

TOWN OF INTERLACHEN, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

**TOWN OF INTERLACHEN, FLORIDA
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Town Council Members,
Town of Interlachen, Florida:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Interlachen, Florida (the Town), as of and for the 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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

The Town's 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

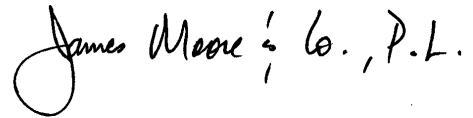
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information 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 January 18, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large initial "J" and a stylized "M".

Gainesville, Florida
January 18, 2024

TOWN OF INTERLACHEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

As management of Town of Interlachen, Florida (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2023.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to 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 Town 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 related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the 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 and charges (*business-type activities*). The governmental activities of the Town include public safety (police), highway and streets, sanitation, health and social services, public improvement and general administrative services. The business-type activities of the Town include a water distribution operation and a cemetery.

The government-wide financial statements can be found on pages 10 – 11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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 financing requirements.

TOWN OF INTERLACHEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

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

The Town maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 – 15 of this report.

Proprietary funds. The Town maintains 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 water and cemetery operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and cemetery operations, which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 16 – 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 – 30 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded the Town's liabilities by \$11,906,016.

By far the largest portion of the Town's net position (51 percent) reflects its net investment in capital assets (e.g., land, buildings, improvements, machinery, equipment, and furniture). The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF INTERLACHEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

Town of Interlachen, Florida's Condensed Statements of Net Position

	2023		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 4,691,001	\$ 1,242,325	\$ 5,933,326
Capital assets	2,774,638	3,609,947	6,384,585
Total assets	<u>7,465,639</u>	<u>4,852,272</u>	<u>12,317,911</u>
Long-term liabilities outstanding	23,735	298,171	321,906
Other liabilities	31,937	58,052	89,989
Total liabilities	<u>55,672</u>	<u>356,223</u>	<u>411,895</u>
Net position:			
Net investment in capital assets	2,774,638	3,281,298	6,055,936
Restricted	1,372,728	-	1,372,728
Unrestricted	3,262,601	1,214,751	4,477,352
Total net position	<u>\$ 7,409,967</u>	<u>\$ 4,496,049</u>	<u>\$ 11,906,016</u>
	2022		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 4,309,688	\$ 1,587,428	\$ 5,897,116
Capital assets	3,018,707	3,245,665	6,264,372
Total assets	<u>7,328,395</u>	<u>4,833,093</u>	<u>12,161,488</u>
Long-term liabilities outstanding	20,426	331,319	351,745
Other liabilities	252,674	61,247	313,921
Total liabilities	<u>273,100</u>	<u>392,566</u>	<u>665,666</u>
Net position:			
Net investment in capital assets	3,018,707	2,883,091	5,901,798
Restricted	1,150,623	-	1,150,623
Unrestricted	2,885,965	1,557,436	4,443,401
Total net position	<u>\$ 7,055,295</u>	<u>\$ 4,440,527</u>	<u>\$ 11,495,822</u>

An additional portion of the Town's net position (12 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$4,477,352) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities increased the Town's net position by \$354,672. The key factor responsible for this increase is capital funding received from the State of Florida from the American Rescue Plan Act (ARPA). Operating and capital expenses are budgeted to ensure they do not exceed revenues.

Business-type activities. Business-type activities increased the Town's net position by \$55,522. This increase in net position is the result of increased revenues of \$41,006 due to an increase in water rates during the current fiscal year.

TOWN OF INTERLACHEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

Town of Interlachen, Florida's Condensed Statements of Activities

	2023		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 9,160	\$ 330,938	\$ 340,098
Operating grants and contributions	379,921	-	379,921
Capital Grants and contributions	-	-	-
General revenues:			
Property taxes	501,689	-	501,689
Intergovernmental and other	687,312	1,383	688,695
Transfers	(20,341)	20,341	-
Total revenues	<u>1,557,741</u>	<u>352,662</u>	<u>1,910,403</u>
Expenses:			
Mayor and council	111,005	-	111,005
Town clerk	165,269	-	165,269
Police department	266,849	-	266,849
Public works department	345,291	-	345,291
Parks and recreation	1,201	-	1,201
Street department	158,933	-	158,933
Other general government	154,521	-	154,521
Water and Cemetery	-	297,140	297,140
Total expenses	<u>1,203,069</u>	<u>297,140</u>	<u>1,500,209</u>
Change in net position	354,672	55,522	410,194
Net position, beginning of year	7,055,295	4,440,527	11,495,822
Net position, end of year	<u>\$ 7,409,967</u>	<u>\$ 4,496,049</u>	<u>\$ 11,906,016</u>

