

# **Financial Report**

**September 30, 2023**

**City of Mascotte, Florida**

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City of Mascotte, Florida  
List of Principal Officials

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**MAYOR**

Steven Sheffield

**CITY COUNCIL**

Randy Brasher, Mayor Pro-Tem

Ellen Cruz, Council Member

Meghan Desoto, Council Member

Jessica Bruno, Council Member

**CITY MANAGER**

Annamarie Reno

**CITY FINANCE DIRECTOR**

Dolly Miller

**Financial Section**



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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
*City of Mascotte, Florida*

### Report on the Financial Statements

#### Opinions

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 (the "City")*, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, 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, community redevelopment fund and American Rescue Plan Act Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 3 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Information**

Management is responsible for the other information. The other information comprises the introductory section, but does not include the financial statements and auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated February 22, 2024 on our consideration of the City'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 the City's internal control over financial reporting and compliance.

*McDiarmid Davis*

Orlando, Florida  
February 22, 2024

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, 2023. 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 \$34,497,398 (net position). Of this amount, \$12,006,799 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 \$7,423,790.
- As of the close of the current fiscal year, the *City of Mascotte's* governmental funds reported combined ending fund balances of \$11,402,500, an increase of \$3,923,459 in comparison with the prior year. Approximately 56% of this total amount, \$6,414,086, 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 \$6,414,086 or 127% 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, Sewer 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, the Community Redevelopment Fund, and American Rescue Plan Act Fund which are considered to be major funds. Data from the other three 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, the Community Redevelopment Fund, and American Rescue Plan Act Fund to demonstrate compliance with this budget at pages 17 - 20. Budgetary comparison schedules have been provided for the nonmajor funds at pages 41 - 44.

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, Sewer 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, Sewer and Stormwater Management.

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

### **Notes to the Financial Statements**

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

### **Other Information**

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to Financial Statements. Combining and individual fund statements and schedules can be found on pages 39 - 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 \$34,447,398 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	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current and other assets	\$ 14,930,627	\$ 10,906,742	\$ 10,961,386	\$ 8,345,096	\$ 25,892,013	\$ 19,251,838
Capital assets	4,058,311	4,760,047	11,209,738	8,109,608	15,268,049	12,869,655
<b>Total Assets</b>	<b>18,988,938</b>	<b>15,666,789</b>	<b>22,171,124</b>	<b>16,454,704</b>	<b>41,160,062</b>	<b>32,121,493</b>
<b>Liabilities:</b>						
Long term liabilities	393,696	405,445	608,867	474,420	1,002,563	879,865
Other liabilities	3,528,282	3,371,053	2,181,819	846,967	5,710,101	4,218,020
<b>Total Liabilities</b>	<b>3,921,978</b>	<b>3,776,498</b>	<b>2,790,686</b>	<b>1,321,387</b>	<b>6,712,664</b>	<b>5,097,885</b>
<b>Net Position:</b>						
Net investment in capital assets	3,979,083	4,652,439	10,715,648	7,736,698	14,694,731	12,389,137
Restricted	4,381,249	2,918,134	3,364,619	2,371,021	7,745,868	5,289,155
Unrestricted	6,706,628	4,319,718	5,300,171	5,025,598	12,006,799	9,345,316
<b>Total Net Position</b>	<b>\$ 15,066,960</b>	<b>\$ 11,890,291</b>	<b>\$ 19,380,438</b>	<b>\$ 15,133,317</b>	<b>\$ 34,447,398</b>	<b>\$ 27,023,608</b>

\$14,694,731 (43%) 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 \$7,745,868 (22%). The remaining balance of *unrestricted net position* (\$12,006,799 or 35%) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$7,423,790 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.

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

**Changes in Net Position as of September 30:**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 3,331,562	\$ 1,333,164	\$ 2,841,981	\$ 2,466,655	\$ 6,173,543	\$ 3,799,819
Operating grants and contributions	373,955	172,894	-	-	373,955	172,894
Capital grants and contributions	434,240	101,499	3,058,706	1,144,435	3,492,946	1,245,934
General Revenues:						
Property taxes	1,874,328	1,555,028	-	-	1,874,328	1,555,028
Franchise and utility taxes	768,554	675,066	-	-	768,554	675,066
Intergovernmental	1,971,731	1,721,761	-	-	1,971,731	1,721,761
Investment income and miscellaneous	185,016	52,192	40,062	2,392	225,078	54,584
<b>Total revenues</b>	<b>8,939,386</b>	<b>5,611,604</b>	<b>5,940,749</b>	<b>3,613,482</b>	<b>14,880,135</b>	<b>9,225,086</b>
<b>Expenses:</b>						
General government	2,542,084	1,440,085	-	-	2,542,084	1,440,085
Public safety	1,981,572	1,641,636	-	-	1,981,572	1,641,636
Public works	394,896	358,345	-	-	394,896	358,345
Sanitation	670,308	484,051	-	-	670,308	484,051
Culture and recreation	83,641	109,909	-	-	83,641	109,909
Interest on long-term debt	216	217	-	-	216	217
Water and sewer	-	-	1,588,838	1,364,459	1,588,838	1,364,459
Stormwater	-	-	194,790	184,332	194,790	184,332
<b>Total expenses</b>	<b>5,672,717</b>	<b>4,034,243</b>	<b>1,783,628</b>	<b>1,548,791</b>	<b>7,456,345</b>	<b>5,583,034</b>
<b>Increase (decrease) in net position before transfers</b>	<b>3,266,669</b>	<b>1,577,361</b>	<b>4,157,121</b>	<b>2,064,691</b>	<b>7,423,790</b>	<b>3,642,052</b>
<b>Transfers</b>	<b>(90,000)</b>	<b>-</b>	<b>90,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in Net position</b>	<b>3,176,669</b>	<b>1,577,361</b>	<b>4,247,121</b>	<b>2,064,691</b>	<b>7,423,790</b>	<b>3,642,052</b>
<b>Net position, October 1</b>	<b>11,890,291</b>	<b>10,312,930</b>	<b>15,133,317</b>	<b>13,068,626</b>	<b>27,023,608</b>	<b>23,381,556</b>
<b>Net position, September 30</b>	<b>\$ 15,066,960</b>	<b>\$ 11,890,291</b>	<b>\$ 19,380,438</b>	<b>\$ 15,133,317</b>	<b>\$ 34,447,398</b>	<b>\$ 27,023,608</b>

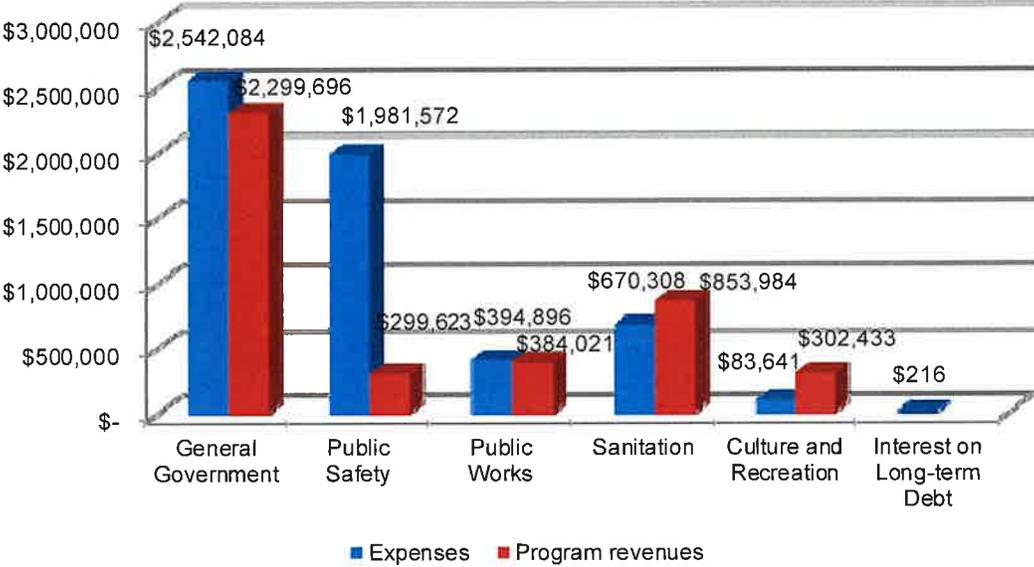
*Governmental Activities*

Governmental activities increased the City of Mascotte's net position by \$3,176,669. This was due to increases in charges for services revenue.

