

**TOWN OF MAYO, FLORIDA
ANNUAL FINANCIAL REPORT
September 30, 2023**

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ANNUAL FINANCIAL REPORT
September 30, 2023**

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INTRODUCTORY SECTION

**TOWN OF MAYO, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2023**

MAYOR

Anne Murphy

TOWN COUNCIL

Wayne Hamlin

Jessica Lawson

Virginia McCray

Mamie Thomas

TOWN CLERK

Janet Putnel

OPERATIONS MANAGER

Sampson Edwards

ATTORNEY

Angela Ball

FINANCIAL SECTION



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200
Fax 386.719.5504

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members
of the Town Council
Town of Mayo, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Mayo, 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 financial statements referred to above 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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, 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, budgetary comparison information, schedule of proportionate share of net pension liability, and schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

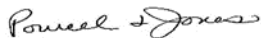
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of expenditures of federal awards but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report July 9, 2024, on our consideration of the Town of Mayo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Mayo'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 the Town of Mayo's internal control over financial reporting and compliance.



Powell and Jones CPA
Lake City, Florida
July 9, 2024

TOWN OF MAYO, FLORIDA
Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the Town of Mayo (The Town) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

The Town has implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as law enforcement and fire control, public works, parks and recreation, community development and general governmental administration. The Town's water, sewer, and solid waste management services are reported as business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the Town owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long been reporting capital assets and long-term liabilities. Also, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses gross and net costs of the Town's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on governmental and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The Town has one major governmental fund. Statements for the Town's proprietary fund follows the governmental funds and include net position, revenue, expenses and changes in net position, and cash flows.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

Town as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2023 and 2022, follows:

Net Position at September 30, 2023 and 2022

	Governmental Activities	Business-type Activities	Total Government	
			2023	2022
Assets				
Cash and investments	\$ 619,312	\$ 310,342	\$ 929,654	\$ 994,030
Other assets	14,145	37,074	51,219	45,968
Capital assets	1,101,437	999,908	2,101,345	1,570,827
Total assets	<u>1,734,894</u>	<u>1,347,324</u>	<u>3,082,218</u>	<u>2,610,825</u>
Deferred outflows of resources	<u>87,026</u>	<u>35,546</u>	<u>122,572</u>	<u>135,175</u>
Liabilities				
Current liabilities	260,357	58,068	318,425	562,511
Long-term liabilities	423,704	185,874	609,578	469,834
Total liabilities	<u>684,061</u>	<u>243,942</u>	<u>928,003</u>	<u>1,032,345</u>
Deferred inflows of resources	<u>34,900</u>	<u>14,255</u>	<u>49,155</u>	<u>61,808</u>
Net Position				
Net investment in capital assets	1,101,437	999,908	2,101,345	1,555,243
Unrestricted	1,522	124,765	126,287	19,604
Total net assets	<u>\$ 1,102,959</u>	<u>\$ 1,124,673</u>	<u>\$ 2,227,632</u>	<u>\$ 1,574,847</u>

A vast majority of the Town's net position reflects its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. 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 its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following schedule provides a summary of the changes in net position. The increase in Business-type net position is due primarily to the ability of these operations to fully fund depreciation. The increase during the year through Governmental Activities net position is due primarily to the normal budget administration.

A condensed version of the Statement of Activities follows:

Change in Net Position
For the Fiscal Years ended September 30, 2023 and 2022

	Governmental Activities	Business-type Activities	Total Government	
			2023	2022
Revenues				
Program revenues				
Charges for services	\$ 350	\$ 564,340	\$ 564,690	\$ 547,635
Grants and contributions	206,612	-	206,612	308,122
General revenues				
Taxes	329,693	-	329,693	302,503
Franchise fees	121,560	-	121,560	125,093
Licenses	7,100	-	7,100	5,000
State shared revenues	117,716	-	117,716	130,704
Fines and forfeitures	757	-	757	1,946
Other	36,288	5,396	41,684	9,378
Total revenues	<u>820,076</u>	<u>569,736</u>	<u>1,389,812</u>	<u>1,430,381</u>
Expenses				
General government	354,848	-	354,848	317,317
Public safety	32,000	-	32,000	47,475
Transportation	186,143	-	186,143	109,399
Health and human services	2,554	-	2,554	2,554
Culture/recreation	18,612	-	18,612	28,133
Water, sewer and garbage services	-	596,862	596,862	545,687
Total expenses	<u>594,157</u>	<u>596,862</u>	<u>1,191,019</u>	<u>1,050,565</u>
Other sources				
Grants	-	453,992	-	-
Change in net position	225,919	426,866	198,793	379,816
Beginning net position	877,040	697,807	1,574,847	1,195,031
Ending net position	<u>\$ 1,102,959</u>	<u>\$ 1,124,673</u>	<u>\$ 1,773,640</u>	<u>\$ 1,574,847</u>

Governmental activities:

Taxes provide 40% of the revenues for Governmental Activities, while state shared revenues provide 14%, and franchise fees provide 15%. Most of the Governmental Activities resources are spent for General Government 60%, Transportation 31%, and Public Safety 5%.

Business-type activities:

Business-type activities increased the Town's net position by \$426,866. Key elements of this decrease are as follows:

- Operating expenses exceeded operating revenues by \$29,709.
- Operating revenues increased by \$10,184 from the prior year while operating expenses only increased by \$51,174.

- The Enterprise fund received \$453,992 from a sewer grant.

Budgetary Highlights

At the end of the year, there were multiple departments with budget shortfalls due to unexpected events. In total, the General Fund's budget showed an overall favorable variance of \$133,849.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2023, the Town had \$1.64 million invested in net capital assets, including fire equipment, park and recreation facilities, buildings, roads, bridges and water and sewer facilities.

