services. The business-type activities of the *City of Mascotte* include Water, Sewer and Stormwater management.

The government-wide financial statements include only the *City of Mascotte* itself (known as the *primary government*) and one blended component unit (The Community Redevelopment Fund).

The government-wide financial statements can be found on pages 11 - 12 of this report.

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The *City of Mascotte* maintains eight individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Infrastructure Special Revenue Fund, the Community Redevelopment Fund, and American Rescue Plan Act Fund which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The *City of Mascotte* adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund, the Infrastructure Special Revenue Fund, the Community Redevelopment Fund, and American Rescue Plan Act Fund to demonstrate compliance with this budget at pages 17 - 20. Budgetary comparison schedules have been provided for the nonmajor funds at pages 41 - 44.

The basic governmental fund financial statements can be found on pages 13 - 16 of this report.

Proprietary Funds

City of Mascotte maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The *City of Mascotte* uses enterprise funds to account for Water, Sewer and Stormwater Management.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water, Sewer and Stormwater Management.

The basic proprietary fund financial statements can be found on pages 21 - 24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 25 - 38 of this report.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to Financial Statements. Combining and individual fund statements and schedules can be found on pages 39 - 44 of this report.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the *City of Mascotte*, assets exceeded liabilities by \$27,023,608 at the close of the current fiscal year. The following table reflects the condensed statement of net position for the current and prior year. For more detail see the Statement of Net Position on page 11.

Statement of Net Position as of September 30:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 10,906,742	\$ 6,332,344	\$ 8,345,096	\$ 6,693,938	\$ 19,251,838	\$ 13,026,282
Capital assets	4,760,047	4,425,273	8,109,608	7,177,551	12,869,655	11,602,824
Total Assets	15,666,789	10,757,617	16,454,704	13,871,489	32,121,493	24,629,106
Liabilities:						
Long term liabilities	405,445	335,530	474,420	380,618	879,865	716,148
Other liabilities	3,371,053	109,157	846,967	422,245	4,218,020	531,402
Total Liabilities	3,776,498	444,687	1,321,387	802,863	5,097,885	1,247,550
Net Position:						
Net investment in capital assets	4,652,439	4,367,700	7,736,698	6,889,029	12,389,137	11,256,729
Restricted	2,918,134	2,684,777	2,371,021	2,148,764	5,289,155	4,833,541
Unrestricted	4,319,718	3,260,453	5,025,598	4,030,833	9,345,316	7,291,286
Total Net Position	\$ 11,890,291	\$ 10,312,930	\$ 15,133,317	\$ 13,068,626	\$ 27,023,608	\$ 23,381,556

\$12,389,137 (46%) of the City's net position reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Net position that are subject to external restrictions as to how they may be used total \$5,289,155 (20%). The remaining balance of *unrestricted net position* (\$9,345,316 or 34%) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$3,642,052 during the current fiscal year. The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 12.

Changes in Net Position as of September 30:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for services	\$ 1,333,164	\$ 1,914,063	\$ 2,466,655	\$ 2,359,844	\$ 3,799,819	\$ 4,273,907
Operating grants and contributions	172,894	346,888	-	-	172,894	346,888
Capital grants and contributions	101,499	391,286	1,144,435	1,142,538	1,245,934	1,533,824
General Revenues:						
Property taxes	1,555,028	1,614,961	-	-	1,555,028	1,614,961
Franchise and utility taxes	675,066	576,469	-	-	675,066	576,469
Intergovernmental	1,721,761	1,429,517	-	-	1,721,761	1,429,517
Investment income and miscellaneous	52,192	82,743	2,392	12,602	54,584	95,345
Total revenues	5,611,604	6,355,927	3,613,482	3,514,984	9,225,086	9,870,911
Expenses:						
General government	1,440,085	1,386,983	-	-	1,440,085	1,386,983
Public safety	1,641,636	2,405,599	-	-	1,641,636	2,405,599
Public works	358,345	459,678	-	-	358,345	459,678
Sanitation	484,051	446,870	-	-	484,051	446,870
Culture and recreation	109,909	80,941	-	-	109,909	80,941
Interest on long-term debt	217	216	-	-	217	216
Water and sewer	-	-	1,364,459	1,202,778	1,364,459	1,202,778
Stormwater	-	-	184,332	159,536	184,332	159,536
Total expenses	4,034,243	4,780,287	1,548,791	1,362,314	5,583,034	6,142,601
Increase (decrease) in net position before transfers	1,577,361	1,575,640	2,064,691	2,152,670	3,642,052	3,728,310
Transfers	-	(118,601)	-	118,601	-	-
Increase (decrease) in Net position	1,577,361	1,457,039	2,064,691	2,271,271	3,642,052	3,728,310
Net position, October 1	10,312,930	8,855,891	13,068,626	10,797,355	23,381,556	19,653,246
Net position, September 30	\$ 11,890,291	\$ 10,312,930	\$ 15,133,317	\$ 13,068,626	\$ 27,023,608	\$ 23,381,556

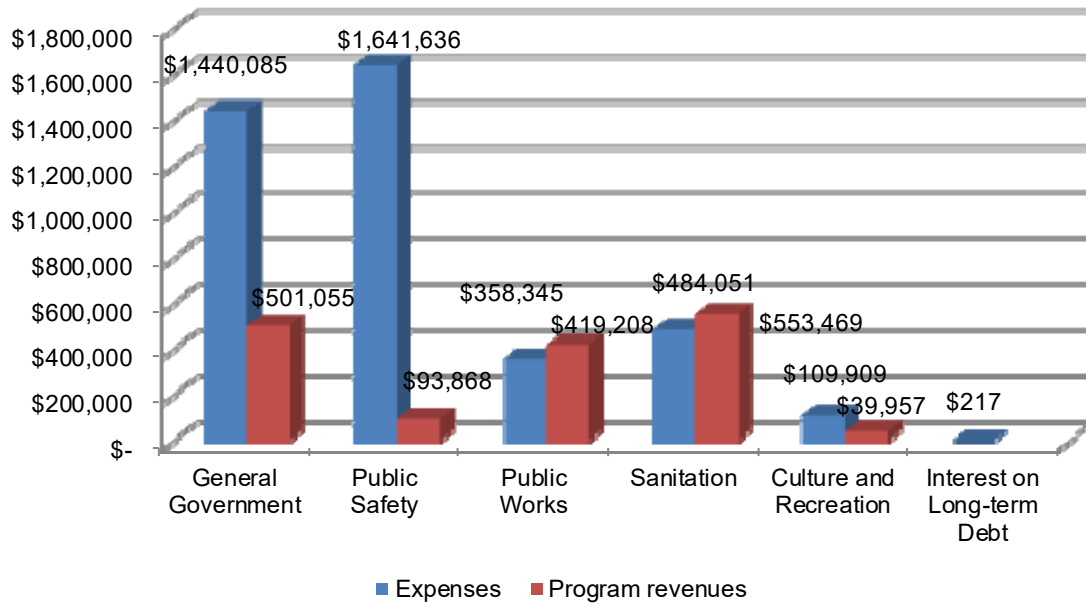
Governmental Activities

Governmental activities increased the City of Mascotte's net position by \$1,577,361. This was due to increases in intergovernmental revenue and decrease in governmental expenses.