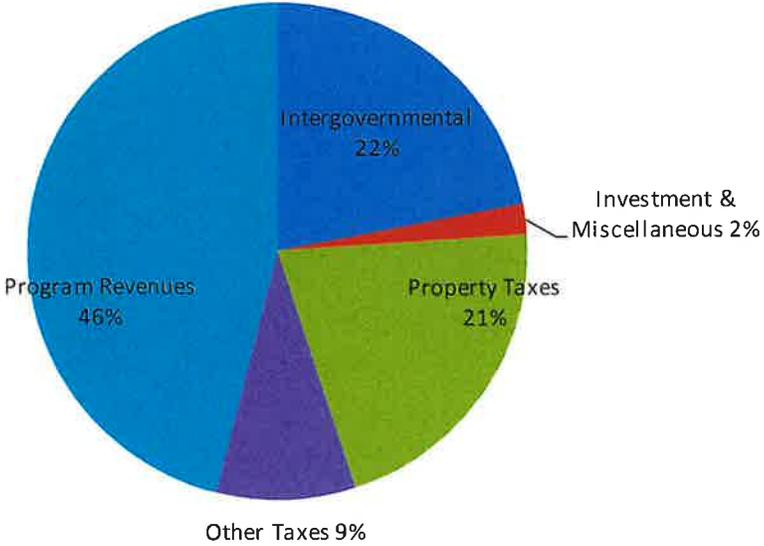
*Business-Type Activities*

Business-type activities increased the City of Mascotte's net position by \$4,247,121 primarily due to increased charges for water and sewer services and capital grants.

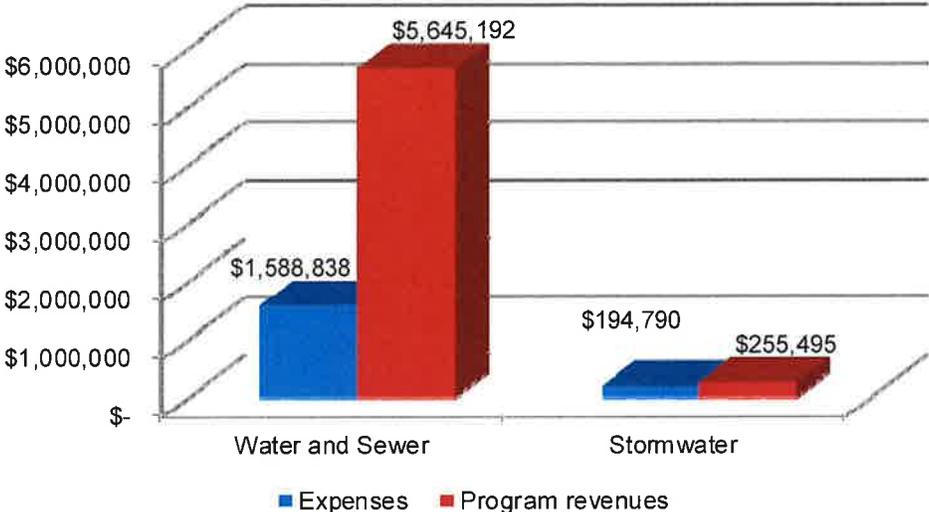
**Expenses and Program Revenues - Governmental Activities**



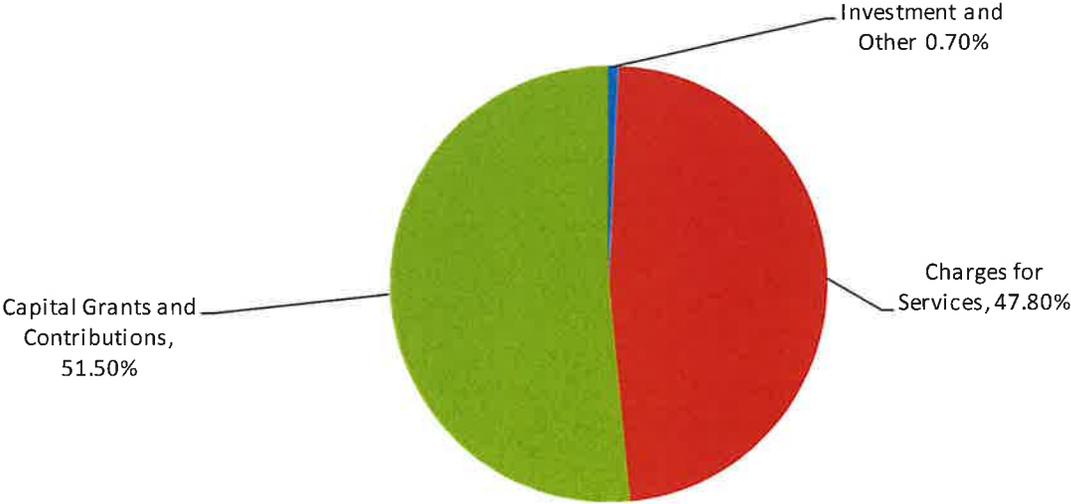
**Revenue by Source - Governmental Activities**



**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 \$11,402,500, an increase of \$3,923,459 in comparison with the prior year. Approximately 56% or \$6,414,086 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 \$6,414,086 while total fund balance was \$7,187,401. 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 127% and 142% respectively, of total General Fund expenditures.

The fund balance of the general fund increased by \$2,626,494 during the current fiscal year due to an increase in licenses and permits revenues.

The fund balance of the infrastructure special revenue fund increased by \$533,823 during the current fiscal year due receiving additional funds that were not budgeted for and some projects that were not completed during the current year and therefore, carried over to the following fiscal year.

The fund balance of the community redevelopment fund increased \$399,411 due to the increase in taxable value within the redevelopment area.

The fund balance of the American rescue plan act fund did not change significantly.

### **Proprietary Funds**

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

Unrestricted net position of the proprietary funds at the year-end amounted to \$5,300,171. The total increase in net position for these funds was \$4,247,121. 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 \$154,465 more than budgeted revenues and actual expenditures were \$2,450,229 less than budgeted expenditures. The original budget was amended to increase licenses and permits, intergovernmental and charges for services revenue. Appropriations for general government were also increased in the final 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, 2023, amounts to \$15,268,049 (net of accumulated depreciation), for an increase of \$2,398,395 from the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 18.64% (a 14.74% decrease for governmental activities, and 38.23% increase for business-type activities).