	2022		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 6,830	\$ 289,870	\$ 296,700
Operating grants and contributions	659,923	-	659,923
Capital grants and contributions	-	-	-
General revenues:			
Property taxes	499,575	-	499,575
Intergovernmental and other	614,145	1,172	615,317
Transfers	8,250	(8,250)	-
Total revenues	<u>1,788,723</u>	<u>282,792</u>	<u>2,071,515</u>
Expenses:			
Mayor and council	105,430	-	105,430
Town clerk	182,248	-	182,248
Police department	283,124	-	283,124
Public works department	342,246	-	342,246
Parks and recreation	13,134	-	13,134
Street department	158,933	-	158,933
Other general government	129,095	-	129,095
Water and Cemetery	-	276,099	276,099
Total expenses	<u>1,214,210</u>	<u>276,099</u>	<u>1,490,309</u>
Change in net position	574,513	6,693	581,206
Net position, beginning of year	6,480,782	4,433,834	10,914,616
Net position, end of year	<u>\$ 7,055,295</u>	<u>\$ 4,440,527</u>	<u>\$ 11,495,822</u>

TOWN OF INTERLACHEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

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 fund* 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 balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental fund (general fund) reported an ending fund balance of \$4,676,049 an increase of \$608,160 in comparison with the prior year. Approximately 68 percent of this total amount (\$3,201,842) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *nonspendable* or *restricted* to indicate that it is not available for new spending because it has already been committed to the Town's prepaid expenses (\$101,479) and construction of infrastructure and roads (\$1,372,728).

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, *unassigned fund balance* of the general fund was \$3,201,842. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total expenditures were 326% and 477% of unassigned and total fund balance respectively.

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

Unrestricted net position of the water and cemetery operations at the end of the year amounted to \$725,289 and \$489,462, respectively. The increase in net position for the water fund was \$55,590 and the decrease in net position for the cemetery fund was (\$68).

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business type activities as of September 30, 2023, amounts to \$6,055,936 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and construction in process.

Additional information on the Town's capital assets can be found in note IV. C. of this report.

Long-term debt. At the end of the current fiscal year, the Town had total debt outstanding of \$328,649. This debt represents a note payable to the State for financing of a road expansion project. The Town made payments in accordance with the repayment schedules.

Additional information on the Town's long-term debt can be found in notes IV. E. of this report.

TOWN OF INTERLACHEN, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023
(Continued)

Economic Factors and Next Year's Budgets and Rates

- Millage rate was adopted at 7.2553 mills, based on anticipated expenditures.
- Grant funding for capital projects will continue.

This factor was considered in preparing the Town's budget for the 2023-2024 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Town of Interlachen, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joni Payne, Town Clerk, 311 Atlantic Avenue, Interlachen, Florida, 32148.

**TOWN OF INTERLACHEN
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 4,384,931	\$ 1,193,067	\$ 5,577,998
Receivables, net	37,376	43,890	81,266
Due from other governments	91,692	-	91,692
Internal balances	22,863	(22,863)	-
Inventory	-	8,070	8,070
Prepays	101,479	-	101,479
Restricted cash and cash equivalents:			
Customer deposits	-	20,161	20,161
Road construction	52,660	-	52,660
Capital assets:			
Capital assets, not being depreciated	138,032	38,900	176,932
Other capital assets, net of depreciation	2,636,606	3,571,047	6,207,653
Total assets	<u>\$ 7,465,639</u>	<u>\$ 4,852,272</u>	<u>\$ 12,317,911</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 4,629	\$ -	\$ 4,629
Customer deposits	-	20,161	20,161
Noncurrent liabilities:			
Due within one year:			
Note payable	-	33,925	33,925
Compensated absences	27,308	3,966	31,274
Due in more than one year:			
Note payable	-	294,724	294,724
Compensated absences	23,735	3,447	27,182
Total liabilities	<u>\$ 55,672</u>	<u>\$ 356,223</u>	<u>\$ 411,895</u>
NET POSITION			
Net investment in capital assets	\$ 2,774,638	\$ 3,281,298	\$ 6,055,936
Restricted for:			
Infrastructure	1,320,068	-	1,320,068
Road construction	52,660	-	52,660
Unrestricted	3,262,601	1,214,751	4,477,352
Total net position	<u>\$ 7,409,967</u>	<u>\$ 4,496,049</u>	<u>\$ 11,906,016</u>

