

# Financial Report

Year Ended September 30, 2020



**City of Mascotte, Florida**

## Introductory Section

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MAYOR

Mike Sykes

CITY COUNCIL

Brenda Brasher, Mayor Pro-Tem

Steven Sheffield, Council Member

Sally Rayman, Council Member

Louise Thompson, Council Member

ACTING 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, 2020, 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, 2020, 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 10 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 February 9, 2021 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  
February 9, 2021

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, 2020. 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 \$19,653,246 (net position). Of this amount, \$5,722,694 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1,753,138.
- As of the close of the current fiscal year, the *City of Mascotte's* governmental funds reported combined ending fund balances of \$4,467,015, a decrease of \$1,695,604 in comparison with the prior year. Approximately 59% of this total amount, \$2,656,329, 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 \$2,656,329 or 68% 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 11 - 12 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 17 - 19. Budgetary comparison schedules have been provided for the nonmajor funds at pages 40 - 43.

The basic governmental fund financial statements can be found on pages 13 - 16 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 20 - 23 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 24 - 37 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 38 - 43 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 \$19,653,246 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 11.

**Statement of Net Position as of September 30:**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current and other assets	\$ 5,187,300	\$ 6,271,154	\$ 4,951,238	\$ 3,916,388	\$ 10,138,538	\$ 10,187,542
Capital assets	4,545,332	4,834,062	6,299,290	6,151,368	10,844,622	10,985,430
<b>Total Assets</b>	<b>9,732,632</b>	<b>11,105,216</b>	<b>11,250,528</b>	<b>10,067,756</b>	<b>20,983,160</b>	<b>21,172,972</b>
<b>Liabilities:</b>						
Long term liabilities	326,709	2,756,437	86,609	100,647	413,318	2,857,084
Other liabilities	550,032	136,262	366,564	279,518	916,596	415,780
<b>Total Liabilities</b>	<b>876,741</b>	<b>2,892,699</b>	<b>453,173</b>	<b>380,165</b>	<b>1,329,914</b>	<b>3,272,864</b>
<b>Net Position:</b>						
Net investment in capital assets	4,475,062	4,562,988	6,299,290	6,151,368	10,774,352	10,714,356
Restricted	1,802,313	1,571,310	1,353,887	941,138	3,156,200	2,512,448
Unrestricted	2,578,516	2,078,219	3,144,178	2,595,085	5,722,694	4,673,304
<b>Total Net Position</b>	<b>\$ 8,855,891</b>	<b>\$ 8,212,517</b>	<b>\$ 10,797,355</b>	<b>\$ 9,687,591</b>	<b>\$ 19,653,246</b>	<b>\$ 17,900,108</b>

\$10,774,352 (55%) 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 \$3,156,200 (16%). The remaining balance of *unrestricted net position* (\$5,722,694 or 29%) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$1,753,138 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 12.

Changes in Net Position as of September 30:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 1,504,764	\$ 2,021,285	\$ 1,965,376	\$ 1,789,402	\$ 3,470,140	\$ 3,810,687
Operating grants and contributions	300,545	165,168	-	-	300,545	165,168
Capital grants and contributions	420,150	-	752,293	788,410	1,172,443	788,410
General Revenues:						
Property taxes	1,358,163	1,097,214	-	-	1,358,163	1,097,214
Franchise and utility taxes	542,656	509,047	-	-	542,656	509,047
Intergovernmental	1,195,640	1,215,597	-	-	1,195,640	1,215,597
Investment income and miscellaneous	91,831	206,970	30,102	26,200	121,933	233,170
<b>Total revenues</b>	<b>5,413,749</b>	<b>5,215,281</b>	<b>2,747,771</b>	<b>2,604,012</b>	<b>8,161,520</b>	<b>7,819,293</b>
<b>Expenses:</b>						
General government	1,188,485	1,155,286	-	-	1,188,485	1,155,286
Public safety	2,674,872	2,227,865	-	-	2,674,872	2,227,865
Public works	406,722	418,637	-	-	406,722	418,637
Sanitation	442,113	395,933	-	-	442,113	395,933
Culture and recreation	2,923	28,981	-	-	2,923	28,981
Interest on long-term debt	55,260	86,480	-	-	55,260	86,480
Water	-	-	1,481,216	1,081,827	1,481,216	1,081,827
Stormwater	-	-	156,791	154,144	156,791	154,144
<b>Total expenses</b>	<b>4,770,375</b>	<b>4,313,182</b>	<b>1,638,007</b>	<b>1,235,971</b>	<b>6,408,382</b>	<b>5,549,153</b>
<b>Increase (decrease) in Net position</b>	<b>643,374</b>	<b>902,099</b>	<b>1,109,764</b>	<b>1,368,041</b>	<b>1,753,138</b>	<b>2,270,140</b>
<b>Net position, October 1</b>	<b>8,212,517</b>	<b>7,310,418</b>	<b>9,687,591</b>	<b>8,319,550</b>	<b>17,900,108</b>	<b>15,629,968</b>
<b>Net position, September 30</b>	<b>\$ 8,855,891</b>	<b>\$ 8,212,517</b>	<b>\$ 10,797,355</b>	<b>\$ 9,687,591</b>	<b>\$ 19,653,246</b>	<b>\$ 17,900,108</b>