Capital Assets at September 30, 2023 and 2022

	Governmental Activities	Business-type Activities	Total Government	
			2023	2022
Land	\$ 82,966	\$ 117,764	\$ 200,730	\$ 200,730
Construction in progress	855,210	453,992	1,309,202	672,997
Buildings and improvements	469,741	2,962,504	3,432,245	3,432,245
Equipment	270,556	216,617	487,173	487,173
Subtotal	1,678,473	3,750,877	5,429,350	4,793,145
Accumulated depreciation	(577,036)	(2,750,969)	(3,328,005)	(3,222,318)
Capital assets, net	<u>\$ 1,101,437</u>	<u>\$ 999,908</u>	<u>\$ 2,101,345</u>	<u>\$ 1,570,827</u>

Debt Outstanding

At year-end, the Town had \$612,812 in debt outstanding versus \$567,621 last year, an increase of \$45,191.

Debt Outstanding at September 30, 2023 and 2022

	Governmental Activities	Business-type Activities	Total Government	
			2023	2022
Capital lease payable	-	-	-	15,584
Compensated absences	4,604	16,954	21,558	18,188
Net pension liability	419,791	171,463	591,254	533,849
Total	<u>\$ 424,395</u>	<u>\$ 188,417</u>	<u>\$ 612,812</u>	<u>\$ 567,621</u>

More detailed information on the Town long-term liabilities is presented in the notes to the financial statements.

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The current unemployment rate for the Town was 3.7%, which is the approximate same rate as for Lafayette County.
- The population of the Town in 2023 is estimated to be 1,055 by the United States Census Bureau.
- The Town's ad valorem tax rate for 2023 was 7.0 mills which is slightly higher than prior year.

Financial Contact

The Town's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, please contact the Town Clerk at P.O. Box 56, Mayo, Florida 32066.

Basic Financial Statements

TOWN OF MAYO
STATEMENT OF NET POSITION
September 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 619,312	\$ 310,342	\$ 929,654
Accounts receivable, net	-	51,219	51,219
Internal balances	14,145	(14,145)	-
Total current assets	<u>633,457</u>	<u>347,416</u>	<u>980,873</u>
Noncurrent assets			
Capital assets - not being depreciated	441,466	571,756	1,013,222
Capital assets - net of accumulated depreciation	659,971	428,152	1,088,123
Total noncurrent assets	<u>1,101,437</u>	<u>999,908</u>	<u>2,101,345</u>
Total assets	<u>1,734,894</u>	<u>1,347,324</u>	<u>3,082,218</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	<u>87,026</u>	<u>35,546</u>	<u>122,572</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Current liabilities			
Accounts payable	5,519	15,600	21,119
Accrued liabilities	12,667	1,630	14,297
Unearned revenues	241,480	-	241,480
Customer deposits	-	38,295	38,295
Compensated absences	691	2,543	3,234
Total current liabilities	<u>260,357</u>	<u>58,068</u>	<u>318,425</u>
Noncurrent liabilities			
Compensated absences	3,913	14,411	18,324
Net pension liability	419,791	171,463	591,254
Total noncurrent liabilities	<u>423,704</u>	<u>185,874</u>	<u>609,578</u>
Total liabilities	<u>684,061</u>	<u>243,942</u>	<u>928,003</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	<u>34,900</u>	<u>14,255</u>	<u>49,155</u>
NET POSITION			
Net investment in capital assets	1,101,437	999,908	2,101,345
Unrestricted	1,522	124,765	126,287
Total net position	<u>\$ 1,102,959</u>	<u>\$ 1,124,673</u>	<u>\$ 2,227,632</u>

See notes to financial statements.

TOWN OF MAYO, FLORIDA
GOVERNMENTAL FUND
BALANCE SHEET
September 30, 2023

	<u>General Fund</u>
ASSETS	
Cash	619,268
Restricted cash	44
Due from other funds	14,145
Total assets	<u>\$ 633,457</u>
 LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	5,519
Accrued liabilities	12,667
Unearned revenue	241,480
Total liabilities	<u>259,666</u>
 FUND BALANCE	
Restricted	44
Assigned- equipment replacement	40,000
Unassigned	333,747
Total fund balances	<u>373,791</u>
 Total liabilities and fund balances	<u>\$ 633,457</u>
 Fund balance - governmental fund	 \$ 373,791
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,101,437
Deferred outflows/inflows are not available resources, and therefore, are not reported in the funds	52,126
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds	(424,395)
Net position of governmental activities	<u>\$ 1,102,959</u>

See notes to financial statements.

TOWN OF MAYO, FLORIDA
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 2023

	General Fund
REVENUES	
Taxes	\$ 451,253
Licenses and permits	7,100
Intergovernmental	324,328
Charges for services	350
Fines and forfeitures	757
Miscellaneous	36,288
Total revenues	820,076
EXPENDITURES	
Current expenditures	
General government	313,858
Public safety	32,000
Transportation	130,934
Culture/recreation	71,539
Capital outlay	
Transportation	118,047
Debt service	
Transportation	7,793
Total expenditures	674,171
 Net change in fund balances	 145,905
Fund balances at beginning of year	227,886
Fund balances at end of year	\$ 373,791

See notes to financial statements.

TOWN OF MAYO, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2023

		<u>General Fund</u>
Net change in fund balances - total governmental funds	\$	145,905
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Expenditures for capital assets	182,213	
Less current year depreciation	<u>(68,435)</u>	113,778
<p>Some expenditures reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds. Also, recognition of certain obligations related to prior and subsequent periods are not recognized in governmental funds but are recognized in the statement of activities.</p>		
Increase in compensated absences	(835)	
Principal payments on capital lease	7,793	
Increase in net pension liability	(40,758)	
decrease in deferred outflows	(8,948)	
Decrease in deferred inflows	<u>8,984</u>	<u>(33,764)</u>
Change in net position of governmental activities	\$	<u><u>225,919</u></u>

See notes to financial statements.

