

Financial Report

September 30, 2018



Counseling Serv

The City of Mascotte, Florida

Introductory Section

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MAYOR

Barbara Krull

CITY COUNCIL

Brenda Brasher, Mayor Pro-Tem

Sally Rayman, Council Member

Steven Sheffield, Council Member

Louise Thompson, Council Member

CITY MANAGER

Jim Gleason

DEPUTY CITY MANAGER
CITY FINANCE DIRECTOR

Dolly Miller

Financial Section

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Mascotte, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Mascotte, Florida*, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Mascotte, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, infrastructure special revenue fund, and community redevelopment fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 9, 2019 on our consideration of *City of Mascotte's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *City of Mascotte's* internal control over financial reporting and compliance.

McDiernit Davis & Company, LLC

Orlando, Florida
January 9, 2019

As management of the *City of Mascotte, Florida* we offer readers of the *City of Mascotte's* financial statements this narrative overview and analysis of the financial activities of the *City of Mascotte* for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the *City of Mascotte* exceeded its liabilities at the close of the current fiscal year by \$15,629,968 (net position). Of this amount, \$3,484,062 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1,885,137.
- As of the close of the current fiscal year, the *City of Mascotte's* governmental funds reported combined ending fund balances of \$2,988,158, an increase of \$622,266 in comparison with the prior year. Approximately 65% of this total amount, \$1,928,220, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,928,220 or 56% of total general fund expenditures.

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the *City of Mascotte's* financial position, in a manner similar to a private-sector business. They include a *Statement of Net Position* and a *Statement of Activities*.

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

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

Both of the government-wide financial statements distinguish functions of the *City of Mascotte* that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the *City of Mascotte* include general government, public safety, public works, sanitation and recreation services. The business-type activities of the *City of Mascotte* include Water and Stormwater management.

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

The government-wide financial statements can be found on pages 12 - 13 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

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

The *City of Mascotte* adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund, the Infrastructure Special Revenue Fund, and the Community Redevelopment Fund to demonstrate compliance with this budget at pages 18 - 20. Budgetary comparison schedules have been provided for the nonmajor funds at pages 43 - 48.

The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

Proprietary Funds

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

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

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

Notes to the Financial Statements

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

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to Financial Statements. Combining and individual fund statements and schedules can be found on pages 39 - 48 of this report.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the *City of Mascotte*, assets exceeded liabilities by \$15,629,968 at the close of the current fiscal year. The following table reflects the condensed statement of net position for the current and prior year. For more detail see the Statement of Net Position on page 12.

**City of Mascotte, Florida
Management's Discussion and Analysis**

Statement of Net Position as of September 30:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 3,230,354	\$ 2,743,209	\$ 2,694,217	\$ 2,192,233	\$ 5,924,571	\$ 4,935,442
Capital assets	4,614,286	4,803,996	5,989,998	5,460,900	10,604,284	10,264,896
Total Assets	7,844,640	7,547,205	8,684,215	7,653,133	16,528,855	15,200,338
Liabilities:						
Long term liabilities	292,026	384,365	105,342	110,329	397,368	494,694
Other liabilities	242,196	417,317	259,323	543,496	501,519	960,813
Total Liabilities	534,222	801,682	364,665	653,825	898,887	1,455,507
Net Position:						
Net investment in capital assets	4,614,286	4,803,996	5,989,998	5,460,900	10,604,284	10,264,896
Restricted	1,052,609	581,506	489,013	196,674	1,541,622	778,180
Unrestricted	1,643,523	1,360,021	1,840,539	1,341,734	3,484,062	2,701,755
Total Net Position	\$ 7,310,418	\$ 6,745,523	\$ 8,319,550	\$ 6,999,308	\$ 15,629,968	\$ 13,744,831

\$10,604,284 (68%) of the City's net position reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Net position that are subject to external restrictions as to how they may be used total \$1,541,622 (10%). The remaining balance of *unrestricted net position* (\$3,484,062 or 22%) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$1,885,137 during the current fiscal year. The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 13.

**City of Mascotte, Florida
Management's Discussion and Analysis**

Changes in Net Position as of September 30:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,602,312	\$ 1,303,884	\$ 1,571,925	\$ 1,585,530	\$ 3,174,237	\$ 2,889,414
Operating grants and contributions	116,899	113,750	-	-	116,899	113,750
Capital grants and contributions	-	128,849	428,257	215,074	428,257	343,923
General revenues:						
Property taxes	953,464	905,607	-	-	953,464	905,607
Franchise and utility						
Taxes	468,430	442,940	-	-	468,430	442,940
Intergovernmental	1,200,507	1,147,367	-	-	1,200,507	1,147,367
Investment income and miscellaneous	134,589	154,126	14,142	10,650	148,731	164,776
Total revenues	4,476,201	4,196,523	2,014,324	1,811,254	6,490,525	6,007,777
Expenses:						
General government	807,459	966,871	-	-	807,459	966,871
Public safety	1,969,787	2,076,435	-	-	1,969,787	2,076,435
Public works	420,049	248,688	-	-	420,049	248,688
Sanitation	370,770	362,934	-	-	370,770	362,934
Culture and recreation	26,737	23,707	-	-	26,737	23,707
Interest on long-term debt	-	2,327	-	-	-	2,327
Water	-	-	873,611	924,053	873,611	924,053
Stormwater	-	-	136,975	166,794	136,975	166,794
Total expenses	3,594,802	3,680,962	1,010,586	1,090,847	4,605,388	4,771,809
Increase (decrease) in net position before transfers	881,399	515,561	1,003,738	720,407	1,885,137	1,235,968
Transfers	(316,504)	-	316,504	-	-	-
Increase (decrease) in Net position	564,895	515,561	1,320,242	720,407	1,885,137	1,235,968
Net position, October 1	6,745,523	6,229,962	6,999,308	6,278,901	13,744,831	12,508,863
Net position, September 30	\$ 7,310,418	\$ 6,745,523	\$ 8,319,550	\$ 6,999,308	\$ 15,629,968	\$ 13,744,831

