

**Town of Campbellton, Florida**  
**Annual Financial Report**  
**For the Year Ended September 30, 2018**

**TOWN OF CAMPBELLTON, FLORIDA**

**MAYOR**

**Wanda Moore**

**COUNCIL MEMBERS**

**Debra Lane  
Mavis Rathel  
Danny Taylor  
Conswellor White  
Joe Toole**

**CITY CLERK**

**Helen Rhynes**

**AUDITOR**

**Bruce D. Mann  
Certified Public Accountant**

**Town of Campbellton, Florida**  
**September 30, 2018**  
**Table of Contents**

	PAGE
<b>Report of Independent Auditor</b> .....	1-2
<b>Management’s Discussion and Analysis</b> .....	3-9
 <b>Basic Financial Statements</b>  	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position.....	10
Statement of Activities.....	11
 <b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds .....	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	14
Statement of Net Assets – Proprietary Funds .....	15
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	16
Statement of Cash Flows – Proprietary Funds .....	17
 <b>Notes to the Financial Statements</b> .....	 18-31

## **Other Contents**

### **Required Supplementary Information**

Budget Comparison Schedule – General Fund.....	32
Note A to Required Supplementary Information – Budget and Budgetary Accounting .....	33

### **Government Auditing Standards Reporting Requirements**

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.....	34-35
Schedule of Findings.....	36

<b>Independent Auditors Report to Management Required By the State of Florida .....</b>	<b>37-39</b>
---	--------------

<b>Independent Auditors Report on Local Government Investment Policies.....</b>	<b>40</b>
---	-----------

<b>Response to Audit Findings .....</b>	<b>41</b>
---	-----------

# Bruce D. Mann

*Certified Public Accountant*

201 N. Donalson Street  
P.O. Box 1921  
Bainbridge, Georgia 39818

Phone: (229) 246-3046  
Fax: (229) 246-7663  
Email: [bmanncpa@yahoo.com](mailto:bmanncpa@yahoo.com)

---

## INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and  
Members of the Town Council  
Town of Campbellton  
Campbellton, Florida 32426

I 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 Town of Campbellton, Florida as of and for the year ended September 30, 2018, 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 of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based upon my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

## **Opinions**

In my 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 Town of Campbellton, Florida as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-9 and 32-33 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

In accordance with Government Auditing Standards, I have also issued my report dated July 15, 2019 on my consideration of the Town of Campbellton's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of my audit.

*Bruce D. Mann*

BRUCE D. MANN  
Certified Public Accountant

July 15, 2019

# **TOWN OF CAMPBELLTON**

*P. O. BOX 38*

*CAMPBELLTON, FL 32426*

*Email: [tc32426@bellsouth.net](mailto:tc32426@bellsouth.net)*

**Wanda Moore**  
Mayor

**Helen Rhynes**  
Town Clerk



**Telephone**  
**(850) 263-4535**

**Fax**  
**(850) 263-8502**

## **MANAGEMENT DISCUSSION AND ANALYSIS OF THE FY 2018 AUDIT**

The FY 2018 Audit of the financial activities of the Town of Campbellton was performed by Bruce D. Mann, CPA, and provides an objective, impartial analysis of the strengths and weaknesses of the Town of Campbellton's financial operations for FY 2018. This discussion and analysis of the audit provided by the management of the Town of Campbellton will summarize and further explain the financial statements, provide a summary of net assets, discuss long-term debt and obligations of the town, and identify future direction and goals for FY 2018 and beyond.

### **SUMMARY OF THE FINANCIAL STATEMENTS**

The Town of Campbellton is a small rural community located in Jackson County in the Florida Panhandle, just 3 miles from the Alabama State line. Development has proven difficult due to the condition of the economy, decreasing population within the town, and limited resources.

This discussion of the Town's audited statements will follow the same general order as the Audit Report, so that the Town's residents can better understand both the Audit and management's analysis and discussion of it, including the following topics:

- a. Government-wide Financial Statements, which are found on pages 10-11 of the Report.
- b. Fund Financial Statements, which are found on pages 12-17 of the Audit Report.
- c. Notes to the Financial Statements, which are found on pages 18-31,
- d. Other Contents, found on pages 32-33 of the Audit.

## Government-Wide Financial Statements

These two statements present financial information for the Town of Campbellton in a manner consistent with private sector businesses.

**Statement of Net Position (page 10).** This statement describes the financial resources of the Town, including the General Fund or Governmental Activities, which is the Town's largest fund, and for the Town's fee earning or Business-Type Activities comprised of the Water Enterprise Fund. Simply stated, the formula for preparation of this statement is:

Current Assets plus Non-current Assets less Liabilities = Net Position.

Current and Non-current Assets include all of the resources of the Town, even those which are owed to the Town but not yet received. Liabilities show all known obligations of the Town which have not been paid by the fiscal year end. The difference between assets and liabilities totals a net asset or net worth amount of \$2,814,886 for FY 2018.

Generally it is expected that net assets will improve over time. The Town experienced a decrease of \$97,969 in net position during FY 2018.

**Statement of Activities (page 11).** This statement allows one to identify the activities responsible for the \$97,969 decrease in net assets. The line "Changes in Net Position" (third from the bottom), shows that Government Activities accounted for \$46,865 reduction, and Business-Type Activities \$51,104 reduction, for a total decrease in net assets of \$97,969. More detailed analysis can be performed by tracing the reductions by activity in the listing above. In this way management can discern areas in which future actions can perhaps improve "Changes In Net Position," although improvements may not always be possible due to emergencies or a shortage of resources.