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Land	\$ 928,017	\$ 1,822,474	\$ 1,680,689	\$ 1,680,689	\$ 2,608,706	\$ 3,503,163
Construction in progress	573,889	440,469	4,060,829	1,155,352	4,634,718	1,595,821
Buildings	978,530	1,053,285	4,195	5,770	982,725	1,059,055
Improvements / infrastructure	1,008,972	690,850	4,704,250	4,998,135	5,713,222	5,688,985
Machinery and equipment	568,903	752,969	282,740	236,843	851,643	989,812
Intangibles	-	-	477,035	32,819	477,035	32,819
<b>Total</b>	<b>\$ 4,058,311</b>	<b>\$ 4,760,047</b>	<b>\$ 11,209,738</b>	<b>\$ 8,109,608</b>	<b>\$ 15,268,049</b>	<b>\$ 12,869,655</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 \$573,318. This debt includes capital leases. Additional information on long-term debt can be found in Note 7 of this report.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Notes payable	\$ 79,228	\$ 107,608	\$ 494,090	\$ 372,910	\$ 573,318	\$ 480,518
	<u>\$ 79,228</u>	<u>\$ 107,608</u>	<u>\$ 494,090</u>	<u>\$ 372,910</u>	<u>\$ 573,318</u>	<u>\$ 480,518</u>

The City's total debt increased by \$92,800 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 \$7,187,401. None of the unassigned fund balance is budgeted for appropriations in the 2024 budget. The City is expecting to incur enough revenues in 2024 to cover expenditures to mitigate any need to draw on 2023 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, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 10,681,539	\$ 8,297,589	\$ 18,979,128
Investments	3,916,150	1,100,000	5,016,150
Receivables, net	189,200	453,713	642,913
Due from other governments	135,439	961,204	1,096,643
Inventories	7,530	83,111	90,641
Prepaid expenses	769	769	1,538
Restricted cash and cash equivalents	-	65,000	65,000
<b>Capital assets:</b>			
Capital assets not being depreciated	1,501,906	5,741,518	7,243,424
Capital assets being depreciated, net of accumulated depreciation	2,556,405	5,468,220	8,024,625
<b>Total assets</b>	<u>18,988,938</u>	<u>22,171,124</u>	<u>41,160,062</u>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	581,293	829,366	1,410,659
Due to other governments	-	960,910	960,910
Accrued interest	155	751	906
Deposits payable	60,645	390,792	451,437
Unearned revenues	2,886,189	-	2,886,189
Noncurrent Liabilities:			
Due within one year	53,504	64,914	118,418
Due in more than one year	340,192	543,953	884,145
<b>Total liabilities</b>	<u>3,921,978</u>	<u>2,790,686</u>	<u>6,712,664</u>
<b>Net Position:</b>			
Net investment in capital assets	3,979,083	10,715,648	14,694,731
Restricted for:			
Infrastructure	2,027,255	-	2,027,255
Capital improvements	-	3,364,619	3,364,619
Community redevelopment	1,066,070	-	1,066,070
Public safety	627,876	-	627,876
Culture and recreation	654,112	-	654,112
Grants	5,936	-	5,936
Unrestricted	6,706,628	5,300,171	12,006,799
<b>Total net position</b>	<u>\$ 15,066,960</u>	<u>\$ 19,380,438</u>	<u>\$ 34,447,398</u>

City of Mascotte, Florida  
**Statement of Activities**  
For the Year Ended September 30, 2023

Functions/Programs	Program Revenue					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Primary Government		
						Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>								
Governmental Activities:								
General government	\$ 2,542,084	\$ 2,299,696	\$ -	\$ -	\$ (242,388)	\$ -	\$ -	(242,388)
Public safety	1,981,572	24,638	6,357	268,628	(1,681,949)	-	-	(1,681,949)
Public works	394,896	151,769	232,252	-	(10,875)	-	-	(10,875)
Sanitation	670,308	853,984	-	-	183,676	-	-	183,676
Culture and recreation	83,641	1,475	135,346	165,612	218,792	-	-	218,792
Interest on long-term debt	216	-	-	-	(216)	-	-	(216)
<b>Total governmental activities</b>	<b>5,672,717</b>	<b>3,331,562</b>	<b>373,955</b>	<b>434,240</b>	<b>(1,532,960)</b>	<b>-</b>	<b>-</b>	<b>(1,532,960)</b>
<b>Business-type Activities:</b>								
Water	1,588,838	2,586,486	-	3,058,706	-	4,056,354	-	4,056,354
Stormwater	194,790	255,495	-	-	-	60,705	-	60,705
<b>Total business-type activities</b>	<b>1,783,628</b>	<b>2,841,981</b>	<b>-</b>	<b>3,058,706</b>	<b>-</b>	<b>4,117,059</b>	<b>-</b>	<b>4,117,059</b>
<b>Total primary government</b>	<b>\$ 7,456,345</b>	<b>\$ 6,173,543</b>	<b>\$ 373,955</b>	<b>\$ 3,492,946</b>	<b>(1,532,960)</b>	<b>4,117,059</b>	<b>4,117,059</b>	<b>2,584,099</b>
<b>General Revenues:</b>								
Property taxes					1,874,328	-	-	1,874,328
Franchise and utility taxes					768,554	-	-	768,554
Intergovernmental					1,971,731	-	-	1,971,731
Unrestricted investment earnings					113,528	40,062	-	153,590
Miscellaneous					60,908	-	-	60,908
Gain on sale of assets					10,580	-	-	10,580
Transfers					(90,000)	90,000	-	-
<b>Total general revenues and transfers</b>					<b>4,709,629</b>	<b>130,062</b>	<b>-</b>	<b>4,839,691</b>
<b>Change in Net position</b>					<b>3,176,669</b>	<b>4,247,121</b>	<b>-</b>	<b>7,423,790</b>
Net position, beginning					<b>11,890,291</b>	<b>15,133,317</b>	<b>-</b>	<b>27,023,608</b>
<b>Net position, ending</b>					<b>\$ 15,066,960</b>	<b>\$ 19,380,438</b>	<b>\$ -</b>	<b>\$ 34,447,398</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Mascotte, Florida  
**Balance Sheet - Governmental Funds**  
September 30, 2023

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Cash and cash equivalents	\$ 5,410,982	\$ 1,202,020	\$ 302,995	\$ 2,905,601	\$ 859,941	\$ 10,681,539
Investments	2,166,150	750,000	750,000	-	250,000	3,916,150
Due from other governments	78,121	57,318	-	-	-	135,439
Other receivables	147,256	17,917	17,917	-	6,110	189,200
Inventories	7,530	-	-	-	-	7,530
Prepaid expenses	769	-	-	-	-	769
<b>Total assets</b>	<b>\$ 7,810,808</b>	<b>\$ 2,027,255</b>	<b>\$ 1,070,912</b>	<b>\$ 2,905,601</b>	<b>\$ 1,116,051</b>	<b>\$ 14,930,627</b>
<b>Liabilities:</b>						
Accounts payable	\$ 506,159	\$ -	\$ 3,700	\$ 13,476	\$ 213	\$ 523,548
Deposits payable	60,645	-	-	-	-	60,645
Other accrued expenses	56,603	-	1,142	-	-	57,745
Unearned revenue	-	-	-	2,886,189	-	2,886,189
<b>Total liabilities</b>	<b>623,407</b>	<b>-</b>	<b>4,842</b>	<b>2,899,665</b>	<b>213</b>	<b>3,528,127</b>
<b>Fund Balances:</b>						
Nonspendable	8,299	-	-	-	-	8,299
Restricted	166,150	2,027,255	1,066,070	5,936	1,115,838	4,381,249
Assigned	598,866	-	-	-	-	598,866
Unassigned	6,414,086	-	-	-	-	6,414,086
<b>Total fund balances</b>	<b>7,187,401</b>	<b>2,027,255</b>	<b>1,066,070</b>	<b>5,936</b>	<b>1,115,838</b>	<b>11,402,500</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,810,808</b>	<b>\$ 2,027,255</b>	<b>\$ 1,070,912</b>	<b>\$ 2,905,601</b>	<b>\$ 1,116,051</b>	<b>\$ 14,930,627</b>

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

September 30, 2023

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**Total Fund Balance, Governmental Funds** \$ 11,402,500

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 4,058,311

Accrued interest payable is not due in the current period and therefore is not reported in the funds. (155)

Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds (393,696)

**Net position of governmental activities in the statement of net position** \$ 15,066,960

City of Mascotte, Florida  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**  
Year Ended September 30, 2023

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes:						
Property	\$ 1,296,246	\$ -	\$ 578,082	\$ -	\$ -	\$ 1,874,328
Franchise and utility	768,554	-	-	-	-	768,554
Fees and fines	15,897	-	-	-	1,737	17,634
Impact fees/special assessments	-	-	-	-	434,240	434,240
Licenses and permits	1,624,828	-	-	-	-	1,624,828
Intergovernmental	1,209,118	911,222	-	225,346	-	2,345,686
Charges for services	1,689,100	-	-	-	-	1,689,100
Investment earnings	61,630	20,164	18,803	5,573	7,358	113,528
Miscellaneous	60,908	-	-	-	-	60,908
<b>Total revenues</b>	<b>6,726,281</b>	<b>931,386</b>	<b>596,885</b>	<b>230,919</b>	<b>443,335</b>	<b>8,928,806</b>
<b>Expenditures:</b>						
Current:						
General government	2,245,987	-	197,474	-	-	2,443,461
Public safety	1,731,255	-	-	-	65,858	1,797,113
Public works	388,479	364,938	-	-	-	753,417
Sanitation	670,308	-	-	-	-	670,308
Culture and recreation	26,542	16,942	-	135,346	6,375	185,205
Debt service:						
Principal	-	15,683	-	-	12,697	28,380
Interest and other charges	-	-	-	-	247	247
<b>Total expenditures</b>	<b>5,062,571</b>	<b>397,563</b>	<b>197,474</b>	<b>135,346</b>	<b>85,177</b>	<b>5,878,131</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,663,710</b>	<b>533,823</b>	<b>399,411</b>	<b>95,573</b>	<b>358,158</b>	<b>3,050,675</b>
<b>Other Financing Sources (Uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(90,000)	-	(90,000)
Debt proceeds	-	-	-	-	-	-
Sale of general capital assets	962,784	-	-	-	-	962,784
<b>Total other financing sources (uses)</b>	<b>962,784</b>	<b>-</b>	<b>-</b>	<b>(90,000)</b>	<b>-</b>	<b>872,784</b>
<b>Net change in fund balances</b>	<b>2,626,494</b>	<b>533,823</b>	<b>399,411</b>	<b>5,573</b>	<b>358,158</b>	<b>3,923,459</b>
Fund balances, beginning	4,560,907	1,493,432	666,659	363	757,680	7,479,041
<b>Fund balances, ending</b>	<b>\$ 7,187,401</b>	<b>\$ 2,027,255</b>	<b>\$ 1,066,070</b>	<b>\$ 5,936</b>	<b>\$ 1,115,838</b>	<b>\$ 11,402,500</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**  
Year Ended September 30, 2023

	\$ 3,923,459
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.	193,634
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities report only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.	
	(895,370)
Revenues reported in the funds in the current year must be eliminated from the statement of activities since revenue was recognized in the prior year.	
	(56,834)
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.	
	28,380
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.	
	(16,600)
<b>Change in net position of governmental activities</b>	<u>\$ 3,176,669</u>

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

Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Property taxes	\$ 1,313,875	\$ 1,319,575	\$ 1,296,246	\$ (23,329)
Franchise and utility	586,625	704,025	768,554	64,529
Fees and fines	8,000	15,100	15,897	797
Licenses and permits	395,300	1,625,100	1,624,828	(272)
Intergovernmental	881,200	1,157,200	1,209,118	51,918
Charges for services	948,200	1,687,600	1,689,100	1,500
Investment earnings	5,000	9,900	61,630	51,730
Miscellaneous	30,900	31,300	60,908	29,608
<b>Total revenues</b>	<b>4,169,100</b>	<b>6,549,800</b>	<b>6,726,281</b>	<b>176,481</b>
<b>Expenditures:</b>				
Current:				
General government	1,235,100	4,399,500	2,245,987	2,153,513
Public safety	1,909,300	1,909,300	1,731,255	178,045
Public works	401,500	439,500	388,479	51,021
Sanitation	602,000	673,300	670,308	2,992
Culture and recreation	91,200	91,200	26,542	64,658
<b>Total expenditures</b>	<b>4,239,100</b>	<b>7,512,800</b>	<b>5,062,571</b>	<b>2,450,229</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(70,000)</b>	<b>(963,000)</b>	<b>1,663,710</b>	<b>2,626,710</b>
<b>Other Financing Sources (Uses):</b>				
Sale of assets	70,000	963,000	962,784	(216)
<b>Total other financing sources (uses)</b>	<b>70,000</b>	<b>963,000</b>	<b>962,784</b>	<b>(216)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>2,626,494</b>	<b>2,626,494</b>
Fund balance, beginning	4,560,907	4,560,907	4,560,907	-
<b>Fund balance, ending</b>	<b>\$ 4,560,907</b>	<b>\$ 4,560,907</b>	<b>\$ 7,187,401</b>	<b>\$ 2,626,494</b>

City of Mascotte, Florida  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Infrastructure Special Revenue Fund**  
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 660,300	\$ 660,300	\$ 911,222	\$ 250,922
Investment earnings	1,000	1,000	20,164	19,164
<b>Total revenues</b>	<b>661,300</b>	<b>661,300</b>	<b>931,386</b>	<b>270,086</b>
<b>Expenditures:</b>				
Current:				
Public safety	349,000	349,000	-	349,000
Public works	75,000	350,000	364,938	(14,938)
Culture and recreation	48,500	48,500	16,942	31,558
Debt:				
Principal	18,200	18,200	15,683	2,517
<b>Total expenditures</b>	<b>490,700</b>	<b>765,700</b>	<b>397,563</b>	<b>368,137</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>170,600</b>	<b>(104,400)</b>	<b>533,823</b>	<b>638,223</b>
<b>Net change in fund balances</b>	<b>170,600</b>	<b>(104,400)</b>	<b>533,823</b>	<b>638,223</b>
Fund balance, beginning	1,493,432	1,493,432	1,493,432	-
<b>Fund balance, ending</b>	<b>\$ 1,664,032</b>	<b>\$ 1,389,032</b>	<b>\$ 2,027,255</b>	<b>\$ 638,223</b>

City of Mascotte, Florida  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual - Community Redevelopment Fund**  
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 571,400	\$ 571,400	\$ 578,082	\$ 6,682
Investment earnings	1,000	1,000	18,803	17,803
<b>Total revenues</b>	<b>572,400</b>	<b>572,400</b>	<b>596,885</b>	<b>24,485</b>
<b>Expenditures:</b>				
Current:				
General government	372,700	372,700	197,474	175,226
<b>Total expenditures</b>	<b>372,700</b>	<b>372,700</b>	<b>197,474</b>	<b>175,226</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>199,700</b>	<b>199,700</b>	<b>399,411</b>	<b>199,711</b>
<b>Net change in fund balances</b>	<b>199,700</b>	<b>199,700</b>	<b>399,411</b>	<b>199,711</b>
Fund balance, beginning	666,659	666,659	666,659	-
<b>Fund balance, ending</b>	<b>\$ 866,359</b>	<b>\$ 866,359</b>	<b>\$ 1,066,070</b>	<b>\$ 199,711</b>