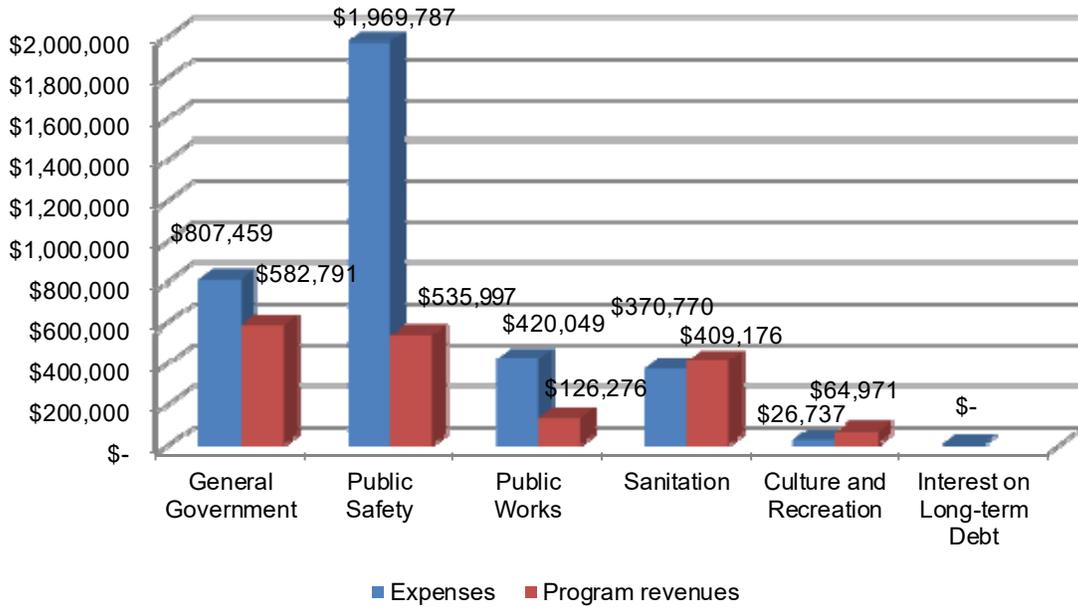
Governmental Activities

Governmental activities increased the City of Mascotte's net position by \$564,895. This was due to increases in charges for services related to increased permitting revenues.

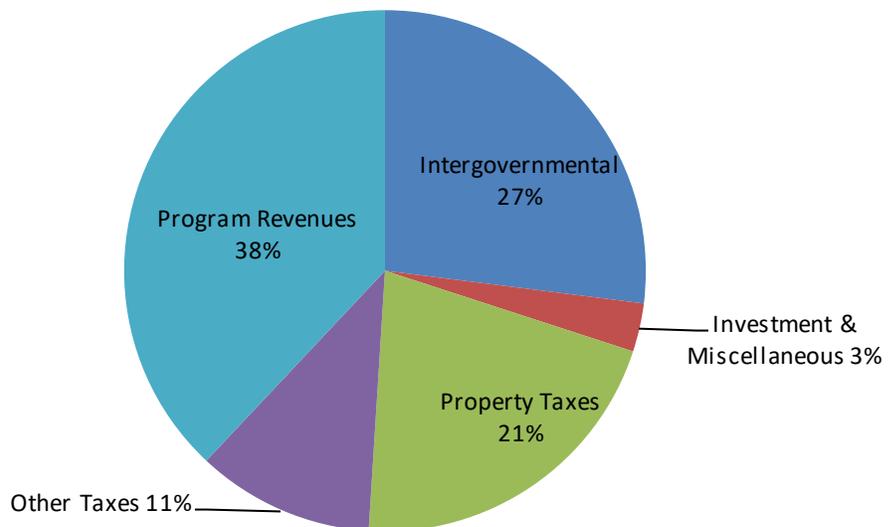
Business-Type Activities

Business-type activities increased the City of Mascotte's net position by \$1,320,242 primarily due to increased operating grants and contributions, and decreased water expenses.

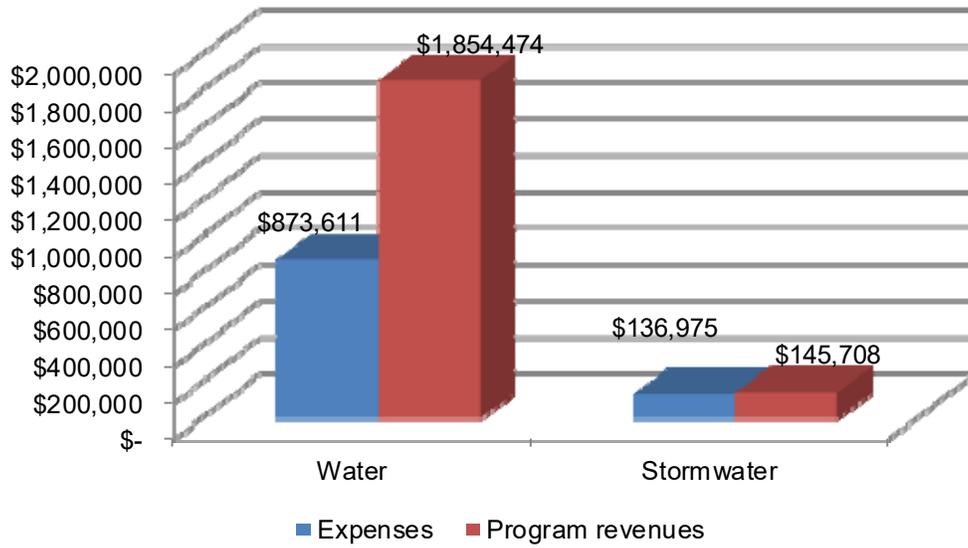
Expenses and Program Revenues - Governmental Activities