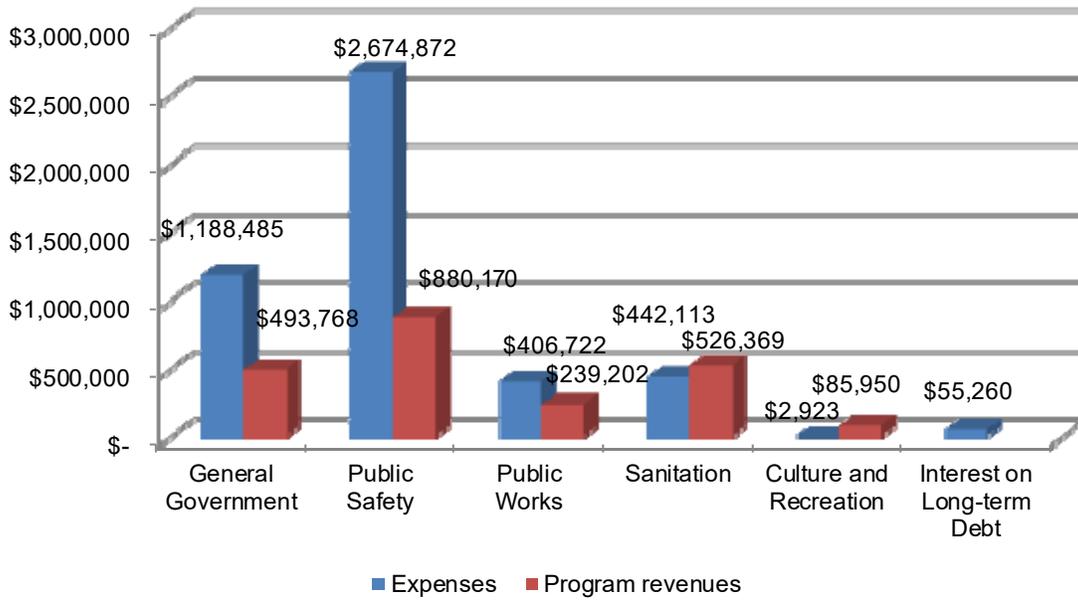
*Governmental Activities*

Governmental activities increased the City of Mascotte's net position by \$643,374. This was due to increases in property taxes as well as franchise & utility taxes.

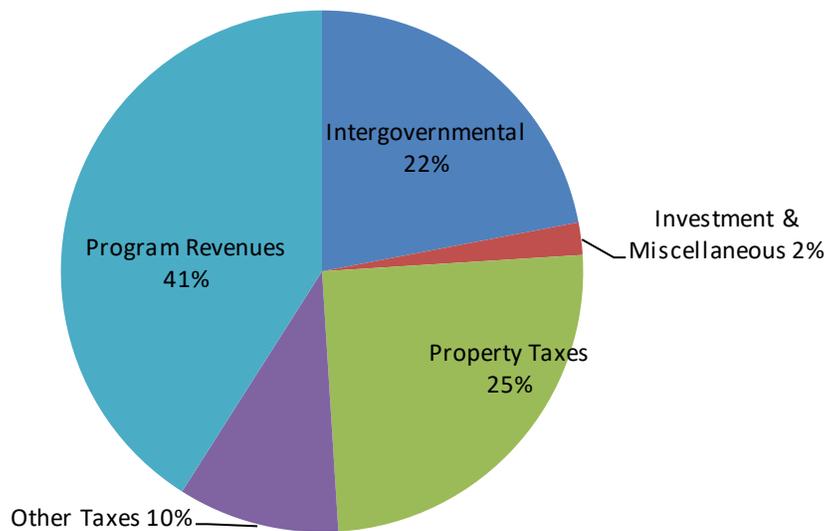
*Business-Type Activities*

Business-type activities increased the *City of Mascotte's* net position by \$1,109,764 primarily due to increased charges for water services.

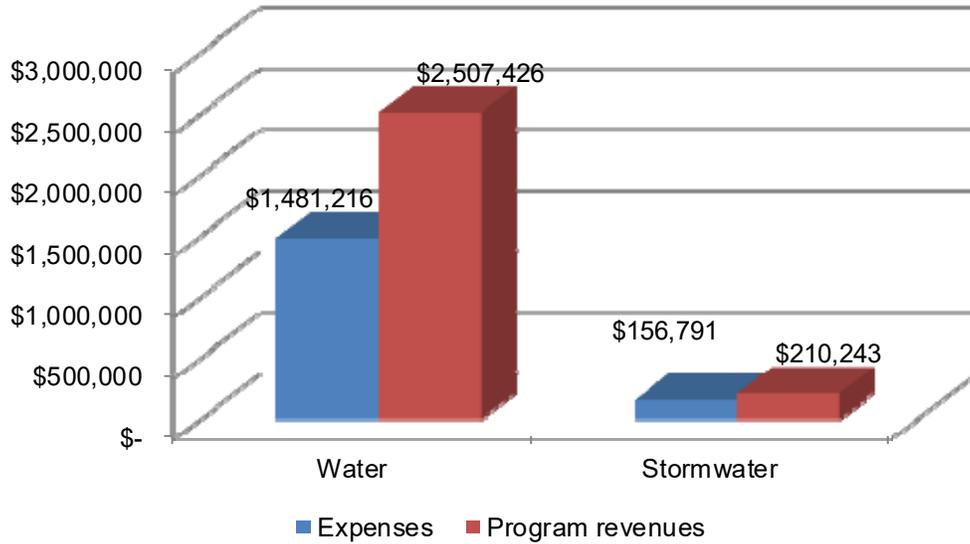
### Expenses and Program Revenues - Governmental Activities



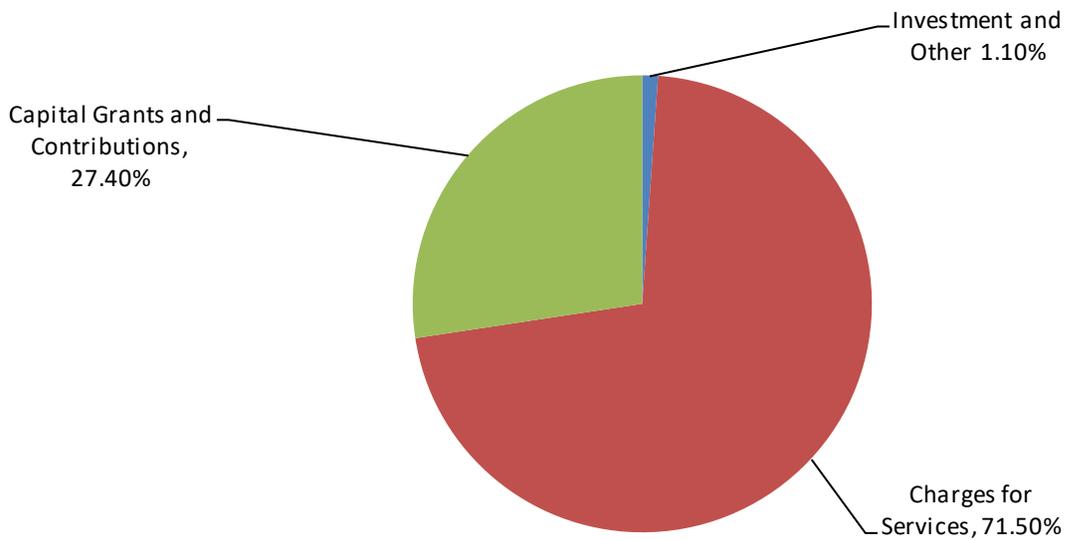
### Revenue by Source - Governmental Activities



**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 \$4,467,015, a decrease of \$1,695,604 in comparison with the prior year. Approximately 59% or \$2,656,329 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 \$2,656,329 while total fund balance was \$2,664,702. 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 68% and 68% respectively, of total General Fund expenditures.

