

Financial Report

September 30, 2019



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, 2019, 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, 2019, 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.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 21, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *City of Mascotte's* internal control over financial reporting and compliance.

McDiarmid Davis

Orlando, Florida
January 21, 2020

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, 2019. 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 \$17,900,108 (net position). Of this amount, \$4,673,304 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 \$2,270,140.
- As of the close of the current fiscal year, the *City of Mascotte's* governmental funds reported combined ending fund balances of \$6,162,619, an increase of \$3,174,461 in comparison with the prior year. Approximately 36% of this total amount, \$2,412,480, 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 \$2,412,480 or 67% 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 seven 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 four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The *City of Mascotte* adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund, the Infrastructure Special Revenue Fund, 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 44 - 47.

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 - 39 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 40 - 47 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 \$17,900,108 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	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 6,271,154	\$ 3,230,354	\$ 3,916,388	\$ 2,694,217	\$ 10,187,542	\$ 5,924,571
Capital assets	4,834,062	4,614,286	6,151,368	5,989,998	10,985,430	10,604,284
Total Assets	11,105,216	7,844,640	10,067,756	8,684,215	21,172,972	16,528,855
Liabilities:						
Long term liabilities	2,756,437	292,026	100,647	105,342	2,857,084	397,368
Other liabilities	136,262	242,196	279,518	259,323	415,780	501,519
Total Liabilities	2,892,699	534,222	380,165	364,665	3,272,864	898,887
Net Position:						
Net investment in capital assets	4,562,988	4,614,286	6,151,368	5,989,998	10,714,356	10,604,284
Restricted	1,571,310	1,052,609	941,138	489,013	2,512,448	1,541,622
Unrestricted	2,078,219	1,643,523	2,595,085	1,840,539	4,673,304	3,484,062
Total Net Position	\$ 8,212,517	\$ 7,310,418	\$ 9,687,591	\$ 8,319,550	\$ 17,900,108	\$ 15,629,968

\$10,714,356 (60%) 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 \$2,512,448 (14%). The remaining balance of *unrestricted net position* (\$4,673,304 or 26%) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$2,270,140 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	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 2,021,285	\$ 1,602,312	\$ 1,789,402	\$ 1,571,925	\$ 3,810,687	\$ 3,174,237
Operating grants and contributions	165,168	116,899	-	-	165,168	116,899
Capital grants and contributions	-	-	788,410	428,257	788,410	428,257
General revenues:						
Property taxes	1,097,214	953,464	-	-	1,097,214	953,464
Franchise and utility taxes	509,047	468,430	-	-	509,047	468,430
Intergovernmental	1,215,597	1,200,507	-	-	1,215,597	1,200,507
Investment income and miscellaneous	206,970	134,589	26,200	14,142	233,170	148,731
Total revenues	5,215,281	4,476,201	2,604,012	2,014,324	7,819,293	6,490,525
Expenses:						
General government	1,155,286	807,459	-	-	1,155,286	807,459
Public safety	2,227,865	1,969,787	-	-	2,227,865	1,969,787
Public works	418,637	420,049	-	-	418,637	420,049
Sanitation	395,933	370,770	-	-	395,933	370,770
Culture and recreation	28,981	26,737	-	-	28,981	26,737
Interest on long-term debt	86,480	-	-	-	86,480	-
Water	-	-	1,081,827	873,611	1,081,827	873,611
Stormwater	-	-	154,144	136,975	154,144	136,975
Total expenses	4,313,182	3,594,802	1,235,971	1,010,586	5,549,153	4,605,388
Increase (decrease) in net position before transfers	902,099	881,399	1,368,041	1,003,738	2,270,140	1,885,137
Transfers	-	(316,504)	-	316,504	-	-
Increase (decrease) in Net position	902,099	564,895	1,368,041	1,320,242	2,270,140	1,885,137
Net position, October 1	7,310,418	6,745,523	8,319,550	6,999,308	15,629,968	13,744,831
Net position, September 30	\$ 8,212,517	\$ 7,310,418	\$ 9,687,591	\$ 8,319,550	\$ 17,900,108	\$ 15,629,968