City of Mascotte, Florida  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - American Rescue Plan Act**  
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,581,500	\$ 1,581,500	\$ 225,346	\$ (1,356,154)
Investment earnings	-	-	5,573	5,573
<b>Total revenues</b>	<b>1,581,500</b>	<b>1,581,500</b>	<b>230,919</b>	<b>(1,350,581)</b>
<b>Expenditures:</b>				
Current:				
Public works	410,000	410,000	-	410,000
Culture and recreation	2,037,000	2,037,000	135,346	1,901,654
<b>Total expenditures</b>	<b>2,447,000</b>	<b>2,447,000</b>	<b>135,346</b>	<b>2,311,654</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(865,500)</b>	<b>(865,500)</b>	<b>95,573</b>	<b>961,073</b>
<b>Other Financing Sources (Uses):</b>				
Transfer out	(590,000)	(590,000)	(90,000)	500,000
<b>Total other financing sources (uses)</b>	<b>(590,000)</b>	<b>(590,000)</b>	<b>(90,000)</b>	<b>500,000</b>
<b>Net change in fund balances</b>	<b>(2,045,500)</b>	<b>(1,455,500)</b>	<b>5,573</b>	<b>1,461,073</b>
Fund balance, beginning	363	363	363	-
<b>Fund balance, ending</b>	<b>\$ (2,045,137)</b>	<b>\$ (1,455,137)</b>	<b>\$ 5,936</b>	<b>\$ 1,461,073</b>

City of Mascotte, Florida  
**Statement of Net Position - Proprietary Funds**  
September 30, 2023

	Enterprise Funds		
	Water and Sewer	Stormwater	Total
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 7,674,920	\$ 622,669	\$ 8,297,589
Investments	1,000,000	100,000	1,100,000
Accounts receivable, net	388,187	39,248	427,435
Due from other governments	961,204	-	961,204
Other receivables	23,889	2,389	26,278
Inventories	83,111	-	83,111
Prepaid expenses	769	-	769
Restricted cash and cash equivalents	35,000	30,000	65,000
<b>Total current assets</b>	<b>10,167,080</b>	<b>794,306</b>	<b>10,961,386</b>
<b>Noncurrent Assets:</b>			
Capital Assets:			
Land	1,680,689	-	1,680,689
Construction in progress	3,865,429	195,400	4,060,829
Infrastructure	8,682,979	1,473,581	10,156,560
Intangible assets	537,653	766	538,419
Buildings	15,752	-	15,752
Machinery and equipment	589,000	216,312	805,312
Less accumulated depreciation	(5,262,726)	(785,097)	(6,047,823)
<b>Total noncurrent assets</b>	<b>10,108,776</b>	<b>1,100,962</b>	<b>11,209,738</b>
<b>Total assets</b>	<b>20,275,856</b>	<b>1,895,268</b>	<b>22,171,124</b>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	703,213	61,196	764,409
Salaries payable	19,572	2,633	22,205
Other accrued expenses	42,752	-	42,752
Due to other governments	960,910	-	960,910
Customer deposits payable	390,792	-	390,792
Interest payable	751	-	751
Compensated absences	8,711	2,767	11,478
Notes payable	28,926	24,510	53,436
<b>Total current liabilities</b>	<b>2,155,627</b>	<b>91,106</b>	<b>2,246,733</b>
<b>Noncurrent Liabilities:</b>			
Compensated absences	78,395	24,904	103,299
Notes payable	343,627	97,027	440,654
<b>Total noncurrent liabilities</b>	<b>422,022</b>	<b>121,931</b>	<b>543,953</b>
<b>Total liabilities</b>	<b>2,577,649</b>	<b>213,037</b>	<b>2,790,686</b>
<b>Net Position:</b>			
Net investment in capital assets	9,736,223	979,425	10,715,648
Restricted for capital improvements	3,364,619	-	3,364,619
Unrestricted	4,597,365	702,806	5,300,171
<b>Total net position</b>	<b>\$ 17,698,207</b>	<b>\$ 1,682,231</b>	<b>\$ 19,380,438</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

City of Mascotte, Florida  
**Statement of Revenues, Expenses and Changes in Fund Net Position -**  
**Proprietary Funds**  
Year Ended September 30, 2023

	Enterprise Funds		
	Water and Sewer	Stormwater	Total
<b>Revenues:</b>			
Charges for services	\$ 2,586,486	\$ 255,495	\$ 2,841,981
<b>Total operating revenues</b>	<b>2,586,486</b>	<b>255,495</b>	<b>2,841,981</b>
<b>Operating Expenses:</b>			
Salaries and benefits	618,523	96,317	714,840
Contractual services	173,983	13,696	187,679
Repairs and maintenance	146,070	11,144	157,214
Other supplies and expenses	339,879	16,889	356,768
Depreciation	300,925	56,507	357,432
<b>Total operating expenses</b>	<b>1,579,380</b>	<b>194,553</b>	<b>1,773,933</b>
<b>Operating income</b>	<b>1,007,106</b>	<b>60,942</b>	<b>1,068,048</b>
<b>Nonoperating Revenues (Expenses):</b>			
Interest and investment income	36,669	3,393	40,062
Interest expense	(9,458)	(237)	(9,695)
<b>Total nonoperating revenue (expenses)</b>	<b>27,211</b>	<b>3,156</b>	<b>30,367</b>
<b>Income before capital contributions and transfers</b>	<b>1,034,317</b>	<b>64,098</b>	<b>1,098,415</b>
Impact fees	987,249	-	987,249
Capital grants and contributions	2,071,457	-	2,071,457
Transfers in	-	90,000	90,000
<b>Change in net position</b>	<b>4,093,023</b>	<b>154,098</b>	<b>4,247,121</b>
Total net position, beginning	13,605,184	1,528,133	15,133,317
<b>Total net position, ending</b>	<b>\$ 17,698,207</b>	<b>\$ 1,682,231</b>	<b>\$ 19,380,438</b>

City of Mascotte, Florida  
Statement of Cash Flows - Proprietary Funds  
Year Ended September 30, 2023

	Enterprise Funds		
	Water and Sewer	Stormwater	Total
<b>Cash Flows from Operating Activities:</b>			
Receipts from customers	\$ 3,424,173	\$ 253,544	\$ 3,677,717
Payments to suppliers	(304,892)	(38,673)	(343,565)
Payments to employees	(602,297)	(92,865)	(695,162)
<b>Net cash provided (used) by operating activities</b>	<b>2,516,984</b>	<b>122,006</b>	<b>2,638,990</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers in	-	90,000	90,000
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>90,000</b>	<b>90,000</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Purchase of capital assets	(3,185,557)	(215,005)	(3,400,562)
Impact fees	987,249	-	987,249
Capital grants	1,798,218	-	1,798,218
Notes issued	28,347	121,537	149,884
Payments on notes payable	(28,704)	121,537	92,833
Interest paid on notes payable	(8,707)	(237)	(8,944)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(409,154)</b>	<b>27,832</b>	<b>(381,322)</b>
<b>Cash Flows from Investing Activities:</b>			
Purchase of investments	(1,000,000)	(100,000)	(1,100,000)
Investment income	12,780	1,004	13,784
<b>Net cash provided by investing activities</b>	<b>(987,220)</b>	<b>(98,996)</b>	<b>(1,086,216)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,120,610</b>	<b>140,842</b>	<b>1,261,452</b>
Cash and cash equivalents, beginning	6,589,310	633,364	7,222,674
<b>Cash and cash equivalents, ending</b>	<b>\$ 7,709,920</b>	<b>\$ 774,206</b>	<b>\$ 8,484,126</b>
<b>Classified As:</b>			
Cash and cash equivalents	\$ 7,674,920	\$ 622,669	\$ 8,297,589
Restricted cash and cash equivalents	35,000	30,000	65,000
<b>Total</b>	<b>\$ 7,709,920</b>	<b>\$ 652,669</b>	<b>\$ 8,362,589</b>

	Enterprise Funds		
	Water and Sewer	Stormwater	Total
<b>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</b>			
Operating income	\$ 1,007,106	\$ 60,942	\$ 1,068,048
<b>Adjustments Not Affecting Cash:</b>			
Depreciation and amortization	300,925	56,507	357,432
<b>Change in Assets and Liabilities:</b>			
Decrease (increase) in accounts receivable	(60,410)	(1,951)	(62,361)
Decrease (increase) in inventory	(13,728)	-	(13,728)
Decrease (increase) in prepaids	(769)	-	(769)
Increase (decrease) in accounts payable	369,537	3,056	372,593
Increase (decrease) in accrued liabilities	6,120	291	6,411
Increase (decrease) in due to other governments	856,330	-	856,330
Increase (decrease) in compensated absences	10,106	3,161	13,267
Increase (decrease) in customer deposits	41,767	-	41,767
<b>Total adjustments</b>	<b>1,509,878</b>	<b>61,064</b>	<b>1,570,942</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,516,984</b>	<b>\$ 122,006</b>	<b>\$ 2,638,990</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.

