

# **TOWN OF CENTURY, FLORIDA**

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**Annual Financial Report  
September 30, 2023**

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**INDEPENDENT AUDITOR’S REPORT**

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

**Opinions**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Century, Florida (the “Town”), as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town’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, business-type activities, each major fund, and the aggregate remaining information of the Town, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General of the State of Florida. Our responsibilities under those standards and rules 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 Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town’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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, 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 Town'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 Town's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–7 and 20–21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and

other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2024 on our consideration of the Town's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

June 30, 2024

**Town of Century, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2023**

**General Information**

As management of the Town, we offer readers of the Town of Century, Florida's (the "Town") financial statements, this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here, in conjunction with our Town's financial statements, which follow this section.

**Financial Highlights**

- The assets of the Governmental Activities of the Town exceeded its liabilities at the close of fiscal year 2023 by \$5.6 million. Of this amount, \$4.4 million is invested in capital assets (net of related debt), and \$3.9 million is restricted for debt-service payments and specific uses that are restricted by third-party sources. The Town has a remaining deficit balance of \$2.7 million in unrestricted net position.
- The assets of the Business Type Activities of the Town exceeded its liabilities at the close of fiscal year 2023 by \$5.4 million. Of this amount, \$4.5 million is invested in capital assets (net of related debt). The Town has a remaining balance of \$801,470 in unrestricted net position.

**Overview of Financial Statements**

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

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

**Government-wide Financial Statements**

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (i.e., uncollected taxes and earned, but unused, annual leave). Both of the

**Town of Century, Florida**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2023**

government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges. The governmental activities of the Town include general government, public safety, public services and intergovernmental functions. The business-type activities of the Town include the natural gas, water and sewer, and sanitation operations. All of these activities are collectively referred to in the financial statements as those of the primary government.

**Fund Financial Statements**

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

**Governmental Funds**

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

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

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

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

**Proprietary Funds**

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

**Town of Century, Florida**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2023**

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

**Notes to the Basic Financial Statements**

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

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a governmental entity's financial position. The largest portion of the Town's net position, \$9.0 million, reflects its net investment in capital assets (i.e., land, buildings, improvements other than buildings, infrastructure, and other), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

**Town of Century**  
**Statements of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current and other assets	\$ 2,107,732	\$ 2,030,682	\$ 1,020,900	\$ 1,073,717	3,128,632	3,104,399
Capital assets	4,429,840	4,274,306	5,687,004	5,685,004	10,116,844	9,959,310
<b>Total assets</b>	<u>\$ 6,537,572</u>	<u>\$ 6,304,988</u>	<u>\$ 6,707,904</u>	<u>\$ 6,758,721</u>	<u>\$ 13,245,476</u>	<u>\$ 13,063,709</u>
<b>Liabilities:</b>						
Current and other liabilities	876,737	835,755	307,553	365,437	1,184,290	1,201,192
Long-term liabilities outstanding	7,816	7,816	1,050,172	1,241,674	1,057,988	1,249,490
<b>Total liabilities</b>	<u>884,553</u>	<u>843,571</u>	<u>1,357,725</u>	<u>1,607,111</u>	<u>2,242,278</u>	<u>2,450,682</u>
<b>Deferred inflows of resources:</b>						
Lease	61,133	61,133	-	-	61,133	61,133
<b>Total deferred inflows of resources</b>	<u>61,133</u>	<u>61,133</u>	<u>-</u>	<u>-</u>	<u>61,133</u>	<u>61,133</u>
<b>Net position:</b>						
Invested in capital assets	4,422,024	4,274,306	4,548,709	4,458,898	8,970,733	8,733,204
Restricted items	3,850,029	3,810,729	-	120,631	3,850,029	3,931,360
Unrestricted	(2,680,167)	(2,684,751)	801,470	572,081	(1,878,697)	(2,112,670)
<b>Total net position</b>	<u>5,591,886</u>	<u>5,400,284</u>	<u>5,350,179</u>	<u>5,151,610</u>	<u>10,942,065</u>	<u>10,551,894</u>
<b>Total liabilities and deferred inflows of resources and net position</b>	<u>6,537,572</u>	<u>6,304,988</u>	<u>6,707,904</u>	<u>6,758,721</u>	<u>13,245,476</u>	<u>13,063,709</u>

**Town of Century, Florida**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2023**

**Town of Century**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program revenues:						
Charge for services	\$ 148,383	\$ 149,602	\$ 1,925,080	\$ 1,813,943	\$ 2,073,463	\$ 1,963,545
Operating grant and contribution	-	79,096	-	-	-	79,096
Capital grants and contributions	187,192	148,886	-	233,392	187,192	382,278
General revenues:						
Property taxes	43,979	40,304	-	-	43,979	40,304
Sales tax and gas taxes	646,742	-	-	-	-	-
Other taxes	53,661	-	-	-	-	-
State revenue sharing	141,147	861,279	-	-	141,147	861,279
Investment earnings	45,546	-	-	-	45,546	-
Miscellaneous	104,472	422,963	10,129	1,787	114,601	424,750
<b>Total revenues</b>	<u>1,371,122</u>	<u>1,702,130</u>	<u>1,935,209</u>	<u>2,049,122</u>	<u>2,605,928</u>	<u>3,751,252</u>
<b>Program expenses:</b>						
General government	518,879	703,458	-	-	518,879	703,458
Transportation	300,643	265,998	-	-	300,643	265,998
Culture/recreation	141,490	91,988	-	-	141,490	91,988
Sanitation	-	-	112,648	111,802	112,648	111,802
Natural Gas	-	-	547,262	717,549	547,262	717,549
Water and sewer	-	-	1,210,109	1,367,634	1,210,109	1,367,634
<b>Total expenses</b>	<u>961,012</u>	<u>1,061,444</u>	<u>1,870,019</u>	<u>2,196,985</u>	<u>2,831,031</u>	<u>3,258,429</u>
Increase (decrease) in net assets before transfer in (out)	410,110	640,686	65,190	(147,863)	(225,103)	492,823
Transfer in/(out)	(218,508)	(307,734)	133,379	307,734	(85,129)	-
Increase (decrease) in net position	191,602	332,952	198,569	159,871	(310,232)	492,823
Net position at beginning of year	5,400,284	5,067,332	5,151,610	4,991,739	10,551,894	10,059,071
Net position at end of year	<u>\$ 5,591,886</u>	<u>\$ 5,400,284</u>	<u>\$ 5,350,179</u>	<u>\$ 5,151,610</u>	<u>\$ 10,241,662</u>	<u>\$ 10,551,894</u>

## Financial Impacts

### *Normal Impacts*

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

#### *Revenues*

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

**Town of Century, Florida**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2023**

***Expenses***

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

***Current Year Impacts***

*Governmental Activities:* Capital grants increased approximately \$38,000 due to uses of ARPA grant funding.