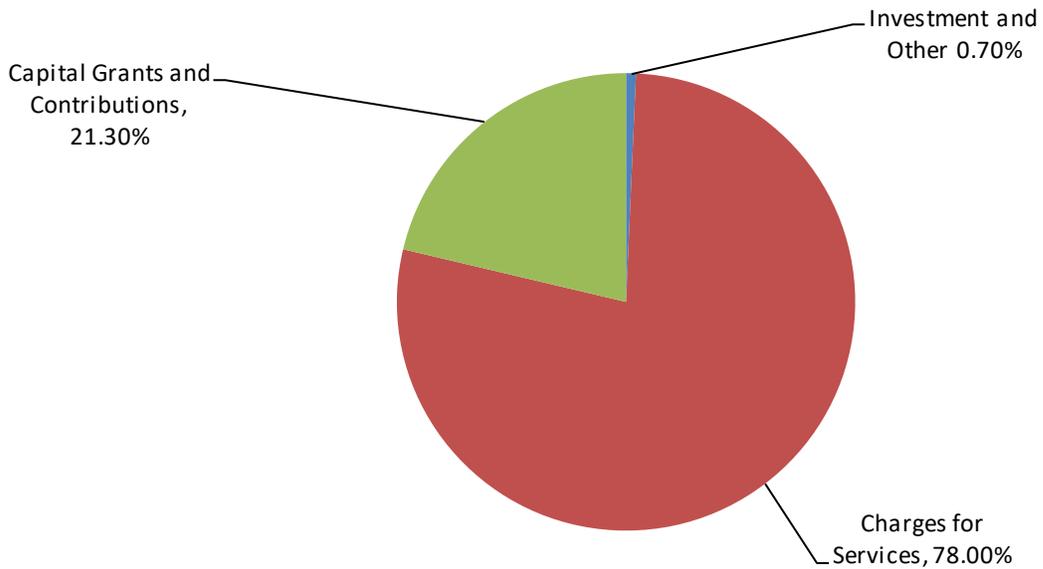
Revenue by Source - Governmental Activities



Expenses and Program Revenues - Business-Type Activities



Revenue by Source - Business-Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the *City of Mascotte's* governmental funds reported combined ending fund balances of \$2,988,158, an increase of \$662,266 in comparison with the prior year. Approximately 65% or \$1,928,220 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed for such purposes as debt service, capital projects, inventories and prepaid costs.

The general fund is the chief operating fund of the *City of Mascotte*. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,928,220 while total fund balance was \$1,935,548. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represent 56% and 57% respectively, of total General Fund expenditures.

The fund balance of the general fund increased by \$191,162 during the current fiscal year.

Proprietary Funds

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

Unrestricted net position of the proprietary funds at the year-end amounted to \$1,840,539. The total increase in net position for these funds was \$1,320,242. Other factors concerning the finances of these two funds have already been addressed in the discussion of the *City of Mascotte's* business-type activities.

General Fund Budgetary Highlights

During the year, actual revenues were \$131,124 more than budgeted revenues and actual expenditures were \$60,038 less than budgeted expenditures. There were no major changes between the original General Fund budget and the final amended General Fund budget.

Capital Asset and Debt Administration

Capital Assets

The *City of Mascotte's* investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$10,604,284 (net of accumulated depreciation), for an increase of \$339,388 from the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 3.3% (a 3.9% decrease for governmental activities, and 9.7% increase for business-type activities).

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,181,582	\$ 2,181,582	\$ 1,680,689	\$ 1,680,689	\$ 3,862,271	\$ 3,862,271
Construction in progress	34,112	157,079	318,638	-	352,750	157,079
Buildings	1,160,439	1,210,916	12,071	13,646	1,172,510	1,224,562
Improvements / infrastructure	795,917	823,924	3,594,708	3,690,585	4,390,625	4,514,509
Machinery and equipment	437,464	423,841	336,586	36,201	774,050	460,042
Intangibles	4,772	6,654	47,306	39,779	52,078	46,433
Total	\$ 4,614,286	\$ 4,803,996	\$ 5,989,998	\$ 5,460,900	\$ 10,604,284	\$ 10,264,896

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

Long-Term Debt

During current fiscal year, the *City of Mascotte* had no debt outstanding. Additional information on long-term debt can be found in Note 7 of this report.

Next Year's Budget and Rates

During the current fiscal year, the unassigned fund balance in the General Fund totaled \$1,928,220. None of the unassigned fund balance is budgeted for appropriations in the 2019 budget. The City is expecting to incur enough revenues in 2019 to cover expenditures to mitigate any need to draw on 2018 unassigned fund balance.

Requests for Information

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

Basic Financial Statements

City of Mascotte, Florida
Statement of Net Position
September 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 3,064,991	\$ 2,313,735	\$ 5,378,726
Receivables, net	45,004	355,482	400,486
Due from other governments	113,031	-	113,031
Inventories	6,481	25,000	31,481
Prepaid costs	847	-	847
Capital assets:			
Capital assets not being depreciated	2,215,694	1,999,327	4,215,021
Capital assets being depreciated, net of accumulated depreciation	2,398,592	3,990,671	6,389,263
Total assets	7,844,640	8,684,215	16,528,855
Liabilities:			
Accounts payable and accrued expenses	238,903	22,902	261,805
Deposits payable	3,293	236,421	239,714
Noncurrent liabilities:			
Due within one year	29,203	10,534	39,737
Due in more than one year	262,823	94,808	357,631
Total liabilities	534,222	364,665	898,887
Net Position:			
Net investment in capital assets	4,614,286	5,989,998	10,604,284
Restricted for:			
Infrastructure	631,126	-	631,126
Capital improvements	-	489,013	489,013
Community redevelopment	25,478	-	25,478
Public safety	304,621	-	304,621
Culture and recreation	91,384	-	91,384
Unrestricted	1,643,523	1,840,539	3,484,062
Total net position	\$ 7,310,418	\$ 8,319,550	\$ 15,629,968