The fund balance of the general fund increased by \$242,497 during the current fiscal year due to grants received.

The fund balance of the infrastructure special revenue fund decreased by \$2,375,191 during the current fiscal year due to the repayment of notes payable.

The fund balance of the community redevelopment fund increased \$181,921 due to the increase in taxable value within the redevelopment area.

### Proprietary Funds

The *City of 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 \$3,144,178. The total increase in net position for these funds was \$1,109,764. 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 \$128,908 more than budgeted revenues and actual expenditures were \$287,689 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, 2020, amounts to \$10,844,622 (net of accumulated depreciation), for a decrease of \$140,808 from the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was 1.3% (a 6.0% decrease for governmental activities, and 2.4% increase for business-type activities).

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,978,831	\$ 1,978,831	\$ 1,680,689	\$ 1,680,689	\$ 3,659,520	\$ 3,659,520
Construction in progress	96,001	130,896	362,672	-	458,673	130,896
Buildings	1,063,315	1,121,197	8,920	10,496	1,072,235	1,131,693
Improvements / infrastructure	817,045	844,134	3,850,756	4,037,306	4,667,801	4,881,440
Machinery and equipment	588,353	755,654	355,730	378,461	944,083	1,134,115
Intangibles	1,787	3,350	40,523	44,416	42,310	47,766
<b>Total</b>	<b>\$ 4,545,332</b>	<b>\$ 4,834,062</b>	<b>\$ 6,299,290</b>	<b>\$ 6,151,368</b>	<b>\$ 10,844,622</b>	<b>\$ 10,985,430</b>

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 \$70,270. This debt includes 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	
	2020	2019	2020	2019	2020	2019
Bonds payable	\$ -	\$ 2,300,000	\$ -	\$ -	\$ -	\$ 2,300,000
Capital leases	70,270	140,178	-	-	70,270	140,178
	<b>\$ 70,270</b>	<b>\$ 2,440,178</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 70,270</b>	<b>\$ 2,440,178</b>

The City's total debt decreased by \$2,369,908 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 \$2,656,329. None of the unassigned fund balance is budgeted for appropriations in the 2021 budget. The City is expecting to incur enough revenues in 2021 to cover expenditures to mitigate any need to draw on 2020 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, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 4,591,057	\$ 4,548,033	\$ 9,139,090
Receivables, net	141,614	329,688	471,302
Due from other governments	446,256	-	446,256
Inventories	8,373	25,027	33,400
Prepaid expenses	-	48,490	48,490
<b>Capital assets:</b>			
Capital assets not being depreciated	2,074,832	2,043,361	4,118,193
Capital assets being depreciated, net of accumulated depreciation	2,470,500	4,255,929	6,726,429
<b>Total assets</b>	<u>9,732,632</u>	<u>11,250,528</u>	<u>20,983,160</u>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	532,042	74,767	606,809
Accrued interest	247	-	247
Deposits payable	17,743	291,797	309,540
<b>Noncurrent Liabilities:</b>			
Due within one year	38,341	8,661	47,002
Due in more than one year	288,368	77,948	366,316
<b>Total liabilities</b>	<u>876,741</u>	<u>453,173</u>	<u>1,329,914</u>
<b>Net Position:</b>			
Net investment in capital assets	4,475,062	6,299,290	10,774,352
<b>Restricted for:</b>			
Infrastructure	608,380	-	608,380
Capital improvements	-	1,353,887	1,353,887
Community redevelopment	238,374	-	238,374
Public safety	788,228	-	788,228
Culture and recreation	167,331	-	167,331
Unrestricted	2,578,516	3,144,178	5,722,694
<b>Total net position</b>	<u>\$ 8,855,891</u>	<u>\$ 10,797,355</u>	<u>\$ 19,653,246</u>

City of Mascotte, Florida  
**Statement of Activities**  
For the Year Ended September 30, 2020

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
<b>Primary Government</b>							
Governmental Activities:							
General government	\$ 1,188,485	\$ 493,768	\$ -	\$ -	\$ (694,717)	\$ -	\$ (694,717)
Public safety	2,674,872	351,133	194,837	334,200	(1,794,702)	-	(1,794,702)
Public works	406,722	133,494	105,708	-	(167,520)	-	(167,520)
Sanitation	442,113	526,369	-	-	84,256	-	84,256
Culture and recreation	2,923	-	-	85,950	83,027	-	83,027
Interest on long-term debt	55,260	-	-	-	(55,260)	-	(55,260)
<b>Total governmental activities</b>	<b>4,770,375</b>	<b>1,504,764</b>	<b>300,545</b>	<b>420,150</b>	<b>(2,544,916)</b>	<b>-</b>	<b>(2,544,916)</b>
Business-type Activities:							
Water	1,481,216	1,755,133	-	752,293	-	1,026,210	1,026,210
Stormwater	156,791	210,243	-	-	-	53,452	53,452
<b>Total business-type activities</b>	<b>1,638,007</b>	<b>1,965,376</b>	<b>-</b>	<b>752,293</b>	<b>-</b>	<b>1,079,662</b>	<b>1,079,662</b>
<b>Total primary government</b>	<b>\$ 6,408,382</b>	<b>\$ 3,470,140</b>	<b>\$ 300,545</b>	<b>\$ 1,172,443</b>	<b>(2,544,916)</b>	<b>1,079,662</b>	<b>(1,465,254)</b>
General Revenues:							
Property taxes					1,358,163	-	1,358,163
Franchise and utility taxes					542,656	-	542,656
Intergovernmental					1,195,640	-	1,195,640
Unrestricted investment earnings					35,229	22,967	58,196
Miscellaneous					56,602	7,135	63,737
<b>Total general revenues</b>					<b>3,188,290</b>	<b>30,102</b>	<b>3,218,392</b>
Change in Net position					643,374	1,109,764	1,753,138
Net position, beginning					8,212,517	9,687,591	17,900,108
<b>Net position, ending</b>					<b>\$ 8,855,891</b>	<b>\$ 10,797,355</b>	<b>\$ 19,653,246</b>