*Business-Type Activities:* Charges for services increased approximately \$111,000 based on increases to rates and costs of natural gas services during the year.

**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of approximately \$1.2 million, an increase of approximately \$36,000 from the prior year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the deficit unassigned fund balance of the General Fund was \$2.7 million.

During the current fiscal year, the fund balance of the Town's General Fund decreased by \$3,232. The key factors in this increase is related to increases in intergovernmental revenue sources.

**Proprietary Funds**

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

**Town of Century, Florida**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2023**

**Capital Assets and Outstanding Debt**

***Capital Assets***

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

**Town of Century Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and Improvements	\$ 2,073,012	\$ 2,073,012	\$ 14,025	\$ 14,025	\$ 2,087,037	\$ 2,087,037
Construction in Progress	-	-	485,774	485,774	485,774	485,774
Buildings, improvements, & utility systems	6,291,044	6,135,510	12,059,042	12,059,042	18,350,086	18,194,552
Vehicles	-	-	237,889	237,889	237,889	237,889
Machinery and equipment	2,448,566	2,448,566	1,192,707	1,190,707	3,641,273	3,639,273
Accumulated depreciation	(6,382,782)	(6,382,782)	(8,302,433)	(8,302,433)	(14,685,215)	(14,685,215)
Total	<u>\$ 4,429,840</u>	<u>\$ 4,274,306</u>	<u>\$ 5,687,004</u>	<u>\$ 5,685,004</u>	<u>\$ 10,116,844</u>	<u>\$ 9,959,310</u>

Additional information on the capital assets of the Town can be found in Note 4 of this report.

***Outstanding Debt***

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

**Town of Century Long-term Debt Obligations**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds and notes payables	\$ -	\$ -	\$ 1,138,295	\$ 1,226,106	\$ 1,138,295	\$ 1,226,106
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,138,295</u>	<u>\$ 1,226,106</u>	<u>\$ 1,138,295</u>	<u>\$ 1,226,106</u>

**Economic Factors and Next Year's Budgets and Rates**

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

**Town of Century, Florida**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2023**

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

**Request for Information**

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

**Town of Century, Florida**  
**Statement of Net Position**  
**September 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,094,854	\$ 199,655	\$ 1,294,509
Investments	952,773	841	953,614
Accounts receivable, net	61,925	413,640	475,565
Internal balances	(143,145)	143,043	(102)
Due from other governments	35,705	-	35,705
Prepaid expenses	44,487	44,277	88,764
Lease receivable	61,133	-	61,133
Restricted cash and cash equivalents	-	219,444	219,444
Capital assets:			
Nondepreciable	2,073,012	499,799	2,572,811
Depreciable, net	2,356,828	5,187,205	7,544,033
Total assets	<u>6,537,572</u>	<u>6,707,904</u>	<u>13,245,476</u>
<b>Liabilities:</b>			
Accounts payable	80,568	95,622	176,190
Accrued liabilities	5,479	3,110	8,589
Unearned income	775,690	-	775,690
Payable from restricted assets:			
Current portion of long-term debt	-	103,794	103,794
Customer deposits	15,000	105,027	120,027
Non-current liabilities:			
Compensated absences	7,816	15,671	23,487
Due in more than one year	-	1,034,501	1,034,501
Total liabilities	<u>884,553</u>	<u>1,357,725</u>	<u>2,242,278</u>
<b>Deferred inflows of resources:</b>			
Leases	61,133	-	61,133
Total deferred inflows of resources	<u>61,133</u>	<u>-</u>	<u>61,133</u>
<b>Net position</b>			
Net Invested in capital assets, net of related debt	4,422,024	4,548,709	8,970,733
Restricted for:			
Street construction and improvements	3,761,397	-	3,761,397
Redevelopment district	88,632	-	88,632
Unrestricted	(2,680,167)	801,470	(1,878,697)
Total net position	<u>\$ 5,591,886</u>	<u>\$ 5,350,179</u>	<u>\$ 10,942,065</u>

The accompanying notes are an integral part of the financial statements

**Town of Century, Florida**  
**Statement of Activities**  
**For the Year Ended September 30, 2023**

Functions/Programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>							
Governmental activities:							
General government	\$ 518,879	\$ 148,383	\$ -	\$ 187,192	\$ (183,304)	\$ -	\$ (183,304)
Transportation	300,643	-	-	-	(300,643)	-	(300,643)
Culture and recreation	141,490	-	-	-	(141,490)	-	(141,490)
Total governmental activities	<u>961,012</u>	<u>148,383</u>	<u>-</u>	<u>187,192</u>	<u>(625,437)</u>	<u>-</u>	<u>(625,437)</u>
Business-type activities:							
Natural Gas	547,262	509,197	-	-	-	(38,065)	(38,065)
Water and Sewer	1,210,109	1,228,673	-	-	-	18,564	18,564
Sanitation	112,648	187,210	-	-	-	74,562	74,562
Total business-type activities	<u>1,870,019</u>	<u>1,925,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,061</u>	<u>55,061</u>
Total primary government	<u>2,831,031</u>	<u>2,073,463</u>	<u>-</u>	<u>187,192</u>	<u>(625,437)</u>	<u>55,061</u>	<u>(570,376)</u>
General revenues and transfers							
General revenues:							
Property taxes					43,979	-	43,979
Sales tax and gas taxes					646,742	-	646,742
Other taxes					53,661	-	53,661
State revenue sharing					141,147	-	141,147
Investment earnings					45,546	10,129	55,675
Miscellaneous					104,472	-	104,472
Transfers					(218,508)	133,379	(85,129)
Total general revenues and transfers					<u>817,039</u>	<u>143,508</u>	<u>960,547</u>
Change in net position					191,602	198,569	390,171
Net position - beginning of year					5,400,284	5,151,610	10,551,894
Net position - end of year					<u>\$ 5,591,886</u>	<u>\$ 5,350,179</u>	<u>\$ 10,942,065</u>