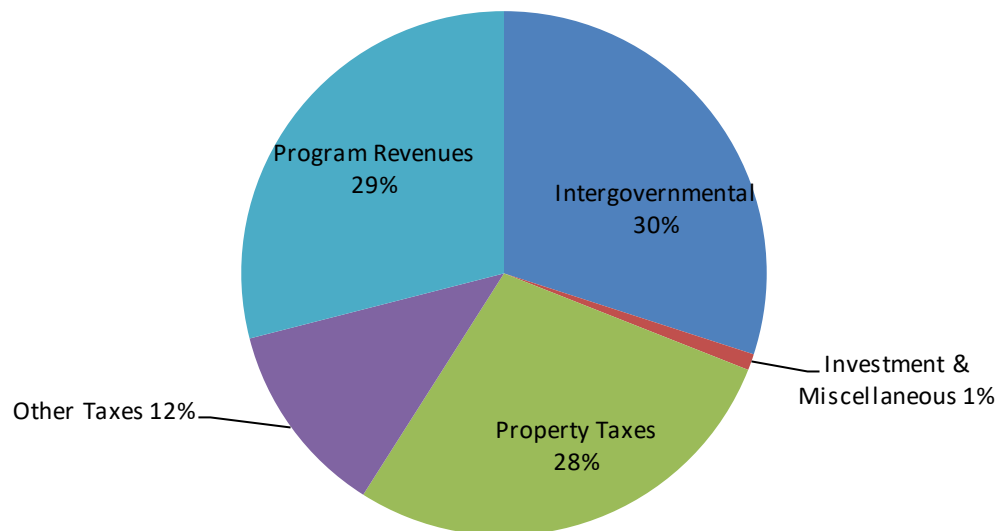
Business-Type Activities

Business-type activities increased the City of Mascotte's net position by \$2,064,691 primarily due to increased charges for water and sewer services and capital grants.

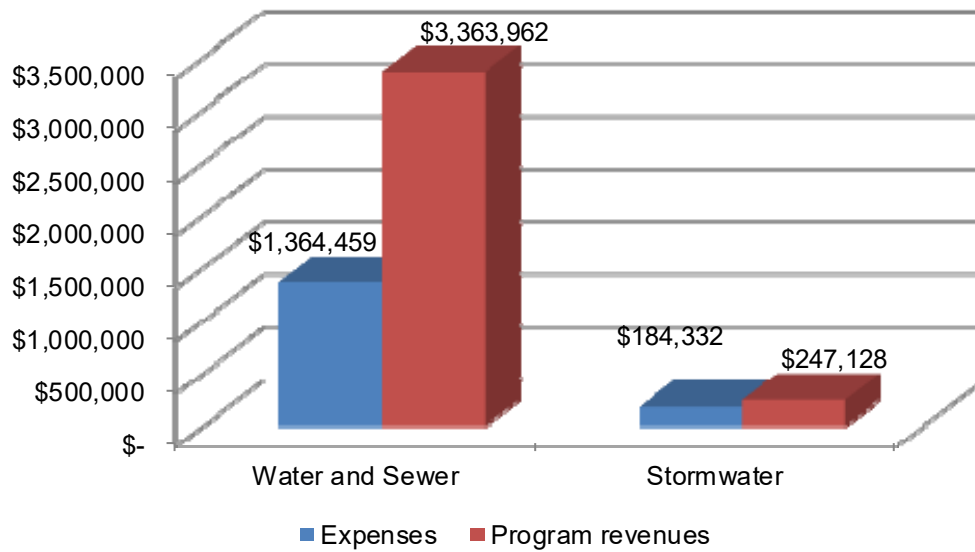
Expenses and Program Revenues - Governmental Activities



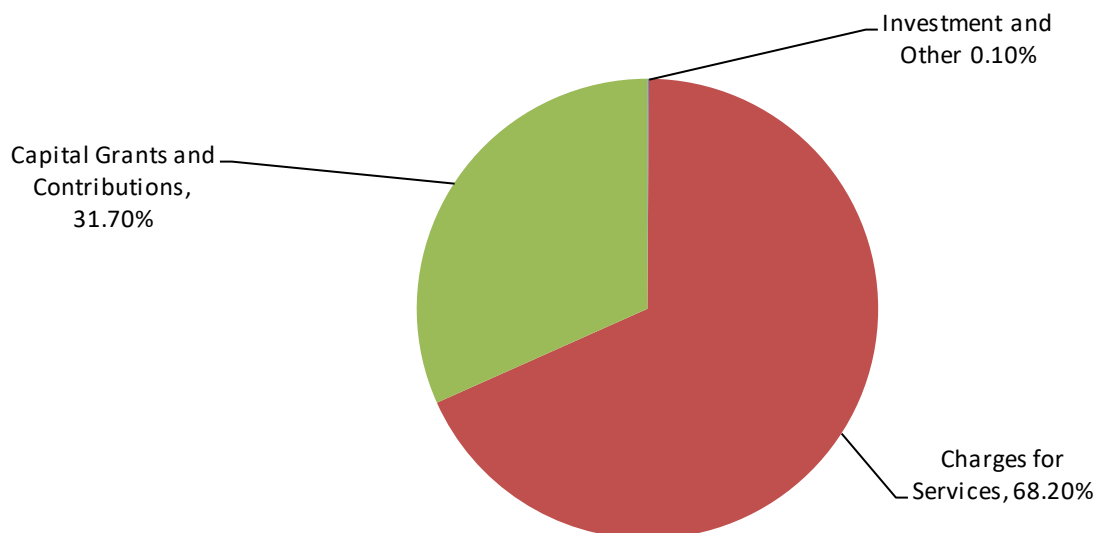
Revenue by Source - Governmental Activities



Expenses and Program Revenues - Business-Type Activities



Revenue by Source - Business-Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the *City of Mascotte's* governmental funds reported combined ending fund balances of \$7,479,041, an increase of \$1,369,305 in comparison with the prior year. Approximately 59% or \$4,387,440 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed for such purposes as debt service, capital projects, inventories and prepaid costs.

The general fund is the chief operating fund of the *City of Mascotte*. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,387,440 while total fund balance was \$4,560,907. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represent 130% and 135% respectively, of total General Fund expenditures.

The fund balance of the general fund increased by \$1,135,948 during the current fiscal year due to increase in intergovernmental revenues and decrease in expenses.

The fund balance of the infrastructure special revenue fund increased by \$544,679 during the current fiscal year due receiving additional funds that were not budgeted for and some projects that were not completed during the current year and therefore, carried over to the following fiscal year.

The fund balance of the community redevelopment fund increased \$189,462 due to the increase in taxable value within the redevelopment area.

The fund balance of the American rescue plan act fund did not change significantly.

Proprietary Funds

The *City Mascotte's* proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds at the year-end amounted to \$5,025,598. The total increase in net position for these funds was \$2,064,691. Other factors concerning the finances of these two funds have already been addressed in the discussion of the *City of Mascotte's* business-type activities.

General Fund Budgetary Highlights

During the year, actual revenues were \$337,625 more than budgeted revenues and actual expenditures were \$692,338 less than budgeted expenditures. There were no major changes between the original General Fund budget and the final amended General Fund budget.