**Summary.** The two statements referenced above included functions that were funded primarily by taxes, intergovernmental revenues, and fees for services. These activities include general government, public safety, including Fire and Law Enforcement, physical environment, transportation, culture/recreation, interest on long-term debt, and water. The Cable TV service was discontinued in FY 2012 due to a declining number of customers and losses incurred by operation of the Cable system. A Red Light Camera Program and Law Enforcement Automation (Communications Equipment) Accounts are included as a part of the Law Enforcement, Public Safety element. The Red Light Camera Program was discontinued in FY 2016.

## Fund Financial Statements

The funds of the Town of Campbellton have been identified as Governmental and Proprietary. The Fund Financial Statements provide additional information which is invaluable to management for major decision making in future periods.

## Governmental Fund Statements

**Balance Sheet (page 12).** The Town of Campbellton's balance sheet for Government Funds includes information for the General Fund, the Red Light Camera Program and the Communications Equipment, shown as "Other" on the balance sheet report. The formula for this statement is:

Assets less Liabilities = Fund Balances; or Assets= Liabilities plus Fund Balances.

One of the most significant items on the Balance Sheet is the amount of unassigned Fund Balance, totaling \$118,242. This is the amount available for use in future periods. An amount of \$3,933 is committed for debt service and \$33,357 is already committed for other uses.



The Balance Sheet is reconciled to the "Net Asset" figure for Governmental Activities of \$1,860,907 shown in the first column (Governmental Activities) on page 10 of the Audit Report, reduced slightly from \$1,907,777 last year.

**Statement of Revenues, Expenditures and Changes to Fund Balances (Page 13)**. This statement identifies the amount and source of all revenues and expenses for the General Fund, Red Light Camera Program and Communications Equipment (Other) for the Town of Campbellton.

General Fund revenue exceeded expense by \$7,620. However, other financing sources reduced the excess by \$11,078 leaving a net decrease in the fund balance of \$3,458. The balance at the end of FY 2018 was \$122,175 in the General Fund. In the Red Light Camera Program and Communications Equipment, expenses exceeded revenues by \$1,856. This amount produced a decrease of \$1,854 for FY 2018, bringing the account balance to \$33,357 at year-end. The year-end balance of the General and Other Account totaled \$155,532 for FY 2018, a decrease of \$5,314 from last year.

**Reconciliation Report (Page 14)**. The last statement for Government funds reconciles the net change in fund balances as "Net Changes in Fund Balance," totaling \$5,314 to the "Changes in Net Position - Governmental Activities".

**Summary**. The Town of Campbellton adopts an annual appropriated budget for its General Fund, which is adjusted as needed throughout the year and at year-end to equate to actual expenditures for the year. The fund statements focus more on short-term spendable resource availability while the previous government-wide statements reveal more of the long-term impact of spending decisions. Therefore both are beneficial for planning and evaluation purposes of the Town's management.

### **Proprietary Fund Statements**

**Statement of Net Assets (Page 15)**. This statement provides more detail for the Water (Enterprise) Fund than is shown in the Government-Wide Statement. The formula for this statement is:

Total Assets less Total Liabilities equals Net Assets.

The total of net assets \$953,979 is the same amount reflected in the second column of the Government-Wide Statement on Page 10. In addition it is important to note the balance on the Notes Payable of \$95,415 for FY 2018 and beyond. Payments for FY 2018 totaled \$4,254.

The ending Net Asset balance of \$953,979 is consistent with the prior statements for proprietary funds.

**Statement of Revenues, Expenses, and Changes In Net Assets (Page 16)**. This statement shows that the proprietary funds of the Town of Campbellton had an operating loss of \$59,309 in FY 2018.

**Statement of Cash Flows (Page 17)**. This statement reflects operating loss in the proprietary funds of \$59,309 for FY 2018. The increase in cash and equivalents totaled \$6,434, leaving a balance of cash and cash equivalents at the end of FY 2018 of \$82,688.

**Summary.** The Town of Campbellton budgets for the Water Fund utilizes existing fee schedules, projected number of customers, and estimated expenditures. It adjusts budget to actual at fiscal year-end. Rate studies are performed periodically for the Town by our Water System Manager and Florida Rural Water.

At the end of FY 2018, combined bank balances for all funds totaled \$153,537.

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

The Notes to the above government-wide and fund statements are found on Pages 18-31, and are provided so that readers may fully understand the data shown in the statements. They contain statements of policy relating to accounting, budgeting, banking, debt, compliance with legal requirements, and other matters vital to a thorough understanding of the Town's financial statements.

### **Other Contents**

**Required Supplementary Information (Pages 32-33)** compares actual receipts and expenditures to budgeted amounts.

**Government Auditing Standards Requirements (Pages 34-35)** provides the Auditor's report on internal control over financial reporting, compliance, and other matters based on auditing standards.

**The Schedule of Findings (Pages 36)** advises the Town of areas that need to be improved or are out of compliance. These are discussed at the end of this report.

**The Auditor's Report to Management (Pages 37-39)** provides the Auditor's analysis of the audit for the Town and indicates his compliance with applicable rules and regulations.

### **FINANCIAL ANALYSIS OF FY 2017/2018**

Net assets may serve over time as a useful indicator of financial position. The Town of Campbellton, Florida's assets exceeded liabilities by \$2,814,887 at the close of FY 2018. A substantial portion of the Town of Campbellton Florida's net assets, (94.16%) reflects its investment in capital assets (land, buildings, streets, water system, park, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Town of Campbellton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Campbellton's investment in its 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.