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF INTERLACHEN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Mayor and council	\$ 111,005	\$ -	\$ -	\$ -	\$ (111,005)	\$ -	\$ (111,005)
Town clerk	165,269	-	-	-	(165,269)	-	(165,269)
Police department	266,849	6,284	-	-	(260,565)	-	(260,565)
Public works department	345,291	-	133,432	-	(211,859)	-	(211,859)
Parks and recreation	1,201	-	-	-	(1,201)	-	(1,201)
Street department	158,933	-	-	-	(158,933)	-	(158,933)
Other general government	154,521	2,876	246,489	-	94,844	-	94,844
Total governmental activities	<u>1,203,069</u>	<u>9,160</u>	<u>379,921</u>	<u>-</u>	<u>(813,988)</u>	<u>-</u>	<u>(813,988)</u>
Business-type activities:							
Water	292,361	327,028	-	-	-	34,667	34,667
Cemetery	4,779	3,910	-	-	-	(869)	(869)
Total business-type activities	<u>297,140</u>	<u>330,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,798</u>	<u>33,798</u>
Total primary government	<u>\$ 1,500,209</u>	<u>\$ 340,098</u>	<u>\$ 379,921</u>	<u>\$ -</u>	<u>(813,988)</u>	<u>33,798</u>	<u>(780,190)</u>
General revenues:							
Property taxes					501,689	-	501,689
Sales taxes					282,782	-	282,782
Franchise taxes					120,488	-	120,488
Utility services taxes					117,476	-	117,476
Intergovernmental not restricted to a specific program					164,313	-	164,313
Investment earnings					2,253	1,383	3,636
Transfers					(20,341)	20,341	-
Total general revenues					<u>1,168,660</u>	<u>21,724</u>	<u>1,190,384</u>
Change in net position					354,672	55,522	410,194
Net position - beginning of year					7,055,295	4,440,527	11,495,822
Net position - ending of year					<u>\$ 7,409,967</u>	<u>\$ 4,496,049</u>	<u>\$ 11,906,016</u>

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF INTERLACHEN
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2023**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 4,437,591
Receivables, net	37,376
Due from other governments	91,692
Due from other funds	22,863
Prepaid items	101,479
Total assets	<u>\$ 4,691,001</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 4,629
Total liabilities	<u>4,629</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	<u>10,323</u>
FUND BALANCES	
Nonspendable:	
Prepaid items	101,479
Restricted for:	
Infrastructure	1,320,068
Road construction	52,660
Unassigned	3,201,842
Total fund balances	<u>4,676,049</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,691,001</u>

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF INTERLACHEN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Fund balances - total governmental fund		\$ 4,676,049
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds</p>		
Total governmental capital assets	6,347,441	
Less: accumulated depreciation	<u>(3,572,803)</u>	2,774,638
<p>Delinquent taxes are recorded as deferred inflows in the general fund, but are recorded as revenue in the statement of activities</p>		
		10,323
<p>Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, consist of the following:</p>		
Compensated absences		(51,043)
Net position of governmental activities		<u>\$ 7,409,967</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF INTERLACHEN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General
Revenues	
Property taxes	\$ 503,992
Intergovernmental	686,167
Franchise and utility taxes	237,964
Local option gas taxes	75,743
Fines and forfeitures	6,284
Interest	8,222
Other	62,013
Total revenues	1,580,385
Expenditures	
Current:	
Mayor and council	103,889
Town clerk	149,801
Police department	227,421
Public works department	332,960
Other general government	124,723
Capital outlay	13,090
Total expenditures	951,884
Excess of revenues over expenditures	628,501
Other financing sources	
Transfers in	8,750
Transfers out	(29,091)
Total other financing uses	(20,341)
Net change in fund balance	608,160
Fund balance, beginning of year	4,067,889
Fund balance, end of year	\$ 4,676,049

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF INTERLACHEN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balance - total governmental fund	\$	608,160
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures		13,090
Depreciation expense		(257,040)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Reduction in delinquent taxes		(2,303)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:		
Change in compensated absences		(7,116)
Change in net position of governmental activities	\$	<u>354,672</u>

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF INTERLACHEN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2023**