City of Mascotte, Florida  
**Balance Sheet - Governmental Funds**  
September 30, 2020

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 2,823,693	\$ 571,713	\$ 240,147	\$ 955,504	\$ 4,591,057
Due from other governments	409,589	36,667	-	-	446,256
Other receivables	141,559	-	-	55	141,614
Inventories	8,373	-	-	-	8,373
<b>Total assets</b>	<b>\$ 3,383,214</b>	<b>\$ 608,380</b>	<b>\$ 240,147</b>	<b>\$ 955,559</b>	<b>\$ 5,187,300</b>
<b>Liabilities:</b>					
Accounts payable	\$ 429,294	\$ -	\$ 429	\$ -	\$ 429,723
Deposits payable	17,743	-	-	-	17,743
Other accrued expenses	100,975	-	1,344	-	102,319
<b>Total liabilities</b>	<b>548,012</b>	<b>-</b>	<b>1,773</b>	<b>-</b>	<b>549,785</b>
<b>Deferred Inflows:</b>					
Unavailable revenue	170,500	-	-	-	170,500
<b>Fund Balances:</b>					
Nonspendable	8,373	-	-	-	8,373
Restricted	-	608,380	238,374	955,559	1,802,313
Unassigned	2,656,329	-	-	-	2,656,329
<b>Total fund balances</b>	<b>2,664,702</b>	<b>608,380</b>	<b>238,374</b>	<b>955,559</b>	<b>4,467,015</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,383,214</b>	<b>\$ 608,380</b>	<b>\$ 240,147</b>	<b>\$ 955,559</b>	<b>\$ 5,187,300</b>

City of Mascotte, Florida  
**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, 2020

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\$ (1,695,604)

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 207,533

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and disposals) is to decrease net position (273,531)

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. 2,317,676

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. 87,300

**Change in net position of governmental activities** \$ 643,374

City of Mascotte, Florida  
**Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Governmental Funds**  
 For the Year Ended September 30, 2020

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes:					
Property	\$ 1,084,823	\$ -	\$ 273,340	\$ -	\$ 1,358,163
Franchise and utility	542,656	-	-	-	542,656
Fees and fines	9,374	-	-	1,222	10,596
Impact fees/special assessments	-	-	-	420,150	420,150
Licenses and permits	305,166	-	-	-	305,166
Intergovernmental	955,756	540,429	-	-	1,496,185
Charges for services	1,189,002	-	-	-	1,189,002
Investment earnings	17,527	11,872	1,306	4,524	35,229
Miscellaneous	27,004	29,598	-	-	56,602
<b>Total revenues</b>	<b>4,131,308</b>	<b>581,899</b>	<b>274,646</b>	<b>425,896</b>	<b>5,413,749</b>
<b>Expenditures:</b>					
Current:					
General government	1,089,095	32,000	92,725	-	1,213,820
Public safety	2,136,886	433,313	-	53,357	2,623,556
Public works	233,814	112,729	-	-	346,543
Sanitation	439,816	-	-	-	439,816
Culture and recreation	-	-	-	96,002	96,002
Debt service:					
Principal	-	2,300,000	-	17,676	2,317,676
Interest and other charges	-	79,048	-	3,692	82,740
<b>Total expenditures</b>	<b>3,899,611</b>	<b>2,957,090</b>	<b>92,725</b>	<b>170,727</b>	<b>7,120,153</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>231,697</b>	<b>(2,375,191)</b>	<b>181,921</b>	<b>255,169</b>	<b>(1,706,404)</b>
<b>Other Financing Sources (Uses):</b>					
Sale of general capital assets	10,800	-	-	-	10,800
<b>Total other financing sources (uses)</b>	<b>10,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,800</b>
<b>Net change in fund balances</b>	<b>242,497</b>	<b>(2,375,191)</b>	<b>181,921</b>	<b>255,169</b>	<b>(1,695,604)</b>
Fund balances, beginning	2,422,205	2,983,571	56,453	700,390	6,162,619
<b>Fund balances, ending</b>	<b>\$ 2,664,702</b>	<b>\$ 608,380</b>	<b>\$ 238,374</b>	<b>\$ 955,559</b>	<b>\$ 4,467,015</b>

City of Mascotte, Florida  
**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, 2020

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**Net Change in Fund Balances, Total Governmental Funds:** \$ (1,695,604)

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. 207,533

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and disposals) is to decrease net position (273,531)

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. 2,317,676

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. 87,300

**Change in net position of governmental activities** \$ 643,374

City of Mascotte, Florida  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Property taxes	\$ 1,132,187	\$ 1,097,487	\$ 1,084,823	\$ (12,664)
Franchise and utility	490,613	489,813	542,656	52,843
Fees and fines	7,000	9,700	9,374	(326)
Licenses and permits	487,800	310,800	305,166	(5,634)
Intergovernmental	913,800	807,900	955,756	147,856
Charges for services	1,070,600	1,231,700	1,189,002	(42,698)
Investment earnings	16,000	17,600	17,527	(73)
Miscellaneous	31,500	37,400	27,004	(10,396)
<b>Total revenues</b>	<b>4,149,500</b>	<b>4,002,400</b>	<b>4,131,308</b>	<b>128,908</b>
<b>Expenditures:</b>				
Current:				
General government	1,183,700	1,223,000	1,089,095	133,905
Public safety	2,182,800	2,235,700	2,136,886	98,814
Public works	287,000	287,000	233,814	53,186
Sanitation	383,500	441,600	439,816	1,784
Culture and recreation	150,000	-	-	-
<b>Total expenditures</b>	<b>4,187,000</b>	<b>4,187,300</b>	<b>3,899,611</b>	<b>287,689</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(37,500)</b>	<b>(184,900)</b>	<b>231,697</b>	<b>426,297</b>
<b>Other Financing Sources (Uses):</b>				
Sale of assets	-	1,100	10,800	9,700
Transfers in	37,500	-	-	-
<b>Total other financing sources (uses)</b>	<b>37,500</b>	<b>1,100</b>	<b>10,800</b>	<b>9,700</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(183,800)</b>	<b>242,497</b>	<b>426,297</b>
Fund balance, beginning	2,422,205	2,422,205	2,422,205	-
<b>Fund balance, ending</b>	<b>\$ 2,422,205</b>	<b>\$ 2,238,405</b>	<b>\$ 2,664,702</b>	<b>\$ 426,297</b>