City of Mascotte, Florida
Statement of Activities
For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities							
General Government	\$ 807,459	\$ 465,892	\$ 116,899	\$ -	\$ (224,668)	\$ -	\$ (224,668)
Public Safety	1,969,787	535,997	-	-	(1,433,790)	-	(1,433,790)
Public Works	420,049	126,276	-	-	(293,773)	-	(293,773)
Sanitation	370,770	409,176	-	-	38,406	-	38,406
Culture and Recreation	26,737	64,971	-	-	38,234	-	38,234
Total governmental activities	3,594,802	1,602,312	116,899	-	(1,875,591)	-	(1,875,591)
Business-type activities:							
Water	873,611	1,426,217	-	428,257	-	980,863	980,863
Stormwater	136,975	145,708	-	-	-	8,733	8,733
Total business-type activities	1,010,586	1,571,925	-	428,257	-	989,596	989,596
Total primary government	\$ 4,605,388	\$ 3,174,237	\$ 116,899	\$ 428,257	(1,875,591)	989,596	(885,995)
General Revenues:							
Property taxes					953,464	-	953,464
Franchise and utility taxes					468,430	-	468,430
Intergovernmental					1,200,507	-	1,200,507
Unrestricted investment earnings					21,088	14,142	35,230
Miscellaneous					113,501	-	113,501
Transfers					(316,504)	316,504	-
Total general revenues and transfers					2,440,486	330,646	2,771,132
Change in net position					564,895	1,320,242	1,885,137
Net position, beginning					6,745,523	6,999,308	13,744,831
Net position, ending					\$ 7,310,418	\$ 8,319,550	\$ 15,629,968

City of Mascotte, Florida
Balance Sheet - Governmental Funds
September 30, 2018

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 2,042,842	\$ 599,916	\$ 26,314	\$ 395,919	\$ 3,064,991
Due from other governments	77,410	35,621	-	-	113,031
Other receivables	44,918	-	-	86	45,004
Inventories	6,481	-	-	-	6,481
Prepaid	847	-	-	-	847
Total assets	\$ 2,172,498	\$ 635,537	\$ 26,314	\$ 396,005	\$ 3,230,354
Liabilities:					
Accounts payable	\$ 207,136	\$ 4,410	\$ -	\$ -	\$ 211,546
Deposits payable	3,293	-	-	-	3,293
Other accrued expenses	26,521	-	836	-	27,357
Total liabilities	236,950	4,410	836	-	242,196
Fund Balances:					
Nonspendable	7,328	-	-	-	7,328
Restricted	-	631,127	25,478	396,005	1,052,610
Unassigned	1,928,220	-	-	-	1,928,220
Total fund balances	1,935,548	631,127	25,478	396,005	2,988,158
Total liabilities and fund balances	\$ 2,172,498	\$ 635,537	\$ 26,314	\$ 396,005	\$ 3,230,354

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

September 30, 2018

Total Fund Balance, governmental funds	\$ 2,988,158
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	4,614,286
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Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(292,026)</u>
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Net position of governmental activities in the statement of net position	<u><u>\$ 7,310,418</u></u>
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**Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds**

For the Year Ended September 30, 2018

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 916,199	\$ -	\$ 37,265	\$ -	\$ 953,464
Franchise and utility	468,430	-	-	-	468,430
Fees and fines	12,858	-	-	976	13,834
Impact fees/special assessments	-	-	-	289,107	289,107
Licenses and permits	417,939	-	-	-	417,939
Intergovernmental	779,536	537,870	-	-	1,317,406
Charges for services	881,432	-	-	-	881,432
Investment earnings	15,729	3,566	140	1,653	21,088
Miscellaneous	113,501	-	-	-	113,501
Total revenues	3,605,624	541,436	37,405	291,736	4,476,201
Expenditures:					
Current:					
General government	901,623	2,950	12,078	-	916,651
Public safety	1,938,576	100,830	-	20,227	2,059,633
Public works	203,661	172,673	-	56,504	432,838
Sanitation	370,602	-	-	-	370,602
Culture and recreation	-	18,695	-	15,516	34,211
Total expenditures	3,414,462	295,148	12,078	92,247	3,813,935
Excess (deficiency) of revenues over expenditures	191,162	246,288	25,327	199,489	662,266
Net change in fund balances	191,162	246,288	25,327	199,489	662,266
Fund balances, beginning	1,744,386	384,839	151	196,516	2,325,892
Fund balances, ending	\$ 1,935,548	\$ 631,127	\$ 25,478	\$ 396,005	\$ 2,988,158

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities**

For the Year Ended September 30, 2018

Net Change in Fund Balances, total governmental funds:	\$	662,266
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Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for

This is the amount by which capital outlays exceeded depreciation in the current period.		129,894
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Transfer of capital assets to Water Fund is not reported in the Governmental funds		(316,504)
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and disposals) is to decrease net position		(3,100)
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Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.		92,339
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Change in net position of governmental activities	\$	<u>564,895</u>
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**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 974,324	\$ 969,324	\$ 916,199	\$ (53,125)
Franchise and utility	514,976	514,976	468,430	(46,546)
Fees and fines	11,000	11,000	12,858	1,858
Licenses and permits	226,300	226,300	417,939	191,639
Intergovernmental	774,600	774,600	779,536	4,936
Charges for services	859,800	859,800	881,432	21,632
Investment earnings	15,000	15,000	15,729	729
Miscellaneous	103,500	103,500	113,501	10,001
Total revenues	<u>3,479,500</u>	<u>3,474,500</u>	<u>3,605,624</u>	<u>131,124</u>
Expenditures:				
Current:				
General government	810,800	805,800	901,623	(95,823)
Public safety	2,095,300	2,095,300	1,938,576	156,724
Public works	205,400	205,400	203,661	1,739
Sanitation	368,000	368,000	370,602	(2,602)
Total expenditures	<u>3,479,500</u>	<u>3,474,500</u>	<u>3,414,462</u>	<u>60,038</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>191,162</u>	<u>191,162</u>
Net change in fund balances	-	-	191,162	191,162
Fund balance, beginning	1,744,386	1,744,386	1,744,386	-
Fund balance, ending	<u>\$ 1,744,386</u>	<u>\$ 1,744,386</u>	<u>\$ 1,935,548</u>	<u>\$ 191,162</u>