The accompanying notes are an integral part of the financial statements

**Town of Century, Florida, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2023**

	General Fund	Special Revenues Fund	CRA Fund	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 280,026	\$ 722,643	\$ 92,185	\$ 1,094,854
Investments	54,951	897,822	-	952,773
Loan receivable, net	61,925	-	-	61,925
Due from other funds	1,346,410	2,984,847	-	4,331,257
Due from other government	35,705	-	-	35,705
Prepaid expenses	44,487	-	-	44,487
Lease receivable	61,133	-	-	61,133
Total assets	\$ 1,884,637	\$ 4,605,312	\$ 92,185	\$ 6,582,134
 <b>Liabilities and fund balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 80,568	\$ -	\$ -	\$ 80,568
Accrued liabilities	5,479	-	-	5,479
Deposits	15,000	-	-	15,000
Unearned revenue	-	775,690	-	775,690
Due to other funds	4,402,624	68,225	3,553	4,474,402
Total liabilities	4,503,671	843,915	3,553	5,351,139
 <b>Deferred inflows of resources</b>				
Leases	61,133	-	-	61,133
<hr/>				
<b>Fund balances:</b>				
Non-spendable	44,487	-	-	44,487
Restricted	-	3,761,397	88,632	3,850,029
Unassigned	(2,724,654)	-	-	(2,724,654)
Total fund balances	(2,680,167)	3,761,397	88,632	1,169,862
 <b>Total liabilities, deferred inflows of resources and fund balances</b>				
	\$ 1,884,637	\$ 4,605,312	\$ 92,185	\$ 6,582,134

The accompanying notes are an integral part of the financial statements

**Town of Century, Florida, Florida**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**Governmental Funds**  
**September 30, 2023**

Fund balance – total governmental funds	\$ 1,169,862
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital assets, net	4,429,840
Long-term liabilities are not reported in the governmental funds	
Compensated absences	<u>(7,816)</u>
Change in net position of governmental activities	<u>\$ 5,591,886</u>

The accompanying notes are an integral part of the financial statements

**Town of Century, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2023**

	General Fund	Special Revenues Fund	CRA Fund	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 43,979	\$ 361,687	\$ 34,356	\$ 440,022
Intergovernmental	632,699	-	-	632,699
License. fees, and permits	148,383	-	-	148,383
Miscellaneous	105,483	44,498	37	150,018
Total revenues	<u>930,544</u>	<u>406,185</u>	<u>34,393</u>	<u>1,371,122</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	510,783	-	280	511,063
Transportation	300,643	-	-	300,643
Culture and recreation	141,490	-	-	141,490
Capital Outlay	163,352	-	-	163,352
Total expenditures	<u>1,116,268</u>	<u>-</u>	<u>280</u>	<u>1,116,548</u>
Excess of revenues over (under) expenditures	<u>(185,724)</u>	<u>406,185</u>	<u>34,113</u>	<u>254,574</u>
<b>Other financing sources (uses)</b>				
Transfers in	182,492	-	-	182,492
Transfers out	-	(401,000)	-	(401,000)
Total other financing sources (uses)	<u>182,492</u>	<u>(401,000)</u>	<u>-</u>	<u>(218,508)</u>
Net change in fund balance	(3,232)	5,185	34,113	36,066
Fund balances - beginning of year	(2,676,935)	3,756,210	54,519	1,133,794
Fund balances - end of year	<u>\$ (2,680,167)</u>	<u>\$ 3,761,395</u>	<u>\$ 88,632</u>	<u>\$ 1,169,860</u>

The accompanying notes are an integral part of the financial statements

**Town of Century, Florida**  
**Reconciliation Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
**Governmental Funds**  
**For the Year Ended September 30, 2023**

Net change in fund balance – total governmental funds	\$ 36,066
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental fund report capital outlay as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.	
Acquisitions of capital assets	155,536
Change in net position of governmental activities	<u>\$ 191,602</u>

The accompanying notes are an integral part of the financial statements

**Town of Century, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2023**

	Enterprise Funds			Total Enterprise Funds
	Sanitation Fund	Natural Gas Fund	Water and Sewer Fund	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 45,091	\$ 3,181	\$ 151,383	\$ 199,655
Investments	-	841	-	841
Accounts receivable, net	64,776	66,299	282,565	413,640
Prepaid expenses	-	11,069	33,208	44,277
Due from other funds	11,000	-	1,883,317	1,894,317
Total current assets	<u>120,867</u>	<u>81,390</u>	<u>2,350,473</u>	<u>2,552,730</u>
Noncurrent assets				
Restricted cash and cash equivalents	-	-	219,444	219,444
Capital assets, net	-	170,130	5,516,874	5,687,004
Total noncurrent assets	<u>-</u>	<u>170,130</u>	<u>5,736,318</u>	<u>5,906,448</u>
Total Assets	<u>\$ 120,867</u>	<u>\$ 251,520</u>	<u>\$ 8,086,791</u>	<u>\$ 8,459,178</u>
Current liabilities:				
Accounts payable	\$ 9,261	\$ 22,687	\$ 63,674	\$ 95,622
Due to other funds	20,901	1,730,373	-	1,751,274
Accrued interest	-	392	2,718	3,110
Current portion of long-term liabilities	-	20,322	83,472	103,794
Payable from restricted assets:				
Customer deposits	540	30,382	74,105	105,027
Total current liabilities	<u>30,702</u>	<u>1,804,156</u>	<u>223,969</u>	<u>2,058,827</u>
Noncurrent liabilities:				
Compensated absences	-	5,839	9,832	15,671
Long-term debt	-	326,445	708,056	1,034,501
Total noncurrent liabilities	<u>-</u>	<u>332,284</u>	<u>717,888</u>	<u>1,050,172</u>
Total liabilities	<u>30,702</u>	<u>2,136,440</u>	<u>941,857</u>	<u>3,108,999</u>
Net position				
Net investment in capital assets	-	(176,637)	4,725,346	4,548,709
Unrestricted	90,165	(1,708,283)	2,419,588	801,470
Total net position	<u>\$ 90,165</u>	<u>\$ (1,884,920)</u>	<u>\$ 7,144,934</u>	<u>\$ 5,350,179</u>