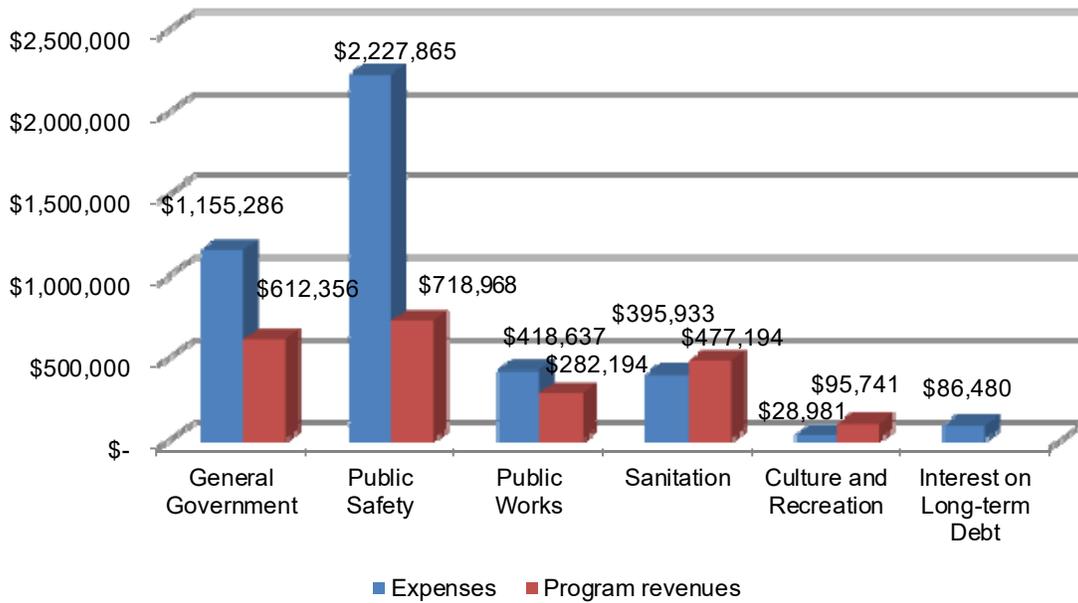
Governmental Activities

Governmental activities increased the City of Mascotte's net position by \$902,099. This was due to increases in charges for services related to increased permitting revenues and impact fees.

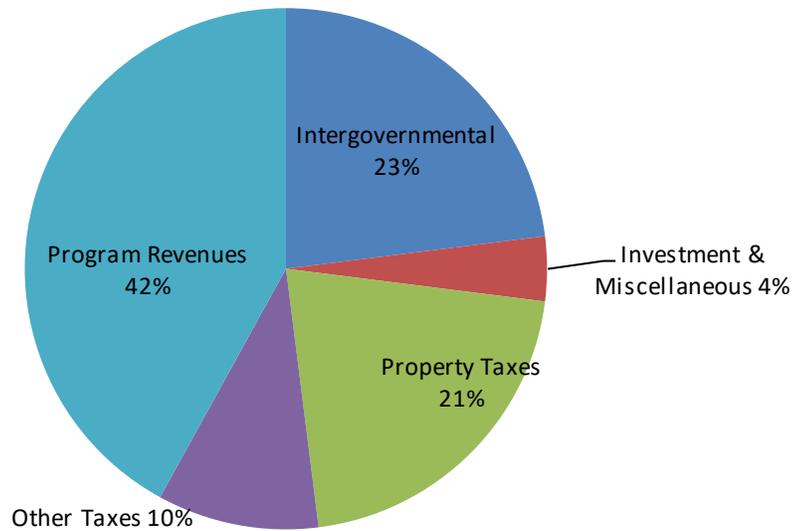
Business-Type Activities

Business-type activities increased the City of Mascotte's net position by \$1,368,041 primarily due to increased capital grants and contributions.

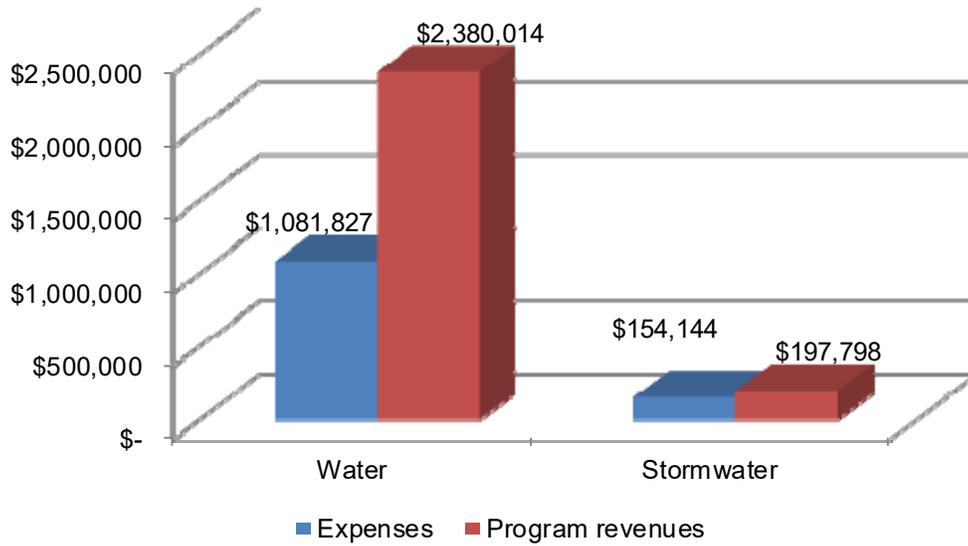
Expenses and Program Revenues - Governmental Activities



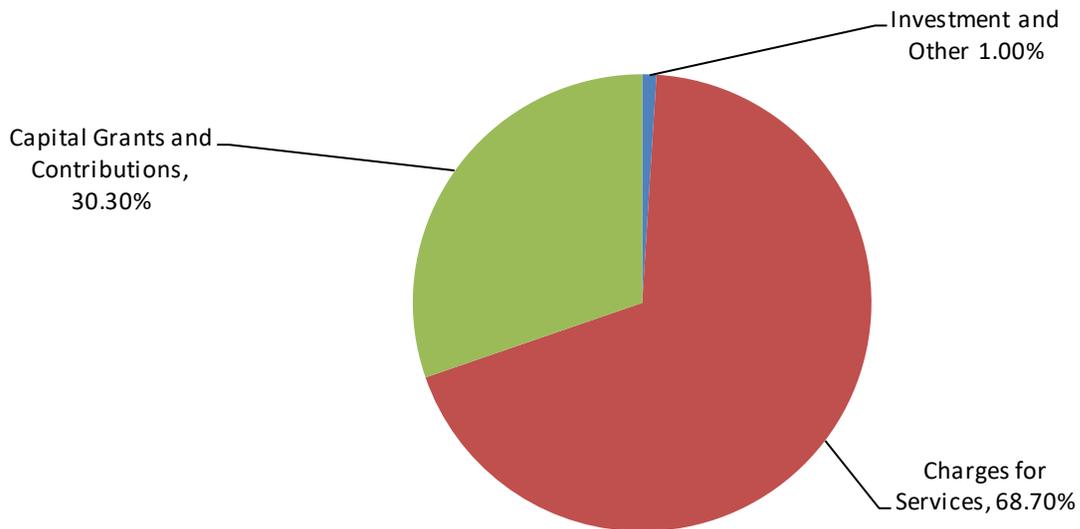
Revenue by Source - Governmental Activities