	Business-type Activities - Enterprise Funds		
	Water	Cemetery	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 710,681	\$ 410,282	\$ 1,120,963
Accounts receivable, net	43,890	-	43,890
Inventory	-	8,070	8,070
Restricted cash and cash equivalents:			
Customer deposits	20,161	-	20,161
Total current assets	<u>774,732</u>	<u>418,352</u>	<u>1,193,084</u>
Noncurrent assets:			
Certificates of deposit	-	72,104	72,104
Capital assets:			
Building and improvements	3,958,647	438,662	4,397,309
Machinery and equipment	508,525	-	508,525
Construction in progress	38,900	-	38,900
Accumulated depreciation	(1,334,592)	(195)	(1,334,787)
Total capital assets, net	<u>3,171,480</u>	<u>510,571</u>	<u>3,682,051</u>
Total noncurrent assets	<u>3,171,480</u>	<u>510,571</u>	<u>3,682,051</u>
Total assets	<u>\$ 3,946,212</u>	<u>\$ 928,923</u>	<u>\$ 4,875,135</u>
LIABILITIES			
Current liabilities:			
Due to other funds	\$ 22,045	\$ 818	\$ 22,863
Compensated absences	3,872	94	3,966
Current maturities on long-term debt	33,925	-	33,925
Payable from restricted assets:			
Deposits	20,161	-	20,161
Total current liabilities	<u>80,003</u>	<u>912</u>	<u>80,915</u>
Noncurrent liabilities:			
Note payable	294,724	-	294,724
Compensated absences payable	3,365	82	3,447
Total noncurrent liabilities	<u>298,089</u>	<u>82</u>	<u>298,171</u>
Total liabilities	<u>\$ 378,092</u>	<u>\$ 994</u>	<u>\$ 379,086</u>
NET POSITION			
Net investment in capital assets	\$ 2,842,831	\$ 438,467	\$ 3,281,298
Unrestricted	725,289	489,462	1,214,751
Total net position	<u>\$ 3,568,120</u>	<u>\$ 927,929</u>	<u>\$ 4,496,049</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF INTERLACHEN
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities - Enterprise Funds		
	Water	Cemetery	Totals
Operating revenues			
Charges for services	\$ 327,028	\$ 3,910	\$ 330,938
Total operating revenues	<u>327,028</u>	<u>3,910</u>	<u>330,938</u>
Operating expenses			
Cost of sales	-	122	122
Personnel services	80,333	2,039	82,372
Contract services	30,420	-	30,420
Electric power	15,646	1,154	16,800
Insurance	4,500	250	4,750
Repairs and maintenance	30,883	90	30,973
Supplies	2,226	235	2,461
Office and administrative	3,055	694	3,749
Professional services	9,764	-	9,764
Depreciation	115,596	195	115,791
Total operating expenses	<u>292,423</u>	<u>4,779</u>	<u>297,202</u>
Operating income (loss)	<u>34,605</u>	<u>(869)</u>	<u>33,736</u>
Nonoperating revenues (expenses)			
Interest income	332	1,051	1,383
Other income (expense)	62	-	62
Total nonoperating revenues (expenses)	<u>394</u>	<u>1,051</u>	<u>1,445</u>
Income (loss) before capital grants	<u>34,999</u>	<u>182</u>	<u>35,181</u>
Transfers in	29,091	-	29,091
Transfers out	(8,500)	(250)	(8,750)
Change in net position	<u>55,590</u>	<u>(68)</u>	<u>55,522</u>
Net position, beginning of year	3,512,530	927,997	4,440,527
Net position, end of year	<u>\$ 3,568,120</u>	<u>\$ 927,929</u>	<u>\$ 4,496,049</u>

The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF INTERLACHEN
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Cemetery</u>	<u>Totals</u>
Cash flows from operating activities			
Cash received from customers and grants	\$ 301,691	\$ 3,910	\$ 305,601
Cash paid to suppliers	(96,494)	(2,423)	(98,917)
Cash paid to employees	(78,704)	(1,997)	(80,701)
Net cash provided by (used in) operating activities	<u>126,493</u>	<u>(510)</u>	<u>125,983</u>
Cash flows from noncapital and related financing activities			
Change in due to/from other funds	76,690	103	76,793
Transfer from other funds	29,091	-	29,091
Transfer to other funds	(8,500)	(250)	(8,750)
Net provided by (used in) noncapital financing activities	<u>97,281</u>	<u>(147)</u>	<u>97,134</u>
Cash flows from capital and related financing activities			
Payments on long-term debt	(33,925)	-	(33,925)
Acquisition of capital assets	(99,091)	(380,982)	(480,073)
Net cash provided by (used in) capital and related financing activities	<u>(133,016)</u>	<u>(380,982)</u>	<u>(513,998)</u>
Cash flows from investing activities			
Interest received	394	1,051	1,445
Purchase of certificate of deposit	-	(758)	(758)
Net cash provided by (used in) investing activities	<u>394</u>	<u>293</u>	<u>687</u>
Net change in cash and cash equivalents	<u>91,152</u>	<u>(381,346)</u>	<u>(290,194)</u>
Cash and cash equivalents, beginning of year	639,690	791,628	1,431,318
Cash and cash equivalents, end of year	<u>\$ 730,842</u>	<u>\$ 410,282</u>	<u>\$ 1,141,124</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 34,605	\$ (869)	\$ 33,736
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	115,391	195	115,586
Accounts receivable	(21,248)	-	(21,248)
Inventory	-	122	122
Accounts payable and accrued liabilities	(407)	42	(365)
Utility deposits	(1,848)	-	(1,848)
Total adjustments	<u>91,888</u>	<u>359</u>	<u>92,247</u>
Net cash provided by (used in) operating activities	<u>\$ 126,493</u>	<u>\$ (510)</u>	<u>\$ 125,983</u>
Presented on the Statement of Net Assets-Proprietary Funds as:			
Cash and cash equivalents	\$ 710,681	\$ 410,282	\$ 1,120,963
Restricted cash and cash equivalents for:			
Customer deposits	20,161	-	20,161
Total cash and cash equivalents	<u>\$ 730,842</u>	<u>\$ 410,282</u>	<u>\$ 1,141,124</u>