The accompanying notes are an integral part of the financial statements

**Town of Century, Florida**  
**Statement of Revenues, Expenditures, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2023**

	Enterprise Funds			Total Enterprise Funds
	Sanitation Fund	Natural Gas Fund	Water and Sewer Fund	
Operating revenues				
Charges for services	\$ 187,210	\$ 509,197	\$ 1,228,673	\$ 1,925,080
Operating expenses				
Personal services	-	262,823	392,791	655,614
Operating expenses	112,648	284,439	812,619	1,209,706
Total expenditures	<u>112,648</u>	<u>547,262</u>	<u>1,205,410</u>	<u>1,865,320</u>
Operating income (loss)	<u>74,562</u>	<u>(38,065)</u>	<u>23,263</u>	<u>59,760</u>
Nonoperating revenues (expenses)				
Investment earnings	-	49	10,080	10,129
Interest expense	-	-	(4,699)	(4,699)
Total nonoperating revenues (expenses)	<u>-</u>	<u>49</u>	<u>5,381</u>	<u>5,430</u>
Income (loss) before capital contributions and transfers	74,562	(38,016)	28,644	65,190
Capital contributions and transfers				
Transfers in	-	63,449	133,379	196,828
Transfers out	(31,366)	(32,083)	-	(63,449)
Total other financing sources (uses)	<u>(31,366)</u>	<u>31,366</u>	<u>133,379</u>	<u>133,379</u>
Net change in fund balance	43,196	(6,650)	162,023	198,569
Fund balances - beginning of year	<u>46,969</u>	<u>(1,878,270)</u>	<u>6,982,911</u>	<u>5,151,610</u>
Fund balances - end of year	<u>\$ 90,165</u>	<u>\$ (1,884,920)</u>	<u>\$ 7,144,934</u>	<u>\$ 5,350,179</u>

**Town of Century, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2023**

	Sanitation Fund	Natural Gas Fund	Water and Sewer Fund	Total Enterprise Fund
Cash flows from operating activities:				
Receipts from customers	\$ 162,955	\$ 508,096	\$ 1,161,092	\$ 1,832,143
Payments to suppliers	(112,603)	(355,683)	(916,272)	(1,384,558)
Payments to employees	-	(267,321)	(388,190)	(655,511)
Net cash provided by (used in) operating activities	<u>50,352</u>	<u>(114,908)</u>	<u>(143,370)</u>	<u>(207,926)</u>
Cash flows from non-capital financing activities:				
Transfers	(31,366)	31,366	133,379	133,379
Interfund borrowing/repayments	-	77,228	114,584	191,812
Net cash provided by non-capital financing activities	<u>(31,366)</u>	<u>108,594</u>	<u>247,963</u>	<u>325,191</u>
Cash flows from capital and related financing activities:				
Acquisition and construct of capital assets	-	-	(2,000)	(2,000)
Principal paid on debt	-	-	(87,811)	(87,811)
Interest paid on debt	-	-	(4,699)	(4,699)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(94,510)</u>	<u>(94,510)</u>
Cash flows from investing activities:				
Interest received	-	49	10,080	10,129
Net cash provided by investing activities	<u>-</u>	<u>49</u>	<u>10,080</u>	<u>10,129</u>
Net increase (decrease) in cash and cash equivalents	18,986	(6,265)	20,163	32,884
Cash and cash equivalents at beginning of year	<u>26,105</u>	<u>9,446</u>	<u>350,664</u>	<u>386,215</u>
Cash and cash equivalents at end of year	<u>\$ 45,091</u>	<u>\$ 3,181</u>	<u>\$ 370,827</u>	<u>\$ 419,099</u>
Cash flows from operating activities:				
Operating (loss)	\$ 74,562	\$ (38,065)	\$ 23,263	\$ 59,760
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	-	-	-	-
Change in assets and liabilities:				
(Increase) decrease in receivables, net	(24,255)	(1,101)	(67,581)	(92,937)
(Increase) decrease in prepaid expenses	-	750	(13,924)	(13,174)
Increase (decrease) in accounts payable and accrued liabilities	45	(70,799)	(88,019)	(158,773)
Increase (decrease) in compensated absences	-	(4,498)	4,601	103
Increase (decrease) in customer deposits	-	(1,195)	(1,710)	(2,905)
Net cash provided by (used in) operating activities	<u>\$ 50,352</u>	<u>\$ (114,908)</u>	<u>\$ (143,370)</u>	<u>\$ (207,926)</u>
Cash and cash equivalents:				
Unrestricted	\$ 45,091	\$ 3,181	\$ 151,383	\$ 199,655
Restricted	-	-	219,444	219,444
Total cash and cash equivalents	<u>\$ 45,091</u>	<u>\$ 3,181</u>	<u>\$ 370,827</u>	<u>\$ 419,099</u>

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 1 – DESCRIPTION OF THE TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of the Town***

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

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

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

***The Reporting Entity***

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

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

***Government-Wide and Fund Financial Statements***

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

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

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 1 – DESCRIPTION OF THE TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Measurement Focus and Basis of Accounting***

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

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

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

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

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

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 1 – DESCRIPTION OF THE TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Measurement Focus and Basis of Accounting (Continued)*

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

*Basis of Presentation*

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

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

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

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

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 1 – DESCRIPTION OF THE TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Basis of Presentation (Continued)***

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

***Governmental***

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

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

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

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

***Proprietary***

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

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

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

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

***Assets, Liabilities and Net Position or Fund Balance***

***Cash and Cash Equivalents***

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

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 1 – DESCRIPTION OF THE TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Assets, Liabilities and Net Position or Fund Balance (Continued)*

***Investments***

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

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

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

***Interfund Activities***

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

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

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 1 – DESCRIPTION OF THE TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Assets, Liabilities and Net Position or Fund Balance (Continued)*

***Receivables***

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

***Restricted Assets***

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

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

***Capital Assets***

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

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

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

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

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

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 1 – DESCRIPTION OF THE TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Assets, Liabilities and Net Position or Fund Balance (Continued)*