Capital Asset and Debt Administration

Capital Assets

The *City of Mascotte's* investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$12,869,655 (net of accumulated depreciation), for an increase of \$1,446,831 from the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 12.67% (a 12.13% increase for governmental activities, and 12.99% increase for business-type activities).

Capital Assets (Net of Depreciation) as of September 30:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,822,474	\$ 1,798,831	\$ 1,680,689	\$ 1,680,689	\$ 3,503,163	\$ 3,479,520
Construction in progress	440,469	27,609	1,155,352	878,902	1,595,821	906,511
Buildings	1,053,285	1,124,087	5,770	7,344	1,059,055	1,131,431
Improvements / infrastructure	690,850	763,671	4,998,135	4,279,855	5,688,985	5,043,526
Machinery and equipment	752,969	530,363	236,843	294,090	989,812	824,453
Intangibles	-	712	32,819	36,671	32,819	37,383
Total	\$ 4,760,047	\$ 4,245,273	\$ 8,109,608	\$ 7,177,551	\$ 12,869,655	\$ 11,422,824

Additional information on the *City of Mascotte's* capital assets can be found in Note 6 of this report.

Long-Term Debt

At the end of the current fiscal year, the *City of Mascotte* had total debt outstanding of \$480,518. This debt includes capital leases. Additional information on long-term debt can be found in Note 7 of this report.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Notes payable	\$ 107,608	\$ 57,573	\$ 372,910	\$ 288,522	\$ 480,518	\$ 346,095
	<u>\$ 107,608</u>	<u>\$ 57,573</u>	<u>\$ 372,910</u>	<u>\$ 288,522</u>	<u>\$ 480,518</u>	<u>\$ 346,095</u>

The City's total debt increased by \$134,423 during the current fiscal year.

Next Year's Budget and Rates

During the current fiscal year, the unassigned fund balance in the General Fund totaled \$4,387,440. None of the unassigned fund balance is budgeted for appropriations in the 2023 budget. The City is expecting to incur enough revenues in 2023 to cover expenditures to mitigate any need to draw on 2022 unassigned fund balance.

Requests for Information

This financial report is designed to provide a general overview of the *City of Mascotte's* finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the office of the Finance Director, *City of Mascotte*, 100 East Myers Boulevard, Mascotte, Florida 34753.

Basic Financial Statements

City of Mascotte, Florida
Statement of Net Position
September 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 10,621,340	\$ 7,222,674	\$ 17,844,014
Receivables, net	102,167	365,074	467,241
Due from other governments	175,918	687,965	863,883
Inventories	7,317	69,383	76,700
Capital assets:			
Capital assets not being depreciated	2,262,943	2,836,041	5,098,984
Capital assets being depreciated, net of accumulated depreciation	2,497,104	5,273,567	7,770,671
Total assets	15,666,789	16,454,704	32,121,493
Liabilities:			
Accounts payable and accrued expenses	235,877	393,362	629,239
Due to other governments	-	104,580	104,580
Accrued interest	186	-	186
Deposits payable	23,455	349,025	372,480
Unearned revenues	3,111,535	-	3,111,535
Noncurrent Liabilities:			
Due within one year	58,226	38,901	97,127
Due in more than one year	347,219	435,519	782,738
Total liabilities	3,776,498	1,321,387	5,097,885
Net Position:			
Net investment in capital assets	4,652,439	7,736,698	12,389,137
Restricted for:			
Infrastructure	1,493,432	-	1,493,432
Capital improvements	-	2,371,021	2,371,021
Community redevelopment	666,659	-	666,659
Public safety	429,718	-	429,718
Culture and recreation	327,962	-	327,962
Grants	363	-	363
Unrestricted	4,319,718	5,025,598	9,345,316
Total net position	\$ 11,890,291	\$ 15,133,317	\$ 27,023,608

City of Mascotte, Florida
Statement of Activities
For the Year Ended September 30, 2022

Functions/Programs	Program Revenue				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
Primary Government							
Governmental Activities:							
General government	\$ 1,440,085	\$ 448,835	\$ 52,220	\$ -	\$ (939,030)	\$ -	\$ (939,030)
Public safety	1,641,636	27,092	4,814	61,962	(1,547,768)	-	(1,547,768)
Public works	358,345	303,348	115,860	-	60,863	-	60,863
Sanitation	484,051	553,469	-	-	69,418	-	69,418
Culture and recreation	109,909	420	-	39,537	(69,952)	-	(69,952)
Interest on long-term debt	217	-	-	-	(217)	-	(217)
Total governmental activities	4,034,243	1,333,164	172,894	101,499	(2,426,686)	-	(2,426,686)
Business-type Activities:							
Water	1,364,459	2,219,527	-	1,144,435	-	1,999,503	1,999,503
Stormwater	184,332	247,128	-	-	-	62,796	62,796
Total business-type activities	1,548,791	2,466,655	-	1,144,435	-	2,062,299	2,062,299
Total primary government	\$ 5,583,034	\$ 3,799,819	\$ 172,894	\$ 1,245,934	(2,426,686)	2,062,299	(364,387)
General Revenues:							
Property taxes					1,555,028	-	1,555,028
Franchise and utility taxes					675,066	-	675,066
Intergovernmental					1,721,761	-	1,721,761
Unrestricted investment earnings					3,059	2,315	5,374
Miscellaneous					49,133	77	49,210
Total general revenues and transfers					4,004,047	2,392	4,006,439
Change in Net position					1,577,361	2,064,691	3,642,052
Net position, beginning					10,312,930	13,068,626	23,381,556
Net position, ending					\$ 11,890,291	\$ 15,133,317	\$ 27,023,608

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 4,631,175	\$ 1,438,699	\$ 679,751	\$ 3,112,796	\$ 758,919	\$ 10,621,340
Due from other governments	121,185	54,733	-	-	-	175,918
Other receivables	102,070	-	-	-	97	102,167
Inventories	7,317	-	-	-	-	7,317
Total assets	\$ 4,861,747	\$ 1,493,432	\$ 679,751	\$ 3,112,796	\$ 759,016	\$ 10,906,742
Liabilities:						
Accounts payable	\$ 174,953	\$ -	\$ 11,505	\$ 898	\$ 1,336	\$ 188,692
Deposits payable	23,455	-	-	-	-	23,455
Other accrued expenses	45,598	-	1,587	-	-	47,185
Unearned revenue	-	-	-	3,111,535	-	3,111,535
Total liabilities	244,006	-	13,092	3,112,433	1,336	3,370,867
Deferred Inflows:						
Unavailable revenue	56,834	-	-	-	-	56,834
Fund Balances:						
Nonspendable	7,317	-	-	-	-	7,317
Restricted	166,150	1,493,432	666,659	363	757,680	3,084,284
Unassigned	4,387,440	-	-	-	-	4,387,440
Total fund balances	4,560,907	1,493,432	666,659	363	757,680	7,479,041
Total liabilities and fund balances	\$ 4,861,747	\$ 1,493,432	\$ 679,751	\$ 3,112,796	\$ 759,016	\$ 10,906,742