The accompanying notes to financial statements
are an integral part of this statement.

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. Summary of Significant Accounting Policies

A. Reporting entity

The Town of Interlachen, Florida (the Town) was formed in 1888 under a Charter, which was enacted by the Florida Legislature in Chapter 61-2280 Laws of Florida. The Town operates under a Council form of government with elected officials consisting of five council members and one mayor with two-year terms. The following services are provided by the Town as authorized by its charter: public safety (police), highway and streets, sanitation, cemetery services, health and social services, public improvement and general administrative services. The Town's Charter was last updated in 1998.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

The 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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. Summary of Significant Accounting Policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

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

The Town reports the following major governmental fund:

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

The Town reports the following major proprietary funds:

The *water fund* accounts for the activities of the government's water distribution operations.

The *cemetery fund* accounts for the activities of the government's cemetery operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

Impact fees—The Town has not adopted any ordinances or resolutions to levy impact fees in accordance with Section 163.31801, *Florida Statutes*.

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. Summary of Significant Accounting Policies (Continued)

D. Assets, liabilities, deferred inflows and net position or fund balance (Continued)

1. Deposits and investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Florida Statutes authorize the Town to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Town to invest in bonds, notes or other obligations of the United States government; certain bonds of any state or local government unit and bonds issued by certain government agencies, asset-backed or mortgage-backed securities of the highest credit quality, and certain preferred and common stock listed on a recognized national stock exchange in the United States. Investments of the Town are reported at fair value.

2. Receivables and payables

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

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

Property taxes are billed and collected for the Town by the County Tax Collector according to Florida Statute under the following calendar:

Valuation Date:	January 1
Levy Date:	November 1
Due Date:	March 31, of the following year
Lien Date:	April 1, of the following year

3. Inventories and prepaid items

All inventories are valued at cost using an average cost method.

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

**TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

I. Summary of Significant Accounting Policies (Continued)

D. Assets, liabilities, deferred inflows and net position or fund balance (Continued)

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The Town incurred no interest expense related to construction in the current year.

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

Assets	Years
Buildings	20-40
Infrastructure	20-40
Machinery and equipment	5-10
Vehicles	5

5. Compensated absences

It is the Town’s policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Long Term Obligations

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

7. Fund balance

The Town follows the GASB Codification to classify fund balances for its governmental fund into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which the amounts in the fund can be spent.

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

I. Summary of Significant Accounting Policies (Continued)

D. Assets, liabilities, deferred inflows and net position or balance (Continued)

7. Fund balance (Continued)

Fund balance classifications are described below:

Nonspendable—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed—amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority, the Town Council. To be reported as committed, amounts cannot be used for any other purpose unless the Town takes the same highest-level action to remove or change the constraint.

Assigned—amounts the Town intends to use for a specific purpose. Intent can be expressed by the Town Council or by an official or body to which the Town Council delegates the authority.

Unassigned—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

8. Fund Balance Flow Assumptions

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

9. Net Position Flow Assumptions

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

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

10. Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

11. Deferred inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Town has one item, deferred inflows related to property taxes, which qualify for reporting in this category.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

III. Stewardship, Compliance, and Accountability

A. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end.

Prior to August 1, the Town Council prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing the expenditures. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of a resolution. Revisions that alter the total expenditures of any fund must be approved by the Town Council. Formal budgetary integration is employed as a management control device during the year for the governmental funds.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between and within departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The Town Council made one supplemental budgetary appropriation and three budget transfers throughout the year.