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 \$6,162,619, an increase of \$3,174,461 in comparison with the prior year. Approximately 39% or \$2,412,280 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 \$2,412,280 while total fund balance was \$2,422,205. 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 67% and 67% respectively, of total General Fund expenditures.

The fund balance of the general fund increased by \$486,657 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 \$2,595,085. The total increase in net position for these funds was \$1,368,041. 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 \$220,931 more than budgeted revenues and actual expenditures were \$228,749 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, 2019, amounts to \$10,985,430 (net of accumulated depreciation), for an increase of \$381,146 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 3.6% (a 4.8% increase for governmental activities, and 2.7% increase for business-type activities).

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,978,831	\$ 2,181,582	\$ 1,680,689	\$ 1,680,689	\$ 3,659,520	\$ 3,862,271
Construction in progress	130,896	34,112	-	318,638	130,896	352,750
Buildings	1,121,197	1,160,439	10,496	12,071	1,131,693	1,172,510
Improvements / infrastructure	844,134	795,917	4,037,306	3,594,708	4,881,440	4,390,625
Machinery and equipment	755,654	437,464	378,461	336,586	1,134,115	774,050
Intangibles	3,350	4,772	44,416	47,306	47,766	52,078
Total	\$ 4,834,062	\$ 4,614,286	\$ 6,151,368	\$ 5,989,998	\$ 10,985,430	\$ 10,604,284

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

Long-Term Debt

At the end of the current fiscal year, the *City of Mascotte* had total debt outstanding of \$2,440,178. This debt includes bonds payable and capital leases. Additional information on long-term debt can be found in Note 7 and 8 of this report.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Bonds payable	\$ 2,300,000	\$ -	\$ -	\$ -	\$ 2,300,000	\$ -
Capital leases	140,178	-	-	-	140,178	-
	\$ 2,440,178	\$ -	\$ -	\$ -	\$ 2,440,178	\$ -

The City's total debt increased by \$2,440,178 during the current fiscal year.

Next Year's Budget and Rates

During the current fiscal year, the unassigned fund balance in the General Fund totaled \$2,412,480. None of the unassigned fund balance is budgeted for appropriations in the 2020 budget. The City is expecting to incur enough revenues in 2020 to cover expenditures to mitigate any need to draw on 2019 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, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 3,912,473	\$ 3,627,687	\$ 7,540,160
Receivables, net	73,894	247,829	321,723
Due from other governments	105,958	-	105,958
Inventories	9,725	40,872	50,597
Restricted assets:			
Restricted cash or investments	2,169,104	-	2,169,104
Capital assets:			
Capital assets not being depreciated	2,109,727	1,680,689	3,790,416
Capital assets being depreciated, net of accumulated depreciation	2,724,335	4,470,679	7,195,014
Total assets	11,105,216	10,067,756	21,172,972
Liabilities:			
Accounts payable and accrued expenses	108,535	16,422	124,957
Accrued interest	27,727	-	27,727
Deposits payable	-	263,096	263,096
Noncurrent liabilities:			
Due within one year	124,302	10,064	134,366
Due in more than one year	2,632,135	90,583	2,722,718
Total liabilities	2,892,699	380,165	3,272,864
Net Position:			
Net investment in capital assets	4,562,988	6,151,368	10,714,356
Restricted for:			
Infrastructure	814,467	-	814,467
Capital improvements	-	941,138	941,138
Community redevelopment	56,453	-	56,453
Public safety	524,159	-	524,159
Culture and recreation	176,231	-	176,231
Unrestricted	2,078,219	2,595,085	4,673,304
Total net position	\$ 8,212,517	\$ 9,687,591	\$ 17,900,108

City of Mascotte, Florida
Statement of Activities
For the Year Ended September 30, 2019

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 1,155,286	\$ 606,356	\$ 6,000	\$ -	\$ (542,930)	\$ -	\$ (542,930)
Public Safety	2,227,865	716,281	2,687	-	(1,508,897)	-	(1,508,897)
Public Works	418,637	125,713	156,481	-	(136,443)	-	(136,443)
Sanitation	395,933	477,194	-	-	81,261	-	81,261
Culture and Recreation	28,981	95,741	-	-	66,760	-	66,760
Interest on Long-term debt	86,480	-	-	-	(86,480)	-	(86,480)
Total governmental activities	4,313,182	2,021,285	165,168	-	(2,126,729)	-	(2,126,729)
Business-type activities:							
Water	1,081,827	1,591,604	-	788,410	-	1,298,187	1,298,187
Stormwater	154,144	197,798	-	-	-	43,654	43,654
Total business-type activities	1,235,971	1,789,402	-	788,410	-	1,341,841	1,341,841
Total primary government	\$ 5,549,153	\$ 3,810,687	\$ 165,168	\$ 788,410	(2,126,729)	1,341,841	(784,888)
General Revenues:							
Property taxes					1,097,214	-	1,097,214
Franchise and utility taxes					509,047	-	509,047
Intergovernmental					1,215,597	-	1,215,597
Unrestricted investment earnings					41,463	20,463	61,926
Miscellaneous					165,507	5,737	171,244
Total general revenues and transfers					3,028,828	26,200	3,055,028
Change in net position					902,099	1,368,041	2,270,140
Net position, beginning					7,310,418	8,319,550	15,629,968
Net position, ending					\$ 8,212,517	\$ 9,687,591	\$ 17,900,108