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Infrastructure Special Revenue Fund

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 432,000	\$ 432,000	\$ 537,870	\$ 105,870
Investment earnings	-	-	3,566	3,566
Total revenues	<u>432,000</u>	<u>432,000</u>	<u>541,436</u>	<u>109,436</u>
Expenditures:				
Current:				
General government	3,000	3,000	2,950	50
Public safety	211,100	211,100	100,830	110,270
Public works	205,000	186,000	172,673	13,327
Culture and recreation	-	19,000	18,695	305
Total expenditures	<u>419,100</u>	<u>419,100</u>	<u>295,148</u>	<u>123,952</u>
Excess (deficiency) of revenues over expenditures	<u>12,900</u>	<u>12,900</u>	<u>246,288</u>	<u>233,388</u>
Net change in fund balances	12,900	12,900	246,288	233,388
Fund balance, beginning	384,839	384,839	384,839	-
Fund balance, ending	<u>\$ 397,739</u>	<u>\$ 397,739</u>	<u>\$ 631,127</u>	<u>\$ 233,388</u>

Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - Community Redevelopment Fund

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 31,400	\$ 31,400	\$ 37,265	\$ 5,865
Investment earnings	-	-	140	140
Total revenues	31,400	31,400	37,405	6,005
Expenditures:				
Current:				
General government	31,400	31,400	12,078	19,322
Total expenditures	31,400	31,400	12,078	19,322
Excess (deficiency) of revenues over expenditures	-	-	25,327	25,327
Net change in fund balances	-	-	25,327	25,327
Fund balance, beginning	151	151	151	-
Fund balance, ending	\$ 151	\$ 151	\$ 25,478	\$ 25,327

City of Mascotte, Florida
Statement of Net Position - Proprietary Funds
September 30, 2018

	Enterprise Funds		
	Water	Stormwater	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,914,859	\$ 398,876	\$ 2,313,735
Accounts receivable, net	328,869	26,613	355,482
Inventories	25,000	-	25,000
Total current assets	2,268,728	425,489	2,694,217
Noncurrent assets:			
Capital assets:			
Land	1,680,689	-	1,680,689
Infrastructure	6,481,094	1,273,481	7,754,575
Intangible assets	86,653	766	87,419
Buildings	15,752	-	15,752
Machinery and equipment	517,629	97,470	615,099
Construction in progress	318,638	-	318,638
Less accumulated depreciation	(3,947,766)	(534,408)	(4,482,174)
Total noncurrent assets	5,152,689	837,309	5,989,998
Total assets	7,421,417	1,262,798	8,684,215
Liabilities:			
Current Liabilities:			
Accounts payable	13,354	393	13,747
Salaries payable	5,792	1,111	6,903
Other accrued expenses	2,252	-	2,252
Customer deposits payable	236,421	-	236,421
Compensated absences	8,660	1,874	10,534
Total current liabilities	266,479	3,378	269,857
Noncurrent Liabilities:			
Compensated absences	77,938	16,870	94,808
Total noncurrent liabilities	77,938	16,870	94,808
Total liabilities	344,417	20,248	364,665
Net Position:			
Net investment in capital assets	5,152,689	837,309	5,989,998
Restricted for capital improvements	489,013	-	489,013
Unrestricted	1,435,298	405,241	1,840,539
Total net position	\$ 7,077,000	\$ 1,242,550	\$ 8,319,550

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

For the Year Ended September 30, 2018

	Enterprise Funds		Total
	Water	Stormwater	
Revenues:			
Charges for Services	\$ 1,426,217	\$ 145,708	\$ 1,571,925
Total operating revenues	1,426,217	145,708	1,571,925
Operating Expenses:			
Salaries and Benefits	373,190	71,362	444,552
Contractual Services	54,193	6,817	61,010
Repairs and Maintenance	53,665	5,940	59,605
Other Supplies and Expenses	200,043	12,338	212,381
Depreciation	192,520	40,518	233,038
Total operating expenses	873,611	136,975	1,010,586
Operating income	552,606	8,733	561,339
Nonoperating Revenues (expenses):			
Interest and Investment Income	11,586	2,556	14,142
Capital Grants and Contributions	138,063	-	138,063
Total nonoperating revenue (expenses)	149,649	2,556	152,205
Income before transfers	702,255	11,289	713,544
Impact Fees	290,194	-	290,194
Capital Grants and Contributions	316,504	-	316,504
Change in net position	1,308,953	11,289	1,320,242
Total Net Position, beginning, as restated	5,768,047	1,231,261	6,999,308
Total Net Position, ending	\$ 7,077,000	\$ 1,242,550	\$ 8,319,550