**Compensated Absences**

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

***Long-Term Obligations***

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

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

***Governmental Fund Balances***

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

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

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

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

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

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 1 – DESCRIPTION OF THE TOWN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Assets, Liabilities and Net Position or Fund Balance (Continued)*

*Governmental Fund Balances (Continued)*

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

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

*Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*Budgets*

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

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

***Budgets (Continued)***

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

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

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

**NOTE 3 – CASH AND INVESTMENTS**

***Cash***

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

***Investments***

At September 30, 2023, the Town had investments of approximately \$953,000 with the Florida PRIME. The fair value of the Town's position in Florida PRIME is the same as the value of the pool shares. In accordance with GASB Statement No. 79, Florida PRIME qualifies for measuring its investments at amortized cost and management of the pool believes that the pool is exempt from GASB Statement No. 72, fair value hierarchy disclosures. As of September 30, 2023, there were no redemption fees or maximum transaction amounts or any other requirements that serve to limit a participant's daily access to 100% of their account value.

Foreign Currency Risk - The Florida PRIME was not exposed to any foreign currency risk during the year ended September 30, 2023.

Security Lending - The Florida PRIME did not participate in securities lending program during the year ended September 30, 2023.

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

Interest Rate Risk - As of September 30, 2023, the dollar weighted average days to maturity (WAM) of Florida PRIME is 21 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME, at September 30, 2023, is 72 days.

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 4 – RECEIVABLES**

***Accounts Receivable***

As of September 30, 2023, the Town has estimated approximately \$94,000 as an allowance for uncollectible accounts related to business-type activities.

***Due from Other Governments***

Amounts due from other governments relate to state and federal grants, half-cent sales taxes, local option fuel taxes and telecommunications service tax.

***Lease Receivable***

In 2022, the City implemented GASB Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right-to-use and underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City’s 2022 financial statements but had no effect on the beginning net position of the General Fund since the deferred inflows equal the amount of the lease receivable at inception.

The City leases real property to an unrelated party through March 2026. The City’s lease receivable is measured at the present value of lease payments expected to be received during the lease term, including options reasonably certain to be exercised. The City recognized lease revenue of \$17,467 recorded in charges for services revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balance for the year ended September 30, 2023.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity was as follows:

<u>Primary Government</u>	Balance October 1, 2022	Additions	Deletions	Transfers	Balance September 30, 2023
Governmental activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 2,073,012	\$ -	\$ -	\$ -	\$ 2,073,012
Construction in progress	-	-	-	-	-
Total not being depreciated	<u>2,073,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,073,012</u>
Capital assets being depreciated:					
Buildings and improvements	6,135,510	155,534	-	-	6,291,044
Machinery and equipment	2,448,566	-	-	-	2,448,566
Total being depreciated	<u>8,584,076</u>	<u>155,534</u>	<u>-</u>	<u>-</u>	<u>8,739,610</u>
Accumulated depreciation	<u>6,382,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,382,782</u>
Total being depreciated, net	<u>2,201,294</u>	<u>155,534</u>	<u>-</u>	<u>-</u>	<u>2,356,828</u>
Governmental activities capital assets, net	<u>\$ 4,274,306</u>	<u>\$ 155,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,429,840</u>

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 5 – CAPITAL ASSETS (CONTINUED)**

	Balance October 1, 2022	Additions	Deletions	Transfers	Balance September 30, 2023
Business-type activities:					
Capital assets not being depreciated:					
Land and improvements	\$ 14,025	\$ -	\$ -	\$ -	\$ 14,025
Construction in progress	485,774	-	-	-	485,774
Total not being depreciated	499,799	-	-	-	499,799
Capital assets being depreciated:					
Vehicles	237,889	-	-	-	237,889
Buildings and utility system	12,059,042	-	-	-	12,059,042
Machinery and equipment	1,190,707	2,000	-	-	1,192,707
Total being depreciated	13,487,638	2,000	-	-	13,489,638
Total accumulated depreciation	8,302,433	-	-	-	8,302,433
Total being depreciated, net	5,185,205	2,000	-	-	5,187,205
Business-types activities capital assets, net	\$ 5,685,004	\$ 2,000	\$ -	\$ -	\$ 5,687,004

**NOTE 6 – DEFERRED COMPENSATION PLAN**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets are held in trust for the employee's benefit. Individually, the plan participants select and make changes in funding options made available by the independent plan administrator. Since plan participants select the investment fund or funds in which their deferred compensation accounts are invested, the Town has no liability for investment losses. The Town's fiduciary responsibility is to administer the plan properly and to assure the investment alternatives made available are reasonable. The plan is available to all Town employees. In accordance with GASB Statement No. 32, the assets and liabilities of the plan are not reflected in the Town's financial statements since the Town has no fiduciary responsibilities, other than administrative, in connection with the plan. The Town contributed approximately \$64,000 to the plan for the current year end.

**NOTE 7 – RISK MANAGEMENT**

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

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 8 – LONG-TERM DEBT**

***Changes in Long-Term Debt Liabilities***

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

	Balance October 1, 2022	Additions	Deletions	Balance September 30, 2023	Due Within One Year
Business-type activities					
Long-term debt	\$ 1,226,106	\$ -	\$ (87,811)	\$ 1,138,295	\$ 108,269
Total business-type activities	\$ 1,226,106	\$ -	\$ (87,811)	\$ 1,138,295	\$ 108,269

***Annual Requirements to Amortize Debt Outstanding***

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

Business-Type Activities September 30,	Bonds Payable		State Revolving Loans and Notes Payable	
	Principal	Interest	Principal	Interest
2024	\$ 76,119	\$ 33,589	\$ 32,150	\$ 9,011
2025	80,039	29,632	32,844	8,316
2026	84,184	25,462	33,555	7,606
2027	88,655	21,066	34,283	6,877
2028	-	-	-	-
2029 - 2033	-	-	-	-
2034 - 2038	-	-	-	-
2039 - 2043	-	-	-	-
	\$ 328,997	\$ 109,749	\$ 132,832	\$ 31,810