The *American Rescue Plan Act ("ARPA") Fund* was established as a special revenue fund account for the receipts and spending of the grant funds related to the American Rescue Plan Act.

*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 and Sewer Fund* is used to account for the operations of the City's water and sewer 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 and sewer 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 sewer 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 and Sewer 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 \$5,000 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.

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.

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

*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, 2023.

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.

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

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

*New Accounting Standards*

In fiscal year 2023, the City has not implemented any new accounting standards with a material effect on the City's financial statements.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including notes payable, 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	\$ (79,228)
Compensated absences	<u>(314,468)</u>
Net adjustment to reduce <i>fund balance, total governmental funds</i> to arrive at <i>net position, governmental activities</i>	<u><u>\$ (393,696)</u></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	\$ 600,029
Depreciation expense	<u>(406,395)</u>
Net adjustment to increase net changes in fund balances, <i>total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u><u>\$ 193,634</u></u>

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

Principal repayment	<u>\$ 28,380</u>
Net Adjustment to decrease Net Changes in Fund Balances - <i>total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u><u>\$ 28,380</u></u>

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

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	\$ (16,631)
Accrued interest payable	<u>31</u>
Net adjustment to decrease net changes in fund balances, <i>total governmental funds</i> to arrive at changes in <i>net position of governmental activities</i>	<u><u>\$ (16,600)</u></u>

**NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

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

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

**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".

**Investments**

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

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

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted prices 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'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

Investments made by the City at September 30, 2023 are summarized below. In accordance with GASB Statement No. 31, investments are reported at fair value.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
Certificate of deposit	\$ 5,016,150	Not rated	103 days

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, 2023, 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:

	<u>General Fund</u>	<u>Infrastructure Special Revenue Fund</u>	<u>Community Redevelopment Fund</u>	<u>Other Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
Receivables:							
Accounts	\$ 98,177	\$ -	\$ -	\$ 138	\$ 418,272	\$ 41,701	\$558,288
Accrued interest	51,747	17,917	17,917	5,972	23,889	2,389	119,831
Less allowance for uncollectible accounts	(2,668)	-	-	-	(30,085)	(2,453)	(35,206)
	<u>\$147,256</u>	<u>\$ 17,917</u>	<u>\$ 17,917</u>	<u>\$ 6,110</u>	<u>\$ 412,076</u>	<u>\$ 41,637</u>	<u>\$642,913</u>

**NOTE 6 CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,822,474	\$ -	\$ (894,457)	\$ 928,017
Construction in progress	440,469	133,420	-	573,889
<b>Total capital assets, not being depreciated</b>	<u>2,262,943</u>	<u>133,420</u>	<u>(894,457)</u>	<u>1,501,906</u>
Capital Assets, Being Depreciated:				
Buildings	2,233,367	-	(12,463)	2,220,904
Improvements/infrastructure	2,950,043	432,764	-	3,382,807
Machinery and equipment	2,379,677	33,845	(81,043)	2,332,479
Intangible assets	32,456	-	-	32,456
<b>Total capital assets, being depreciated</b>	<u>7,595,543</u>	<u>466,609</u>	<u>(93,506)</u>	<u>7,968,646</u>
Less Accumulated Depreciation For:				
Buildings	(1,180,082)	(73,842)	11,550	(1,242,374)
Improvements/infrastructure	(2,259,193)	(114,642)	-	(2,373,835)
Machinery and equipment	(1,626,708)	(217,911)	81,043	(1,763,576)
Intangible assets	(32,456)	-	-	(32,456)
<b>Total accumulated depreciation</b>	<u>(5,098,439)</u>	<u>(406,395)</u>	<u>92,593</u>	<u>(5,412,241)</u>
<b>Total capital assets, being depreciated, net</b>	<u>2,497,104</u>	<u>60,214</u>	<u>(913)</u>	<u>2,556,405</u>
<b>Government activities capital assets, net</b>	<u>\$ 4,760,047</u>	<u>\$ 193,634</u>	<u>\$ (895,370)</u>	<u>\$ 4,058,311</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	1,155,352	2,905,477	-	4,060,829
<b>Total capital assets, not being depreciated</b>	<u>2,836,041</u>	<u>2,905,477</u>	<u>-</u>	<u>5,741,518</u>
Capital Assets, Being Depreciated:				
Buildings	15,752	-	-	15,752
Improvements/Infrastructure	10,163,344	-	(6,784)	10,156,560
Machinery and equipment	706,898	102,085	(3,671)	805,312
Intangible assets	88,419	450,000	-	538,419
<b>Total capital assets, being depreciated</b>	<u>10,974,413</u>	<u>552,085</u>	<u>(10,455)</u>	<u>11,516,043</u>
Less Accumulated Depreciation For:				
Buildings	(9,982)	(1,575)	-	(11,557)
Improvements/Infrastructure	(5,165,209)	(293,885)	6,784	(5,452,310)
Machinery and equipment	(470,055)	(56,188)	3,671	(522,572)
Intangible assets	(55,600)	(5,784)	-	(61,384)
<b>Total accumulated depreciation</b>	<u>(5,700,846)</u>	<u>(357,432)</u>	<u>10,455</u>	<u>(6,047,823)</u>
<b>Total capital assets, being depreciated, net</b>	<u>5,273,567</u>	<u>194,653</u>	<u>-</u>	<u>5,468,220</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 8,109,608</u>	<u>\$ 3,100,130</u>	<u>\$ -</u>	<u>\$ 11,209,738</u>

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
General government	\$ 94,263
Public safety	196,097
Transportation/public works	71,758
Culture and recreation	44,277
<b>Total depreciation expense, governmental activities</b>	<u>\$ 406,395</u>
<b>Business-type Activities:</b>	
Water and sewer	\$ 300,925
Stormwater	56,507
<b>Total depreciation expense, business type activities</b>	<u>\$ 357,432</u>

**NOTE 7            LONG-TERM DEBT**

**Notes Payable - Direct Borrowing**

In 2018, the city entered into an installment purchase for police department equipment. The agreement provides for total funding of \$31,943 to be paid over five years.

In 2018, the city entered into an interlocal agreement with Lake County to purchase for radio equipment. The agreement provides for total funding of \$149,349 to be paid over ten years. In 2020, the agreement was modified for radio equipment returned to the County. Total principal and interest remaining to be paid under this agreement is \$32,555.

In 2022, the city entered into an installment purchase for police department equipment. The agreement provides for total funding of \$81,605 to be paid over five years.

In October 2020, the City executed the Clean Water State Revolving Fund Loan agreement WW351200. This agreement provides for total funding of \$375,000, \$187,500 is estimated to be repaid with a related grant. The loan period is for 20 years with zero interest rate. The note is secured by gross revenues from the water and sewer systems net of operations and maintenance costs. Principal and interest remaining to be paid on this series is \$180,375. During the year, \$9,750 of principal was paid. Pledged revenue was \$2,331,949.