Statement of Cash Flows - Proprietary Funds

For the Year Ended September 30, 2018

	Enterprise Funds		
	Water	Stormwater	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 1,281,063	\$ 147,900	\$ 1,428,963
Payments to suppliers	(352,967)	(111,510)	(464,477)
Payments to employees	(376,535)	(73,664)	(450,199)
Net cash provided (used) by operating activities	<u>551,561</u>	<u>(37,274)</u>	<u>514,287</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(445,632)	(13,864)	(459,496)
Impact fees	290,194	-	290,194
Capital grants	138,063	-	138,063
Net cash provided (used) by capital and related financing activities	<u>(17,375)</u>	<u>(13,864)</u>	<u>(31,239)</u>
Cash Flows from Investing Activities:			
Investment income	11,586	2,556	14,142
Net cash provided by investing activities	<u>11,586</u>	<u>2,556</u>	<u>14,142</u>
Net increase in cash and cash equivalents	545,772	(48,582)	497,190
Cash and cash equivalents, beginning	1,355,223	447,458	1,802,681
Cash and cash equivalents, ending	<u>\$ 1,900,995</u>	<u>\$ 398,876</u>	<u>\$ 2,299,871</u>

	Enterprise Funds		
	Water	Stormwater	Total
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities			
Operating income	\$ 552,606	\$ 8,733	\$ 561,339
Adjustments Not Affecting Cash:			
Depreciation and amortization	192,520	40,518	233,038
Change in Assets and Liabilities:			
Decrease (increase) in accounts receivable	18,187	2,192	20,379
Decrease in inventory	(11,309)	-	(11,309)
Increase (decrease) in accounts payable	(33,757)	(86,415)	(120,172)
Increase (Decrease) in accrued liabilities	(552)	(108)	(660)
Increase (Decrease) in deferred revenue	(186,300)	-	(186,300)
Increase in compensated absences	9,190	2,208	11,398
Increase in OPEB obligation	(11,983)	(4,402)	(16,385)
Increase in customer deposits	22,959	-	22,959
Total adjustments	(1,045)	(46,007)	(47,052)
Net cash provided (used) by operating activities	\$ 551,561	\$ (37,274)	\$ 514,287
Noncash Capital and Financing Activities:			
Contributed capital assets	\$ 316,504	\$ -	\$ 316,504

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

The City of Mascotte Community Redevelopment Fund

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

Government-Wide and Fund Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The government reports the following funds:

Major Governmental Funds

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

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

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

Nonmajor Governmental Fund Types

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Proprietary Funds

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the City's water function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

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

Deposits and Investments

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

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

Receivables and Payables

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Inventories and Prepaid Items

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

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

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City's capitalization policy as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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. No interest was capitalized for the year ended September 30, 2018.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The City does not have any item that qualifies for reporting in this category for the year ended September 30, 2018.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. The City does not have any item that qualifies for reporting in this category for the year ended September 30, 2018.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any item that qualifies for reporting in this category for the year ended September 30, 2018.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City does not have any item that qualifies for reporting in this category for the year ended September 30, 2018.

Net Position Flow Assumptions

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds." The details of this (\$292,026) difference are as follows:

Compensated Absences	\$ 292,026
Net adjustment to reduce <i>fund balance, total governmental funds</i>	
to arrive at <i>net position, governmental activities</i>	<u>\$ 292,026</u>

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net positions of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$129,894 difference are as follows:

Capital outlay	\$ 399,104
Depreciation expense	<u>(269,210)</u>
Net adjustment to decrease net changes in fund balances,	
<i>total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u><u>\$ 129,894</u></u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this (\$92,339) difference are as follows:

Compensated absences	\$ 26,625
Other post employment benefits	<u>(118,964)</u>
Net adjustment to decrease net changes in fund balances,	
<i>total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u><u>\$ (92,339)</u></u>

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

Appropriations in Excess of Funds Available

Appropriations for the Police Forfeitures special revenue fund, and Road Impact special revenue fund were in excess of anticipated revenue and prior years' fund balance.

NOTE 4 DEPOSITS AND INVESTMENTS

Deposits

At year-end, the carrying amount of the City's deposits was \$5,377,626 and the bank balance was \$5,554,484. Petty cash funds of \$1,100 are not on deposit with a financial institution.

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

Investments

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

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the City's own data in measuring unobservable inputs. The City had no investments as defined by GASB Statement No. 72 as of September 30, 2018.

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

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

The City does not have an investment policy that addresses credit risk, concentration of credit risk, custodial credit risk, or interest rate risk. However, all deposits are potentially subject to custodial credit risk. The City policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposit Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2018, all of the City's bank deposits were in qualified public depositories.

NOTE 5 RECEIVABLES

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

	General Fund	Water Fund	Stormwater Fund	Other Governmental Funds	Total
Receivables:					
Accounts	\$ 47,736	\$ 350,418	\$ 28,831	\$ 86	\$ 427,071
Less allowance for uncollectible accounts	(2,818)	(21,549)	(2,218)	-	(26,585)
	<u>\$ 44,918</u>	<u>\$ 328,869</u>	<u>\$ 26,613</u>	<u>\$ 86</u>	<u>\$ 400,486</u>

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,181,582	\$ -	\$ -	\$ 2,181,582
Construction in progress	157,079	93,144	(216,111)	34,112
Total capital assets, not being depreciated	2,338,661	93,144	(216,111)	2,215,694
Capital assets, being depreciated:				
Buildings	2,116,223	-	-	2,116,223
Improvements/infrastructure	2,532,159	71,146	-	2,603,305
Machinery and equipment	2,399,495	255,998	(233,420)	2,422,073
Intangible assets	160,514	-	-	160,514
Total capital assets, being depreciated	7,208,391	327,144	(233,420)	7,302,115
Less accumulated depreciation for:				
Buildings	(905,307)	(50,477)	-	(955,784)
Improvements/infrastructure	(1,708,235)	(99,153)	-	(1,807,388)
Machinery and equipment	(1,975,654)	(138,882)	129,927	(1,984,609)
Intangible assets	(153,860)	(1,882)	-	(155,742)
Total accumulated depreciation	(4,743,056)	(290,394)	129,927	(4,903,523)
Total capital assets, being depreciated, net	2,465,335	36,750	(103,493)	2,398,592
Government activities capital assets, net	\$ 4,803,996	\$ 129,894	\$ (319,604)	\$ 4,614,286

Increases in accumulated depreciation for governmental activities include accumulated depreciation on assets transferred from business type activities in the amount of \$21,184.