City of Mascotte, Florida
Balance Sheet - Governmental Funds
September 30, 2019

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 2,376,907	\$ 777,894	\$ 57,380	\$ 700,292	\$ 3,912,473
Due from other governments	69,385	36,573	-	-	105,958
Other receivables	73,714	-	-	180	73,894
Inventories	9,725	-	-	-	9,725
Restricted cash and cash equivalents	-	2,169,104	-	-	2,169,104
Total assets	\$ 2,529,731	\$ 2,983,571	\$ 57,380	\$ 700,472	\$ 6,271,154
Liabilities:					
Accounts payable	\$ 69,169	\$ -	\$ -	\$ 82	\$ 69,251
Deposits payable	-	-	-	-	-
Other accrued expenses	38,357	-	927	-	39,284
Total liabilities	107,526	-	927	82	108,535
Fund Balances:					
Nonspendable	9,725	-	-	-	9,725
Restricted	-	2,983,571	56,453	700,390	3,740,414
Unassigned	2,412,480	-	-	-	2,412,480
Total fund balances	2,422,205	2,983,571	56,453	700,390	6,162,619
Total liabilities and fund balances	\$ 2,529,731	\$ 2,983,571	\$ 57,380	\$ 700,472	\$ 6,271,154

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

September 30, 2019

Total Fund Balance, governmental funds	\$ 6,162,619
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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.	4,834,062
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Accrued interest payable is not due in the current period and therefore is not reported in the funds.	(27,727)
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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>(2,756,437)</u>
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Net position of governmental activities in the statement of net position	<u><u>\$ 8,212,517</u></u>
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**Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds**

For the Year Ended September 30, 2019

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 976,043	\$ -	\$ 121,171	\$ -	\$ 1,097,214
Franchise and utility	509,047	-	-	-	509,047
Fees and fines	10,813	-	-	3,754	14,567
Impact fees/special assessments	-	-	-	467,767	467,767
Licenses and permits	521,168	-	-	-	521,168
Intergovernmental	836,854	543,911	-	-	1,380,765
Charges for services	1,017,783	-	-	-	1,017,783
Investment earnings	18,716	18,584	537	3,626	41,463
Miscellaneous	165,507	-	-	-	165,507
Total revenues	4,055,931	562,495	121,708	475,147	5,215,281
Expenditures:					
Current:					
General government	1,009,752	36,299	90,733	-	1,136,784
Public safety	1,948,887	301,895	-	299,179	2,549,961
Public works	252,607	113,104	-	-	365,711
Sanitation	395,005	-	-	-	395,005
Culture and recreation	-	-	-	11,761	11,761
Debt service:					
Principal	-	-	-	21,147	21,147
Interest and other charges	-	58,753	-	-	58,753
Total expenditures	3,606,251	510,051	90,733	332,087	4,539,122
Excess (deficiency) of revenues over expenditures	449,680	52,444	30,975	143,060	676,159
Other Financing Sources (Uses):					
Bonds issued	-	2,300,000	-	-	2,300,000
Capital leases	-	-	-	161,325	161,325
Sale of general capital assets	36,977	-	-	-	36,977
Total other financing sources (uses)	36,977	2,300,000	-	161,325	2,498,302
Net change in fund balances	486,657	2,352,444	30,975	304,385	3,174,461
Fund balances, beginning	1,935,548	631,127	25,478	396,005	2,988,158
Fund balances, ending	\$ 2,422,205	\$ 2,983,571	\$ 56,453	\$ 700,390	\$ 6,162,619

**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, 2019

Net Change in Fund Balances, total governmental funds: \$ 3,174,461

Amounts reported for governmental activities in the Statement of Activities are different because

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

This is the amount by which capital outlays exceeded depreciation in the current period. 428,124

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and disposals) is to decrease net position (208,348)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds. (2,440,178)

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. (51,960)

Change in net position of governmental activities \$ 902,099

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

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 1,012,105	\$ 1,012,105	\$ 976,043	\$ (36,062)
Franchise and utility	469,800	469,800	509,047	39,247
Fees and fines	12,500	12,500	10,813	(1,687)
Licenses and permits	415,500	502,100	521,168	19,068
Intergovernmental	783,095	826,595	836,854	10,259
Charges for services	900,500	908,900	1,017,783	108,883
Investment earnings	15,000	15,000	18,716	3,716
Miscellaneous	88,000	88,000	165,507	77,507
Total revenues	3,696,500	3,835,000	4,055,931	220,931
Expenditures:				
Current:				
General government	990,800	1,078,400	1,009,752	68,648
Public safety	2,090,800	2,090,800	1,948,887	141,913
Public works	234,900	264,900	252,607	12,293
Sanitation	380,000	400,900	395,005	5,895
Total expenditures	3,696,500	3,835,000	3,606,251	228,749
Excess (deficiency) of revenues over expenditures	-	-	449,680	449,680
Net change in fund balances	-	-	449,680	449,680
Fund balance, beginning	1,935,548	1,935,548	1,935,548	-
Fund balance, ending	\$ 1,935,548	\$ 1,935,548	\$ 2,385,228	\$ 449,680