In October 2020, the City executed the Drink Water State Revolving Fund Loan agreement DW-351210. This agreement provides for total funding of \$390,000 which includes principal forgiveness of \$195,000. The loan period is for 10 years at a 1.17% annual interest rate. The note is secured by gross revenues from the water and sewer systems net of operations and maintenance costs. Principal and interest remaining to be paid on this series is \$179,464, \$21,114 of principal and interest was paid in the current year. Pledged revenue was \$2,331,949.

In November 2022, the City executed the Clean Water State Revolving Fund Loan agreement SW351220. This agreement provides for total funding of \$450,500. The loan period is for 20 years at a 1.19% annual interest rate. The note is secured by gross revenues from the utility system net of operations and maintenance costs. Principal and interest remaining to be paid on this series is \$125,445. Pledged revenue was \$120,842.

In June 2023, the City executed the Clean Water State Revolving Fund Loan agreement CW351202. This agreement provides for total funding of \$1,682,640 which includes principal forgiveness of \$1,346,112. The loan period is for 10 years at a 1.23% annual interest rate. The note is secured by gross revenues from the water and sewer systems net of operations and maintenance costs. Principal and interest remaining to be paid on this series is \$22,242. Pledged revenue was \$2,331,949.

In February 2023, the City executed the Drink Water State Revolving Fund Loan agreement DW351211. This agreement provides for total funding of \$1,757,800 which includes principal forgiveness of \$878,900. The loan period is for 10 years an interest rate of 1.62 percent. The note is secured by gross revenues from the utility system net of operations and maintenance costs. As of September 30, 2023, no funds have been drawn on the loan.

In the event of default on the state revolving fund notes, the Florida Department of Environmental Protection may cause to establish rates and collect fees, require the City to account for all moneys received and used, appoint a receiver to manage the water and sewer systems, intercept delinquent amounts plus a penalty due to the City under State Revenue Sharing, recover all amounts due including costs of collection and attorney fees, and accelerate the repayment schedule to increase the interest rate by a factor of up to 1.667.

**NOTE 7 LONG-TERM DEBT (CONTINUED)**

Debt service requirements for notes payable at September 30, 2023 are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 22,057	\$ 137	\$ 53,436	\$ 3,311
2025	22,088	106	75,776	3,213
2026	22,118	76	54,478	2,270
2027	6,468	43	55,007	1,740
2028	6,497	14	51,569	1,203
2029-2033	-	-	120,949	1,699
2034-2038	-	-	48,750	-
2039-2042	-	-	34,125	-
Total	\$ 79,228	\$ 376	\$ 494,090	\$ 13,436

**Changes in Long-Term Liabilities**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Notes Payable	\$ 107,608	\$ -	\$ (28,380)	\$ 79,228	\$ 22,057
Compensated absences	297,837	16,631	-	314,468	31,447
Governmental activity long-term liabilities	\$ 405,445	\$ 16,631	\$ (28,380)	\$ 393,696	\$ 53,504
<b>Business-Type Activities:</b>					
Notes payable	\$ 372,910	\$ 149,884	\$ (28,704)	\$ 494,090	\$ 53,436
Compensated absences	101,510	13,267	-	114,777	11,478
Business-type activity long-term liabilities	\$ 474,420	\$ 163,151	\$ (28,704)	\$ 608,867	\$ 64,914

**NOTE 8 RETIREMENT PLAN**

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

**Eligibility**

The plan covers all employees of the City who on the effective date of the plan has attained age 18.

**Funding Policy**

The City contributes 10% of the compensation of each participant. 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.

**NOTE 8                    RETIREMENT PLAN (CONTINUED)**

During the year ended September 30, 2023, the City's total payroll was \$2,052,276. The City contributed \$199,437 to the plan for the year ended September 30, 2023. Of this total, \$7,941 was contributed from the forfeiture account. As of September 30, 2023, participation in the plan consisted of 32 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.

**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 9                    OTHER POST-EMPLOYMENT 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 10                  COMMITMENTS AND CONTINGENCIES**

**Litigation**

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2023. 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 11 FUND BALANCE**

At September 30, 2023 the City's governmental fund balances were as follows:

	General Fund	Infrastructure Special Revenue Fund	Community Redevelopment Special Revenue Fund	American Resuce Plan Act Fund	Other Governmental Funds	Total
<b>Fund Balances</b>						
Nonspendable:						
Inventory	\$ 7,530	\$ -	\$ -	\$ -	\$ -	\$ 7,530
Prepays	769	-	-	-	-	769
Spendable:						
Restricted for:						
Public safety	-	-	-	-	627,876	627,876
Culture and recreation	-	-	-	-	487,962	487,962
Infrastructure	-	2,027,255	-	-	-	2,027,255
Community redevelopment	-	-	1,066,070	-	-	1,066,070
Other purposes	166,150	-	-	5,936	-	172,086
Assigned for:						
Fire services	499,228	-	-	-	-	499,228
Streetlighting	99,638	-	-	-	-	99,638
Unassigned	6,414,086	-	-	-	-	6,414,086
	<u>\$ 7,187,401</u>	<u>\$ 2,027,255</u>	<u>\$ 1,066,070</u>	<u>\$ 5,936</u>	<u>\$ 1,115,838</u>	<u>\$ 11,402,500</u>

**NOTE 12 SUBSEQUENT EVENTS**

Subsequent to year end, the City drew additional funds on the Clean Water State Revolving Fund Loan agreements CW351202 and SW351220 for \$105,560 and \$74,100, respectively.

**Combining and Individual Fund Statements and Schedules**

City of Mascotte, Florida  
**Combining Balance Sheet - Other Governmental Funds**  
September 30, 2023

	<u>Police Education</u>	<u>Police Impact</u>	<u>Parks and Recreation Impact</u>	<u>Total Other Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 12,234	\$ 359,745	\$ 487,962	\$ 859,941
Investments	-	250,000	-	250,000
Other receivables	138	5,972	-	6,110
<b>Total assets</b>	<u>\$ 12,372</u>	<u>\$ 615,717</u>	<u>\$ 487,962</u>	<u>\$ 1,116,051</u>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable	\$ 213	\$ -	\$ -	\$ 213
<b>Total liabilities</b>	<u>213</u>	<u>-</u>	<u>-</u>	<u>213</u>
<b>Fund Balances:</b>				
Restricted	12,159	615,717	487,962	1,115,838
<b>Total fund balances</b>	<u>12,159</u>	<u>615,717</u>	<u>487,962</u>	<u>1,115,838</u>
<b>Total liabilities and fund balances</b>	<u>\$ 12,372</u>	<u>\$ 615,717</u>	<u>\$ 487,962</u>	<u>\$ 1,116,051</u>

City of Mascotte, Florida  
**Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Other Governmental Funds**  
Year Ended September 30, 2023

	<u>Police Education</u>	<u>Police Impact</u>	<u>Parks and Recreation Impact</u>	<u>Total Other Governmental Funds</u>
<b>Revenues:</b>				
Fees and fines	\$ 1,737	\$ -	\$ -	\$ 1,737
Impact fees/special assessments	-	268,628	165,612	434,240
Investment earnings	31	6,564	763	7,358
<b>Total revenues</b>	<u>1,768</u>	<u>275,192</u>	<u>166,375</u>	<u>443,335</u>
<b>Expenditures:</b>				
Current:				
Public safety	9,964	55,894	-	65,858
Culture and recreation	-	-	6,375	6,375
Debt service:				
Principal	-	12,697	-	12,697
Interest	-	247	-	247
<b>Total expenditures</b>	<u>9,964</u>	<u>68,838</u>	<u>6,375</u>	<u>85,177</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(8,196)</u>	<u>206,354</u>	<u>160,000</u>	<u>358,158</u>
<b>Net change in fund balances</b>	<u>(8,196)</u>	<u>206,354</u>	<u>160,000</u>	<u>358,158</u>
Fund balances, beginning	<u>20,355</u>	<u>409,363</u>	<u>327,962</u>	<u>757,680</u>
<b>Fund balances, ending</b>	<u><u>\$ 12,159</u></u>	<u><u>\$ 615,717</u></u>	<u><u>\$ 487,962</u></u>	<u><u>\$ 1,115,838</u></u>