**TOWN OF MAYO, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 September 30, 2023**

ASSETS	<u>Enterprise Fund</u>
Current assets	
Cash and cash equivalents	258,658
Investments	51,684
Accounts receivable-net	51,219
Total current assets	<u>361,561</u>
 Noncurrent assets	
Capital assets	
Land	117,764
CIP	453,992
Buildings	2,817,947
Improvements other than buildings	144,557
Equipment	216,617
Allowance for depreciation	(2,750,969)
Total capital assets	<u>999,908</u>
Total assets	<u>1,361,469</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>35,546</u>
 LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities	
Accounts payable	15,600
Accrued liabilities	1,630
Due to other funds	14,145
Customer deposits	38,295
Compensated absences	2,543
Total current liabilities	<u>72,213</u>
Long-term liabilities	
Compensated absences	14,411
Net pension liability	171,463
Total noncurrent liabilities	<u>185,874</u>
Total liabilities	<u>258,087</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension related	<u>14,255</u>
 NET POSITION	
Net investment in capital assets	999,908
Unrestricted	124,765
Total net position	<u>\$ 1,124,673</u>

See notes to financial statements.

TOWN OF MAYO, FLORIDA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2023

OPERATING REVENUES	<u>Enterprise Fund</u>
Charges for services	
Water utility revenue	201,509
Sewer utility revenue	170,722
Solid waste service revenue	192,109
Miscellaneous	<u>2,813</u>
Total operating revenues	<u>567,153</u>
OPERATING EXPENSES	
Water utility services	
Personnel services	92,620
Operating expenses	94,605
Depreciation expense	<u>14,570</u>
Total water utility services	<u>201,795</u>
Sewer utility services	
Personnel services	92,620
Operating expenses	92,565
Depreciation expense	<u>22,682</u>
Total sewer utility services	<u>207,867</u>
Solid waste services	
Contracted services	<u>187,200</u>
Total solid waste services	<u>187,200</u>
Total operating expenses	<u>596,862</u>
Operating income	<u>(29,709)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	2,583
Grants	<u>453,992</u>
Total nonoperating revenues	<u>456,575</u>
Change in net position	426,866
Net position at beginning of year	<u>697,807</u>
Net position at end of year	<u><u>\$ 1,124,673</u></u>

See notes to financial statements.

TOWN OF MAYO, FLORIDA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2023

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 561,623
Cash payments for goods and services	(374,369)
Cash payments to employees and benefits for services	(166,151)
Net cash provided by operating activities	21,103
CASH FLOWS FROM FINANCING ACTIVITIES:	
Interfund loans	1,053
Debt service	(7,791)
Net cash used in financing activities	(6,738)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	2,583
Net cash provided by investing activities	2,583
 Net increase in cash	 16,948
 Cash at beginning of year	 293,394
Cash at end of year	\$ 310,342
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (29,709)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	37,252
Increase in accounts receivable	(6,609)
Decrease in deferred outflows	3,655
Decrease in accrued liabilities	(79)
Increase in customer deposits	1,080
Increase in compensated absences	2,535
Decrease in deferred inflows	(3,669)
Increase in net pension liability	16,647
Total adjustments	50,812
 Net cash provided by operating activities	 \$ 21,103

See notes to financial statements.

TOWN OF MAYO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Mayo (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement 34-Basic Financial Statement and Management's Discussion and Analysis - for State and Local Governments. As provided by GASB 34, the Town has elected not to report retroactive infrastructure improvements in its financial statements due to the fact that its annual revenues are less than ten million dollars. The Town has implemented all other applicable provisions of this Statement.

A. Reporting Entity - The Town of Mayo, Florida is a municipality created pursuant to provisions of Chapter 165, *Florida Statutes*, and specifically Chapter 23399, Number 4, *Laws of Florida*. It is governed by a five member Town Council, all individually elected, who select from among themselves one member to serve as Mayor. It is controlled by the Florida Constitution and various *Florida Statutes*, as well as its own local charter, ordinances and policies.

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that no potential component units existed which should be included within the reporting entity.

B. Measurement Focus and Basis of Accounting - The basic financial statements of the Town are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from any legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. As applicable, the Town also chooses to eliminate the indirect costs between governmental activities to avoid the "doubling up" effect.

2. Fund Financial Statements

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the Town's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually, and any nonmajor funds in the aggregate for governmental and enterprise funds.

Governmental Funds - 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 collected 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. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, 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. All other revenue items are considered to be measurable only when cash is received by the Town.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be measure of "available spendable resources." Governmental funds operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Any non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds - The Town's Enterprise Fund is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The Town applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

C. Basis of Accounting - GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures, expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The Town has used GASB 34 minimum criteria for major fund determination. The Town has two major funds as follows:

1. Governmental Major Fund:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

2. Proprietary Major Fund:

Enterprise Fund - The Enterprise Fund accounts for the revenues, expenses, assets, and liabilities associated with the Town operated water, sewer, and solid waste disposal services.

D. Assets, Liabilities and Net Position or Equity

- 1. Cash and Investments** - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.
- 2. Cash Equivalents** - For purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. As of September 30, 2023, the Town's cash consisted solely of checking accounts and money market accounts; it has no cash equivalents.
- 3. Allowance for Doubtful Accounts** - As applicable year-to-year, the Town provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2023, there were no amounts exceeding 180 days, therefore no allowance for doubtful accounts was reported. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2023.
- 4. 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 "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."

All receivables are shown net of an allowance for doubtful accounts. Any receivables in excess of 180 days would comprise the trade accounts receivable allowance for doubtful accounts.

- 5. Inventories** - The costs of governmental and enterprise fund inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any inventory type goods on hand at year end would not be material.
- 6. Restricted Assets** - Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account, and to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The cash proceeds of enterprise fund customer deposits are also shown as restricted assets.
- 7. Fund Equity** - As applicable in fiscal periods, reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. At September 30, 2023, the Town had no such restricted fund balances.

A. Governmental Funds

As of September 30, 2023, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Town Council is the highest level of decision making authority for the Town Council.

Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's adopted policy, only the Town Council may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of September 30, 2023, fund balances were as follows:

	General Fund
Restricted	\$ 44
Assigned - equipment replacement	40,000
Unassigned	333,747
	<u>\$ 373,791</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spend first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Council has provided otherwise in its commitment or assignment actions.

B. Proprietary Funds

Restrictions of equity show amounts that are not appropriated for expenditures or are legally restricted for specific uses.