City of Mascotte, Florida  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Infrastructure Special Revenue Fund**  
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 568,000	\$ 490,200	\$ 540,429	\$ 50,229
Investment earnings	-	-	11,872	11,872
Miscellaneous revenue	-	29,600	29,598	(2)
<b>Total revenues</b>	<b>568,000</b>	<b>519,800</b>	<b>581,899</b>	<b>62,099</b>
<b>Expenditures:</b>				
Current:				
General government	35,000	32,300	32,000	300
Public safety	1,169,500	434,100	433,313	787
Public works	120,000	115,000	112,729	2,271
Debt Service:				
Principal	150,000	2,300,000	2,300,000	-
Interest	247,700	79,100	79,048	52
<b>Total expenditures</b>	<b>1,722,200</b>	<b>2,960,500</b>	<b>2,957,090</b>	<b>3,410</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,154,200)</b>	<b>(2,440,700)</b>	<b>(2,375,191)</b>	<b>65,509</b>
<b>Other Financing Sources (Uses):</b>				
Notes issued	1,000,000	1,955,100	-	(1,955,100)
<b>Total other financing sources (uses)</b>	<b>1,000,000</b>	<b>1,955,100</b>	<b>-</b>	<b>(1,955,100)</b>
<b>Net change in fund balances</b>	<b>(154,200)</b>	<b>(485,600)</b>	<b>(2,375,191)</b>	<b>(1,889,591)</b>
Fund balance, beginning	2,983,571	2,983,571	2,983,571	-
<b>Fund balance, ending</b>	<b>\$ 2,829,371</b>	<b>\$ 2,497,971</b>	<b>\$ 608,380</b>	<b>\$ (1,889,591)</b>

City of Mascotte, Florida  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual - Community Redevelopment Fund**  
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 271,300	\$ 271,300	\$ 273,340	\$ 2,040
Investment earnings	-	-	1,306	1,306
<b>Total revenues</b>	<b>271,300</b>	<b>271,300</b>	<b>274,646</b>	<b>3,346</b>
<b>Expenditures:</b>				
Current:				
General government	116,900	116,900	92,725	24,175
<b>Total expenditures</b>	<b>116,900</b>	<b>116,900</b>	<b>92,725</b>	<b>24,175</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>154,400</b>	<b>154,400</b>	<b>181,921</b>	<b>27,521</b>
<b>Net change in fund balances</b>	<b>154,400</b>	<b>154,400</b>	<b>181,921</b>	<b>27,521</b>
Fund balance, beginning	56,453	56,453	56,453	-
<b>Fund balance, ending</b>	<b>\$ 210,853</b>	<b>\$ 210,853</b>	<b>\$ 238,374</b>	<b>\$ 27,521</b>

City of Mascotte, Florida  
**Statement of Net Position - Proprietary Funds**  
September 30, 2020

	Enterprise Funds		Total
	Water	Stormwater	
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 4,046,426	\$ 501,607	\$ 4,548,033
Accounts receivable, net	299,969	29,719	329,688
Inventories	25,027	-	25,027
Prepaid expenses	48,490	-	48,490
<b>Total current assets</b>	<b>4,419,912</b>	<b>531,326</b>	<b>4,951,238</b>
Noncurrent Assets:			
Capital Assets:			
Land	1,680,689	-	1,680,689
Construction in progress	362,672	-	362,672
Infrastructure	7,158,939	1,323,581	8,482,520
Intangible assets	87,653	766	88,419
Buildings	15,752	-	15,752
Machinery and equipment	567,191	139,707	706,898
Less accumulated depreciation	(4,413,973)	(623,687)	(5,037,660)
<b>Total noncurrent assets</b>	<b>5,458,923</b>	<b>840,367</b>	<b>6,299,290</b>
<b>Total assets</b>	<b>9,878,835</b>	<b>1,371,693</b>	<b>11,250,528</b>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	2,094	353	2,447
Salaries payable	60,884	8,169	69,053
Other accrued expenses	3,267	-	3,267
Customer deposits payable	291,797	-	291,797
Compensated absences	6,865	1,796	8,661
<b>Total current liabilities</b>	<b>364,907</b>	<b>10,318</b>	<b>375,225</b>
Noncurrent Liabilities:			
Compensated absences	61,780	16,168	77,948
<b>Total noncurrent liabilities</b>	<b>61,780</b>	<b>16,168</b>	<b>77,948</b>
<b>Total liabilities</b>	<b>426,687</b>	<b>26,486</b>	<b>453,173</b>
<b>Net Position:</b>			
Net investment in capital assets	5,458,923	840,367	6,299,290
Restricted for capital improvements	1,353,887	-	1,353,887
Unrestricted	2,639,338	504,840	3,144,178
<b>Total net position</b>	<b>\$ 9,452,148</b>	<b>\$ 1,345,207</b>	<b>\$ 10,797,355</b>

City of Mascotte, Florida  
**Statement of Revenues, Expenses and Changes in Fund Net Position -**  
**Proprietary Funds**  
For the Year Ended September 30, 2020

	Enterprise Funds		Total
	Water	Stormwater	
<b>Revenues:</b>			
Charges for services	\$ 1,755,133	\$ 210,243	\$ 1,965,376
<b>Total operating revenues</b>	<b>1,755,133</b>	<b>210,243</b>	<b>1,965,376</b>
<b>Operating Expenses:</b>			
Salaries and benefits	472,041	86,200	558,241
Contractual services	92,414	13,982	106,396
Repairs and maintenance	118,147	870	119,017
Other supplies and expenses	542,308	10,183	552,491
Depreciation	256,306	45,556	301,862
<b>Total operating expenses</b>	<b>1,481,216</b>	<b>156,791</b>	<b>1,638,007</b>
<b>Operating income</b>	<b>273,917</b>	<b>53,452</b>	<b>327,369</b>
<b>Nonoperating Revenues (Expenses):</b>			
Interest and investment income	20,198	2,769	22,967
Gain on disposal of capital assets	7,135	-	7,135
<b>Total nonoperating revenue (expenses)</b>	<b>27,333</b>	<b>2,769</b>	<b>30,102</b>
<b>Income before transfers</b>	<b>301,250</b>	<b>56,221</b>	<b>357,471</b>
Impact fees	410,012	-	410,012
Capital grants and contributions	342,281	-	342,281
<b>Change in net position</b>	<b>1,053,543</b>	<b>56,221</b>	<b>1,109,764</b>
Total net position, beginning	8,398,605	1,288,986	9,687,591
<b>Total net position, ending</b>	<b>\$ 9,452,148</b>	<b>\$ 1,345,207</b>	<b>\$ 10,797,355</b>