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

September 30, 2022

Total Fund Balance, Governmental Funds	\$ 7,479,041
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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 current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	4,760,047
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	56,834
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Accrued interest payable is not due in the current period and therefore is not reported in the funds.	(186)
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Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(405,445)</u>
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Net position of governmental activities in the statement of net position	<u>\$ 11,890,291</u>
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Statement of Revenues, Expenditures and Changes in Fund Balances -**Governmental Funds**

Year Ended September 30, 2022

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
Property	\$ 1,174,021	\$ -	\$ 381,007	\$ -	\$ -	\$ 1,555,028
Franchise and utility	675,066	-	-	-	-	675,066
Fees and fines	14,141	-	-	-	917	15,058
Impact fees/special assessments	-	-	-	-	101,499	101,499
Licenses and permits	267,332	-	-	-	-	267,332
Intergovernmental	1,060,486	782,813	-	51,356	-	1,894,655
Charges for services	1,050,774	-	-	-	-	1,050,774
Investment earnings	1,672	397	227	363	400	3,059
Miscellaneous	49,133	-	-	-	-	49,133
Total revenues	4,292,625	783,210	381,234	51,719	102,816	5,611,604
Expenditures:						
Current:						
General government	1,116,584	30,979	191,772	-	-	1,339,335
Public safety	1,454,189	224,524	-	-	586,393	2,265,106
Public works	292,880	45,760	-	-	-	338,640
Sanitation	484,051	-	-	-	-	484,051
Culture and recreation	19,258	-	-	41,381	4,626	65,265
Debt service:						
Principal	-	18,873	-	-	12,697	31,570
Interest and other charges	-	-	-	-	247	247
Total expenditures	3,366,962	320,136	191,772	41,381	603,963	4,524,214
Excess (deficiency) of revenues over expenditures	925,663	463,074	189,462	10,338	(501,147)	1,087,390
Other Financing Sources (Uses):						
Transfers in	9,975	-	-	-	-	9,975
Transfers out	-	-	-	(9,975)	-	(9,975)
Debt proceeds	-	81,605	-	-	-	81,605
Sale of general capital assets	200,310	-	-	-	-	200,310
Total other financing sources (uses)	210,285	81,605	-	(9,975)	-	281,915
Net change in fund balances	1,135,948	544,679	189,462	363	(501,147)	1,369,305
Fund balances, beginning	3,424,959	948,753	477,197	-	1,258,827	6,109,736
Fund balances, ending	\$ 4,560,907	\$ 1,493,432	\$ 666,659	\$ 363	\$ 757,680	\$ 7,479,041

City of Mascotte, Florida
**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities**
Year Ended September 30, 2022

	\$ 1,369,305
Amounts Reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
This is the amount by which capital outlays exceeded depreciation in the current period.	491,131
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities report only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.	(156,357)
Revenues reported in the funds in the current year must be eliminated from the statement of activities since revenue was recognized in the prior year.	(56,833)
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded payment.	(50,035)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.	(19,850)
Change in net position of governmental activities	<u><u>\$ 1,577,361</u></u>

**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund**

Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 1,184,658	\$ 1,185,458	\$ 1,174,021	\$ (11,437)
Franchise and utility	556,142	556,142	675,066	118,924
Fees and fines	10,000	10,000	14,141	4,141
Licenses and permits	387,700	387,700	267,332	(120,368)
Intergovernmental	888,600	888,600	1,060,486	171,886
Charges for services	885,300	885,300	1,050,774	165,474
Investment earnings	19,000	19,000	1,672	(17,328)
Miscellaneous	22,800	22,800	49,133	26,333
Total revenues	3,954,200	3,955,000	4,292,625	337,625
Expenditures:				
Current:				
General government	1,245,200	1,246,000	1,116,584	129,416
Public safety	1,839,500	1,839,500	1,454,189	385,311
Public works	337,500	337,500	292,880	44,620
Sanitation	456,300	456,300	484,051	(27,751)
Culture and recreation	180,000	180,000	19,258	160,742
Total expenditures	4,058,500	4,059,300	3,366,962	692,338
Excess (deficiency) of revenues over expenditures	(104,300)	(104,300)	925,663	1,029,963
Other Financing Sources (Uses):				
Transfer in	37,500	37,500	9,975	(27,525)
Sale of assets	66,800	66,800	200,310	133,510
Total other financing sources (uses)	104,300	104,300	210,285	105,985
Net change in fund balances	-	-	1,135,948	1,135,948
Fund balance, beginning	3,424,959	3,424,959	3,424,959	-
Fund balance, ending	\$ 3,424,959	\$ 3,424,959	\$ 4,560,907	\$ 1,135,948

Statement of Revenues, Expenditures and Changes in Fund Balance**Budget and Actual - Infrastructure Special Revenue Fund**

Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 566,000	\$ 600,000	\$ 782,813	\$ 182,813
Investment earnings	12,000	1,000	397	(603)
Total revenues	578,000	601,000	783,210	182,210
Expenditures:				
Current:				
General government	37,000	33,200	30,979	2,221
Public safety	217,000	228,100	224,524	3,576
Public works	335,000	320,800	45,760	275,040
Debt:				
Principal	-	18,900	18,873	27
Total expenditures	589,000	601,000	320,136	280,864
Excess (deficiency) of revenues over expenditures	(11,000)	-	463,074	463,074
Other Financing Sources (Uses):				
Notes issued	-	81,700	81,605	(95)
Total other financing sources (uses)	-	81,700	81,605	(95)
Net change in fund balances	(11,000)	81,700	544,679	462,979
Fund balance, beginning	948,753	948,753	948,753	-
Fund balance, ending	\$ 937,753	\$ 1,030,453	\$ 1,493,432	\$ 462,979

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Community Redevelopment Fund**

Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 384,000	\$ 384,000	\$ 381,007	\$ (2,993)
Investment earnings	1,400	1,400	227	(1,173)
Total revenues	385,400	385,400	381,234	(4,166)
Expenditures:				
Current:				
General government	268,200	271,200	191,772	79,428
Total expenditures	268,200	271,200	191,772	79,428
Excess (deficiency) of revenues over expenditures	117,200	114,200	189,462	75,262
Net change in fund balances	117,200	114,200	189,462	75,262
Fund balance, beginning	477,197	477,197	477,197	-
Fund balance, ending	\$ 594,397	\$ 591,397	\$ 666,659	\$ 75,262

Statement of Revenues, Expenditures and Changes in Fund Balance -**Budget and Actual - American Rescue Plan Act**

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 3,162,900	\$ 51,356	\$ (3,111,544)
Investment earnings	-	400	363	(37)
Total revenues	-	3,163,300	51,719	(3,111,581)
Expenditures:				
Current:				
Public works	-	1,000,000	-	1,000,000
Culture and recreation	-	2,073,300	41,381	2,031,919
Total expenditures	-	3,073,300	41,381	3,031,919
Excess (deficiency) of revenues over expenditures	-	90,000	10,338	(79,662)
Other Financing Sources (Uses):				
Transfer out	-	(90,000)	(9,975)	80,025
Total other financing sources (uses)	-	(90,000)	(9,975)	80,025
Net change in fund balances	-	-	363	363
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ 363	\$ 363