As of September 30, 2023, net position balances are composed of the following:

Net investment in capital assets	\$ 999,908
Unrestricted	124,765
	<u>\$ 1,124,673</u>

8. **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Town.
9. **Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, right-of-ways, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial

statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are not reported. Donated capital assets are recorded at estimated fair market value at the date of donations.

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

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

Assets	Years
Building and improvements	20 - 50
Machinery and equipment	3 - 10
Streets and related infrastructure	20 - 40

10. **Capitalization of Interest** - Interest related to borrowings are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the Town did not have any capitalized interest.
11. **Unearned Revenues** - Unearned revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.
12. **Accrued Compensated Absences** - The Town accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.
13. **Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town only has two items that qualify for reporting in this category. The first is the deferred charge on pensions in the government-wide statement of net position. Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the Town's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year. The second is the deferred charge of bond issue costs. Bond issue costs include the professional fees and registration fees associated with the issuance of bonds. These amounts will be amortized over the life of the bonds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which is related to pensions. Deferred inflows on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the Town's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position.

Total fund balances of the Town's governmental funds \$373,791 differs from "net position" of governmental activities \$1,102,959 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$ 1,678,473
Accumulated depreciation	(577,036)
	<u>\$ 1,101,437</u>

Long-term debt transactions

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2023, were:

Compensated absences	\$ (4,604)
Net pension liability	(419,791)
	<u>\$ (424,395)</u>

Deferred outflows/inflows of resources

Deferred outflows of resources represent a consumption of net position in a future period while deferred inflows of resources represent an acquisition of net position in a future period and accordingly, are not reported in the governmental fund statements. However, the statement of net position included those deferred outflows/inflows of resources.

Deferred outflows	\$ 87,026
Deferred inflows	(34,900)
	<u>\$ 52,126</u>

TOWN OF MAYO, FLORIDA

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental fund Balance Sheet and the Government-wide Statement of Net Position

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Deferred Outflows/ Inflows	Statement of Net Assets
ASSETS					
Cash and cash equivalents	\$ 619,268	\$ -	\$ -	\$ -	\$ 619,268
Restricted cash	44	-	-	-	44
Due from other funds	14,145	-	-	-	14,145
Capital assets - net	-	1,101,437	-	-	1,101,437
Total assets	\$ 633,457	\$ 1,101,437	\$ -	\$ -	\$ 1,734,894
DEFERRED OUTFLOWS OF RESOURCES					
Pension related	-	-	-	87,026	87,026
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts payable	\$ 5,519	\$ -	\$ -	\$ -	\$ 5,519
Accrued liabilities	12,667	-	-	-	12,667
Unearned revenue	241,480	-	-	-	241,480
Compensated absences	-	-	4,604	-	4,604
Net pension liability	-	-	419,791	-	419,791
Total liabilities	259,666	-	424,395	-	684,061
DEFERRED INFLOWS OF RESOURCES					
Pension related	-	-	-	34,900	34,900
Fund balances/net position	\$ 373,791	\$ 1,101,437	\$ (424,395)	\$ 52,126	\$ 1,102,959

B. Explanation of Differences Between Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and, the Statement of Activities

The “net change in fund balances” for governmental funds, \$145,905, differs from the “change in net position” for governmental activities, \$225,919, reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charges for the year.

Expenditures for capital assets	
Capital outlay	\$ 182,213
Current year depreciation	(68,435)
	<u>\$ 113,778</u>

Long-term debt related items

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

Net Increase in compensated absences	\$ 835
Net decrease in capital lease payable	(7,793)
Net in'crease in net pension liability	40,758
	<u>\$ 33,800</u>

Deferred outflows/inflows of resources

Recognition of certain obligations related to prior and subsequent periods are not recognized in governmental funds.

Net decrease in deferred outflows	\$ (8,948)
Net increase in deferred inflows	8,984
	<u>\$ 36</u>

TOWN OF MAYO, FLORIDA

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Differences Between Government Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Deferred Outflows/Inflows	Statement of Activities
REVENUES					
Taxes	\$ 451,253	\$ -	\$ -	\$ -	\$ 451,253
Licenses and permits	7,100	-	-	-	7,100
Intergovernmental	117,716	-	-	-	117,716
Charges for services	350	-	-	-	350
Fines and forfeitures	757	-	-	-	757
Investment earnings	4,469	-	-	-	4,469
Grant revenue	206,612	-	-	-	206,612
Miscellaneous	31,819	-	-	-	31,819
Total revenue	820,076	-	-	-	820,076
EXPENDITURES					
Current expenditures					
General government	313,858	268	40,758	(36)	354,848
Public safety	32,000	-	-	-	32,000
Transportation	130,934	54,374	835	-	186,143
Health and human services	-	2,554	-	-	2,554
Culture/recreation	7,373	11,239	-	-	18,612
Debt Service					
Transportation	7,793	-	(7,793)	-	-
Capital outlay					
Culture/recreation	64,166	(64,166)	-	-	-
Transportation	118,047	(118,047)	-	-	-
Total expenditures	674,171	(113,778)	33,800	(36)	594,157
Change in fund balance/net position	145,905	113,778	(33,800)	36	225,919
Fund balances at beginning of year	227,886	987,659	(390,595)	52,090	877,040
Fund balances at end of year	\$ 373,791	\$ 1,101,437	\$ (424,395)	\$ 52,126	\$ 1,102,959

NOTE 3. LEGAL COMPLIANCE–BUDGETS

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

1. Prior to September 1, the Town Clerk develops a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted by the Town Council through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund must be approved by the Town Council.
5. Budgets for all Town funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Town Council. Individual amendments were not material in relation to the original appropriations which were not amended.
6. A budgetary comparison schedule for the general fund is in the required supplementary information section of this report.
7. The following is a comparison of the appropriations to total expenses for the proprietary fund for the fiscal year ended September 30, 2023:

	<u>Appropriations</u>	<u>Expenses</u>	<u>Variance</u>
Primary Government			
Enterprise fund:	<u>\$ 576,250</u>	<u>\$ 596,861</u>	<u>\$ (20,611)</u>

The variance was primarily due to depreciation not being included in budget appropriations.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits. The bank balances of the Town deposits were fully insured by federal depository insurance or pledged collateral under state law.