City of Mascotte, Florida  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Police Education**  
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Fees and fines	\$ 1,100	\$ 1,100	\$ 1,737	\$ 637
Investment earnings	100	100	31	(69)
<b>Total revenues</b>	<b>1,200</b>	<b>1,200</b>	<b>1,768</b>	<b>568</b>
<b>Expenditures:</b>				
Current:				
Public safety	13,500	13,500	9,964	3,536
<b>Total expenditures</b>	<b>13,500</b>	<b>13,500</b>	<b>9,964</b>	<b>3,536</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(12,300)</b>	<b>(12,300)</b>	<b>(8,196)</b>	<b>4,104</b>
<b>Net change in fund balance</b>	<b>(12,300)</b>	<b>(12,300)</b>	<b>(8,196)</b>	<b>4,104</b>
Fund balance, beginning	20,355	20,355	20,355	-
<b>Fund balance, ending</b>	<b>\$ 8,055</b>	<b>\$ 8,055</b>	<b>\$ 12,159</b>	<b>\$ 4,104</b>

City of Mascotte, Florida  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual - Police Impact**  
 Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 112,000	\$ 112,000	\$ 268,628	\$ 156,628
Investment earnings	1,000	1,000	6,564	5,564
<b>Total revenues</b>	<b>113,000</b>	<b>113,000</b>	<b>275,192</b>	<b>162,192</b>
<b>Expenditures:</b>				
Current:				
Public safety	459,400	459,400	55,894	403,506
Debt service:				
Principal	12,900	12,900	12,697	203
Interest	400	400	247	153
<b>Total expenditures</b>	<b>472,700</b>	<b>472,700</b>	<b>68,838</b>	<b>403,862</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(359,700)</b>	<b>(359,700)</b>	<b>206,354</b>	<b>566,054</b>
<b>Net change in fund balance</b>	<b>(359,700)</b>	<b>(359,700)</b>	<b>206,354</b>	<b>566,054</b>
Fund balance, beginning	409,363	409,363	409,363	-
<b>Fund balance, ending</b>	<b>\$ 49,663</b>	<b>\$ 49,663</b>	<b>\$ 615,717</b>	<b>\$ 566,054</b>

City of Mascotte, Florida  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Parks and Recreation Impact**  
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees/special assessments	\$ 71,600	\$ 71,600	\$ 165,612	\$ 94,012
Investment earnings	1,000	1,000	763	(237)
<b>Total revenues</b>	<b>72,600</b>	<b>72,600</b>	<b>166,375</b>	<b>93,775</b>
<b>Expenditures:</b>				
Current:				
Culture and recreation	72,600	72,600	6,375	66,225
<b>Total expenditures</b>	<b>72,600</b>	<b>72,600</b>	<b>6,375</b>	<b>66,225</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>160,000</b>	<b>160,000</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>160,000</b>	<b>160,000</b>
Fund balance, beginning	327,962	327,962	327,962	-
<b>Fund balance, ending</b>	<b>\$ 327,962</b>	<b>\$ 327,962</b>	<b>\$ 487,962</b>	<b>\$ 160,000</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, and the aggregate remaining fund information of the *City of Mascotte, Florida*, as of and for the year ended September 30, 2023, 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 22, 2024.

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

***Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards*.

***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 22, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and City Council  
*City of Mascotte, Florida*

**Report on Compliance for Each Major State Project  
Opinion on Each Major State Project**

We have audited the *City of Mascotte's* (the City) compliance with the types of compliance requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major State projects for the year ended September 30, 2023. The City's major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have direct and material effect on each of its major State projects for the year ended September 30, 2023.

**Basis for Opinion on Each Major State Project**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major State project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's State projects.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major State project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*McDiarmid Davis*

Orlando, Florida  
February 22, 2024

City of Mascotte, Florida  
**Schedule of Expenditures of**  
**State Financial Assistance**  
Year Ended September 30, 2023

<b>Award type</b>	<b>Grantor</b>	<b>CSFA</b>	<b>Agency of Pass-through</b>	
<b>Pass-through grantor</b>		<b>Number</b>	<b>Entity Grant Number</b>	<b>Expenditures</b>
<b>Grantor project title</b>				
<b>State Financial Assistance</b>				
<b>Florida Department of Environmental Protection</b>				
Mascotte - Groveland Regional WWTF Upgrade and Expansion		37.039	LPA0188	\$ 450,000
State Revolving Fund, Stormwater Design		37.077	SW351220	121,300
State Revolving Fund, Wastewater Design		37.077	WW351202	531,240
Alternative Water Supply, Lower Floridian Aquifer Wellfield *		37.100	36644	<u>1,112,017</u>
<b>Total state awards</b>				<u>\$ 2,214,557</u>

\* Denotes a major project

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City of Mascotte (the City) under programs of the state government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance and Chapter 10.550, Rules of the Auditor General, and Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, amounts reported on the Schedule are based on expenditures incurred as of September 30, 2023, even if a grant or loan was received subsequent to that date. Pass-through entity identifying numbers are presented where available.

**NOTE 3 LOANS AND LOAN GUARANTEES**

In 2022 and 2023, the City executed State Revolving Fund Loan agreements SW351220 and WW351202 for the City's Stormwater Design and Wastewater Design projects. Loan balances as of September 30, 2023 are \$121,537 and \$21,822, for SW351220 and WW351202, respectively. Loan expenditures reported in the current year Schedule are \$121,300 and \$531,240 for SW351220 and WW351202, respectively.

**NOTE 4 SUB-RECIPIENTS**

During the year ended September 30, 2023, the City had no sub-recipients.

City of Mascotte, Florida  
**Schedule of Findings and Questioned Costs**  
**State Projects**  
Year Ended September 30, 2023

**Section I - Summary of Independent Auditor's Results:**

*Financial Statements*

Type of auditors' report issued:	Unmodified Opinion	
Internal control over financial reporting:		
• Material weakness identified?	<u>    </u> Yes	<u>  X  </u> No
• Significant deficiency identified	<u>    </u> Yes	<u>  X  </u> None reported
Noncompliance material to financial Statements noted?	<u>    </u> Yes	<u>  X  </u> No

*State Projects*

Type of auditors' report issued on compliance for major state projects:	Unmodified Opinion	
Internal control over major state projects:		
• Material weakness identified?	<u>    </u> Yes	<u>  X  </u> No
• Significant deficiency identified	<u>    </u> Yes	<u>  X  </u> None reported
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550?	<u>    </u> Yes	<u>  X  </u> No

**Identification of Major State Projects**

CSFA No. 37.100          Alternative Water Supply

Dollar threshold used to distinguish between type A and type B projects          State  
\$664,367

**Section II - Financial Statement Findings:**          None

**Section III – State Projects Findings and Questioned Costs:**          None

**Section IV – State Project Summary Schedule of Prior Year Findings:**          No Prior Year Findings



## 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, 2023, and have issued our report thereon dated February 22, 2024.

### 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*, Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; 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 22, 2024, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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.

### Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audit financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

**Additional Matters**

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

**Purpose of this Letter**

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

*McDiarmid Davis*

Orlando, Florida  
February 22, 2024



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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, 2023. 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, 2023.

*McDermitt Davis*

Orlando, Florida  
February 22, 2024