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

**BUSINESS-TYPE ACTIVITIES**

<u>Water and Sewer Fund</u>	<u>Total</u>
1991 Series, Water and Sewer Revenue Bonds, bearing interest at 5.875%, with annual principal payments ranging from \$36,900 to \$73,700, required until maturity in 2029	\$ 383,400
State Revolving Loan, bearing interest at 1.87%, requiring semi-annual principal and interest payments until maturity in 2041	154,177
State Revolving Loan, bearing interest at 2.82%, requiring semi-annual principal and interest payments until maturity in 2031	158,947
State Revolving Loan, bearing interest at 2.61%, requiring semi-annual principal and interest payments until maturity in 2026	65,629
State Revolving Loan, bearing no interest, requiring semi-annual principal payments until maturity in 2041	29,376
<u>Total Water and Sewer Fund</u>	791,529
<u>Natural Gas Fund</u>	
2015 Series, Gas System Revenue Bonds, bearing interest at 3.375%, with annual principal payments ranging from \$8,795 to \$33,700, required until maturity in 2055	346,767
<u>Total Natural Gas Fund</u>	346,767
<b>Total Long-Term Debt</b>	<b>\$ 1,138,296</b>

**NOTE 9 – CONDUIT DEBT**

Conduit debt obligations have been established in the Town’s name by private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans and leases. The Town is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2023, the outstanding conduit debt of the Town is \$2.5 billion.

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 10 – INTERFUND BALANCES**

The composition of interfund balances are as follows:

Due to Other Funds	Due from Other Funds				Total
	General Fund	Special Revenue Fund	Water and Sewer	Sanitation	
General Fund	\$ -	\$ 2,772,202	\$ 1,256,179	\$ 11,000	\$ 4,039,381
Special Revenue Fund	51,412	-	16,813	-	68,225
Natural Gas Fund	928,304	212,645	589,425	-	1,730,374
Sanitation Fund	-	-	20,900	-	20,900
	<u>\$ 979,716</u>	<u>\$ 2,984,847</u>	<u>\$ 1,883,317</u>	<u>\$ 11,000</u>	<u>\$ 5,858,880</u>

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

**NOTE 11 – FINANCIAL CONDIDTION**

At September 30, 2023, there was a deficit in fund balance in the General Fund of \$2.7 million and in the Natural Gas Fund of \$1.7 million. Both of these funds have borrowed significant amounts from other funds of the Town. The Town plans to transfer excess funds when and if available in subsequent fiscal years to replenish these funds. See finding 2022-004 referenced in the accompanying schedule of findings and responses for additional information on status of financial condition.

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

***Concentration***

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

***Litigation***

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

**Town of Century, Florida**  
**Notes to the Financial Statements**  
**September 30, 2023**

**NOTE 13 - UNEARNED REVENUE – AMERICAN RESCUE PLAN ACT**

Governmental funds defer revenue recognition in connection with resources that have been received, but not-yet earned. The American Rescue Plan grant does not require the Town to hold unspent funds in a separate bank account. The unspent funding is not earned, so it is not a component of net position at the fund or government-wide level. Since the terms of the grant require the funds to be expended within a set number of years and unspent funds are not considered restricted assets of the government unit, the Town does not consider presentation of the unspent monies as restricted assets necessary as of September 30, 2023.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events to determine if events or transactions occurring through June 30, 2024, the date the financial statements available to be issued, require potential adjustment to or disclosure in the financial statements.

**NOTE 15 – FUTURE ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) issued several pronouncements that are effective for these financial statements. Management has ascertained that none of these professional pronouncements effective for this year had any discernable impact on the Town.

# **Required Supplementary Information**

**Town of Century, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual – General Fund**  
**Year Ended September 30, 2023**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 20,399	\$ 20,399	\$ 43,979	\$ 23,580
Intergovernmental	543,000	543,000	632,699	89,699
License. fees, and permits	181,700	181,700	148,383	(33,317)
Miscellaneous	102,700	102,700	105,483	2,783
Total revenues	<u>847,799</u>	<u>847,799</u>	<u>930,544</u>	<u>82,745</u>
<b>Expenditures:</b>				
Current:				
General government	476,837	476,837	510,783	(33,946)
Transportation	369,155	369,155	300,643	68,512
Culture and recreation	92,487	92,487	141,490	(49,003)
Capital outlay	-	-	163,352	(163,352)
Total expenditures	<u>938,479</u>	<u>938,479</u>	<u>1,116,268</u>	<u>(177,789)</u>
Excess of revenues over expenditures	<u>(90,680)</u>	<u>(90,680)</u>	<u>(185,724)</u>	<u>(95,044)</u>
Other financing sources (uses):				
Operating transfer in	90,680	90,680	182,492	91,812
Operating transfer out	-	-	-	-
Total other financing sources (uses):	<u>90,680</u>	<u>90,680</u>	<u>182,492</u>	<u>91,812</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3,232)</u>	<u>\$ (3,232)</u>
Fund balances - beginning of year			<u>(2,676,935)</u>	
Fund balance, end of year			<u>\$ (2,680,167)</u>	

See the accompanying notes.

**Town of Century, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual – Special Revenues Fund**  
**Year Ended September 30, 2023**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 320,000	\$ 320,000	\$ 361,687	\$ 41,687
Miscellaneous	1,500	1,500	44,498	42,998
Total revenues	<u>321,500</u>	<u>321,500</u>	<u>406,185</u>	<u>84,685</u>
<b>Expenditures:</b>				
General government	400,000	400,000	-	400,000
Total expenditures	<u>400,000</u>	<u>400,000</u>	-	<u>400,000</u>
Excess of revenues over expenditures	<u>(78,500)</u>	<u>(78,500)</u>	<u>406,185</u>	<u>484,685</u>
Other financing sources (uses):				
Operating transfer out	<u>(286,566)</u>	<u>(286,566)</u>	<u>(401,000)</u>	<u>(114,434)</u>
Total other financing sources (uses):	<u>(286,566)</u>	<u>(286,566)</u>	<u>(401,000)</u>	<u>(114,434)</u>
Net change in fund balance	<u>\$ (365,066)</u>	<u>\$ (365,066)</u>	5,185	<u>\$ 370,251</u>
Fund balance, beginning of year			<u>3,756,210</u>	
Fund balance, end of year			<u>\$ 3,761,395</u>	

See the accompanying notes.