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. Detailed Notes on All Funds

A. Cash and cash equivalents and certificates of deposit

All of the Town’s bank deposits and certificates of deposits are covered by Federal depository insurance or by collateral held by the Town’s custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes, therefore, none of the Town’s deposits are subject to custodial credit risk. The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

B. Receivables

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water</u>	<u>Cemetery</u>	<u>Total</u>
Accounts	\$ 37,376	\$ 44,782	\$ -	\$ 82,158
Intergovernmental	91,692	-	-	91,692
Gross receivables	<u>129,068</u>	<u>44,782</u>	<u>-</u>	<u>173,850</u>
Less: Allowance	-	(892)	-	(892)
Net total receivables	<u>\$ 129,068</u>	<u>\$ 43,890</u>	<u>\$ -</u>	<u>\$ 172,958</u>

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. Detailed Notes on All Funds (Continued)

C. Capital assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 138,032	\$ -	\$ -	\$ 138,032
Total capital assets, not being depreciated	<u>138,032</u>	<u>-</u>	<u>-</u>	<u>138,032</u>
Capital assets being depreciated:				
Buildings and improvements	621,887	-	-	621,887
Improvements other than building	4,391,204	-	-	4,391,204
Machinery and equipment	1,124,063	5,016	(73,265)	1,055,814
Furniture and office equipment	153,990	8,074	(21,560)	140,504
Total capital assets, being depreciated	<u>6,291,144</u>	<u>13,090</u>	<u>(94,825)</u>	<u>6,209,409</u>
Less Accumulated depreciation for:				
Buildings and improvements	(337,717)	(15,522)	-	(353,239)
Improvements other than buildings	(2,019,607)	(182,379)	-	(2,201,986)
Machinery and equipment	(908,500)	(58,019)	73,265	(893,254)
Furniture and office equipment	(144,645)	(1,120)	21,441	(124,324)
Total accumulated depreciation	<u>(3,410,469)</u>	<u>(257,040)</u>	<u>94,706</u>	<u>(3,572,803)</u>
Total capital assets, being depreciated, net	<u>2,880,675</u>	<u>(243,950)</u>	<u>(119)</u>	<u>2,636,606</u>
Governmental activities capital assets, net	<u>\$ 3,018,707</u>	<u>\$ (243,950)</u>	<u>\$ (119)</u>	<u>\$ 2,774,638</u>
Business-type activities:				
Capital assets, not being depreciated:				
Construction in Progress	\$ 88,800	\$ 360,582	\$ (410,482)	\$ 38,900
Total capital assets, not being depreciated:	<u>88,800</u>	<u>360,582</u>	<u>(410,482)</u>	<u>38,900</u>
Capital assets, being depreciated:				
Building and improvements	3,867,336	529,973	-	4,397,309
Machinery and equipment	513,496	-	(4,971)	508,525
Total capital assets, being depreciated	<u>4,380,832</u>	<u>529,973</u>	<u>(4,971)</u>	<u>4,905,834</u>
Less accumulated depreciation for:				
Plant assets and equipment	(1,223,967)	(115,791)	4,971	(1,334,787)
Total accumulated depreciation	<u>(1,223,967)</u>	<u>(115,791)</u>	<u>4,971</u>	<u>(1,334,787)</u>
Total capital assets, being depreciated, net	<u>3,156,865</u>	<u>414,182</u>	<u>-</u>	<u>3,571,047</u>
Business-type activities capital assets, net	<u>\$ 3,245,665</u>	<u>\$ 774,764</u>	<u>\$ (410,482)</u>	<u>\$ 3,609,947</u>

**TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

IV. Detailed Notes on All Funds (Continued)

C. Capital assets (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Town clerk	\$ 15,468
Police department	39,428
Public works department	17,748
Parks and recreation	1,201
Street department	158,933
Other general government	24,262
Total	\$ 257,040
Business-type activities:	
Water	\$ 115,596
Cemetery	195
Total	\$ 115,791

D. Interfund receivables, payables and transfers

The composition of interfund balances at September 30, 2023, arising from transactions between funds is as follows:

Receivable Fund	Payable Fund	Amount
General	Cemetery	\$ 818
General	Water	22,045
Total		\$ 22,863

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the year ended September 30, 2023, the General Fund transferred \$29,091 to the Water Fund which was for a capital project that was subsidized by American Rescue Plan Act (ARPA) funds.