## Town of Campbellton Florida's Net Assets

	2018		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 162,448	\$ 9,945	\$ 172,393
Capital assets	<u>1,712,802</u>	<u>1,040,631</u>	<u>2,753,433</u>
Total assets	<u>1,875,250</u>	<u>1,050,576</u>	<u>2,925,826</u>
Long-term liabilities outstanding	7,426	95,415	102,841
Other liabilities	<u>6,916</u>	<u>1,182</u>	<u>8,098</u>
Total liabilities	<u>14,342</u>	<u>96,597</u>	<u>110,939</u>
Net assets:			
Invested in capital assets, net of related debt	1,705,376	945,216	2,650,592
Restricted	3,933	21,690	25,623
Unrestricted	<u>151,599</u>	<u>(12,927)</u>	<u>138,672</u>
Total net assets	<u>\$ 1,860,908</u>	<u>\$ 953,979</u>	<u>\$ 2,814,887</u>
	2017		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 171,621	\$ 3,948	\$ 175,569
Capital assets	<u>1,757,758</u>	<u>1,101,899</u>	<u>2,859,657</u>
Total assets	<u>1,929,379</u>	<u>1,105,847</u>	<u>3,035,226</u>
Long-term liabilities outstanding	7,425	95,415	102,840
Other liabilities	<u>14,177</u>	<u>5,351</u>	<u>19,528</u>
Total liabilities	<u>21,602</u>	<u>100,766</u>	<u>122,368</u>
Net assets:			
Invested in capital assets, net of related debt	1,746,931	1,002,230	2,749,161
Restricted	3,910	21,616	25,526
Unrestricted	<u>156,936</u>	<u>(18,765)</u>	<u>138,171</u>
Total net assets	<u>\$ 1,907,777</u>	<u>\$ 1,005,081</u>	<u>\$ 2,912,858</u>

An additional portion of the Town of Campbellton's net assets (less than 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balances of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors. Although the Water Fund incurred a deficit for the audit year in unrestricted net assets,

total net assets portrays a positive balance for both government, business-type, and total net assets at the end of the year.

**Town of Campbellton Florida's Changes in Net Assets**

	2018		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 90,395	\$ 58,645	\$ 149,040
Operating grants and contributions	32,066	-	32,066
Capital grants and contributions	30,376	10	30,386
General Revenues:			
Property taxes	27,884	-	27,884
Intergovernmental and other	44,994	513	45,507
Total revenues	<u>225,715</u>	<u>59,168</u>	<u>284,883</u>
Expenses:			
General government	97,160	-	97,160
Transportation	42,659	-	42,659
Public safety	91,081	-	91,081
Physical environment	16,167	-	16,167
Culture and recreation	14,160	-	14,160
Interest on long-term debt	279	-	279
Water	-	120,098	120,098
Cable	-	1,250	1,250
Total expenses	<u>261,506</u>	<u>121,348</u>	<u>382,854</u>
Increase (decrease) in net assets before transfers	(35,791)	(62,180)	(97,971)
Transfers	(11,078)	11,078	-
Increase (decrease) in net assets	(46,869)	(51,102)	(97,971)
Net assets, beginning of year	1,907,777	1,005,081	2,912,858
Net assets, end of year	<u>\$ 1,860,908</u>	<u>\$ 953,979</u>	<u>\$ 2,814,887</u>

	2017		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program Revenues:			
Charges for services	\$ 113,333	\$ 58,381	\$ 171,714
Operating grants and contributions	32,180	-	32,180
Capital grants and contributions	18,163	92,296	110,459
General Revenues:			
Property taxes	27,483	-	27,483
Intergovernmental and other	62,546	402	62,948
Total revenues	<u>253,705</u>	<u>151,079</u>	<u>404,784</u>
Expenses:			
General government	99,362	-	99,362
Transportation	41,568	-	41,568
Public safety	88,635	-	88,635
Physical environment	14,815	-	14,815
Culture and recreation	15,265	-	15,265
Interest on long-term debt	453	-	453
Water	-	132,856	132,856
Cable	-	1,250	1,250
Total expenses	<u>260,098</u>	<u>134,106</u>	<u>394,204</u>
Increase (decrease) in net assets before transfers	(6,393)	16,973	10,580
Transfers	<u>(11,058)</u>	<u>11,058</u>	<u>-</u>
Increase (decrease) in net assets	(17,451)	28,031	10,580
Net assets, beginning of year	<u>1,925,228</u>	<u>977,050</u>	<u>2,902,278</u>
Net assets, end of year	<u>\$ 1,907,777</u>	<u>\$ 1,005,081</u>	<u>\$ 2,912,858</u>

Governmental activities decreased the Town of Campbellton's net assets in FY 2018 by \$46,869. Business Type Activities decreased the Town of Campbellton's net assets by \$51,102.

At the end of FY 2018 the Town of Campbellton's unrestricted funds in the General Fund decreased by \$5,337 to \$151,599 from \$156,936 in FY 2017. We anticipate no significant change in unrestricted cash flows for FY 2018.

#### Requests for Information

This financial report is designed to provide a general overview of the Town of Campbellton's finances for anyone with an interest in the government's finances. Questions or requests for additional financial information may be addressed to Mayor Wanda Moore, P. O. Box 38, Campbellton, FL 32426.