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Infrastructure Special Revenue Fund

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,233,000	\$ 1,233,000	\$ 543,911	\$ (689,089)
Investment earnings	-	-	18,584	18,584
Total revenues	1,233,000	1,233,000	562,495	(670,505)
Expenditures:				
Current:				
General government	-	-	36,299	(36,299)
Public safety	4,073,000	4,073,000	301,895	3,771,105
Public works	-	-	113,104	(113,104)
Culture and recreation	-	-	-	-
Debt service:				
Principal	150,000	150,000	-	150,000
Interest	237,000	237,000	58,753	178,247
Total expenditures	4,460,000	4,460,000	510,051	3,949,949
Excess (deficiency) of revenues over expenditures	(3,227,000)	(3,227,000)	52,444	3,279,444
Other Financing Sources (Uses):				
Bonds	3,000,000	3,000,000	2,300,000	700,000
Total other financing sources (uses)	3,000,000	3,000,000	2,300,000	700,000
Net change in fund balances	(227,000)	(227,000)	2,352,444	3,979,444
Fund balance, beginning	631,127	631,127	631,127	-
Fund balance, ending	\$ 404,127	\$ 404,127	\$ 2,983,571	\$ 3,979,444

Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - Community Redevelopment Fund

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 118,900	\$ 118,900	\$ 121,171	\$ 2,271
Investment earnings	-	-	537	537
Total revenues	118,900	118,900	121,708	2,808
Expenditures:				
Current:				
General government	107,500	107,500	90,733	16,767
Total expenditures	107,500	107,500	90,733	16,767
Excess (deficiency) of revenues over expenditures	11,400	11,400	30,975	19,575
Net change in fund balances	11,400	11,400	30,975	19,575
Fund balance, beginning	25,478	25,478	25,478	-
Fund balance, ending	\$ 36,878	\$ 36,878	\$ 56,453	\$ 19,575

City of Mascotte, Florida
Statement of Net Position - Proprietary Funds
September 30, 2019

	Enterprise Funds		Total
	Water	Stormwater	
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 3,180,490	\$ 447,197	\$ 3,627,687
Accounts receivable, net	219,437	28,392	247,829
Inventories	40,872	-	40,872
Total current assets	3,440,799	475,589	3,916,388
Noncurrent assets:			
Capital assets:			
Land	1,680,689	-	1,680,689
Infrastructure	7,158,939	1,273,481	8,432,420
Intangible assets	87,653	766	88,419
Buildings	15,752	-	15,752
Machinery and equipment	559,955	137,467	697,422
Less accumulated depreciation	(4,185,203)	(578,131)	(4,763,334)
Total noncurrent assets	5,317,785	833,583	6,151,368
Total assets	8,758,584	1,309,172	10,067,756
Liabilities:			
Current Liabilities:			
Accounts payable	3,797	-	3,797
Salaries payable	8,114	1,462	9,576
Other accrued expenses	3,049	-	3,049
Customer deposits payable	263,096	-	263,096
Compensated absences	8,192	1,872	10,064
Total current liabilities	286,248	3,334	289,582
Noncurrent Liabilities:			
Compensated absences	73,731	16,852	90,583
Total noncurrent liabilities	73,731	16,852	90,583
Total liabilities	359,979	20,186	380,165
Net Position:			
Net investment in capital assets	5,317,785	833,583	6,151,368
Restricted for capital improvements	941,138	-	941,138
Unrestricted	2,139,682	455,403	2,595,085
Total net position	\$ 8,398,605	\$ 1,288,986	\$ 9,687,591

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

For the Year Ended September 30, 2019

	Enterprise Funds		
	Water	Stormwater	Total
Revenues:			
Charges for Services	\$ 1,591,604	\$ 197,798	\$ 1,789,402
Total operating revenues	1,591,604	197,798	1,789,402
Operating Expenses:			
Salaries and Benefits	380,922	78,364	459,286
Contractual Services	89,385	18,658	108,043
Repairs and Maintenance	96,192	4,867	101,059
Other Supplies and Expenses	267,837	8,532	276,369
Depreciation	247,491	43,723	291,214
Total operating expenses	1,081,827	154,144	1,235,971
Operating income	509,777	43,654	553,431
Nonoperating Revenues (expenses):			
Interest and Investment Income	17,681	2,782	20,463
Gain on disposal of capital assets	4,317	-	4,317
Insurance Proceeds	1,420	-	1,420
Total nonoperating revenue (expenses)	23,418	2,782	26,200
Income before transfers	533,195	46,436	579,631
Impact Fees	447,150	-	447,150
Capital Grants and Contributions	341,260	-	341,260
Change in net position	1,321,605	46,436	1,368,041
Total net position, beginning	7,077,000	1,242,550	8,319,550
Total net position, ending	\$ 8,398,605	\$ 1,288,986	\$ 9,687,591