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,680,689	\$ -	\$ -	\$ 1,680,689
Construction in progress	-	318,638	-	318,638
Total capital assets, not being depreciated	1,680,689	318,638	-	1,999,327
Capital assets, being depreciated:				
Buildings	20,372	-	(4,620)	15,752
Improvements/Infrastructure	7,705,945	116,082	(67,452)	7,754,575
Machinery and equipment	348,874	316,504	(50,279)	615,099
Intangible assets	76,507	10,912	-	87,419
Total capital assets, being depreciated	8,151,698	443,498	(122,351)	8,472,845
Less accumulated depreciation for:				
Buildings	(6,726)	(1,575)	4,620	(3,681)
Improvements/Infrastructure	(4,015,360)	(211,959)	67,452	(4,159,867)
Machinery and equipment	(312,673)	(16,119)	50,279	(278,513)
Intangible assets	(36,728)	(3,385)	-	(40,113)
Total accumulated depreciation	(4,371,487)	(233,038)	122,351	(4,482,174)
Total capital assets, being depreciated, net	3,780,211	210,460	-	3,990,671
Business-type activities capital assets, net	\$ 5,460,900	\$ 529,098	\$ -	\$ 5,989,998

NOTE 6 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$	90,497
Public safety		102,183
Transportation/public works		49,793
Culture and recreation		26,737
Total depreciation expense, governmental activities	\$	269,210

Business-type Activities:

Water	\$	192,520
Stormwater		40,518
Total depreciation expense, business type activities	\$	233,038

NOTE 7 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 265,401	\$ 26,625	-	\$ 292,026	\$ 29,203
Other post employment benefits	118,964	-	(118,964)	-	-
Governmental activity long-term liabilities	<u>\$ 384,365</u>	<u>\$ 26,625</u>	<u>\$ (118,964)</u>	<u>\$ 292,026</u>	<u>\$ 29,203</u>
Business-Type Activities:					
Compensated absences	\$ 93,944	\$ 11,398	-	\$ 105,342	\$ 10,534
Other post employment benefits	16,385	-	(16,385)	-	-
Business-type activity long-term liabilities	<u>\$ 110,329</u>	<u>\$ 11,398</u>	<u>\$ (16,385)</u>	<u>\$ 105,342</u>	<u>\$ 10,534</u>

NOTE 8 RETIREMENT PLAN

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

Eligibility

The plan covers all employees of the City who on the effective date of the plan has (a) completed one year of service prior to the effective date, and (b) attained age 18.

Funding Policy

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

During the year ended September 30, 2018, the City's total payroll was \$1,886,126. The City contributed \$184,194 to the plan for the year ended September 30, 2018. Of this total, \$13,282 was contributed from the forfeiture account.

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

Vesting Schedule

All voluntary contributions are fully vested to participant. The City's contributions are vested to the individual participants' accounts as follows:

<u>Years of Service</u>	<u>% Vested</u>
5 or more	100%

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

NOTE 9 DEFERRED COMPENSATION PLAN

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

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

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

NOTE 11 COMMITMENTS AND CONTINGENCIES

Litigation

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2018. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

Risk Management

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

NOTE 12 FUND BALANCE

At September 30, 2018 the City's governmental fund balances were as follows:

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Special Revenue Fund	Other Governmental Funds	Total
Fund Balances					
Nonspendable:					
Inventory	\$ 6,481	\$ -	\$ -	\$ -	\$ 6,481
Prepaid	847	-	-	-	847
Spendable:					
Restricted for:					
Public safety	-	-	-	304,621	304,621
Culture and recreation	-	-	-	91,384	91,384
Infrastructure	-	631,127	-	-	631,127
Community redevelopment	-	-	25,478	-	25,478
Unassigned	1,928,220	-	-	-	1,928,220
	<u>\$ 1,935,548</u>	<u>\$ 631,127</u>	<u>\$ 25,478</u>	<u>\$ 396,005</u>	<u>\$ 2,988,158</u>

NOTE 13 SUBSEQUENT EVENTS

Subsequent to year end, the City authorized the issuance of Infrastructure Sales Surtax Revenue Bonds, Series 2018, not to exceed \$3,000,000 to finance the construction of a new fire station.

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet - Other Governmental Funds

September 30, 2018

	Police Education	Police Forfeitures	Police Impact
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 31,115	\$ -	\$ 104,942
Other receivables	86	-	-
Total assets	<u><u>\$ 31,201</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 104,942</u></u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Fund Balances:			
Restricted	31,201	-	104,942
Total fund balances	<u><u>31,201</u></u>	<u><u>-</u></u>	<u><u>104,942</u></u>
Total liabilities and fund balances	<u><u>\$ 31,201</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 104,942</u></u>

Fire Impact	Parks and Recreation Impact	Road Impact	Total Other Governmental Funds
\$ 168,478	\$ 91,384	\$ -	\$ 395,919
-	-	-	86
<u>\$ 168,478</u>	<u>\$ 91,384</u>	<u>\$ -</u>	<u>\$ 396,005</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
168,478	91,384	-	396,005
<u>168,478</u>	<u>91,384</u>	<u>-</u>	<u>396,005</u>
<u>\$ 168,478</u>	<u>\$ 91,384</u>	<u>\$ -</u>	<u>\$ 396,005</u>

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Other Governmental Funds**

For the Year Ended September 30, 2018

	Police Education	Police Forfeitures	Police Impact
Revenues:			
Fees and fines	\$ 976	\$ -	\$ -
Impact fees/special assessments	-	-	86,465
Investment earnings	229	-	354
Total revenues	1,205	-	86,819
Expenditures:			
Current:			
Public safety	4,856	5	3,891
Public works	-	-	-
Culture and recreation	-	-	-
Total expenditures	4,856	5	3,891
Excess (deficiency) of revenues over expenditures	(3,651)	(5)	82,928
Net change in fund balances	(3,651)	(5)	82,928
Fund balances, beginning	34,852	5	22,014
Fund balances, ending	\$ 31,201	\$ -	\$ 104,942