**Government-Wide Financial Statements**

**Town of Campbellton, Florida**  
**Statement of Net Position**  
**September 30, 2018**

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 66,916	\$ 60,998	\$ 127,914
Restricted Cash	3,933	21,690	25,623
Accounts Receivable	-	5,001	5,001
Due from Other Governments	13,855	-	13,855
Interfund Balances	<u>77,744</u>	<u>(77,744)</u>	<u>-</u>
Total current assets	<u>162,448</u>	<u>9,945</u>	<u>172,393</u>
<b>Noncurrent Assets</b>			
Capital assets:			
Non-depreciable	85,277	-	85,277
Depreciable, net of depreciation	<u>1,627,525</u>	<u>1,040,631</u>	<u>2,668,156</u>
Total noncurrent assets	<u>1,712,802</u>	<u>1,040,631</u>	<u>2,753,433</u>
<b>Total Assets</b>	<u>\$ 1,875,250</u>	<u>\$ 1,050,576</u>	<u>\$ 2,925,826</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 6,916	\$ 1,182	\$ 8,098
Notes payable - current	3,506	4,389	7,895
Notes payable - noncurrent	<u>3,920</u>	<u>91,026</u>	<u>94,946</u>
Total liabilities	<u>14,342</u>	<u>96,597</u>	<u>110,939</u>
<b>Net Position</b>			
Invested in capital assets, net of related debt	1,705,376	945,216	2,650,592
Committed for Debt Service	3,933	21,690	25,623
Unrestricted (Deficit)	<u>151,599</u>	<u>(12,927)</u>	<u>138,672</u>
Total net position	<u>1,860,908</u>	<u>953,979</u>	<u>2,814,887</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 1,875,250</u>	<u>\$ 1,050,576</u>	<u>\$ 2,925,826</u>

The notes to the financial statements are an integral part of this statement

Town of Campbellton, Florida  
Statement of Activities  
For the Year Ended September 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 97,160	\$ 20,764	\$ -	\$ 30,376	\$ (46,020)	\$ -	\$ (46,020)
Public Safety	91,081	50,706	32,066	-	(8,309)	-	(8,309)
Physical Environment	16,167	-	-	-	(16,167)	-	(16,167)
Transportation	42,659	17,727	-	-	(24,932)	-	(24,932)
Culture/Recreation	14,160	1,198	-	-	(12,962)	-	(12,962)
Interest on Long Term Debt	279	-	-	-	(279)	-	(279)
Total governmental activities	<u>261,506</u>	<u>90,395</u>	<u>32,066</u>	<u>30,376</u>	<u>(108,669)</u>	<u>-</u>	<u>(108,669)</u>
<b>Business-Type Activities:</b>							
Water	120,098	58,645	-	10	-	(61,443)	(61,443)
Cable	1,250	-	-	-	-	(1,250)	(1,250)
Total business-type activities	<u>121,348</u>	<u>58,645</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>(62,693)</u>	<u>(62,693)</u>
<b>Total Primary Government</b>	<u>\$ 382,854</u>	<u>\$ 149,040</u>	<u>\$ 32,066</u>	<u>\$ 30,386</u>	<u>(108,669)</u>	<u>(62,693)</u>	<u>(171,362)</u>
<b>General Revenues</b>							
Property taxes, levied for general purposes					27,884	-	27,884
Taxes - Other					32,976	-	32,976
Unrestricted Investment earnings					285	513	798
Miscellaneous					11,733	-	11,733
Transfers					(11,078)	11,078	-
<b>Total General Revenues &amp; Transfers</b>					<u>61,800</u>	<u>11,591</u>	<u>73,391</u>
<b>Changes in Net Position</b>					<u>(46,869)</u>	<u>(51,102)</u>	<u>(97,971)</u>
<b>Net Position, beginning</b>					<u>1,907,777</u>	<u>1,005,081</u>	<u>2,912,858</u>
<b>Net Position, ending</b>					<u>\$ 1,860,908</u>	<u>\$ 953,979</u>	<u>\$ 2,814,887</u>

The notes to the financial statements are an integral part of this statement



**Fund Financial Statements**

**Town of Campbellton, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2018**

	<u>General Fund</u>	<u>Other</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash	\$ 34,401	\$ 32,515	\$ 66,916
Restricted Assets	3,933	-	3,933
Due from Other Governments	13,013	842	13,855
Due from Other Funds	<u>77,744</u>	<u>-</u>	<u>77,744</u>
Total Assets	<u>\$ 129,091</u>	<u>\$ 33,357</u>	<u>\$ 162,448</u>
<b>Liabilities</b>			
Accounts Payable	\$ 5,041	\$ -	\$ 5,041
Current Liabilities	<u>1,875</u>	<u>-</u>	<u>1,875</u>
Total liabilities	<u>6,916</u>	<u>-</u>	<u>6,916</u>
<b>Fund Balances</b>			
Committed for Local Law Enforcement Automation	-	33,357	33,357
Committed for Debt Service	3,933	-	3,933
Unassigned	<u>118,242</u>	<u>-</u>	<u>118,242</u>
Total fund balances	<u>122,175</u>	<u>33,357</u>	<u>155,532</u>
Total Liabilities and Fund Balances	<u>\$ 129,091</u>	<u>\$ 33,357</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in these funds, net of accumulated depreciation of \$583,658.	1,712,802
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(7,426)</u>