Statement of Cash Flows - Proprietary Funds

For the Year Ended September 30, 2019

	Enterprise Funds		
	Water	Stormwater	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 1,727,711	\$ 196,019	\$ 1,923,730
Payments to suppliers	(478,046)	(32,450)	(510,496)
Payments to employees	(383,275)	(78,033)	(461,308)
Net cash provided (used) by operating activities	866,390	85,536	951,926
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(412,587)	(39,997)	(452,584)
Impact fees	447,150	-	447,150
Capital grants	341,260	-	341,260
Proceeds from sale of capital assets	4,317	-	4,317
Insurance proceeds	1,420	-	1,420
Net cash provided (used) by capital and related financing activities	381,560	(39,997)	341,563
Cash Flows from Investing Activities:			
Investment income	17,681	2,782	20,463
Net cash provided by investing activities	17,681	2,782	20,463
Net increase in cash and cash equivalents	1,265,631	48,321	1,313,952
Cash and cash equivalents, beginning	1,914,859	398,876	2,313,735
Cash and cash equivalents, ending	\$ 3,180,490	\$ 447,197	\$ 3,627,687

	Enterprise Funds		
	Water	Stormwater	Total
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities			
Operating income	\$ 509,777	\$ 43,654	\$ 553,431
Adjustments Not Affecting Cash:			
Depreciation and amortization	247,491	43,723	291,214
Change in Assets and Liabilities:			
Decrease (increase) in accounts receivable	109,432	(1,779)	107,653
Increase in inventory	(15,872)	-	(15,872)
Decrease in accounts payable	(8,760)	(393)	(9,153)
Increase in accrued liabilities	2,322	351	2,673
Decrease in compensated absences	(4,675)	(20)	(4,695)
Increase in customer deposits	26,675	-	26,675
Total adjustments	356,613	41,882	398,495
Net cash provided (used) by operating activities	\$ 866,390	\$ 85,536	\$ 951,926

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, 2019.

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.

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.

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, 2019.

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, 2019.

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.

New Accounting Standards

In fiscal year 2019, the City implemented Government Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement requires additional note disclosures for certain debt issues. There was no effect on beginning balances of the City.

Additionally, the GASB has issued Statement No. 83, *Certain Asset Retirement Obligations* that is effective for this fiscal year. The City has reviewed this statement and determined that this pronouncement has no discernable impact on these financial statements.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Capital Leases	\$ 140,178
Bonds Payable	2,300,000
Compensated Absences	<u>316,259</u>
Net adjustment to reduce <i>fund balance, total governmental funds</i> to arrive at <i>net position, governmental activities</i>	<u>\$ 2,756,437</u>

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

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

Capital outlay	\$ 755,392
Depreciation expense	<u>(327,268)</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>\$ 428,124</u>

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

Notes payable	\$ (2,300,000)
Capital leases	(161,325)
Principal repayment	<u>21,147</u>
Net Adjustment to Increase Net Changes in Fund Balances - <i>total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u>\$ (2,440,178)</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 difference are as follows:

Compensated absences	\$ 24,233
Accrued Interest Payable	<u>27,727</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>\$ 51,960</u>

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

NOTE 4 DEPOSITS AND INVESTMENTS

Deposits

At year-end, the carrying amount of the City's deposits was \$9,708,164 and the bank balance was \$9,808,105. 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.

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, 2019.

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2019, 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	\$ 76,570	\$ 238,016	\$ 30,616	\$ 180	\$ 345,382
Less allowance for uncollectible accounts	(2,856)	(18,579)	(2,224)	-	(23,659)
	<u>\$ 73,714</u>	<u>\$ 219,437</u>	<u>\$ 28,392</u>	<u>\$ 180</u>	<u>\$ 321,723</u>

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,181,582	\$ -	\$ (202,751)	\$ 1,978,831
Construction in progress	34,112	96,784	-	130,896
Total capital assets, not being depreciated	2,215,694	96,784	(202,751)	2,109,727
Capital assets, being depreciated:				
Buildings	2,116,223	11,761	-	2,127,984
Improvements/infrastructure	2,603,305	154,155	-	2,757,460
Machinery and equipment	2,422,073	492,692	(87,863)	2,826,902
Intangible assets	160,514	-	-	160,514
Total capital assets, being depreciated	7,302,115	658,608	(87,863)	7,872,860
Less accumulated depreciation for:				
Buildings	(955,784)	(51,003)	-	(1,006,787)
Improvements/infrastructure	(1,807,388)	(105,938)	-	(1,913,326)
Machinery and equipment	(1,984,609)	(168,905)	82,266	(2,071,248)
Intangible assets	(155,742)	(1,422)	-	(157,164)
Total accumulated depreciation	(4,903,523)	(327,268)	82,266	(5,148,525)
Total capital assets, being depreciated, net	2,398,592	331,340	(5,597)	2,724,335
Government activities capital assets, net	\$ 4,614,286	\$ 428,124	\$ (208,348)	\$ 4,834,062

