

**TOWN OF GLEN RIDGE
FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2016**

**TOWN OF GLEN RIDGE
FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Glen Ridge
Glen Ridge, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Town of Glen Ridge, Florida ("Town") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Town as of September 30, 2016, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated December 10, 2018, on our consideration of the Town's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.



December 10, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Town of Glen Ridge, Florida ("Town") provides a narrative overview of the Town's financial activities for the fiscal year ended September 30, 2016. Please read it in conjunction with the Town's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

The Town was not required to obtain an audit in the prior period. As a result, the balances as of and for the period ended September 30, 2015 are unaudited.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year resulting in a net position deficit balance of \$702,522.
- The change in the Town's total net position in comparison with the prior fiscal year was \$51,574, an increase. The key components of the Town's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2016, the Town's governmental fund reported ending fund balance of \$473,037, an increase of \$61,972 in comparison with the prior fiscal year. The total fund balance is unassigned fund balance which is available for spending at the Town's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of 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 Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being 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 Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent 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.

The government-wide financial statements include all governmental activities that are principally supported by taxes and other revenues. The Town does not have any business-type activities. The governmental activities of the Town include the general government (management), maintenance and parks and recreation functions.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has one fund category: governmental 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 Town'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 Town'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 Town maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is the major fund.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the Town, assets exceeded liabilities at the close of the most recent fiscal year.

Key components of the Town's net position are reflected in the following table:

	NET POSITION	
	SEPTEMBER 30,	
	2016	2015
		(unaudited)
Current and other assets	\$ 476,098	\$ 411,065
Capital assets, net of depreciation	229,485	239,883
Total assets	<u>705,583</u>	<u>650,948</u>
Current liabilities	3,061	-
Total liabilities	<u>3,061</u>	<u>-</u>
Net position		
Investment in capital assets	229,485	239,883
Unrestricted	473,037	411,065
Total net position	<u>\$ 702,522</u>	<u>\$ 650,948</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The Town's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position may be used to meet the Town's other obligations.

The Town's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

Key elements of the change in net position are reflected in the following table:

	CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2016	2015 (unaudited)
Revenues:		
Program revenues		
Charges for services	\$ 10,375	\$ 10,626
General revenues	144,539	105,105
Total revenues	<u>154,914</u>	<u>115,731</u>
Expenses:		
General government	78,342	59,267
Physical environment	15,981	16,981
Parks and recreation	9,017	-
Total expenses	<u>103,340</u>	<u>76,248</u>
Change in net position	<u>51,574</u>	<u>39,483</u>
Net position - beginning, restated (see Note 8)	650,948	611,465
Net position - ending	<u>\$ 702,522</u>	<u>\$ 650,948</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2016 was \$103,340. The costs of the Town's activities were paid by general revenues. General revenues primarily comprise of intergovernmental revenues and franchise fees. General revenues increased during the current fiscal year as a result of a large code enforcement fine being recognized in the current fiscal year. Expenditures increased from the prior fiscal year primarily as a result of increased maintenance and special event-related expenditures being incurred in the current fiscal year.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the Town pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budgeted amounts, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Town Council. Actual general fund expenditures for the fiscal year ended September 30, 2016 exceeded appropriations by \$2,942. The over expenditures were funded by available fund balance.

CAPITAL ASSETS

At September 30, 2016, the Town had \$371,415 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$141,930 has been taken, which resulted in a net book value of \$229,485. More detailed information about the Town's capital assets is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The Town does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general operations of the Town will remain fairly constant.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Town Manager at Town of Glen Ridge, 1501 Glen Road, Glen Ridge, Florida 33406

**TOWN OF GLEN RIDGE
FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

	Governmental Activities
ASSETS	
Cash	\$ 462,380
Accounts receivable	13,718
Capital assets:	
Nondepreciable	70,000
Depreciable, net	159,485
Total assets	705,583
 LIABILITIES	
Accounts payable	3,061
Total liabilities	3,061
 NET POSITION	
Investment in capital assets	229,485
Unrestricted	473,037
Total net position	\$ 702,522

See notes to the financial statements

**TOWN OF GLEN RIDGE
FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Primary government:			
Governmental activities:			
General government	\$ 78,342	\$ 10,375	\$ (67,967)
Physical environment	15,981	-	(15,981)
Parks and recreation	9,017	-	(9,017)
Total governmental activities	103,340	10,375	(92,965)
General revenues:			
			18,777
			37,706
			37,890
			50,121
			45
Total general revenues			144,539
Change in net position			51,574
Net position - beginning, restated (see Note 8)			650,948
Net position - ending			\$ 702,522

See notes to the financial statements

**TOWN OF GLEN RIDGE
FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Major Fund	Total
	General	Governmental Funds
ASSETS		
Cash	\$ 462,380	\$ 462,380
Accounts receivable	13,718	13,718
Total assets	\$ 476,098	\$ 476,098
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 3,061	\$ 3,061
Total liabilities	3,061	3,061
 Fund balances:		
Unassigned	473,037	473,037
Total fund balances	473,037	473,037
Total liabilities and fund balances	\$ 476,098	\$ 476,098