City of Mascotte, Florida  
**Statement of Cash Flows - Proprietary Funds**  
For the Year Ended September 30, 2020

	Enterprise Funds		
	Water	Stormwater	Total
<b>Cash Flows from Operating Activities:</b>			
Receipts from customers	\$ 1,703,302	\$ 208,916	\$ 1,912,218
Payments to suppliers	(786,999)	(24,682)	(811,681)
Payments to employees	(432,549)	(80,253)	(512,802)
<b>Net cash provided (used) by operating activities</b>	<b>483,754</b>	<b>103,981</b>	<b>587,735</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Purchase of capital assets	(397,444)	(52,340)	(449,784)
Impact fees	410,012	-	410,012
Capital grants	342,281	-	342,281
Proceeds from sale of capital assets	7,135	-	7,135
<b>Net cash provided (used) by capital and related financing activities</b>	<b>361,984</b>	<b>(52,340)</b>	<b>309,644</b>
<b>Cash Flows from Investing Activities:</b>			
Investment income	20,198	2,769	22,967
<b>Net cash provided by investing activities</b>	<b>20,198</b>	<b>2,769</b>	<b>22,967</b>
<b>Net increase in cash and cash equivalents</b>	<b>865,936</b>	<b>54,410</b>	<b>920,346</b>
Cash and cash equivalents, beginning	3,180,490	447,197	3,627,687
<b>Cash and cash equivalents, ending</b>	<b>\$ 4,046,426</b>	<b>\$ 501,607</b>	<b>\$ 4,548,033</b>

	Enterprise Funds		Total
	Water	Stormwater	
<b>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</b>			
Operating income	\$ 273,917	\$ 53,452	\$ 327,369
<b>Adjustments Not Affecting Cash:</b>			
Depreciation and amortization	256,306	45,556	301,862
<b>Change in Assets and Liabilities:</b>			
Decrease (increase) in accounts receivable	(80,532)	(1,327)	(81,859)
Decrease in inventory	15,845	-	15,845
Increase in prepaid expenses	(48,490)	-	(48,490)
Increase (decrease) in accounts payable	(1,485)	353	(1,132)
Increase in accrued liabilities	52,770	6,707	59,477
Decrease in compensated absences	(13,278)	(760)	(14,038)
Increase in customer deposits	28,701	-	28,701
<b>Total adjustments</b>	<b>209,837</b>	<b>50,529</b>	<b>260,366</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 483,754</b>	<b>\$ 103,981</b>	<b>\$ 587,735</b>

**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 is governed by a City Manager form of government. 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*.

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.

**NOTE 1                   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

*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.

**NOTE 1                   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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.

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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.

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

*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.

**NOTE 1                   SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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, 2020.

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 has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

*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.

*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.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 2020, the City implemented Government Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement eliminates the requirement to capitalize interest on enterprise fund construction projects. The City also implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of provisions in certain other statements. There was no effect on beginning balances of the City for the implementation of either statement.

**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	\$ 70,270
Compensated absences	256,439
Net adjustment to reduce <i>fund balance, total governmental funds</i> to arrive at <i>net position, governmental activities</i>	<u>\$ 326,709</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	\$ 511,615
Depreciation expense	(304,082)
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>\$ 207,533</u>

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

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:

Principal repayment	2,317,676
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>\$ 2,317,676</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	\$ (59,820)
Accrued interest payable	<u>(27,480)</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>\$ (87,300)</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**

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”.

**NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)**

**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, 2020.

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, 2020, 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	Other Governmental Funds	Water Fund	Stormwater Fund	Total
Receivables:					
Accounts	\$ 144,536	\$ 55	\$ 324,359	\$ 32,159	\$ 501,109
Less allowance for uncollectible accounts	(2,977)	-	(24,390)	(2,440)	(29,807)
	<u>\$ 141,559</u>	<u>\$ 55</u>	<u>\$ 299,969</u>	<u>\$ 29,719</u>	<u>\$ 471,302</u>

**NOTE 6 CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,978,831	\$ -	\$ -	\$ 1,978,831
Construction in progress	130,896	96,001	(130,896)	96,001
<b>Total capital assets, not being depreciated</b>	<u>2,109,727</u>	<u>96,001</u>	<u>(130,896)</u>	<u>2,074,832</u>
Capital Assets, Being Depreciated:				
Buildings	2,127,984	33,288	(56,322)	2,104,950
Improvements/infrastructure	2,757,460	78,349	-	2,835,809
Machinery and equipment	2,826,902	303,977	(1,109,267)	2,021,612
Intangible assets	160,514	-	(7,212)	153,302
<b>Total capital assets, being depreciated</b>	<u>7,872,860</u>	<u>415,614</u>	<u>(1,172,801)</u>	<u>7,115,673</u>
Less Accumulated Depreciation For:				
Buildings	(1,006,787)	(53,622)	18,774	(1,041,635)
Improvements/infrastructure	(1,913,326)	(109,996)	4,558	(2,018,764)
Machinery and equipment	(2,071,248)	(139,389)	777,378	(1,433,259)
Intangible assets	(157,164)	(1,075)	6,724	(151,515)
<b>Total accumulated depreciation</b>	<u>(5,148,525)</u>	<u>(304,082)</u>	<u>807,434</u>	<u>(4,645,173)</u>
<b>Total capital assets, being depreciated, net</b>	<u>2,724,335</u>	<u>111,532</u>	<u>(365,367)</u>	<u>2,470,500</u>
<b>Government activities capital assets, net</b>	<u>\$ 4,834,062</u>	<u>\$ 207,533</u>	<u>\$ (496,263)</u>	<u>\$ 4,545,332</u>