Fire Impact	Parks and Recreation Impact	Road Impact	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ 976
127,739	62,403	12,500	289,107
650	420	-	1,653
<u>128,389</u>	<u>62,823</u>	<u>12,500</u>	<u>291,736</u>
11,475	-	-	20,227
-	-	56,504	56,504
-	15,516	-	15,516
<u>11,475</u>	<u>15,516</u>	<u>56,504</u>	<u>92,247</u>
<u>116,914</u>	<u>47,307</u>	<u>(44,004)</u>	<u>199,489</u>
116,914	47,307	(44,004)	199,489
51,564	44,077	44,004	196,516
<u>\$ 168,478</u>	<u>\$ 91,384</u>	<u>\$ -</u>	<u>\$ 396,005</u>

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Police Education

For the Year Ended September 30,2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fees and fines	\$ 1,000	\$ 1,000	\$ 976	\$ (24)
Investment earnings	-	-	229	229
Total revenues	1,000	1,000	1,205	205
Expenditures				
Current:				
Public safety	8,500	8,500	4,856	3,644
Total expenditures	8,500	8,500	4,856	3,644
Excess (deficiency) of revenues over expenditures	(7,500)	(7,500)	(3,651)	3,849
Net change in fund balance	(7,500)	(7,500)	(3,651)	3,849
Fund balance, beginning	34,852	34,852	34,852	-
Fund balance, ending	\$ 27,352	\$ 27,352	\$ 31,201	\$ 3,849

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual - Police Forfeitures

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ 100	\$ 100	\$ -	\$ (100)
Total revenues	100	100	-	(100)
Expenditures:				
Current:				
Public safety	1,300	1,300	5	1,295
Total expenditures	1,300	1,300	5	1,295
Excess (deficiency) of revenues over expenditures	(1,200)	(1,200)	(5)	1,195
Net change in fund balance	(1,200)	(1,200)	(5)	1,195
Fund balance, beginning	5	5	5	-
Fund balance, ending	\$ (1,195)	\$ (1,195)	\$ -	\$ 1,195

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual - Police Impact

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 6,900	\$ 6,900	\$ 86,465	\$ 79,565
Investment earnings	-	-	354	354
Total revenues	6,900	6,900	86,819	79,919
Expenditures:				
Current:				
Public safety	6,900	6,900	3,891	3,009
Total expenditures	6,900	6,900	3,891	3,009
Excess (deficiency) of revenues over expenditures	-	-	82,928	82,928
Net change in fund balance	-	-	82,928	82,928
Fund balance, beginning	22,014	22,014	22,014	-
Fund balance, ending	\$ 22,014	\$ 22,014	\$ 104,942	\$ 82,928

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual - Fire Impact

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 10,000	\$ 10,000	\$ 127,739	\$ 117,739
Investment earnings	-	-	650	650
Total revenues	10,000	10,000	128,389	118,389
Expenditures:				
Current:				
Public safety	21,000	21,000	11,475	9,525
Total expenditures	21,000	21,000	11,475	9,525
Excess (deficiency) of revenues over expenditures	(11,000)	(11,000)	116,914	127,914
Net change in fund balance	(11,000)	(11,000)	116,914	127,914
Fund balance, beginning	51,564	51,564	51,564	-
Fund balance, ending	\$ 40,564	\$ 40,564	\$ 168,478	\$ 127,914

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual - Parks and Recreation Impact

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 10,400	\$ 10,400	\$ 62,403	\$ 52,003
Investment earnings	-	-	420	420
Total revenues	10,400	10,400	62,823	52,423
Expenditures:				
Current:				
Culture and recreation	15,000	15,000	15,516	(516)
Total expenditures	15,000	15,000	15,516	(516)
Excess (deficiency) of revenues over expenditures	(4,600)	(4,600)	47,307	51,907
Net change in fund balance	(4,600)	(4,600)	47,307	51,907
Fund balance, beginning	44,077	44,077	44,077	-
Fund balance, ending	\$ 39,477	\$ 39,477	\$ 91,384	\$ 51,907

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual - Road Impact

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 12,500	\$ 12,500	\$ 12,500	\$ -
Total revenues	12,500	12,500	12,500	-
Expenditures:				
Current:				
Public works	10,000	56,600	56,504	96
Total expenditures	10,000	56,600	56,504	96
Excess (deficiency) of revenues over expenditures	2,500	(44,100)	(44,004)	96
Net change in fund balance	2,500	(44,100)	(44,004)	96
Fund balance, beginning	44,004	44,004	44,004	-
Fund balance, ending	\$ 46,504	\$ (96)	\$ -	\$ 96

Other Reports

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

The Honorable Mayor and City Council
City of Mascotte, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the *City of Mascotte, Florida*, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the *City of Mascotte, Florida's* internal control over financial reporting (internal control) 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 *City of Mascotte's* internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *City of Mascotte's* financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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, or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

McDiernit Davis & Company, LLC

Orlando, Florida
January 9, 2019

INDEPENDENT AUDITOR MANAGEMENT LETTER

Honorable Mayor and City Council
City of Mascotte, Florida

Report on the Financial Statements

We have audited the financial statements of the *City of Mascotte, Florida*, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated January 9, 2019.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 9, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of this Letter

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

McDiernit Davis & Company, LLC

Orlando, Florida
January 9, 2019

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

The Honorable Mayor and City Council
City of Mascotte, Florida

We have examined City of Mascotte's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, City of Mascotte complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

McDirmit Davis & Company, LLC

Orlando, Florida
January 9, 2019