**Net Position of Governmental Activities** \$ 1,860,908

The notes to the financial statements are an integral part of this statement

**Town of Campbellton, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2018**

	<u>General</u> <u>Fund</u>	<u>Other</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>Revenues</b>			
Taxes	\$ 60,860	\$ -	\$ 60,860
Licenses and permits	20,726	-	20,726
Intergovernmental	62,441	-	62,441
Charges for Services	26,912	-	26,912
Fines and forfeitures	40,096	10,610	50,706
Investment Income	152	134	286
Miscellaneous Revenues	3,475	309	3,784
Total revenues	<u>214,662</u>	<u>11,053</u>	<u>225,715</u>
<b>Expenditures</b>			
<b>Current</b>			
General government	92,993	5,514	98,507
Public Safety	79,515	7,394	86,909
Physical Environment	12,276	1	12,277
Transportation	10,505	-	10,505
Culture/Recreation	8,073	-	8,073
<b>Debt Service</b>			
Principal	3,401	-	3,401
Interest	279	-	279
Total expenditures	<u>207,042</u>	<u>12,909</u>	<u>219,951</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>			
<b>Expenditures</b>	7,620	(1,856)	5,764
<b>Other Financing Sources:</b>			
Transfers In (Out)	<u>(11,078)</u>	<u>-</u>	<u>(11,078)</u>
<b>Net changes in fund balance</b>	(3,458)	(1,856)	(5,314)
<b>Fund Balance, beginning</b>	<u>125,633</u>	<u>35,213</u>	<u>160,846</u>
<b>Fund Balance, ending</b>	<u>\$ 122,175</u>	<u>\$ 33,357</u>	<u>\$ 155,532</u>

The notes to the financial statement are an integral part of this statement

**Town of Campbellton, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended September 30, 2018**

Net Change in Fund Balances - Total Governmental Funds	\$	(5,314)
Amount reported for governmental activities in the statement of activities are different because:		
Principal payments on note for purchase of capital assets not shown on statement of activities		3,401
Purchase of capital assets not included in statement of activities		10,533
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(55,489)
<b>Changes in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>(46,869)</u></b>

The notes to the financial statements are an integral part of this statement

**Town of Campbellton, Florida**  
**Proprietary Fund**  
**Statement of Net Assets**  
**September 30, 2018**

	<u>Water</u>	<u>Cable</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 82,688	\$ -	\$ 82,688
Accounts Receivable	<u>5,001</u>	<u>-</u>	<u>5,001</u>
Total current assets	<u>87,689</u>	<u>-</u>	<u>87,689</u>
<b>Noncurrent Assets</b>			
Capital assets:			
Waterworks System	1,808,017	-	1,808,017
Machinery and Equipment	2,650	25,000	27,650
Less Accumulated Depreciation	<u>(780,140)</u>	<u>(14,896)</u>	<u>(795,036)</u>
Total Capital Assets	<u>1,030,527</u>	<u>10,104</u>	<u>1,040,631</u>
Total Noncurrent Assets	<u>1,030,527</u>	<u>10,104</u>	<u>1,040,631</u>
<b>Total Assets</b>	<u>\$ 1,118,216</u>	<u>\$ 10,104</u>	<u>\$ 1,128,320</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 1,182	\$ -	\$ 1,182
Notes payable due within one year	4,389	-	4,389
Due to Other Funds	<u>36,961</u>	<u>40,783</u>	<u>77,744</u>
Total current liabilities	<u>42,532</u>	<u>40,783</u>	<u>83,315</u>
Notes Payable due after one year	<u>91,026</u>	<u>-</u>	<u>91,026</u>
Total liabilities	<u>133,558</u>	<u>40,783</u>	<u>174,341</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	935,112	10,104	945,216
Unrestricted (Deficit)	<u>49,546</u>	<u>(40,783)</u>	<u>8,763</u>
Total net assets	<u>984,658</u>	<u>(30,679)</u>	<u>953,979</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,118,216</u>	<u>\$ 10,104</u>	<u>\$ 1,128,320</u>

The notes to the financial statements are an integral part of this statement

**Town of Campbellton, Florida**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2018**

	<b>Business Type Activities-</b>		
	<b>Proprietary Fund</b>		
	<u>Water</u>	<u>Cable</u>	<u>Totals</u>
<b>Operating Revenue</b>			
Charges for Services	\$ 58,645	\$ -	\$ 58,645
Total operating revenues	58,645	-	58,645
<b>Operating Expenses</b>			
Salaries and fringe benefits	30,817	-	30,817
Supplies and services	21,325	-	21,325
Utilities	4,544	-	4,544
Depreciation	60,018	1,250	61,268
Total operating expenses	116,704	1,250	117,954
<b>Operating Income (Loss)</b>	(58,059)	(1,250)	(59,309)
<b>Non Operating Revenues (Expenses)</b>			
CDBG	10	-	10
Interest income	513	-	513
Interest expense	(3,394)	-	(3,394)
<b>Income (Loss) Before Transfers</b>	(60,930)	(1,250)	(62,180)
Transfers in (Out)	11,078	-	11,078
<b>Changes in Net Assets</b>	(49,852)	(1,250)	(51,102)
<b>Net Assets, beginning</b>	1,034,510	(29,429)	1,005,081
<b>Net Asset, ending</b>	\$ 984,658	\$ (30,679)	\$ 953,979

The notes to the financial statements are an integral part of this statement

**Town of Campbellton, Florida**  
**Statement of Cash Flows - Proprietary Fund Type**  
**Year Ended September 30, 2018**