Investments. Under state law, the Town is allowed to invest surplus funds in guaranteed obligations of the U.S. government, interest bearing accounts of financial institutions which are legally secured, and the Local Government Surplus Funds Trust Fund. The Town’s investments in the amount of \$51,684, consist of certificates of deposits in a qualified depository which are classified in the financial statements as cash equivalents.. The investments were fully insured at September 30, 2023.

NOTE 5. PROPERTY TAX REVENUES

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2022-23 fiscal year were levied in October 2022. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities:</u>				
Capital assets:				
Non depreciable:				
Land	\$ 82,966	\$ -	\$ -	\$ 82,966
Construction in progress	672,997	182,213		855,210
Total non depreciable	<u>755,963</u>	<u>182,213</u>	<u>-</u>	<u>938,176</u>
Depreciable:				
Buildings and improvements	469,741	-	-	469,741
Equipment and vehicles	270,556	-	-	270,556
Total depreciable	<u>740,297</u>	<u>-</u>	<u>-</u>	<u>740,297</u>
Total capital assets	1,496,260	182,213	-	1,678,473
Less accumulated depreciation	(508,601)	(68,435)	-	(577,036)
Governmental activities capital assets, net	<u>\$ 987,659</u>	<u>\$ 113,778</u>	<u>\$ -</u>	<u>\$1,101,437</u>
<u>Business-type activities:</u>				
Capital assets:				
Non depreciable:				
Land	\$ 117,764	\$ -	\$ -	\$ 117,764
CIP	-	453,992	-	453,992
Depreciable:				
Buildings	2,817,947	-	-	2,817,947
Improvements other than buildings	144,557	-	-	144,557
Equipment	216,617	-	-	216,617
Total capital assets	3,296,885	453,992	-	3,750,877
Less accumulated depreciation	(2,713,717)	(37,252)	-	(2,750,969)
Business-type activities capital assets, net	<u>\$ 583,168</u>	<u>\$ 416,740</u>	<u>\$ -</u>	<u>\$ 999,908</u>

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

Governmental activities	
General government	268
Transportation	54,374
Culture and recreation	11,239
Health and human services	2,554
Total depreciation expense-governmental activities	<u>\$ 68,435</u>
Business-type activities:	
Water utility	\$ 14,570
Sewer utility	22,682
Total depreciation expense- business-type activities	<u>\$ 37,252</u>

NOTE 7. INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at September 30, 2023.

Fund	Interfund Receivables	Interfund Payables
General	\$ 14,145	\$ -
Enterprise	-	14,145
	<u>\$ 14,145</u>	<u>\$ 14,145</u>

All interfund balances are anticipated to be liquidated during the coming fiscal year.

NOTE 8. RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at September 30, 2023, were as follows:

	Accounts	Due from Other Governmental Units	Total Receivables
Governmental activities:			
General Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type activities			
Enterprise Fund	<u>\$ 51,219</u>	<u>\$ -</u>	<u>\$ 51,219</u>

Payables

Payables at September 30, 2023, were as follows:

	<u>Accounts</u>	<u>Accrued</u>	<u>Total</u>
Governmental activities:			
General Fund	<u>\$ 5,519</u>	<u>\$ 12,667</u>	<u>\$ 18,186</u>
Business-type activities:			
Enterprise Fund	<u>\$ 15,600</u>	<u>\$ 1,630</u>	<u>\$ 17,230</u>

NOTE 9. LONG-TERM LIABILITIES

Capital Lease Payable

The Town leased a backhoe under a capital lease. With a term of 5 years this lease transfers ownership at the end of the lease period. The gross amount of the asset under the capital leases was \$37,690 for General Fund and \$37,691 for the Enterprise Fund as of September 30, 2023. The final lease payment was made in the year ending September 30, 2023 leaving no lease payments due.

Governmental Activities:

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

	<u>Balance</u> <u>9/30/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/2023</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Compensated absences	\$ 3,769	\$ 835	\$ -	\$ 4,604	\$ 691
Capital lease payable	7,793	-	(7,793)	-	-
Net pension liability	379,033	40,758	-	419,791	-
	<u>\$ 390,595</u>	<u>\$ 41,593</u>	<u>\$ (7,793)</u>	<u>\$ 424,395</u>	<u>\$ 691</u>

The compensated absences liability and net pension liability will be liquidated primarily by the General Fund.

Business – Type Activities:

A summary of changes in proprietary long-term debt follows:

	October 1, 2022	Increases	Decreases	September 30, 2023	Due Within One Year
Capital lease payable	\$ 7,791	\$ -	\$ (7,791)	\$ -	\$ -
Compensated absences	14,419	2,535	-	16,954	2,543
Net pension liability	154,816	16,647	-	171,463	-
	<u>\$ 177,026</u>	<u>\$ 19,182</u>	<u>\$ (7,791)</u>	<u>\$ 188,417</u>	<u>\$ 2,543</u>

NOTE 10. COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS – FLORIDA RETIREMENT SYSTEM PENSION PLAN AND THE RETIREMENT HEALTH INSURANCE SUBSIDY PROGRAM

A. Florida Retirement System

General Information - All of the Town's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

B. Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for

each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively, were as follows: Regular—11.91% and 13.57%; Special Risk Administrative Support—38.65% and 39.82%; Special Risk—27.83% and 32.67%; Senior Management Service—31.57% and 34.52%; Elected Officials—43.77% and 44.89%; and DROP participants—18.60% and 21.13%. These employer contribution rates include a 1.66% and 2.00% HIS Plan subsidy for the periods October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively.

The Town's contributions, including employee contributions, to the Pension Plan totaled \$66,856 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2023, the Town reported a liability of \$503,442 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Town's proportionate share of the net pension liability was based on the Town's 2021-22 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the Town's proportionate share was 0.001263443%, which was an decrease of .55% from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the Town recognized pension expense of \$72,855. In addition the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,269	\$ -
Changes in assumptions	32,819	-
Net difference between projected and actual earnings on Pension Plan investments	21,025	-
Changes in proportion and differences between County Pension Plan contributions and proportionate share of contributions	650	(36,290)
County Pension Plan contributions subsequent to the measurement date	15,903	-
Total	\$ 117,666	\$ (36,290)

The deferred outflows of resources related to the Pension Plan, totaling \$15,903 resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending	
September 30	
2024	\$ 8,923
2025	(3,535)
2026	53,543
2027	5,086
2028	1,456
Thereafter	-
	<u>\$ 65,473</u>

Actuarial Assumptions - The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the generational RP-200 with Projection scale BB tables.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	12.0%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.4%

(1) As outlined in the Pension Plan's investment policy.