**NOTE 6 CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,680,689	\$ -	\$ -	\$ 1,680,689
Construction in progress	-	362,672	-	362,672
<b>Total capital assets, not being depreciated</b>	<b>1,680,689</b>	<b>362,672</b>	<b>-</b>	<b>2,043,361</b>
Capital Assets, Being Depreciated:				
Buildings	15,752	-	-	15,752
Improvements/Infrastructure	8,432,420	50,100	-	8,482,520
Machinery and equipment	697,422	37,012	(27,536)	706,898
Intangible assets	88,419	-	-	88,419
<b>Total capital assets, being depreciated</b>	<b>9,234,013</b>	<b>87,112</b>	<b>(27,536)</b>	<b>9,293,589</b>
Less Accumulated Depreciation For:				
Buildings	(5,256)	(1,576)	-	(6,832)
Improvements/Infrastructure	(4,395,114)	(236,650)	-	(4,631,764)
Machinery and equipment	(318,961)	(59,743)	27,536	(351,168)
Intangible assets	(44,003)	(3,893)	-	(47,896)
<b>Total accumulated depreciation</b>	<b>(4,763,334)</b>	<b>(301,862)</b>	<b>27,536</b>	<b>(5,037,660)</b>
<b>Total capital assets, being depreciated, net</b>	<b>4,470,679</b>	<b>(214,750)</b>	<b>-</b>	<b>4,255,929</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 6,151,368</b>	<b>\$ 147,922</b>	<b>\$ -</b>	<b>\$ 6,299,290</b>

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
General government	\$ 96,609
Public safety	117,932
Transportation/public works	62,512
Culture and recreation	27,029
<b>Total depreciation expense, governmental activities</b>	<b>\$ 304,082</b>
<b>Business-type Activities:</b>	
Water	\$ 256,306
Stormwater	45,556
<b>Total depreciation expense, business type activities</b>	<b>\$ 301,862</b>

**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	\$ 90,170
Less: Accumulated depreciation	(11,242)
<b>Total</b>	<u><u>\$ 78,928</u></u>

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, 2020 were as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>
2021	\$ 12,944
2022	12,944
2023	12,943
2024	6,511
2025	6,511
Thereafter	19,533
<b>Total Minimum Lease Payments</b>	71,386
Less: Amount representing interest	(1,116)
	<u><u>\$ 70,270</u></u>

**NOTE 8 LONG-TERM DEBT**

**Series 2018 Bond- Direct Borrowing**

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 were paid semiannually starting July 1, 2019. In the event of default, the bank could recover all expenses incurred including attorney's fees. As of September 30, 2020, the City had repaid the entire outstanding principal of \$2,300,000, since the City decided not to proceed with the construction of a new fire station.

The Series 2018 Bonds were secured by an infrastructure sales tax. For the fiscal year, principal and interest paid on this series was \$2,379,048 and total pledged revenue was \$540,429.

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

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds payable -					
Fire Station Bond	\$ 2,300,000	\$ -	\$ (2,300,000)	\$ -	\$ -
Capital leases	140,178	-	(69,908)	70,270	12,697
Compensated absences	<u>316,259</u>	<u>-</u>	<u>(59,820)</u>	<u>256,439</u>	<u>25,644</u>
Governmental activity long-term liabilities	<u>\$ 2,756,437</u>	<u>\$ -</u>	<u>\$ (2,429,728)</u>	<u>\$ 326,709</u>	<u>\$ 38,341</u>
<b>Business-Type Activities:</b>					
Compensated absences	<u>\$ 100,644</u>	<u>\$ -</u>	<u>\$ (14,035)</u>	<u>\$ 86,609</u>	<u>\$ 8,661</u>
Business-type activity long-term liabilities	<u>\$ 100,644</u>	<u>\$ -</u>	<u>\$ (14,035)</u>	<u>\$ 86,609</u>	<u>\$ 8,661</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, 2020, the City's total payroll was \$2,286,889. The City contributed \$226,158 to the plan for the year ended September 30, 2020. Of this total, \$7,494 was contributed from the forfeiture account. As of September 30, 2020, participation in the plan consisted of 24 active members.

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 100% vested to the individual participants' accounts after 5 or more years of service.

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, 2020. 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, 2020 the City's governmental fund balances were as follows:

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Special Revenue Fund	Other Governmental Funds	Total
<b>Fund Balances</b>					
Nonspendable:					
Inventory	\$ 8,373	\$ -	\$ -	\$ -	\$ 8,373
Spendable:					
Restricted for:					
Public safety	-	-	-	788,228	788,228
Culture and recreation	-	-	-	167,331	167,331
Infrastructure	-	608,380	-	-	608,380
Community redevelopment	-	-	238,374	-	238,374
Unassigned	2,656,329	-	-	-	2,656,329
	<u>\$ 2,664,702</u>	<u>\$ 608,380</u>	<u>\$ 238,374</u>	<u>\$ 955,559</u>	<u>\$ 4,467,015</u>

**NOTE 14            SUBSEQUENT EVENTS**

On October 1, 2020, the City consolidated its fire services with Lake County, resulting in the sale of its fire assets to the County for approximately \$170,000, which will be paid by the County in equal installments over the next three years. Additionally, the sale will result in the elimination of the capital lease liabilities related to the fire radios, since these were also transferred to the County.

Combining and Individual Fund Statements and Schedules

City of Mascotte, Florida  
**Combining Balance Sheet - Other Governmental Funds**  
 September 30, 2020

	Police Education	Police Impact	Fire Impact	Parks and Recreation Impact	Total Other Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 27,151	\$ 321,139	\$ 439,883	\$ 167,331	\$ 955,504
Other receivables	55	-	-	-	55
<b>Total assets</b>	<b>\$ 27,206</b>	<b>\$ 321,139</b>	<b>\$ 439,883</b>	<b>\$ 167,331</b>	<b>\$ 955,559</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Restricted	27,206	321,139	439,883	167,331	955,559
<b>Total fund balances</b>	<b>27,206</b>	<b>321,139</b>	<b>439,883</b>	<b>167,331</b>	<b>955,559</b>
<b>Total liabilities and fund balances</b>	<b>\$ 27,206</b>	<b>\$ 321,139</b>	<b>\$ 439,883</b>	<b>\$ 167,331</b>	<b>\$ 955,559</b>

City of Mascotte, Florida  
**Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Other Governmental Funds**  
For the Year Ended September 30, 2020