**Town of Century, Florida**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual – CRA Fund**  
**Year Ended September 30, 2023**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 25,000	\$ 25,000	\$ 34,356	\$ 9,356
Miscellaneous	-	-	37	37
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>34,393</u>	<u>9,393</u>
<b>Expenditures:</b>				
General government	<u>82,983</u>	<u>82,983</u>	280	<u>82,703</u>
Total expenditures	<u>82,983</u>	<u>82,983</u>	<u>280</u>	<u>82,703</u>
Net change in fund balance	<u>\$ (57,983)</u>	<u>\$ (57,983)</u>	<u>34,113</u>	<u>\$ 92,096</u>
Fund balances - beginning of year			-	
Fund balance, end of year			<u>\$ 34,113</u>	

See the accompanying notes.

**Town of Century, Florida**  
**Notes to Budgetary Comparison Schedules**  
**September 30, 2023**

**Budgets and Budgetary Accounting**

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

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

# **Compliance Section**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Town of Century, Florida (the “Town”) as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated June 30, 2024.

**Report on Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies noted in MLC-2023-02, MLC-2023-04 and MLC-2023-06 described in the accompanying schedule of findings and responses, to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency MLC-2023-01, described in the accompanying schedule of findings and responses, to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency'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 non-compliance that are required to be reported under *Government Auditing Standards*.

### **Town of Century, Florida's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the engagement to audit of and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

June 30, 2024

**Section I - Summary of Independent Auditor’s Results**

Financial Statements

Type of report the auditor issued:	<i>Unmodified</i>	
Internal control over financial reporting:		
• Material weakness(es) identified?	<u> X </u> Yes	___ No
• Significant deficiency(ies)	<u> X </u> Yes	___ None reported
Noncompliance material to financial statements noted?	___ Yes	<u> X </u> No

**Section II – Financial Statement Findings**

***MLC-2023-01 – Lack of controls on outstanding reconciling items in banks reconciliations***

**Significant Deficiency**

**Condition:** The Town does not have established controls in place to ensure that banks’ outstanding reconciling items (i.e. checks, deposits, bank charges) reported in respective bank reconciliations are properly and timely cleared and recorded in books.

**Effect:** Potential understated or overstated balances of GL accounts related to transactions that resulted in reconciling items in the bank statements.

**Cause:** Lack of oversight of management to design controls in bank reconciliations.

**Criteria:** The Town should have effective internal controls over the banks’ outstanding reconciling items to promptly adjust and record them in books.

**Recommendation:** We recommend that the Town should implement effective internal controls over the banks’ outstanding reconciling items to promptly adjust and record them in books.

**Management Response:**

The Town recognizes there are no written established controls and will set up procedures for monitoring outstanding reconciling items on a monthly basis. Items that are over 30 days old will be reported to the supervisor or Mayor in a timely fashion will be the basis of this policy.

***MLC-2023-02 – Lack of Segregation of Duties in the Accounting and Finance Department***

**Material Weakness**

**Condition:** The Town does not have a proper segregation of duties during the recording, processing and reporting transactions functions, namely, journal entries posting, vendors payments entries, issuance of payroll checks entries, and revenues recording entries.

**Effect:** This situation may trigger not having reliable financial information produced and reported to management and potentially setting up conditions for fraud.

**Cause:** Lack of oversight and actions from predecessor management personnel.

**Criteria:** The Town should have a proper structure and separation of duties when performing key and sensitive tasks and functions.

**Recommendation:** We recommend that the Town implement separation of duties when performing key and sensitive tasks and functions.

**Management Response:**

The Town does recognize a proper segregation of duties should exist in an Accounting and Finance Department. However, limited personnel makes this difficult. An effort will begin to put these segregation of duties in place as best that can be done with such limited personnel. Currently, the Town is without a clerk, and upon hiring that position, the Town will work together with available sources to devise a system of separation that can be accomplished with the limited personnel. This system will be documented and placed in the policy and procedures manual of the Town. The Town recognizes there are no written established controls and will set up procedures for monitoring outstanding reconciling items on a monthly basis. Items that are over 30 days old will be reported to the supervisor or Mayor in a timely fashion will be the basis of this policy.

***MLC-2023-03 – Lack of Control and Reconciliation of reported hours for payroll processing.***

**Condition:** The Town does not have established controls to ensure employees effective pay rates are applied; and reported hours via Hours Processing Application, which are manually input to the Quick Books Payroll Module, are properly reconciled and documented before running the weekly payroll process.

**Effect:** Potential salaries underpay or overpay to employees due to error or fraud may occur.

**Cause:** Lack of oversight of prior management to revamp internal controls in payroll area.

**Criteria:** The Town should have preventive and detective internal controls in place in the payroll preparation process

**Recommendation:** We recommend that the Town implement preventive and detective internal controls over the payroll preparation process

**Management Response:**

Currently in place is the following procedure for payroll. Each employee is assigned an account utilizing the Lathem Time Clock app. Each employee utilizes the time card for starting work and ending work. Those times are contained in the app and on Friday, the payroll clerk logs into the app to gather the hours worked for that particular employee. Those hours are input into the payroll program to create the payroll check. Two signatures are required to establish another control. If there is call out time or other, a written number of hours is submitted to the payroll clerk after being approved by the supervisor of that department. The time is accumulated and thus a payroll check is produced. The Town performs payroll weekly and not bi-weekly.

***MLC-2023-04 – Quick Books (GL Application) and Journal Entries***

**Material Weakness**

**Condition:** Town's GL application is inadequate to ensure that all material entity wide balances are properly presented for financial reporting purposes. Likewise, it lacks controls of the key function of creating and posting journal entries.

**Effect:** Potential understatement or overstatement of entity wide balances.

**Cause:** Lack of oversight and actions from prior managements.

**Criteria:** The Town should design controls to ensure the completeness and accuracy of data processed and reported for entity wide financial information. Controls should be executed and documented monthly.

**Recommendation:** We recommend the Town designs implement a financial reporting process to ensure completeness and accuracy of data processed and financial reporting.

**Management Response:**

The Town utilizes Quickbooks for the accounting software and has an account set up for each fund. Entity wide financial are not available utilizing the current software. And quite frankly, the personnel is not capable or knowledgeable to be able to produce such statements. The Town does utilize a monthly reporting to the Council of the P&L actual compared to budget. Also, the Town does utilize budget workshops to create the upcoming years budget.