City of Mascotte, Florida
Statement of Net Position - Proprietary Funds
September 30, 2022

	Enterprise Funds		
	Water and Sewer	Stormwater	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 6,589,310	\$ 633,364	\$ 7,222,674
Accounts receivable, net	327,777	37,297	365,074
Due from other governments	687,965	-	687,965
Inventories	69,383	-	69,383
Total current assets	7,674,435	670,661	8,345,096
Noncurrent Assets:			
Capital Assets:			
Land	1,680,689	-	1,680,689
Construction in progress	1,155,352	-	1,155,352
Infrastructure	8,689,763	1,473,581	10,163,344
Intangible assets	87,653	766	88,419
Buildings	15,752	-	15,752
Machinery and equipment	567,191	139,707	706,898
Less accumulated depreciation	(4,972,256)	(728,590)	(5,700,846)
Total noncurrent assets	7,224,144	885,464	8,109,608
Total assets	14,898,579	1,556,125	16,454,704
Liabilities:			
Current Liabilities:			
Accounts payable	278,623	1,140	279,763
Salaries payable	13,452	2,342	15,794
Other accrued expenses	97,805	-	97,805
Due to other governments	104,580	-	104,580
Customer deposits payable	349,025	-	349,025
Compensated absences	7,700	2,451	10,151
Notes payable	28,750	-	28,750
Total current liabilities	879,935	5,933	885,868
Noncurrent Liabilities:			
Compensated absences	69,300	22,059	91,359
Notes payable	344,160	-	344,160
Total noncurrent liabilities	413,460	22,059	435,519
Total liabilities	1,293,395	27,992	1,321,387
Net Position:			
Net investment in capital assets	6,851,234	885,464	7,736,698
Restricted for capital improvements	2,371,021	-	2,371,021
Unrestricted	4,382,929	642,669	5,025,598
Total net position	\$ 13,605,184	\$ 1,528,133	\$ 15,133,317

Statement of Revenues, Expenses and Changes in Fund Net Position -**Proprietary Funds**

Year Ended September 30, 2022

	Enterprise Funds		
	Water and Sewer	Stormwater	Total
Revenues:			
Charges for services	\$ 2,219,527	\$ 247,128	\$ 2,466,655
Total operating revenues	2,219,527	247,128	2,466,655
Operating Expenses:			
Salaries and benefits	472,553	89,398	561,951
Contractual services	166,043	19,577	185,620
Repairs and maintenance	164,197	3,251	167,448
Other supplies and expenses	259,651	16,580	276,231
Depreciation	301,033	55,526	356,559
Total operating expenses	1,363,477	184,332	1,547,809
Operating income	856,050	62,796	918,846
Nonoperating Revenues (Expenses):			
Interest and investment income	2,127	188	2,315
Interest expense	(982)	-	(982)
Miscellaneous revenue	77	-	77
Total nonoperating revenue (expenses)	1,222	188	1,410
Income before capital contributions and transfers	857,272	62,984	920,256
Impact fees	221,470	-	221,470
Capital grants and contributions	922,965	-	922,965
Change in net position	2,001,707	62,984	2,064,691
Total net position, beginning	11,603,477	1,465,149	13,068,626
Total net position, ending	\$ 13,605,184	\$ 1,528,133	\$ 15,133,317

City of Mascotte, Florida
Statement of Cash Flows - Proprietary Funds
Year Ended September 30, 2022

	Enterprise Funds		
	Water and Sewer	Stormwater	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 2,351,844	\$ 292,527	\$ 2,644,371
Payments to suppliers	(318,912)	(51,267)	(370,179)
Payments to employees	(461,821)	(88,102)	(549,923)
Net cash provided (used) by operating activities	1,571,111	153,158	1,724,269
Cash Flows from Capital and Related Financing Activities:			
Insurance proceeds	77	-	77
Purchase of capital assets	(1,261,616)	(27,000)	(1,288,616)
Impact fees	221,470	-	221,470
Capital grants	235,000	-	235,000
Proceeds from notes payable	281,646	-	281,646
Payments on notes payable	(197,258)	-	(197,258)
Interest paid on notes payable	(982)	-	(982)
Net cash provided (used) by capital and related financing activities	(721,663)	(27,000)	(748,663)
Cash Flows from Investing Activities:			
Investment income	2,127	188	2,315
Net cash provided by investing activities	2,127	188	2,315
Net increase in cash and cash equivalents	851,575	126,346	977,921
Cash and cash equivalents, beginning	5,737,735	507,018	6,244,753
Cash and cash equivalents, ending	\$ 6,589,310	\$ 633,364	\$ 7,222,674

	Enterprise Funds		
	Water and Sewer	Stormwater	Total
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:			
Operating income	\$ 856,050	\$ 62,796	\$ 918,846
Adjustments Not Affecting Cash:			
Depreciation and amortization	301,033	55,526	356,559
Change in Assets and Liabilities:			
Decrease (increase) in accounts receivable	10,245	45,399	55,644
Decrease (increase) in inventory	(40,916)	-	(40,916)
Increase (decrease) in accounts payable	311,895	(11,859)	300,036
Increase (decrease) in accrued liabilities	2,488	126	2,614
Increase (decrease) in due to other governments	104,580	-	104,580
Increase (decrease) in compensated absences	8,244	1,170	9,414
Increase (decrease) in customer deposits	17,492	-	17,492
Total adjustments	715,061	90,362	805,423
Net cash provided (used) by operating activities	\$ 1,571,111	\$ 153,158	\$ 1,724,269

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The *City of Mascotte*, Florida ("the City") is a political subdivision of the state of Florida located in Lake County. The *City of Mascotte* was originally incorporated under the laws of the State of Florida on November 23, 1925. The City is governed by a City Manager form of government. The legislative branch of the City is composed of a Mayor and a four (4) member elected Council. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council appointed City Manager.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations' resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. In applying the above criteria, the City has one blended component unit as follows:

The City of Mascotte Community Redevelopment Fund

The *City of Mascotte* created the Community Redevelopment Agency in April of 2005. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The City Council, being the duly elected governmental body for the designated area, passed Resolution 2005-03-350, which established the *City of Mascotte* as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area. The Council adopted a community development redevelopment plan through Resolution 2005-06-352. Through Ordinance 2005-06-380 the City established the Community Redevelopment Trust Fund to account for all transactions generated by this special revenue fund.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following funds:

Major Governmental Funds

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

The *Infrastructure Special Revenue Fund* is a special revenue fund established to account for the accumulation of proceeds of the local government infrastructure surtax to be received by the City until December 2032. The proceeds and interest accrued thereto, by law, are only to be used to finance, plan and construct infrastructure.

The *Community Redevelopment Fund* was established as a dependent taxing district. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area.

The *American Rescue Plan Act ("ARPA") Fund* was established as a special revenue fund account for the receipts and spending of the grant funds related to the American Rescue Plan Act.

Nonmajor Governmental Fund Types

Special Revenue Funds account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

Major Proprietary Funds

The *Water and Sewer Fund* is used to account for the operations of the City's water and sewer system, which are financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed primarily through user charges.