See notes to the financial statements

**TOWN OF GLEN RIDGE
FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

Fund balance - governmental funds		\$	473,037
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.</p>			
Cost of capital assets			371,415
Accumulated depreciation			(141,930)
			229,485
Net position of governmental activities		\$	702,522

See notes to the financial statements

**TOWN OF GLEN RIDGE
FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Major Funds	Total Governmental Funds
	General	
REVENUES		
Franchise fees	\$ 18,777	\$ 18,777
Utility and communication service tax	37,706	37,706
Licenses and permits	10,375	10,375
Intergovernmental revenue	37,890	37,890
Miscellaneous revenue	50,121	50,121
Interest	45	45
Total revenues	154,914	154,914
EXPENDITURES		
Current:		
General government	78,342	78,342
Physical environment	5,583	5,583
Parks and recreation	9,017	9,017
Total expenditures	92,942	92,942
Excess (deficiency) of revenues over (under) expenditures	61,972	61,972
Fund balances - beginning, restated (see Note 8)	411,065	411,065
Fund balances - ending	\$ 473,037	\$ 473,037

See notes to the financial statements

**TOWN OF GLEN RIDGE
FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

Net change in fund balances - total governmental funds	\$ 61,972
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation of capital assets is not recognized in the governmental fund financial statements but is reported as an expense in the statement of activities.	(10,398)
Change in net position of governmental activities	<u>\$ 51,574</u>

See notes to the financial statements

**TOWN OF GLEN RIDGE
FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

The Town of Glen Ridge, Florida (the "Town"), was incorporated December 9, 1947, and organized pursuant to Chapter 165 of Florida Statutes 1941 as amended by Laws 1947, Chapter 23656. The Town is governed by an Elected Mayor, which appoints a Town Manager. The Town provides the following services to its residents: public safety, sanitation, streets, and general administrative services. The Town Council, ("Council") is responsible for legislative and fiscal control of the Town.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the Town is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the Town are such that, if excluded, the financial statements of the Town would be considered incomplete or misleading. There are no entities considered to be component units of the Town; therefore, the financial statements include only the operations of the Town.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both 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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

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 who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. (Operating-type special assessments for maintenance and debt service are treated as charges for services.); and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be 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 are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Taxes, franchise fees, licenses and permits, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized in revenues for the current period. Only the portion of receivables due within the current fiscal period is considered to be susceptible to accrual as revenue for the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental fund:

General Fund

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

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

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The Town has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The Town may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act;
- 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 deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

The Town records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Prepaid Items

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.

Capital Assets

Capital assets which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 (amount not rounded) 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 estimated fair market value at the date of donation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Building	30
Equipment	7

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the Town would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the Town reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The Town can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Town Council. Commitments may be changed or lifted only by the Town Council taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Town Council that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The Town first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the Town's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – BUDGETARY INFORMATION

The Town is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

NOTE 3 – BUDGETARY INFORMATION (Continued)

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

- a) Each year the Town Manager submits to the Town Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain comments.
- c) Prior to October 1, the budget is legally adopted by the Town Board.
- d) All budget changes must be approved by the Town Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS

The Town's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

NOTE 5 – ACCOUNTS RECEIVABLE

Receivables at September 30, 2016 for the Town are as follows:

	General
Intergovernmental	\$ 3,681
Franchise fees	7,240
CST and Municipal Utility Services	2,797
	<u>\$ 13,718</u>

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Total capital assets, not being depreciated	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
Capital assets, being depreciated				
Equipment	3,094	-	-	3,094
Building	298,321	-	-	298,321
Total capital assets, being depreciated	<u>301,415</u>	<u>-</u>	<u>-</u>	<u>301,415</u>
Less accumulated depreciation for:				
Equipment	2,270	454	-	2,724
Building	129,262	9,944	-	139,206
Total accumulated depreciation	<u>131,532</u>	<u>10,398</u>	<u>-</u>	<u>141,930</u>
Total capital assets, being depreciated, net	<u>169,883</u>	<u>(10,398)</u>	<u>-</u>	<u>159,485</u>
Governmental activities capital assets, net	<u>\$ 239,883</u>	<u>\$ (10,398)</u>	<u>\$ -</u>	<u>\$ 229,485</u>

Depreciation expense was charged to the physical environment function.

NOTE 7 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There were no settled claims during the past three years.