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. Detailed Notes on All Funds (Continued)

E. Long-term debt

The Town entered into an agreement with the State of Florida, Department of Transportation to finance a road expansion project totaling \$430,787, which included the replacement of water pipes along the roadway. The project was completed in 2008. The financing agreement states that the Town will make annual non-interest bearing payments of \$18,730 for 24 years.

The Town entered into an agreement with the State of Florida, Department of Transportation to finance a road expansion project totaling \$227,929, which included costs associated with the relocation of water pipes along the roadway. The project was completed in 2022. The financing agreement states that the Town will make annual non-interest bearing payments of \$15,199 for 14 years.

Principal payments to maturities are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>
2024	\$ 33,925
2025	33,925
2026	33,925
2027	33,925
2028	33,925
2029-2033	113,435
2034-2036	45,589
Total	<u>\$ 328,649</u>

Long-term liability activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 43,927	\$ 37,354	\$ (30,238)	\$ 51,043	\$ 27,308
Business-type activities:					
Compensated absences	\$ 5,742	\$ 5,505	\$ (3,834)	\$ 7,413	\$ 3,966
Notes Payable	362,574	-	(33,925)	328,649	33,925
	<u>\$ 368,316</u>	<u>\$ 5,505</u>	<u>\$ (37,759)</u>	<u>\$ 336,062</u>	<u>\$ 37,891</u>

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

V. Other Information

A. Contingent liabilities

Grant Programs—Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects amounts, if any, to be immaterial.

B. Participation in public entity risk pool

The Town is exposed to various risks of loss related to general liability (worker's compensation, public liability, law enforcement liability, health benefits, property damage and error and omissions). The Town participates in the Florida League of Cities Self Insurance Fund (the Fund), a public entity risk pool currently operating as a common risk management and insurance program for member cities. The Town pays an annual premium to the fund for its coverage. The premiums are designed to fund the liability risk assumed by the Fund and are based on certain actual exposures of each member. The Town had no settlement in excess of coverage provided by the Fund during the year ended September 30, 2023.

C. Employee Benefits

On a monthly basis, employees are paid a fixed sum in addition to their base compensation that is to partially defray the cost of group health insurance available to Town employees. This benefit is available to all regular Town employees and does not depend on a minimum number of years of service, and terminates upon separation from employment. Specifically, full time employees who are on a regular weekly schedule will be entitled to earn, accrue and use this benefit upon the first of the month after sixty days of continuous employment with no breaks in service. Temporary, emergency or other part-time employees shall not be eligible to earn, accrue or use this benefit. This accrued \$100 benefit shall be credited as earned on the last pay period date of each month for the previous month and must be used by September 30th of each fiscal year since it cannot be carried over from one fiscal year to the next. This Additional Benefit is not available for use during the first sixty days of continuous employment. Employees on a leave of absence without pay will not lose any of this accumulated benefit. Additional Benefit credited to them, however, they also will not accrue this benefit during the leave of absence. Employees on a leave of absence with pay shall continue to earn and accrue this benefit except when an employee is granted leave in conjunction with resignation or termination of employment, in such cases employees shall not earn or accrue this benefit. Beginning November 8, 2011, employees hired on or after this date are responsible for 5% of their group health insurance premium. The Town has not established a formal retirement plan.

TOWN OF INTERLACHEN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

VI. Recent Accounting Pronouncements

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Town’s financial statements:

- A. GASB issued Statement No. 101, *Compensated Absences*, in June 2022. provides guidance to meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions in GASB 101 are effective for periods beginning after December 15, 2023.
- B. GASB issued Statement No. 102, *Certain Risk Disclosures*, in June 2022. GASB 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

TOWN OF INTERLACHEN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 502,197	\$ 502,197	\$ 503,992	\$ 1,795
Intergovernmental	1,670,166	1,670,166	686,167	(983,999)
Franchise and utility taxes	153,000	153,000	237,964	84,964
Local option gas taxes	47,000	47,000	75,743	28,743
Fines and forfeitures	1,700	1,700	6,284	4,584
Interest	1,900	1,900	8,222	6,322
Other	686,825	686,825	62,013	(624,812)
Total revenues	<u>3,062,788</u>	<u>3,062,788</u>	<u>1,580,385</u>	<u>(1,482,403)</u>
EXPENDITURES				
Current:				
Mayor and council	143,351	143,351	103,889	39,462
Town clerk	190,322	186,607	157,875	28,732
Police department	370,128	370,128	227,421	142,707
Public works department	430,679	430,679	332,960	97,719
Parks and recreation	30,000	30,000	5,016	24,984
Street department	788,700	788,700	-	788,700
Other general government	1,585,756	1,589,471	124,723	1,464,748
Total expenditures	<u>3,538,936</u>	<u>3,538,936</u>	<u>951,884</u>	<u>2,587,052</u>
Excess (deficiency) of revenues over expenditures	<u>(476,148)</u>	<u>(476,148)</u>	<u>628,501</u>	<u>1,104,649</u>
Other financing sources (uses)				
Transfers in	8,750	8,750	8,750	-
	<u>-</u>	<u>-</u>	<u>(29,091)</u>	<u>(29,091)</u>
Total other financing sources (uses)	<u>8,750</u>	<u>8,750</u>	<u>(20,341)</u>	<u>(29,091)</u>
Net change in fund balances	<u>(467,398)</u>	<u>(467,398)</u>	<u>608,160</u>	<u>1,075,558</u>
Fund balances, beginning of year	4,067,889	4,067,889	4,067,889	-
Fund balances, end of year	<u>\$ 3,600,491</u>	<u>\$ 3,600,491</u>	<u>\$ 4,676,049</u>	<u>\$ 1,075,558</u>