Discount Rate - The discount rate used to measure the total pension liability was 6.8%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.7%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.7% or one percentage point higher 7.7% than the current rate:

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
County's proportionate share of the net pension liability	\$ 870,668	\$ 503,442	\$ 196,397

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2023, the Town had \$6,162 payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

C. HIS Plan

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2023, the HIS contribution for the period October 1, 2021 through June 30, 2023 and from July 1, 2023 through September 30, 2023 was 1.66% and 2.00%, respectively. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Town's contributions to the HIS Plan totaled \$4,001 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2023, the Town reported a liability of \$87,812 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Town’s proportionate share of the net pension liability was based on the Town’s 2021-22 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023, the Town's proportionate share was 0.000552923%, which was an decrease of 4.20% from its proportionate share measured as of June 30, 2021.

For the fiscal year ended September 30, 2023, the Town recognized pension expense of \$4,360. In addition the Town reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,286	\$ (206)
Changes in assumptions	2,309	(7,609)
Net difference between projected and actual earnings on HIS Plan investments	45	-
Changes in proportion and differences between County HIS Plan contributions and proportionate share of contributions	157	(5,050)
County HIS Plan contributions subsequent to the measurement date	1,109	-
Total	\$ 4,906	\$ (12,865)

The deferred outflows of resources related to the HIS Plan, totaling \$1,109 resulting from Town contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30		
Ending	\$	(1,584)
2024		(961)
2025		(1,598)
2026		(3,135)
2027		(1,661)
Thereafter		(129)
	\$	<u>(9,068)</u>

Actuarial Assumptions – The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.65%

Mortality rates were based on the PUB-2010 Base Table generational mortality using the gender specific MP-2018 mortality improvement projection scale.

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Cooperative's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Cooperative's proportionate share of the net pension liability calculated using the discount rate of 3.65%, as well as what the Cooperative's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
County's proportionate share of the net pension liability	\$ 100,464	\$ 87,812	\$ 77,343

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2023, the Town had \$530 payable for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2023.

NOTE 12. RISK MANAGEMENT

The Town is exposed to various risks of loss related to theft of, damage to and destruction of assets; and injury or death on the job of all employees. These risks are primarily covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or workers' compensation insurance coverage for the past three years. There has been no reduction in insurance coverage from the previous year.

NOTE 13. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal 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 such amounts, if any, to be immaterial.

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS

Pursuant to the provision of Section 112.08011, *Florida Statutes*, former employees and eligible dependents who retire from the Town may continue to participate in the Town's fully-insured health and hospitalization plan. These retirees are completely responsible for payment of their insurance premiums and the Town does not contribute toward this payment. Based upon prior experience, the assumed participation rate is zero percent and current insurance premiums are not affected by the requirement of Section 112.08011, *Florida Statutes*. An actuarial projection with a zero assumed participation rate, which is consistent with actual results, would result in an Other Post Employment Benefit (OPEB) obligation of zero. Accordingly, there is no OPEB obligation recorded in the financial statements.

Required Supplementary Information

TOWN OF MAYO, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND, CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2023

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Taxes			
Ad valorem taxes			
Current	\$ 178,704	\$ 182,767	\$ 4,063
Other taxes			
County infrastructure surtax	96,000	103,881	7,881
Franchise fees			
Electricity	75,000	121,560	46,560
Utility service taxes			
Electricity	48,000	18,854	(29,146)
Propane	4,500	3,683	(817)
Communications services tax	17,000	20,508	3,508
Total taxes	419,204	451,253	32,049
Licenses and permits			
City professional and occupational	2,600	7,100	4,500
Total licenses and permits	2,600	7,100	4,500
Intergovernmental			
Grants			
Federal grant- ARPA	-	142,446	142,446
SRWMD grant	-	64,166	64,166
Total grants	-	206,612	206,612
State shared revenues			
State revenue sharing	67,000	69,472	2,472
Mobile home licenses	300	91	(209)
Alcoholic beverage licenses	100	98	(2)
Local government half-cent sales tax	36,000	35,363	(637)
Parimutual tax	1,200	1,200	-
Fuel tax rebate	400	218	(182)
Traffic signals and lighting agreements	11,500	11,274	(226)
Total state shared revenues	116,500	117,716	1,216
Total intergovernmental	116,500	324,328	207,828

(Continued)

See notes on page 50.

TOWN OF MAYO, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2023

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
Charges for services			
Zoning permits	1,000	350	(650)
Total charges for services	<u>1,000</u>	<u>350</u>	<u>(650)</u>
Fines and forfeitures			
Fines and forfeitures	500	757	257
Miscellaneous			
Interest	200	4,469	4,269
Other miscellaneous	3,000	31,819	28,819
Total miscellaneous	<u>3,200</u>	<u>36,288</u>	<u>33,088</u>
Total revenues	<u>543,004</u>	<u>820,076</u>	<u>277,072</u>
EXPENDITURES			
General government			
Legislative			
Personnel services	113,475	49,500	63,975
Financial and administrative			
Personnel services	78,542	90,916	(12,374)
Operating expenses	38,600	75,714	(37,114)
Total financial and administrative	<u>117,142</u>	<u>166,630</u>	<u>(49,488)</u>
Legal counsel			
Operating expenses	13,000	12,196	804
Other general government			
Operating expenses	26,350	85,532	(59,182)
Total general government	<u>269,967</u>	<u>313,858</u>	<u>(43,891)</u>
Public safety			
Law enforcement			
Operating expenses	47,475	32,000	15,475
Total public safety	<u>47,475</u>	<u>32,000</u>	<u>15,475</u>

(Continued)

See notes on page 50.