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	350,826	(669,464)	-
Total capital assets, not being depreciated	<u>1,999,327</u>	<u>350,826</u>	<u>(669,464)</u>	<u>1,680,689</u>
Capital assets, being depreciated:				
Buildings	15,752	-	-	15,752
Improvements/Infrastructure	7,754,575	679,164	(1,319)	8,432,420
Machinery and equipment	615,099	91,058	(8,735)	697,422
Intangible assets	87,419	1,000	-	88,419
Total capital assets, being depreciated	<u>8,472,845</u>	<u>771,222</u>	<u>(10,054)</u>	<u>9,234,013</u>
Less accumulated depreciation for:				
Buildings	(3,681)	(1,575)	-	(5,256)
Improvements/Infrastructure	(4,159,867)	(236,566)	1,319	(4,395,114)
Machinery and equipment	(278,513)	(49,183)	8,735	(318,961)
Intangible assets	(40,113)	(3,890)	-	(44,003)
Total accumulated depreciation	<u>(4,482,174)</u>	<u>(291,214)</u>	<u>10,054</u>	<u>(4,763,334)</u>
Total capital assets, being depreciated, net	<u>3,990,671</u>	<u>480,008</u>	<u>-</u>	<u>4,470,679</u>
Business-type activities capital assets, net	<u>\$ 5,989,998</u>	<u>\$ 830,834</u>	<u>\$ (669,464)</u>	<u>\$ 6,151,368</u>

NOTE 6 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 93,611
Public safety	146,804
Transportation/public works	57,872
Culture and recreation	28,981
	<u>327,268</u>
Total depreciation expense, governmental activities	\$ 327,268
Business-type Activities:	
Water	\$ 247,491
Stormwater	43,723
	<u>291,214</u>
Total depreciation expense, business type activities	\$ 291,214

NOTE 7 LEASES

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of vehicles, trucks, data processing, communications and office equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery & equipment	\$ 161,012
Less: Accumulated depreciation	(17,742)
	<u>143,270</u>
Total	\$ 143,270

Amortization of equipment leased and capital leases is included in depreciation expense. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019 were as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>
2020	\$ 21,368
2021	21,368
2022	21,368
2023	21,368
2024	14,935
Thereafter	59,740
	<u>160,147</u>
Total Minimum Lease Payments	160,147
Less: Amount representing interest	(19,969)
	<u>\$ 140,178</u>

NOTE 8 LONG-TERM DEBT

Series 2018 Bond

In November 2018 the city issued Series 2018 Infrastructure Sales Surtax Revenue Bond not to exceed \$3,000,000 with a fixed interest rate of 4.18% maturing on January 1, 2040. Principal and interest are paid semiannually starting July 1, 2019. In the event of default, the bank may recover all expenses incurred including attorney's fees. As of September 30, 2019, the City had only drawn \$2,300,000 of the bond balance.

The Series 2018 Bonds are secured by an infrastructure sales tax. Total principal and interest remaining to be paid is \$3,109,383. For the fiscal year, interest paid on this series was \$58,753 and total pledged revenue was \$843,911.

Annual debt service requirements to maturity for bonds payable are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2020	\$ 75,000	\$ 96,140
2021	150,000	91,438
2022	150,000	85,167
2023	150,000	78,898
2024	150,000	72,627
2025-2029	750,000	269,088
2030-2034	750,000	112,337
2035	125,000	3,658
Total	<u>\$ 2,300,000</u>	<u>\$ 809,353</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable -					
Fire Station Bond	\$ -	\$ 2,300,000	\$ -	\$ 2,300,000	\$ 75,000
Capital leases	-	161,325	(21,147)	140,178	17,676
Compensated absences	292,026	29,472	(5,239)	316,259	31,626
Governmental activity long-term liabilities	<u>\$ 292,026</u>	<u>\$ 2,490,797</u>	<u>\$ (26,386)</u>	<u>\$ 2,756,437</u>	<u>\$ 124,302</u>
Business-Type Activities:					
Compensated absences	\$ 105,342	\$ 274	\$ (4,972)	\$ 100,644	\$ 10,534
Business-type activity long-term liabilities	<u>\$ 105,342</u>	<u>\$ 274</u>	<u>\$ (4,972)</u>	<u>\$ 100,644</u>	<u>\$ 10,534</u>

NOTE 9 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, 2019, the City's total payroll was \$1,978,790. The City contributed \$192,297 to the plan for the year ended September 30, 2019. Of this total, \$31,024 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 10 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 11 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 12 COMMITMENTS AND CONTINGENCIES

Litigation

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2019. 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 13 FUND BALANCE

At September 30, 2019 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	\$ 9,725	\$ -	\$ -	\$ -	\$ 9,725
Spendable:					
Restricted for:					
Public safety	-	-	-	524,159	524,159
Culture and recreation	-	-	-	176,231	176,231
Infrastructure	-	2,983,571	-	-	2,983,571
Community redevelopment	-	-	56,453	-	56,453
Unassigned	2,412,480	-	-	-	2,412,480
	<u>\$ 2,422,205</u>	<u>\$ 2,983,571</u>	<u>\$ 56,453</u>	<u>\$ 700,390</u>	<u>\$ 6,162,619</u>

Combining and Individual Fund Statements and Schedules

City of Mascotte, Florida
Combining Balance Sheet - Other Governmental Funds
September 30, 2019

	<u>Police Education</u>	<u>Police Impact</u>	<u>Fire Impact</u>
Assets:			
Cash and cash equivalents	\$ 28,098	\$ 211,620	\$ 284,343
Other receivables	180	-	-
Total assets	<u>\$ 28,278</u>	<u>\$ 211,620</u>	<u>\$ 284,343</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 82	\$ -	\$ -
Total liabilities	<u>82</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	<u>28,196</u>	<u>211,620</u>	<u>284,343</u>
Total fund balances	<u>28,196</u>	<u>211,620</u>	<u>284,343</u>
Total liabilities and fund balances	<u>\$ 28,278</u>	<u>\$ 211,620</u>	<u>\$ 284,343</u>