	<u>Water</u>	<u>Cable</u>	<u>Total</u>
<b>Cash Flows From Operating Activities</b>			
Cash received from services	\$ 59,082	\$ -	\$ 59,082
Cash payments to suppliers for goods and services	(25,782)	-	(25,782)
Cash payments to employees for services	<u>(30,817)</u>	<u>-</u>	<u>(30,817)</u>
Net cash provided by operating activities	<u>2,483</u>	<u>-</u>	<u>2,483</u>
<b>Cash Flows From Non Capital Activities</b>			
Transfers in (out)	<u>11,078</u>	<u>-</u>	<u>11,078</u>
Net cash provided by non capital activities	<u>11,078</u>	<u>-</u>	<u>11,078</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Interest paid on Capital Debt	(3,394)	-	(3,394)
Principal paid on Capital Debt	<u>(4,256)</u>	<u>-</u>	<u>(4,256)</u>
Net cash used by capital and related financing activities	<u>(7,640)</u>	<u>-</u>	<u>(7,640)</u>
<b>Cash Flows From Investing Activities</b>			
Interest earned	<u>513</u>	<u>-</u>	<u>513</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>6,434</b>	<b>-</b>	<b>6,434</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<u>76,254</u>	<u>-</u>	<u>76,254</u>
<b>Cash and Cash Equivalents, end of year</b>	<u>\$ 82,688</u>	<u>\$ -</u>	<u>\$ 82,688</u>
<b>Reconciliation of Operating Income to Net Cash Provided by</b>			
<b>Operating Activities</b>			
Operating income (loss)	\$ (58,059)	\$ (1,250)	\$ (59,309)
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	60,018	1,250	61,268
Changes in net assets and liabilities:			
(Increase) decrease in accounts receivable	437	-	437
Increase (decrease) in accounts payable	<u>87</u>	<u>-</u>	<u>87</u>
Total adjustments	<u>60,542</u>	<u>1,250</u>	<u>61,792</u>
Net Cash Provided By Operating Activities	<u>\$ 2,483</u>	<u>\$ -</u>	<u>\$ 2,483</u>

The notes to the financial statements are an integral part of this statement

**Town of Campbellton, Florida**  
**Notes to Financial Statements**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**Introduction**

The financial statements of the Town of Campbellton, Florida are prepared in accordance with generally accepted accounting principles (GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

**Reporting Entity**

The Town of Campbellton, Florida, (the Town) is located in northwest Florida in Jackson County. The town operates under an elected Mayor and Town Council and serves approximately 500 residents. The Town provides a full range of municipal services, including fire protection, public works activities, parks and recreation, and general administrative services. In addition, the Town operates a water utility and operated a cable system until July, 2011 when it was discontinued.

**Government-wide Financial Statements**

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Town of Campbellton, Florida, as a whole excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include 1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; 2) operating grants and contributions which finance annual operating activities including restricted investment income; and 3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other items not properly included among program revenues are reported as general revenues.



## **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

### **Fund Financial Statements**

Fund financial statements are provided for the governmental and proprietary funds. Non-major governmental funds are reported in separate columns.

### **Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are 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 available when they are collectable within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for debt principal and interest which are recorded as expenditures in the year due.

Major revenues sources susceptible to accrual include: sales and use taxes, property taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

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

### **Fund Types and Major Funds**

#### **Governmental Funds**

The Town reports the following major governmental funds:

General Fund – reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

#### **Proprietary Funds**

The Town reports the following major proprietary funds:

Water – accounts for the revenues and expenses, capital assets and debt for the utility department of the Town.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. The principal operating revenues of the Town’s proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds includes the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Cash and Investments**

Amounts shown as cash include cash in checking accounts, cash on hand, cash in savings accounts and certificates of deposit.

**Restricted Assets**

Restricted Assets consist of cash and investments, which are required by resolution to be set-aside for specific purposes and are therefore unavailable for general operating purposes.

**Capital Assets and Depreciation**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, right of ways, stormwater system, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant and equipment with an initial, individual cost that exceeds \$5,000 and estimated useful lives of over one year are recorded as capital assets. Roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

GASB Statement No. 34 requires the Town to report and depreciate new infrastructure assets effective October 1, 2003. These infrastructure assets are likely to be the largest asset class of the Town.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	20-50
Electrical, sewer, water and wastewater system	10-50
Equipment	5-20
Infrastructure	25

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Property Taxes**

Under Florida Law, the assessment of all properties and the collection of all Town municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit municipalities to levy property taxes a rate of up to 10 mills for general operations. The Town's millage rate for the year ended September 30, 2018 was 2.0 mills.

All taxes are generally due and payable on November 1 of each year. Discounts are allowed of four, three, two and one percent for payments in November through February, respectively. Delinquent taxes at April 1, are converted, by the County, into Tax Certificates. Therefore, there are no significant taxes receivable at year end.

**Long-Term Debt**

In the government-wide financial statements, outstanding debt is reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt as other financial sources of the current period.

**Fund Equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes.

**Risk Management and Insurance**

The Town insures itself against losses from casualty, accident and dishonesty by purchasing municipal insurance through the Florida Municipal Insurance Trust. The Town believes the level of insurance purchased is adequate to protect against material loss. No significant changes in coverage or claims have been made in the last year.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ for these estimates.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Budgets and Budgetary Accounting**

The Town uses the following procedures in establishing the budgetary data reflected in the financial statements.

1. The Town adopts its budget in accordance with Chapter 166 and 200, Florida Statutes.
  - (a) The Town follows an internal hearing process to set the proposed tentative budget and millage.
  - (b) Public hearings are then held to adopt both a tentative budget and millage, and a final budget and millage, in accordance with Chapters 166 and 200, Florida Statutes.
  - (c) Budget amendments are made in accordance with applicable Florida Statutes.
2. Budgets are reported for the General Fund and Special Revenue Funds.
3. All budgets are adopted in accordance with Generally Accepted Accounting Principles.
4. Florida Statutes do not require adoption of budgets for Debt Service Funds.
5. Level of Control – Expenditures may not exceed appropriations and are controlled in the following manner:
  - (a) The budget is controlled according to Chapter 166, Florida Statutes, at the total fund level.
  - (b) Any budget amendment or transfer of funds must be approved by the Town.