The *Stormwater Fund* is used to account for the operation and maintenance of the City's stormwater system.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 City's water and sewer 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 *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer and sanitation funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Deposits and Investments

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

Investments of the City are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The City's investments consist of investments authorized per their investment policy, adopted in accordance with Section 218.415, Florida Statutes.

Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectibles. The County bills and collects property taxes and remits them to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

All property is reassessed according to its fair value on the lien date, or January 1 of each year. Taxes are levied on October 1 of each year. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. On or around May 31 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

Restricted Assets

The use of certain assets of the Water and Sewer fund may be restricted by specific provisions of bond resolutions, city ordinances and/or agreements with various parties. Assets so designated are identified as restricted assets on the balance sheet.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, 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 City's capitalization policy as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the City are depreciated using the straight line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements	15-50
Infrastructure	30-50
Equipment	3-15
Intangible Assets	3-15

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off (PTO). Since the City's policy is to pay all PTO when employees separate from service, these amounts are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences are generally liquidated by the general fund.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any item that qualifies for reporting in this category for the year ended September 30, 2022.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumptions

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the city's highest level of decision-making authority. The Council is the highest level of decision-making authority for the city that can, by adoption of a resolution 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 (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the city for specific purposes but do not meet the criteria to be classified as committed. The council has maintained authority to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards

In fiscal year 2022, the City has implemented Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use underlying asset. As a result of implementation, liabilities previously classified as leases have been reclassified as notes payable. There was no effect on beginning balances of the City for the implementation of this statement.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Capital leases	\$ (107,608)
Compensated absences	<u>(297,837)</u>
Net adjustment to reduce <i>fund balance, total governmental funds</i> to arrive at <i>net position, governmental activities</i>	<u><u>\$ (405,445)</u></u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net positions of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$ 869,528
Depreciation expense	<u>(378,397)</u>
Net adjustment to increase net changes in fund balances, <i>total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u><u>\$ 491,131</u></u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., notes, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this difference are as follows:

Notes issued	\$ (81,605)
Principal repayment	<u>31,570</u>
Net Adjustment to decrease Net Changes in Fund Balances - <i>total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u><u>\$ (50,035)</u></u>

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated absences	\$ (19,880)
Accrued interest payable	<u>30</u>
Net adjustment to decrease net changes in fund balances, <i>total governmental funds</i>	
to arrive at changes in <i>net position of governmental activities</i>	<u><u>\$ (19,850)</u></u>

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

- (1) Prior to the end of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) The general summary of the budget and notice of public hearing is published in the local newspaper. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, budgets are legally enacted through passage of an ordinance.
- (3) The City Manager is authorized to transfer budgeted amounts within and between divisions and departments; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. The level of classification detail at which expenditures may not legally exceed appropriations is the fund level.
- (4) Appropriations lapse at the close of the fiscal year to the extent they have not been expended.
- (5) Budgets are adopted for the general fund and special revenue funds on a basis consistent with accounting principles generally accepted in the United States of America. Budgets are also adopted for the enterprise funds; however, this data is not presented under generally accepted accounting principles.
- (6) The City Council, by ordinance or resolution, may make supplemental appropriations in excess of those originally estimated for the year up to the amount of available revenues. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions.

NOTE 4 DEPOSITS AND INVESTMENTS

Deposits

All bank deposits were covered by Federal Depository Insurance or by collateral held in banks that are members of the State of Florida’s Collateral Pool as specified under Florida law. Florida Statutes provide for collateral pooling by banks and savings and loans. This limits local government deposits to “authorized depositories”.

Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The City uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted prices for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the City's own data in measuring unobservable inputs. The City had no investments as defined by GASB Statement No. 72 as of September 30, 2022.

The City's investment policies are governed by Florida Statutes, which allow the following investments:

- (a) Florida Local Government Surplus Funds Trust Fund Investment Pool (SBA LGIP)
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency
- (c) Interest bearing time deposit or savings accounts in qualified public depositories
- (d) Direct obligations of the U.S. Treasury

The City does not have an investment policy that addresses credit risk, concentration of credit risk, custodial credit risk, or interest rate risk. However, all deposits are potentially subject to custodial credit risk. The City policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposit Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2022, all of the City's bank deposits were in qualified public depositories.

NOTE 5 RECEIVABLES

Receivables as of year end for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Other Governmental Funds	Water and Sewer Fund	Stormwater Fund	Total
Receivables:					
Accounts	\$ 104,765	\$ 97	\$ 355,660	\$ 39,631	\$ 500,153
Less allowance for uncollectible accounts	(2,695)	-	(27,883)	(2,334)	(32,912)
	<u>\$ 102,070</u>	<u>\$ 97</u>	<u>\$ 327,777</u>	<u>\$ 37,297</u>	<u>\$ 467,241</u>

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,978,831	\$ -	\$ (156,357)	\$ 1,822,474
Construction in progress	27,609	412,860	-	440,469
Total capital assets, not being depreciated	2,006,440	412,860	(156,357)	2,262,943
Capital Assets, Being Depreciated:				
Buildings	2,225,167	8,200	-	2,233,367
Improvements/infrastructure	2,904,283	45,760	-	2,950,043
Machinery and equipment	2,106,343	402,708	(129,374)	2,379,677
Intangible assets	153,302	-	(120,846)	32,456
Total capital assets, being depreciated	7,389,095	456,668	(250,220)	7,595,543
Less Accumulated Depreciation For:				
Buildings	(1,101,080)	(79,002)	-	(1,180,082)
Improvements/infrastructure	(2,140,612)	(118,581)	-	(2,259,193)
Machinery and equipment	(1,575,980)	(180,102)	129,374	(1,626,708)
Intangible assets	(152,590)	(712)	120,846	(32,456)
Total accumulated depreciation	(4,970,262)	(378,397)	250,220	(5,098,439)
Total capital assets, being depreciated, net	2,418,833	78,271	-	2,497,104
Government activities capital assets, net	\$ 4,425,273	\$ 491,131	\$ (156,357)	\$ 4,760,047

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,680,689	\$ -	\$ -	\$ 1,680,689
Construction in progress	878,902	1,288,616	(1,012,166)	1,155,352
Total capital assets, not being depreciated	2,559,591	1,288,616	(1,012,166)	2,836,041
Capital Assets, Being Depreciated:				
Buildings	15,752	-	-	15,752
Improvements/Infrastructure	9,151,178	1,012,166	-	10,163,344
Machinery and equipment	706,898	-	-	706,898
Intangible assets	88,419	-	-	88,419
Total capital assets, being depreciated	9,962,247	1,012,166	-	10,974,413
Less Accumulated Depreciation For:				
Buildings	(8,408)	(1,574)	-	(9,982)
Improvements/Infrastructure	(4,871,323)	(293,886)	-	(5,165,209)
Machinery and equipment	(412,808)	(57,247)	-	(470,055)
Intangible assets	(51,748)	(3,852)	-	(55,600)
Total accumulated depreciation	(5,344,287)	(356,559)	-	(5,700,846)
Total capital assets, being depreciated, net	4,617,960	655,607	-	5,273,567
Business-type activities capital assets, net	\$ 7,177,551	\$ 1,944,223	\$ (1,012,166)	\$ 8,109,608

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 94,574
Public safety	163,918
Transportation/public works	75,261
Culture and recreation	44,644
Total depreciation expense, governmental activities	\$ 378,397
Business-type Activities:	
Water and sewer	\$ 301,033
Stormwater	55,526
Total depreciation expense, business type activities	\$ 356,559

NOTE 7 LONG-TERM DEBT

Notes Payable - Direct Borrowing

In 2018, the city entered into an installment purchase for police department equipment. The agreement provides for total funding of \$31,943 to be paid over five years.