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***MLC-2023-05 – Vendors' Master Management***

**Condition:** Town's internal control framework lacks proper segregation of duties for additions and modifications of vendors information.

**Effect:** Improper payments to vendors.

**Cause:** Lack of proper oversight from prior Town's managements.

**Criteria:** The Town should design and implement controls to monitor vendors' additions, deletion, and modifications.

**Recommendation:** We recommend that the Town implement design controls to monitor vendors' additions, deletions and modifications.

**Management Response:**

The Town does agree controls of vendors management lacks the proper segregation of duties and will take this matter into consideration when formalizing written duties as well as segregation of duties as best it can with the limited personnel on hand.

## ***MLC-2023-06 – Capital Assets – Depreciation Calculation***

### **Material Weakness**

**Condition:** The Town of Century has relied on the predecessor external auditor for years to determine and calculate the annual depreciation expense for financial statements reporting purposes.

**Effect:** No accountability from Town’s accounting personnel on this task. Unusual situation.

**Cause:** Lack of proper oversight from prior Town’s management to avoid this dependency.

**Criteria:** Annual depreciation calculation is a mandatory duty of the Town’s accounting personnel.

**Recommendation:** We recommend that the annual depreciation calculation be performed by the Town’s accounting personnel.

### **Management Response:**

Yes, the Town has relied on the prior auditor to maintain the schedule of depreciation as well as the reporting of acquisitions and dispositions in the notes to the financial statements. The Town will contract this out for future audits.

## **Section III – Prior-Year Audit Findings**

### **Material Weakness**

#### **Finding 2022-001: Cash Management**

##### **Criteria:**

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

##### **Condition:**

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

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

##### **Cause:**

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

##### **Effect:**

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

**Recommendation:**

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

**Current Year Status:** Partially implemented

**Finding 2022-002: Reconciliation of Accounts**

**Criteria:**

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

**Condition:**

Significant audit adjustments were necessary for certain grant revenue, interfund activity and capital asset activity.

**Cause:**

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

**Effect:**

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

**Recommendation:**

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

**Current Year Status:** Not implemented.

**Significant Deficiency**

**Finding 2022-003: Capital Asset Tracking**

**Criteria:**

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

**Condition:**

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

**Cause:**

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

**Significant Deficiency – Continued**

**Finding 2022-003: Capital Asset Tracking –Continued**

**Effect:**

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

**Recommendation:**

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

**Current Year Status:** Not implemented.

**Compliance Findings**

**Finding 2022-004: Financial Condition**

**Criteria:**

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

**Condition:**

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

**Cause:**

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

**Effect:**

As noted in findings reported in the fiscal years 2017 through 2021 audits, the Town has experienced several cash flow and management issues resulting in the inability to maintain proper restricted cash required as noted in finding 2022-001.

**Effect – Continued:**

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

**Compliance Findings – Continued**

**Finding 2022-004: Financial Condition – Continued**

The General Fund and Natural Gas Fund have deficit net positions at September 30, 2022, and operating losses were reported by the Natural Gas and Water and Sewer funds for the year.

**Recommendation:**

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

**Current Year Status:** Partially implemented.

**Finding 2022-005: Audit Filings**

**Criteria:**

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

**Condition:**

The Town did not adhere to the filing requirements for the fiscal year ended September 30, 2022.

**Cause:**

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

**Effect:**

The Town is not in compliance with Florida Statute requirements.

**Recommendation:**

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

**Current Year Status:** Implemented.

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, AND  
SECTIONS 163.387(6) AND (7), FLORIDA STATUTES**

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

We have audited the financial statements of the Town of Century, Florida (the “Town”), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 30, 2024.

**Local Government Investment Policies**

We have examined the Town’s compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* and Sections 163.387(6), and 163.387(7), Florida Statutes, *Redevelopment Trust Fund*, with regards to the investments for the year ended September 30, 2023. Management is responsible for the Town’s compliance with those requirements. Our responsibility is to express an opinion on the Town’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specific requirements reference above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specific requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency’s compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 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 Reports and Schedule**

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Questioned Costs; and the management letter in accordance with the rules of the Auditor General of the State of

Florida. Disclosures in those reports and schedule, which are dated June 30, 2024, should be considered in conjunction with this report.

This report 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, management, and the Agency Board, and is not intended to be and should not be used by anyone other than these specified parties.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

June 30, 2024

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

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

**Report on the Financial Statements**

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

**Auditor’s Responsibility**

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

**Other 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 the Independent Accountant’s Report on an examination conducted in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 30, 2024, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There are findings reported in the current year’s audit. Some prior audit findings were corrected; and some others remained uncorrected as of the date of this audit report. Below is the summary of these findings:

<b>Tabulation of Uncorrected Audit Findings</b>		
<b>Current Year Finding No.</b>	<b>2021-22 FY Finding No.</b>	<b>2020-21 FY Finding No.</b>
<b>2023-001</b>	<b>2022-001</b>	<b>2021-001</b>
<b>2023-002</b>	<b>2022-002</b>	<b>2021-002</b>
<b>2023-003</b>	<b>2022-003</b>	<b>2021-003</b>
<b>2023-004</b>	<b>2022-004</b>	<b>2021-004</b>
<b>2023-005</b>	<b>2022-005</b>	<b>2021-005</b>
<b>2023-006</b>	-	-

## **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the notes to the financial statements. The pertinent details of the Town of Century are disclosed in Note 1 to the financial statements.

## **Financial Condition and Management**

Sections 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 Town of Century 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 Town of Century 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 Town of Century. It is management's responsibility to monitor the Town of Century's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

## **Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the 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.

As required by Section 218.39(3)(c), Florida Statute, and Section 10.554(1)(i)6., Rules of the Auditor General, The Town of Century reported:

- a. The total number of district employees compensated in the last period of the district's fiscal year was 0 (zero) employees.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as – 0 (zero)
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$ 0 (zero)

- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$ 0 (zero)
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as - \$0.00.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported is the district amends a final adopted budget under Section 189.016(6), Florida Status. See page 38 of this report.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants 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, pass-through entities, the City, members of the City Council, and applicable and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

June 30, 2024