**Compensated Absences**

The Town maintains a policy that permits employees to accumulate earned but unused vacation and sick pay benefits that will be paid to employees upon separation from Town services if certain criteria are met. These benefits, plus their related tax costs are classified as compensated absences. Employees may be paid for unused vacation hours accrued up to a maximum amount. Payment of unused sick leave, upon termination, is also provided for up to varying amounts.

**NOTE 2 – CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

At year end, the carrying amount of the Town's deposits was \$153,537 and the bank balances were \$153,384.

**NOTE 3 – RECEIVABLES**

The Town reported receivables as follows:

General Fund	
Due from Other Governments	<u>\$ 13,855</u>
Enterprise Fund – Water System	
Water Fees	<u>\$ 5,001</u>
Total	<u>\$ 18,856</u>

No allowances for uncollectable accounts are considered necessary.

**NOTE 4 – INTERNAL BALANCES**

At September 30, 2018, the Town had interfund receivables and payables that resulted from various interfund transactions as follows:

**NOTE 4 – INTERNAL BALANCES – Continued**

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund			
Due from Water Fund	\$ 36,961	\$ -	Operations
Due from Cable TV Fund	40,783	-	Operations
Water & Sewer Fund			
Due to General Fund	-	36,961	Operations
Cable TV Fund			
Due to General Fund	-	40,783	Operations
	<u>\$ 77,744</u>	<u>\$ 77,744</u>	

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
General Fund			
Water Fund	\$ 11,078	\$ -	Operations
Water Fund			
General Fund	-	11,078	Operations
	<u>\$ 11,078</u>	<u>\$ 11,078</u>	

**NOTE 5 – RESTRICTED ASSETS**

The amounts recorded in the Governmental-type activity fund restricted for debt services associated to the payment of Governmental fund notes payable.

Cash – Debt Service \$ 3,933

The amounts recorded in the Business-type activity fund restricted for debt services associated to the payment of Enterprise fund notes payable.

Cash – Debt Service \$ 21,690

**NOTE 6 - CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, not being depreciated:				
Land and improvements	\$ 85,277	\$ -	\$ -	\$ 85,277
Capital Assets, being depreciated:				
Buildings	334,042	-	-	334,042
Improvements other than buildings	663,698	-	-	663,698
Roads and Streets	972,705	-	-	972,705
Equipment	<u>230,206</u>	<u>10,533</u>	-	<u>240,739</u>
Total capital assets being depreciated	<u>2,200,651</u>	<u>10,533</u>	-	<u>2,211,184</u>
Less: accumulated depreciation for:				
Buildings	(129,726)	(7,560)	-	(137,286)
Improvements other than buildings	(125,650)	(13,274)	-	(138,924)
Roads and streets	(150,140)	(19,455)	-	(169,595)
Equipment	<u>(122,654)</u>	<u>(15,200)</u>	-	<u>(137,854)</u>
Total accumulated depreciation	<u>(528,170)</u>	<u>(55,489)</u>	-	<u>(583,659)</u>
Total capital assets being depreciated, net	<u>1,672,481</u>	<u>(44,956)</u>	-	<u>1,627,525</u>
Governmental activities capital assets, net	<u>\$ 1,757,758</u>	<u>\$ (44,956)</u>	<u>\$ -</u>	<u>\$ 1,712,802</u>

**NOTE 6 - CAPITAL ASSETS – Continued**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,218
Public safety	11,566
Physical Environment	3,890
Transportation	32,728
Culture and recreation	<u>6,087</u>
Total governmental depreciation expense	<u>\$ 55,489</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital Assets, being depreciated:				
Buildings, Equipment & Utility System	\$ 1,810,666	\$ -	\$ -	\$ 1,810,666
Cable System	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Total capital assets being depreciated	<u>1,835,666</u>	<u>-</u>	<u>-</u>	<u>1,835,666</u>
Less: accumulated depreciation for:				
Buildings, Equipment & Utility System	(720,121)	(60,018)	-	(780,139)
Cable System	<u>(13,646)</u>	<u>(1,250)</u>	<u>-</u>	<u>(14,896)</u>
Total accumulated depreciation	<u>(733,767)</u>	<u>(61,268)</u>	<u>-</u>	<u>(795,035)</u>
Total capital assets being depreciated, net	<u>1,101,899</u>	<u>(61,268)</u>	<u>-</u>	<u>1,040,631</u>
Business-type activities capital assets, net	<u>\$ 1,101,899</u>	<u>\$ (61,268)</u>	<u>\$ -</u>	<u>\$ 1,040,631</u>



**NOTE 7 – LONG TERM DEBT**

Governmental Activities

Peoples Bank Loan dated 10/02/15 for \$17,050, interest at 3% until 10/19/16. The interest will then change to 2% above the rate being paid on certificates of deposit with bank. The result of this calculation will be rounded to the nearest .010. 60 monthly payments of \$306.72 beginning November 15, 2015.