In 2018, the city entered into an interlocal agreement with Lake County to purchase for radio equipment. The agreement provides for total funding of \$149,349 to be paid over ten years. In 2020 the agreement was modified for radio equipment returned to the County. Total principal and interest remaining to be paid under this agreement is \$39,066.

In 2022, the city entered into an installment purchase for police department equipment. The agreement provides for total funding of \$81,605 to be paid over five years.

In October 2020, the City executed the Clean Water State Revolving Fund Loan agreement WW351200. This agreement provides for total funding of \$375,000, \$187,500 is estimated to be repaid with a related grant. The loan period is for 20 years with zero interest rate. The note is secured by gross revenues from the water and sewer systems net of operations and maintenance costs. Principal and interest remaining to be paid on this series is \$187,500. During the year, \$187,500 of principal was paid through the related grant. Pledged revenue was \$1,380,680.

In October 2020, the City executed the Drink Water State Revolving Fund Loan agreement DW-351210. This agreement provides for total funding of \$390,000 which includes principal forgiveness of \$195,000. The loan period is for 10 years an interest rate of 1.17 percent. The note is secured by gross revenues from the water and sewer systems net of operations and maintenance costs. Principal and interest remaining to be paid on this series is \$196,221, \$10,740 of principal and interest was paid in the current year. Pledged revenue was \$1,380,680.

In the event of default on the state revolving fund notes, the Florida Department of Environmental Protection may cause to establish rates and collect fees, require the City to account for all moneys received and used, appoint a receiver to manage the water and sewer systems, intercept delinquent amounts plus a penalty due to the City under State Revenue Sharing, recover all amounts due including costs of collection and attorney fees, and accelerate the repayment schedule to increase the interest rate by a factor of up to 1.667.

Debt service requirements for notes payable at September 30, 2022 are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 28,442	\$ 186	\$ 28,750	\$ 2,114
2024	22,041	155	28,973	1,891
2025	22,072	124	29,198	1,665
2026	22,102	94	29,426	1,437
2027	6,449	62	29,657	1,206
2028-2032	6,479	32	136,906	2,498
2033-2037	-	-	48,750	-
2038-2041	-	-	41,250	-
Total	<u>\$ 107,585</u>	<u>\$ 653</u>	<u>\$ 372,910</u>	<u>\$ 10,811</u>

NOTE 7 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes Payable	\$ 57,573	\$ 81,605	\$ (31,570)	\$ 107,608	\$ 28,442
Compensated absences	277,957	19,880	-	297,837	29,784
Governmental activity long-term liabilities	<u>\$ 335,530</u>	<u>\$ 101,485</u>	<u>\$ (31,570)</u>	<u>\$ 405,445</u>	<u>\$ 58,226</u>
Business-Type Activities:					
Notes payable	\$ 288,522	\$ 281,646	\$ (197,258)	\$ 372,910	\$ 28,750
Compensated absences	92,096	9,414	-	101,510	10,151
Business-type activity long-term liabilities	<u>\$ 380,618</u>	<u>\$ 291,060</u>	<u>\$ (197,258)</u>	<u>\$ 474,420</u>	<u>\$ 38,901</u>

NOTE 8 RETIREMENT PLAN

The City has adopted a Defined Contribution Retirement Plan to provide certain benefits for its employees upon their retirement from active service and for their beneficiaries in the event of death.

Eligibility

The plan covers all employees of the City who on the effective date of the plan has attained age 18.

Funding Policy

The City contributes 10% of the compensation of each participant. Forfeitures are used to reduce the City's contributions. Employer contributions on behalf of participants are made on each payroll period. Each participant may make voluntary contributions to the plan which are immediately vested. Voluntary contributions may not exceed 5% of the annual compensation paid by the employer to the participant in the plan year.

During the year ended September 30, 2022, the City's total payroll was \$1,716,458. The City contributed \$166,436 to the plan for the year ended September 30, 2022. Of this total, \$12,648 was contributed from the forfeiture account. As of September 30, 2022, participation in the plan consisted of 31 active members.

As defined by the plan, normal retirement age is 65.

Vesting Schedule

All voluntary contributions are fully vested to participant. The City's contributions are 100% vested to the individual participants' accounts after 5 or more years of service.

The assets of the plan are held by an independent party acting as investment custodian and plan administrator, and are invested in mutual funds selected by the participant.

NOTE 8 RETIREMENT PLAN (CONTINUED)

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by ICMA Retirement Corporation. The plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Because the Plan Assets are held in trust for the exclusive benefit of plan participants and their beneficiaries, the Plan is not accounted for in the City's fund financials.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS

Pursuant to Resolution 2017-11-630, the City has elected not to make continuation of group health insurance through the City's current provider available to retirees and eligible dependents.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Litigation

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2022. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage during the past three years.

NOTE 11 FUND BALANCE

At September 30, 2022 the City's governmental fund balances were as follows:

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Special Revenue Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total
Fund Balances						
Nonspendable:						
Inventory	\$ 7,317	\$ -	\$ -	\$ -	\$ -	\$ 7,317
Spendable:						
Restricted for:						
Public safety	-	-	-	-	429,718	429,718
Culture and recreation	-	-	-	-	327,962	327,962
Infrastructure	-	1,493,432	-	-	-	1,493,432
Community redevelopment	-	-	666,659	-	-	666,659
Other purposes	166,150	-	-	363	-	166,513
Unassigned	4,387,440	-	-	-	-	4,387,440
	<u>\$ 4,560,907</u>	<u>\$ 1,493,432</u>	<u>\$ 666,659</u>	<u>\$ 363</u>	<u>\$ 757,680</u>	<u>\$ 7,479,041</u>

NOTE 12 SUBSEQUENT EVENTS

Subsequent to year end, the City executed the Drinking Water State Revolving Fund Loan agreement DW351211. This agreement provides for total funding of \$1,757,800, with \$878,900 estimated principal forgiveness. The loan period is for 10 years with 1.62% interest rate.

Subsequent to year end, the City executed the Clean Water State Revolving Fund Loan agreement SW351220. This agreement provides for total funding of \$450,500. The loan period is for 20 years with 1.19% interest rate.