Parks and Recreation Impact	Total Other Governmental Funds
\$ 176,231	\$ 700,292
-	180
<u>\$ 176,231</u>	<u>\$ 700,472</u>
\$ -	\$ 82
-	82
<u>176,231</u>	<u>700,390</u>
<u>176,231</u>	<u>700,390</u>
<u>\$ 176,231</u>	<u>\$ 700,472</u>

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

For the Year Ended September 30, 2019

	Police Education	Police Impact	Fire Impact
Revenues:			
Fees and fines	\$ 3,754	\$ -	\$ -
Impact fees/special assessments	-	149,966	222,110
Investment earnings	208	1,066	1,435
Total revenues	3,962	151,032	223,545
Expenditures:			
Current:			
Public safety	6,967	121,590	170,622
Culture and recreation	-	-	-
Debt service:			
Principal	-	12,933	8,214
Total expenditures	6,967	134,523	178,836
Excess (deficiency) of revenues over expenditures	(3,005)	16,509	44,709
OTHER FINANCING SOURCES (USES)			
Proceeds from capital leases	-	90,169	71,156
Total other financing sources and uses	-	90,169	71,156
Net change in fund balances	(3,005)	106,678	115,865
Fund balances, beginning	31,201	104,942	168,478
Fund balances, ending	\$ 28,196	\$ 211,620	\$ 284,343

Parks and Recreation Impact	Total Other Governmental Funds
\$ -	\$ 3,754
95,691	467,767
917	3,626
<u>96,608</u>	<u>475,147</u>
-	299,179
11,761	11,761
-	21,147
<u>11,761</u>	<u>332,087</u>
<u>84,847</u>	<u>143,060</u>
-	161,325
-	161,325
84,847	304,385
91,384	396,005
<u>\$ 176,231</u>	<u>\$ 700,390</u>

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Police Education

For the Year Ended September 30,2019

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fees and fines	\$ 1,000	\$ 1,000	\$ 3,754	\$ 2,754
Investment earnings	-	-	208	208
Total revenues	1,000	1,000	3,962	2,962
Expenditures:				
Current:				
Public safety	9,000	9,000	6,967	2,033
Total expenditures	9,000	9,000	6,967	2,033
Excess (deficiency) of revenues over	(8,000)	(8,000)	(3,005)	4,995
Net change in fund balance	(8,000)	(8,000)	(3,005)	4,995
Fund balance, beginning	31,201	31,201	31,201	-
Fund balance, ending	\$ 23,201	\$ 23,201	\$ 28,196	\$ 4,995

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual - Police Impact

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 53,800	\$ 84,000	\$ 149,966	\$ 65,966
Investment earnings	-	-	1,066	1,066
Total revenues	53,800	84,000	151,032	67,032
Expenditures:				
Current:				
Public safety	53,800	170,200	121,590	48,610
Debt service:				
Principal	-	13,100	12,933	167
Total expenditures	53,800	183,300	134,523	48,777
Excess (deficiency) of revenues over expenditures	-	(99,300)	16,509	115,809
OTHER FINANCING SOURCES (USES):				
Capital lease	-	99,300	90,169	9,131
Total other financing sources (uses)	-	99,300	90,169	9,131
Net change in fund balance	-	-	106,678	124,940
Fund balance, beginning	104,942	104,942	104,942	-
Fund balance, ending	\$ 104,942	\$ 104,942	\$ 211,620	\$ 124,940

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

For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 79,800	\$ 79,800	\$ 222,110	\$ 142,310
Investment earnings	-	-	1,435	1,435
Total revenues	79,800	79,800	223,545	143,745
Expenditures:				
Current:				
Public safety	108,800	186,200	170,622	15,578
Debt service:				
Principal	-	8,300	8,214	86
Total expenditures	108,800	194,500	178,836	15,664
Excess (deficiency) of revenues over expenditures	(29,000)	(114,700)	44,709	159,409
OTHER FINANCING SOURCES (USES):				
Capital lease	-	82,200	71,156	(11,044)
Total other financing sources (uses)	-	82,200	71,156	(11,044)
Net change in fund balance	(29,000)	(32,500)	115,865	148,365
Fund balance, beginning	168,478	168,478	168,478	-
Fund balance, ending	\$ 139,478	\$ 135,978	\$ 284,343	\$ 148,365

City of Mascotte, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Parks and Recreation Impact
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Impact fees/special assessments	\$ 34,300	\$ 34,300	\$ 95,691	\$ 61,391
Investment earnings	-	-	917	917
Total revenues	34,300	34,300	96,608	62,308
Expenditures:				
Current:				
Culture and recreation	34,300	34,300	11,761	22,539
Total expenditures	34,300	34,300	11,761	22,539
Excess (deficiency) of revenues over expenditures	-	-	84,847	84,847
Net change in fund balance	-	-	84,847	84,847
Fund balance, beginning	91,384	91,384	91,384	-
Fund balance, ending	\$ 91,384	\$ 91,384	\$ 176,231	\$ 84,847

Other Reports

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

The Honorable Mayor and City Council
City of Mascotte, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the *City of Mascotte, Florida*, as of and for the year ended September 30, 2019, 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 21, 2020.

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

Orlando, Florida
January 21, 2020

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, 2019, and have issued our report thereon dated January 21, 2020.

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 21, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

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.

McDiarmid Davis

Orlando, Florida
January 21, 2020

**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, 2019. 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, 2019.

MCDIRMIT DAVIS

Orlando, Florida
January 21, 2020