TOWN OF MAYO, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2023

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
Transportation			
Personnel services	56,297	67,040	(10,743)
Operating expenses	81,131	63,894	17,237
Debt service	-	7,793	(7,793)
Capital outlay	-	118,047	(118,047)
Total transportation	<u>137,428</u>	<u>256,774</u>	<u>(119,346)</u>
Culture/recreation			
Parks and recreation			
Operating expenses	12,000	7,373	4,627
Capital outlay	-	64,166	(64,166)
Total culture/recreation	<u>12,000</u>	<u>71,539</u>	<u>4,627</u>
Total expenditures	<u>466,870</u>	<u>674,171</u>	<u>(143,135)</u>
Excess of revenues over (under) expenditures	<u>76,134</u>	<u>145,905</u>	<u>133,937</u>
Net change in fund balance	76,134	145,905	133,937
Fund balance at beginning of year	<u>227,886</u>	<u>227,886</u>	-
Fund balance at end of year	<u>\$ 304,020</u>	<u>\$ 373,791</u>	<u>\$ 133,937</u>

See notes on page 50.

**TOWN OF MAYO, FLORIDA
NOTES TO STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET ACTUAL
SEPTEMBER 30, 2023**

I. Stewardship, Compliance, and Accountability

- A. Budgetary Information.** The Town, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The Town prepares a tentative budget, which is used by the Town at a public workshop to prepare the budgets for the coming year. Public hearings are conducted to obtain taxpayer comments. Subsequently, these budgets are legally adopted through the passage of a resolution at an advertised public session. Such actions are recorded in the Town's minutes.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is the Enterprise Fund, where depreciation is not budgeted for capital assets, while capital outlay expenditures are budgeted and are reclassified into fixed assets. These are then eliminated from the results of operations for financial reporting purposes in the Enterprise Fund. Estimated beginning fund balances are considered in the budgetary process, but are not included in the financial statements as budgeted revenues.

The annual budget serves as the legal authorization for expenditures. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the Town Council.

If during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the Town Council, by resolution, may make supplemental appropriations for the year up to the amount of such excess.

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

1. Prior to September 1, the Town Clerk submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
 2. Public hearings are conducted in August and September to obtain taxpayer comments.
 3. Prior to November 1, the budget is legally enacted through passage of an ordinance.
 4. The legal level of budgetary control is the department level; however, the Town Council may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.
 5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.
- B. Budgetary Deficiencies -** General fund over expended budget expenditures by \$143,135 and received \$276,984 more than expected. The net effect was a favorable variance of \$133,849. This was caused by unexpected expenditures and receipts relating to grant funds.

TOWN OF MAYO, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the FRS net pension liability	0.001263443%	0.001270468%	0.001332478%	0.001422435%	0.001550700%	0.001546187%	0.001505713%	0.001538443%	0.000673716%
Town's proportionate share of the FRS net pension liability	\$ 503,442	\$ 472,716	\$ 100,654	\$ 616,504	\$ 534,039	\$ 465,720	\$ 445,380	\$ 388,458	\$ 205,038
Town's proportion of the HIS net pension liability	0.000552923%	0.000577184%	0.001040878%	0.000966663%	0.000619691%	0.000625337%	0.000616520%	0.000613610	0.033361733
Town's proportionate share of the HIS net pension liability	87,812	61,133	72,364	73,585	69,337	66,186	65,921	71,514	62,957
Town's proportionate share of the total net pension liability	<u>\$ 591,254</u>	<u>\$ 533,849</u>	<u>\$ 173,018</u>	<u>\$ 690,089</u>	<u>\$ 603,376</u>	<u>\$ 531,906</u>	<u>\$ 511,301</u>	<u>\$ 459,972</u>	<u>\$ 267,995</u>
Town's covered-employee payroll	\$ 221,820	\$ 210,700	\$ 209,200	\$ 341,657	\$ 207,600	\$ 206,100	\$ 198,120	\$ 190,057	\$ 189,378
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	266.55%	253.37%	82.70%	201.98%	290.64%	258.08%	258.08%	242.02%	141.51%
Plan fiduciary net position as a percentage of the total pension liability	77.04%	79.09%	91.09%	74.46%	78.22%	79.86%	79.30%	79.36%	92.00%

Note 1) The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System.

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

TOWN OF MAYO, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required FRS contribution	\$ 66,856	\$ 58,331	\$ 54,308	\$ 52,295	\$ 50,282	\$ 53,161	\$ 46,387	\$ 36,033	\$ 44,283
Contractually required HIS contribution	4,001	3,985	3,710	3,654	3,598	4,091	3,861	5,902	2,827
Total Contractually Required Contributions	70,857	62,316	58,018	55,949	53,880	57,252	50,248	41,935	47,110
Contributions in relation to the contractually required contribution	(70,857)	(62,316)	(58,018)	(55,949)	(53,880)	(57,252)	(50,248)	(41,935)	(47,110)
Contribution deficiency (excess)~	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 221,820	\$ 210,700	\$ 209,200	\$ 208,074	\$ 207,600	\$ 206,100	\$ 198,120	\$ 190,057	\$ 189,378
Contributions as a percentage of covered-employee payroll	31.94%	29.58%	27.73%	26.89%	25.95%	27.78%	25.36%	22.06%	24.88%

*GASB requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

OTHER INFORMATION

TOWN OF MAYO, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2023

<u>Federal and State Grantor/Pass Through Grantor Program Title</u>	<u>ALN / CSFA#</u>	<u>GRANT #</u>	<u>AWARD AMOUNT</u>	<u>REPORTED IN PRIOR YEARS</u>	<u>EXPENDITURES</u>
FEDERAL AWARDS					
US Department of the Treasury					
Coronavirus State & Local Fiscal Recovery Funds	21.027	1505-0271	\$ 635,583	\$ 270,107	\$ 142,446
Florida Department of Environmental Protection					
Town of Mayo WWTF Upgrade	37.039	WG092	14,889,057	-	453,992
Total federal awards			<u>\$ 15,524,640</u>	<u>\$ 270,107</u>	<u>\$ 596,438</u>

See notes to schedule of expenditures of federal awards and state financial assistance.