Combining and Individual Fund Statements and Schedules

City of Mascotte, Florida
Combining Balance Sheet - Other Governmental Funds
September 30, 2022

	Police Education	Police Impact	Fire Impact	Parks and Recreation Impact	Total Other Governmental Funds
Assets:					
Cash and cash equivalents	\$ 21,476	\$ 409,363	\$ 118	\$ 327,962	\$ 758,919
Other receivables	97	-	-	-	97
Total assets	\$ 21,573	\$ 409,363	\$ 118	\$ 327,962	\$ 759,016
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 1,218	\$ -	\$ 118	\$ -	\$ 1,336
Total liabilities	1,218	-	118	-	1,336
Fund Balances:					
Restricted	20,355	409,363	-	327,962	757,680
Total fund balances	20,355	409,363	-	327,962	757,680
Total liabilities and fund balances	\$ 21,573	\$ 409,363	\$ 118	\$ 327,962	\$ 759,016

City of Mascotte, Florida
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Other Governmental Funds
Year Ended September 30, 2022

	Police Education	Police Impact	Fire Impact	Parks and Recreation Impact	Total Other Governmental Funds
Revenues:					
Fees and fines	\$ 917	\$ -	\$ -	\$ -	\$ 917
Impact fees/special assessments	-	61,962	-	39,537	101,499
Investment earnings	8	168	118	106	400
Total revenues	<u>925</u>	<u>62,130</u>	<u>118</u>	<u>39,643</u>	<u>102,816</u>
Expenditures:					
Current:					
Public safety	6,399	169,652	410,342	-	586,393
Culture and recreation	-	-	-	4,626	4,626
Debt service:					
Principal	-	12,697	-	-	12,697
Interest	-	247	-	-	247
Total expenditures	<u>6,399</u>	<u>182,596</u>	<u>410,342</u>	<u>4,626</u>	<u>603,963</u>
Excess (deficiency) of revenues over expenditures	<u>(5,474)</u>	<u>(120,466)</u>	<u>(410,224)</u>	<u>35,017</u>	<u>(501,147)</u>
Net change in fund balances	<u>(5,474)</u>	<u>(120,466)</u>	<u>(410,224)</u>	<u>35,017</u>	<u>(501,147)</u>
Fund balances, beginning	<u>25,829</u>	<u>529,829</u>	<u>410,224</u>	<u>292,945</u>	<u>1,258,827</u>
Fund balances, ending	<u>\$ 20,355</u>	<u>\$ 409,363</u>	<u>\$ -</u>	<u>\$ 327,962</u>	<u>\$ 757,680</u>

Schedule of Revenues, Expenditures and Changes in Fund Balance**Budget and Actual - Police Education**

Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fees and fines	\$ 1,400	\$ 1,400	\$ 917	\$ (483)
Investment earnings	200	200	8	(192)
Total revenues	<u>1,600</u>	<u>1,600</u>	<u>925</u>	<u>(675)</u>
Expenditures:				
Current:				
Public safety	10,000	10,000	6,399	3,601
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>6,399</u>	<u>3,601</u>
Excess (deficiency) of revenues over expenditures	<u>(8,400)</u>	<u>(8,400)</u>	<u>(5,474)</u>	<u>2,926</u>
Net change in fund balance	<u>(8,400)</u>	<u>(8,400)</u>	<u>(5,474)</u>	<u>2,926</u>
Fund balance, beginning	25,829	25,829	25,829	-
Fund balance, ending	<u><u>\$ 17,429</u></u>	<u><u>\$ 17,429</u></u>	<u><u>\$ 20,355</u></u>	<u><u>\$ 2,926</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balance -**Budget and Actual - Police Impact**

Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 143,700	\$ 143,700	\$ 61,962	\$ (81,738)
Investment earnings	1,400	1,400	168	(1,232)
Total revenues	<u>145,100</u>	<u>145,100</u>	<u>62,130</u>	<u>(82,970)</u>
Expenditures:				
Current:				
Public safety	467,100	467,100	169,652	297,448
Debt service:				
Principal	12,900	12,900	12,697	203
Interest	400	400	247	153
Total expenditures	<u>480,400</u>	<u>480,400</u>	<u>182,596</u>	<u>297,804</u>
Excess (deficiency) of revenues over expenditures	<u>(335,300)</u>	<u>(335,300)</u>	<u>(120,466)</u>	<u>214,834</u>
Net change in fund balance	<u>(335,300)</u>	<u>(335,300)</u>	<u>(120,466)</u>	<u>214,834</u>
Fund balance, beginning	529,829	529,829	529,829	-
Fund balance, ending	<u><u>\$ 194,529</u></u>	<u><u>\$ 194,529</u></u>	<u><u>\$ 409,363</u></u>	<u><u>\$ 214,834</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balance -**Budget and Actual - Fire Impact**

Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ 1,800	\$ 200	\$ 118	\$ (82)
Total revenues	<u>1,800</u>	<u>200</u>	<u>118</u>	<u>(82)</u>
Expenditures:				
Current:				
Public safety	333,900	410,500	410,342	158
Total expenditures	<u>333,900</u>	<u>410,500</u>	<u>410,342</u>	<u>158</u>
Excess (deficiency) of revenues over expenditures	<u>(332,100)</u>	<u>(410,300)</u>	<u>(410,224)</u>	<u>76</u>
Net change in fund balance	<u>(332,100)</u>	<u>(410,300)</u>	<u>(410,224)</u>	<u>76</u>
Fund balance, beginning	<u>410,224</u>	<u>410,224</u>	<u>410,224</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 78,124</u></u>	<u><u>\$ (76)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 76</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balance -**Budget and Actual - Parks and Recreation Impact**

Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 91,700	\$ 91,700	\$ 39,537	\$ (52,163)
Investment earnings	1,200	1,200	106	(1,094)
Total revenues	<u>92,900</u>	<u>92,900</u>	<u>39,643</u>	<u>(53,257)</u>
Expenditures:				
Current:				
Culture and recreation	<u>55,400</u>	<u>55,400</u>	<u>4,626</u>	<u>50,774</u>
Total expenditures	<u>55,400</u>	<u>55,400</u>	<u>4,626</u>	<u>50,774</u>
Excess (deficiency) of revenues over expenditures	<u>37,500</u>	<u>37,500</u>	<u>35,017</u>	<u>(2,483)</u>
Other Financing Sources (Uses):				
Transfer out	<u>(37,500)</u>	<u>(37,500)</u>	<u>-</u>	<u>37,500</u>
Total other financing sources (uses)	<u>(37,500)</u>	<u>(37,500)</u>	<u>-</u>	<u>37,500</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>35,017</u>	<u>35,017</u>
Fund balance, beginning	<u>292,945</u>	<u>292,945</u>	<u>292,945</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 292,945</u></u>	<u><u>\$ 292,945</u></u>	<u><u>\$ 327,962</u></u>	<u><u>\$ 35,017</u></u>

Other Reports

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

The Honorable Mayor and City Council
City of Mascotte, 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, business-type activities, and each major fund, and the aggregate remaining fund information of the *City of Mascotte, Florida*, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 3, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

McDermitt Davis

Orlando, Florida
February 3, 2023

MANAGEMENT LETTER

Honorable Mayor and City Council
City of Mascotte, Florida

Report on the Financial Statements

We have audited the financial statements of the *City of Mascotte, Florida*, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated February 3, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 3, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

Financial Condition and Management

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

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

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

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

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

A handwritten signature in black ink that reads "McDiarmid Davis". The signature is written in a cursive, slightly slanted style.

Orlando, Florida
February 3, 2023



934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdirmittdavis.com

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

The Honorable Mayor and City Council
City of Mascotte, Florida

We have examined City of Mascotte's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2022. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, City of Mascotte complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

McDermitt Davis

Orlando, Florida
February 3, 2023