The accompanying notes to financial statements are an integral part of this schedule.

**TOWN OF INTERLACHEN
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2023**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end.

Prior to August 1, the Town Council prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing the expenditures. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of a resolution. Revisions that alter the total expenditures of any fund must be approved by the Town Council. Formal budgetary integration is employed as a management control device during the year for the governmental funds.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between and within departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The Town Council made one supplemental budgetary appropriation and three budget transfers throughout the year.



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

To the Honorable Mayor and Town Council Members,
Town of Interlachen, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Interlachen, Florida (the Town) as of and for the year then ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 18, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

2023-001 – Preparation of Financial Statements (Repeat Comment)

Professional standards promulgated by the American Institute of Certified Public Accountants provide a system of internal control over financial reporting should allow the Town to prepare financial statements, including note disclosures, in accordance with generally accepted accounting principles (GAAP). While auditors can assist with the preparation of financial statements and related footnotes, the financial statements are the responsibility of management. A control deficiency exists in instances where the Town is not positioned to draft financial statements and all required disclosures. However, the outsourcing of these services is not unusual in governmental entities of similar budget and personnel size. For subsequent audit, management may wish to take an active role in the drafting of the financial statements and related disclosures.

Report on Compliance and Other Matters

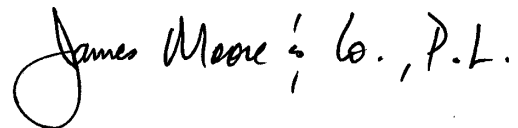
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Town of Interlachen, Florida's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit and described in the letter titled Management's Response to the Auditors' Comments, as listed in the table of contents. The Town's response was not subjected to the auditing procedures applied in the other audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gainesville, Florida
January 18, 2024



INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

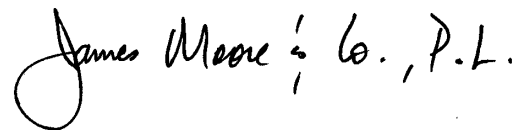
To the Honorable Mayor and Town Council Members,
Town of Interlachen, Florida:

We have examined Town of Interlachen, Florida (the Town)'s compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023. The Town's management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on Town of Interlachen, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023, in all material respects. An examination involves performing procedures to obtain evidence about the Town's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, Town of Interlachen, Florida, complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.



Gainesville, Florida
January 18, 2024



**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA OFFICE
OF THE AUDITOR GENERAL**

To the Honorable Mayor and Town Council Members,
Town of Interlachen, Florida:

Report on the Financial Statements

We have audited the financial statements of the Town of Interlachen, Florida (the Town), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated January 18, 2024.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 18, 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 annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted below under the heading Prior Year Findings and Recommendations. Finding 2023-001 is a repeat finding for at least the past two preceding years.

Prior Year Findings and Recommendations

2022-001 – Preparation of Financial Statements – Corrective action not taken.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Special District Component Units

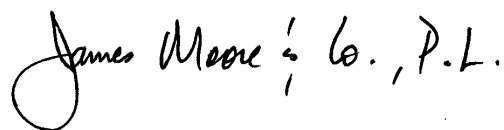
Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the 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; therefore, we did not note any such component units that failed to provide the necessary information, nor is any specific special district information required to be reported.

Additional Matters

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

Purpose of this Letter

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
January 18, 2024

MANAGEMENT'S RESPONSE TO FINDINGS

2023-001 – Preparation of financial statements (Repeat Comment)

The Town understands this weakness, but is willing to accept the risk. The Town has a small office staff and is unable to prepare the financial statements at this time.