TOWN OF MAYO, FLORIDA
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance of the Town of Mayo, Florida (the "Town") have been designed to conform to generally accepted accounting principles as applicable to governmental units, including the reporting and compliance requirements of the State of Florida.

A. Reporting Entity

This reporting entity consists of the Town of Mayo, Florida. The Town includes a Schedule of Expenditures of Federal Awards and State Financial Assistance in the Other Information Section for the purpose of additional analysis.

B. Basis of Accounting

The accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards. Under the accrual basis, revenues are recognized when they become earned. Expenses generally are recorded when a liability is incurred.

C. Subrecipients

The Town had no subrecipients during the fiscal year.

D. Indirect Cost

The Council did not elect to use the de minimis indirect cost rate the fiscal year ended September 30, 2023.

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 Mayor and Members
of the Town Council
Town of Mayo, 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, the business-type activities, and each major fund of the Town of Mayo, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Mayo, Florida’s basic financial statements, and have issued our report thereon dated July 9, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Mayo, Florida’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 of Mayo, Florida’s internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Mayo, Florida’s internal control.

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

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

**Finding 2011-1 (Excess of second preceding year)
Financial Statement Preparation**

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency exists when the Town does not have the expertise necessary to prevent, detect, and correct misstatements. There is a deficiency in internal control because the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with general accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a

lower level of technical knowledge than the competence required preparing the financial statements and disclosures.

MANAGEMENT'S RESPONSE

We agree with this finding. We are a very small government and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Both the Mayor and Town Council review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Town Council.

At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.

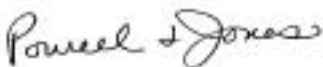
This response has not been subjected to the audit procedures applied in the audit and thus express no opinion on it.

Compliance and Other Matters

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

Purpose of this Report

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



POWELL & JONES

Certified Public Accountants

July 9, 2024

MANAGEMENT LETTER

Honorable Mayor and
Members of the Town Council
Town of Mayo, Florida

We have audited the basic financial statements of the Town of Mayo, Florida (the Town) as of and for the year ended September 30, 2023, and have issued our report thereon dated July 9, 2024.

We have issued our 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 dated July 9, 2024. Disclosures in that report, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that the following be addressed in this letter:

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year.

CURRENT YEAR FINDINGS

There were no other reportable findings in the current year.

AUDITOR GENERAL COMPLIANCE MATTERS

Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.544(1)(i)5.a and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part in representations made by management and the review of financial information they provided.

Financial Emergency Status - We determined that the Town had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Deteriorating Financial Conditions - From our audit procedures in the prior years, we found the following conditions which together comprised "deteriorating financial conditions" as defined by Chapter 10.550 *Rules of the Auditor General*:

The Enterprise Fund showed the following trends:

	<u>9/30/23</u>	<u>9/30/22</u>	<u>9/30/21</u>	<u>9/30/20</u>	<u>9/30/19</u>	<u>9/30/18</u>	<u>9/30/2017</u>	<u>9/30/16</u>	<u>9/30/15</u>
Net gain/(loss) for the year ended	<u>\$ 426,866</u>	<u>\$ 66,727</u>	<u>\$ (52,992)</u>	<u>\$ (28,694)</u>	<u>\$ (109,433)</u>	<u>\$ (26,467)</u>	<u>\$ (53,153)</u>	<u>\$ (59,220)</u>	<u>\$ (54,774)</u>
Unrestricted cash reserve balance at year end	<u>\$ 124,765</u>	<u>\$ 12,243</u>	<u>\$ 22,939</u>	<u>\$ 45,801</u>	<u>\$ 3,999</u>	<u>\$ 59,779</u>	<u>\$ 56,342</u>	<u>\$ 48,611</u>	<u>\$ 28,124</u>

To correct these deteriorating financial conditions, we recommended that the Town implement

strict measures during the prior budget cycle to assure that revenues are sufficient to fund expenditures and replenish needed fiscal reserves in the Enterprise Fund, as well as the General Fund. Finances were to be closely monitored during the current year to ensure that these objectives are met.

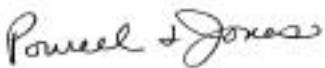
During the current year, the Enterprise Fund had a net gain of \$426,866, which exceeded the prior year's gain by \$360,139. The unrestricted cash reserve was \$124,765, which was a \$112,522 increase from the prior year. This is substantial progress toward reversing this condition, but we continue to recommend that the Town consistently take measures to increase its unrestricted reserves.

The Enterprise Fund has increased its public utility rates with scheduled annual increases through the year 2025. Thereafter, rates will increase with inflation.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

CONCLUSION

Again, we very much enjoyed the challenges and experiences associated with this year's audit of the Town. We look forward to working with you to ensure continued fiscal progress of the Town's operation.



POWELL & JONES
Certified Public Accountants
July 9, 2024

INDEPENDENT ACCOUNTANT'S REPORT

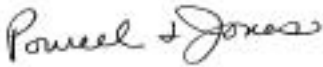
To the Mayor and Members of the
Town Council
Town of Mayo, Florida

We have examined the Town of Mayo, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during 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 and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

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

This report is intended solely for the information and use of the Town of Mayo, Florida and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



POWELL & JONES
Certified Public Accountants
July 9, 2024

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Mayor and Members of the Town Council
Town of Mayo, Florida

We have audited the financial statements of the Town of Mayo, Florida for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Mayo, Florida are described Note 1 to the financial statements. As described in Note 11 to the financial statements, the Town changed accounting policies related to the recognition of the net pension liability of its Defined Benefit Pension Plans by adopting Statement of Governmental Accounting Standards (GASB statement) No. 68, Accounting and Financial Reporting for Pension Plans, in 2023. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of net position. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the Town of Mayo, Florida's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 9, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

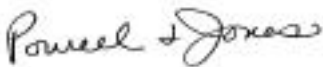
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Mayor and management of the Town of Mayo, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



POWELL AND JONES
Certified Public Accountants
July 9, 2024