	Police Education	Police Impact	Fire Impact	Parks and Recreation Impact	Total Other Governmental Funds
<b>Revenues:</b>					
Fees and fines	\$ 1,222		\$ -	\$ -	\$ 1,222
Impact fees/special assessments	-	134,700	199,500	85,950	420,150
Investment earnings	153	1,398	1,821	1,152	4,524
<b>Total revenues</b>	<u>1,375</u>	<u>136,098</u>	<u>201,321</u>	<u>87,102</u>	<u>425,896</u>
<b>Expenditures:</b>					
Current:					
Public safety	2,365	13,425	37,567	-	53,357
Culture and recreation	-	-	-	96,002	96,002
Debt service:					
Principal	-	11,492	6,184	-	17,676
Interest	-	1,662	2,030	-	3,692
<b>Total expenditures</b>	<u>2,365</u>	<u>26,579</u>	<u>45,781</u>	<u>96,002</u>	<u>170,727</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(990)</u>	<u>109,519</u>	<u>155,540</u>	<u>(8,900)</u>	<u>255,169</u>
<b>Net change in fund balances</b>	(990)	109,519	155,540	(8,900)	255,169
Fund balances, beginning	28,196	211,620	284,343	176,231	700,390
<b>Fund balances, ending</b>	<u>\$ 27,206</u>	<u>\$ 321,139</u>	<u>\$ 439,883</u>	<u>\$ 167,331</u>	<u>\$ 955,559</u>

City of Mascotte, Florida  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual - Police Education  
 For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Fees and fines	\$ 1,000	\$ 1,000	\$ 1,222	\$ 222
Investment earnings	-	-	153	153
<b>Total revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>1,375</b>	<b>375</b>
<b>Expenditures:</b>				
Current:				
Public safety	6,500	6,500	2,365	4,135
<b>Total expenditures</b>	<b>6,500</b>	<b>6,500</b>	<b>2,365</b>	<b>4,135</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(5,500)</b>	<b>(5,500)</b>	<b>(990)</b>	<b>4,510</b>
<b>Net change in fund balance</b>	<b>(5,500)</b>	<b>(5,500)</b>	<b>(990)</b>	<b>4,510</b>
Fund balance, beginning	28,196	28,196	28,196	-
<b>Fund balance, ending</b>	<b>\$ 22,696</b>	<b>\$ 22,696</b>	<b>\$ 27,206</b>	<b>\$ 4,510</b>

City of Mascotte, Florida  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual - Police Impact  
 For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 71,800	\$ 71,800	\$ 134,700	\$ 62,900
Investment earnings	-	-	1,398	1,398
<b>Total revenues</b>	<b>71,800</b>	<b>71,800</b>	<b>136,098</b>	<b>64,298</b>
<b>Expenditures:</b>				
Current:				
Public safety	58,500	58,500	13,425	45,075
Debt service:				
Principal	13,300	11,600	11,492	108
Interest	-	1,700	1,662	38
<b>Total expenditures</b>	<b>71,800</b>	<b>71,800</b>	<b>26,579</b>	<b>45,221</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>109,519</b>	<b>109,519</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>109,519</b>	<b>109,519</b>
Fund balance, beginning	211,620	211,620	211,620	-
<b>Fund balance, ending</b>	<b>\$ 211,620</b>	<b>\$ 211,620</b>	<b>\$ 321,139</b>	<b>\$ 109,519</b>

City of Mascotte, Florida  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Fire Impact**  
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 106,400	\$ 106,400	\$ 199,500	\$ 93,100
Investment earnings	-	-	1,821	1,821
<b>Total revenues</b>	<b>106,400</b>	<b>106,400</b>	<b>201,321</b>	<b>94,921</b>
<b>Expenditures:</b>				
Current:				
Public safety	98,100	98,100	37,567	60,533
Debt service:				
Principal	8,300	6,200	6,184	16
Interest	-	2,100	2,030	70
<b>Total expenditures</b>	<b>106,400</b>	<b>106,400</b>	<b>45,781</b>	<b>60,619</b>
Excess (deficiency) of revenues over expenditures	-	-	155,540	155,540
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>155,540</b>	<b>155,540</b>
Fund balance, beginning	284,343	284,343	284,343	-
<b>Fund balance, ending</b>	<b>\$ 284,343</b>	<b>\$ 284,343</b>	<b>\$ 439,883</b>	<b>\$ 155,540</b>

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, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 45,800	\$ 45,800	\$ 85,950	\$ 40,150
Investment earnings	-	-	1,152	1,152
<b>Total revenues</b>	<b>45,800</b>	<b>45,800</b>	<b>87,102</b>	<b>41,302</b>
<b>Expenditures:</b>				
Current:				
Culture and recreation	100,000	100,000	96,002	3,998
<b>Total expenditures</b>	<b>100,000</b>	<b>100,000</b>	<b>96,002</b>	<b>3,998</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(54,200)</b>	<b>(54,200)</b>	<b>(8,900)</b>	<b>45,300</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(37,500)	(37,500)	-	37,500
<b>Total other financing sources and uses</b>	<b>(37,500)</b>	<b>(37,500)</b>	<b>-</b>	<b>37,500</b>
<b>Net change in fund balance</b>	<b>(91,700)</b>	<b>(91,700)</b>	<b>(8,900)</b>	<b>82,800</b>
Fund balance, beginning	176,231	176,231	176,231	-
<b>Fund balance, ending</b>	<b>\$ 84,531</b>	<b>\$ 84,531</b>	<b>\$ 167,331</b>	<b>\$ 82,800</b>

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 9, 2021.

***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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *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.

*McDermitt Davis*

Orlando, Florida  
February 9, 2021

## 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, 2020, and have issued our report thereon dated February 9, 2021.

### 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 February 9, 2021, 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.

*McDiernit Davis*

Orlando, Florida  
February 9, 2021



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**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, 2020. 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, 2020.

*McDermitt Davis*

Orlando, Florida  
February 9, 2021



# City of Mascotte

100 East Myers Blvd. \* Mascotte, Florida 34753 \* Phone (352) 429-3341 \* Fax (352) 429-3345

March 2, 2021

## AFFIDAVIT OF IMPACT FEE COMPLIANCE

Impact Fees are assessed in accordance with Chapter 19: Land Development, Section 4, Impact Fees, of the City of Mascotte Code of Ordinances. Impact fee collections, expenditures and accounting are provided for in separate accounting funds and comply with Florida Statute 163.31801.

Dolly Miller  
Acting City Manager/Finance Director

STATE OF FLORIDA  
COUNTY OF LAKE

The foregoing instrument was acknowledged before me this 10 day of March 2021,  
by Dolly Miller.



Stephanie Abrams  
(Signature of Notary)

Stephanie Abrams  
(Name of Notary Typed, Printed, or Stamped)

Personally Known  OR Produced Identification \_\_\_\_\_