NOTE 8 – PRIOR PERIOD ADJUSTMENT

The Town did not accrue certain receivables as of September 30, 2015 causing both the beginning fund balance and net position to be understated:

	General Fund	Governmental Activities
Fund balance/Net position - beginning, before restatement	\$ 398,051	\$ 637,934
Restatement for franchise fees understated in FY15	6,884	6,884
Restatement for utility and communication service understated in FY15	2,289	2,289
Restatement for intergovernmental revenues understated in FY15	3,841	3,841
Fund balance/Net position - beginning, restated	<u>\$ 411,065</u>	<u>\$ 650,948</u>

**TOWN OF GLEN RIDGE
FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original & Final		
REVENUES			
Franchise fees	\$ 16,000	\$ 18,777	\$ 2,777
Utility and communication service tax	31,332	37,706	6,374
Licenses and permits	6,300	10,375	4,075
Intergovernmental revenue	36,000	37,890	1,890
Miscellaneous revenue	320	50,121	49,801
Interest	48	45	(3)
Total revenues	90,000	154,914	64,914
EXPENDITURES			
Current:			
General government	71,750	78,342	(6,592)
Physical environment	17,050	5,583	11,467
Parks and recreation	1,200	9,017	(7,817)
Total expenditures	90,000	92,942	(2,942)
Excess (deficiency) of revenues over (under) expenditures	\$ -	61,972	\$ 61,972
Fund balance - beginning, restated (see Note 8)		411,065	
Fund balance - ending		\$ 473,037	

See notes to required supplementary information

**TOWN OF GLEN RIDGE
FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The Town is required to establish a budgetary system and an approved Annual Budget for the general fund. The Town's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Town Council. Actual general fund expenditures for the fiscal year ended September 30, 2016 exceeded appropriations by \$2,942. The over expenditures were funded by available fund balance.



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

To the Town Council
Town of Glen Ridge
Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Town of Glen Ridge, Florida ("Town") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our opinion thereon dated December 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town in a separate letter dated December 10, 2018.

The Town's responses to the findings identified in our audit are described in the accompanying Management Letter. We did not audit the Town's responses and, accordingly, we express no opinion on them.

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.

A handwritten signature in blue ink that reads "Beau & Associates".

December 10, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Town Council
Town of Glen Ridge
Florida

We have examined Town of Glen Ridge, Florida's ("Town") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2016. Management is responsible for Town's compliance with those requirements. Our responsibility is to express an opinion on Town's compliance based on our examination.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2016.

This report 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, management, and the Town Council of Town of Glen Ridge, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

December 10, 2018



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Town Council
Town of Glen Ridge
Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Town of Glen Ridge, Florida ("Town") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated December 10, 2018.

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 Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated December 10, 2018, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the Town, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Town Council of Town of Glen Ridge, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Town of Glen Ridge, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

December 10, 2018

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2016-01 Internal Control Testing:

Observation: During our internal control testing, we were unable to review images of checks paid for proper signatures as required per Town policies for two selected transactions. We also did not note evidence of approval of one of the selected invoices for testing (ie signature on invoice). In addition, we were unable to review support from employee personnel files for authorized wage rate of Town Manager nor that the Town Council approved the wage rate. Finally, we did not note evidence of mayor approval of a time sheet selected for testing (ie signature on time sheet).

Recommendation: We recommend that the Town ensure proper documentation is kept for transactions including images of checks paid and support within employee personnel files evidencing authorized employee wage rates. We also recommend that approvals of invoices and time sheets are evidenced by signature of the appropriate individuals per Town policies. Finally, we recommend that the Town Council formally approve the wage rate of the Town Manager during a meeting for the public record.

Management Response: The Town Manager has already instituted a policy of making copies of all checks written on the Town's account and ensuring that the Mayor signs approval of the biweekly time sheet for the Manager. All invoices are now stamped "APPROVED" and initialed by the appropriate person (Manager or Mayor). The Town Council formally approved the salary of \$25 per hour for the Town Manager on 5 September 2018 (see earlier submission of Council Minutes).

2016-02 Adjusting Journal Entries:

Observation: During the course of the audit, we had to propose and book numerous adjusting journal entries. Included in the adjusting journal entries were entries pertaining to understatements of receivable balances recorded as of September 30, 2015 and revenues which were incorrectly posted to expenditure accounts.

Recommendation: We believe that stricter oversight of the review process and a closer evaluation by management of transactions recorded would help ensure that proper monthly and year end closing procedures are being performed and that transactions have been recorded correctly. In addition, revenues should never be netted against expenditures.

Management Response: This is also a recommendation of the PBC Office of Inspector General. The Towns of Glen Ridge and Cloud Lake are currently searching for an independent auditor to review each town's financial reports on a monthly or quarterly basis. The Town Manager has had training in accounting and QuickBooks and is competent at parsing out revenues and expenditures.

2016-03 Qualified Public Depository Report Filing:

Observation: The Town did not file its Qualified Public Depository (QPD) report for the current fiscal year.

Recommendation: We recommend that the Town file its QPD report in a timely fashion each year.

Management Response: The Town filed the QPD report for FY 2017-18, and the Manager has included that report in the annual calendar of reports to be filed.

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

N/A, no prior year audit

REPORT TO MANAGEMENT (Continued)

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

N/A, no prior year audit

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2016, except as noted above.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2016, except as noted above.

4. The name or official title and legal authority of the Town are disclosed in the notes to the financial statements.
5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2016 financial audit report.
6. The Town has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted. It is management's responsibility to monitor 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.