7,425

Total Governmental activities

\$ 7,425

Business-type activities

Revenue Bonds:

Water Bonds – 2007 A Series

Authorized and issued \$27,000, interest at 4.50%, principal and interest payable annually on September 1, with principal payments beginning in 2007, collateralized by net revenues of the system. Bonds were sold to U.S. Department of Agriculture, Rural Development

\$ 22,827

Water Bonds – 2007 B Series

Authorized and issued \$12,900, interest at 4.50%, principal and interest payable annually on September 1, with principal payments beginning in 2007, collateralized by net revenues of the system. Bonds were sold to U.S. Department of Agriculture, Rural Development

10,987

Total Revenue Bonds

\$ 33,814

Notes Payable

Water Fund

\$108,000, note payable to Florida DEP State Revolving Fund

Payable in semiannual installments of \$2,770, including

Interest at 2.99%

\$ 61,601

Total Notes Payable

61,601

Total Business-type Activities

\$ 95,415

Debt service requirements on the governmental activities long-term debt at September 30, 2018 are as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	\$ 3,506	\$ 175	\$ 3,681
2020	3,616	65	3,681
2021	303	1	304
	<u>\$ 7,425</u>	<u>\$ 241</u>	<u>\$ 7,665</u>

The following is the debt service requirements for the business type activities revenue bonds and notes payable at September 30, 2018:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2019	4,389	3,209	7,598
2020	4,529	3,069	7,598
2021	4,673	2,925	7,598
2022	4,822	2,777	7,598
2023	4,975	2,623	7,598
2024-2028	27,359	10,631	37,991
2029-2033	24,275	6,067	30,342
2034-2038	6,611	3,683	10,294
2039-2043	8,092	2,202	10,294
2044-2046	5,690	476	6,166
	<u>\$ 95,415</u>	<u>\$ 37,663</u>	<u>\$ 133,078</u>

**NOTE 7 – LONG TERM DEBT – Continued**

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

	<u>Beginning</u>			<u>Ending</u>	<u>Due</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Within</u>
					<u>One Year</u>
Governmental activities:					
Notes payable	\$ 10,827	\$ -	\$ 3,401	\$ 7,426	\$ 3,506
	<u>10,827</u>	<u>-</u>	<u>3,401</u>	<u>7,426</u>	<u>3,506</u>
Business-type activities:					
Revenue bonds	34,452	-	638	33,814	664
Notes payable	<u>65,217</u>	<u>-</u>	<u>3,616</u>	<u>61,601</u>	<u>3,725</u>
	<u>99,669</u>	<u>-</u>	<u>4,254</u>	<u>95,415</u>	<u>4,389</u>
Total	<u>\$ 110,496</u>	<u>\$ -</u>	<u>\$ 7,655</u>	<u>\$ 102,841</u>	<u>\$ 7,895</u>

**NOTE 8 – WATER SYSTEM REVENUE BONDS**

The Resolution No. 06-04 adopted August 8, 2006 and supplemented by Resolution No. 07-06, adopted on June 12, 2007 requires the establishment of certain “trust funds” to ensure repayment of the Water System Revenue Bonds. A summary of these requirements is as follows:

- A. All cash income for the ownership and operation of the system shall be deposited into the “Revenue Fund” on or before the 15<sup>th</sup> day of each month. Transfers are to be made to certain accounts.
- B. The “Sinking Fund” is to be used exclusively for the purpose of paying principal and interest on the revenue bonds and is to be funded by transferring each month from the “Reserve Fund” one-twelfth of the next annual interest and principal requirement.
- C. Revenues shall be transferred into the “Bond Reserve Account” until the balance is equal to the Reserve Fund Requirement. The Reserve Fund Requirement does not exceed the lesser of 1) maximum annual debt service on the Bonds, 2) 125% of average annual debt service on the Bonds, or 3) 10% of the original principal amount of the Bonds. The funds in this account shall be used only for paying the cost of repairing or replacing any damage to the system caused by an unforeseen catastrophe, construction improvements or extensions to increase net revenues, and paying principal and interest in the event that the Sinking Fund is insufficient to meet such payments.

**NOTE 8 – WATER SYSTEM REVENUE BONDS – Continued**

- D. The “Operation and Maintenance” Fund is to be used exclusively for the purpose of receiving funds transferred monthly from the revenue fund and for paying the current expenses of the system pursuant to the annual budget.
- E. Excess funds not required by the above accounts are to be transferred to a Redemption Account. This account is to be used to redeem the Bonds in inverse order or to acquire outstanding bonds subject to limitations.

**NOTE 9 – CAPITAL IMPROVEMENT REVENUE BOND**

Resolution No. 08-01 adopted September 13, 2007 requires the establishment of certain trust funds to ensure repayment of the Capital Improvement Revenue Bond. A summary of these requirements is as follows:

- A. All revenues received from the interlocal agreement (fire protection) with the Jackson County Board of County Commissioners shall be deposited promptly into the “Revenue Fund” when received.
- B. The Town shall establish a “Sinking Fund” and shall transfer on or before the 15<sup>th</sup> day of each month from the “Revenue Fund” the following amounts, in the following order:
  - 1. A sum equal to one-twelfth of the amount of one year’s interest on all the Bonds then outstanding.
  - 2. A sum equal to one-twelfth of the principal of the Bonds maturing on the next succeeding anniversary date.
  - 3. The sum of one-twelfth of one-tenth of the maximum Bond Service Requirement shall be transferred into a “Reserve Account” established within the “Sinking Fund” until such time as the funds and investments therein shall equal the Maximum Bond Service Requirement, and monthly thereafter such amount as may be necessary to maintain the Maximum Bond Service Requirement in the Reserve Account, but not exceeding one-twelfth of one-tenth of the Maximum Bond Service Requirement monthly.
- C. The Town shall establish a “Redemption Account” and transfer on or before the 15<sup>th</sup> day of each month the balance of excess funds in the “Revenue Fund”.

**NOTE 10 – CABLE TV SERVICE**

Due to a low number of subscribers to the Town's Cable System, the Town ceased operation of the Cable service to its subscribers in July, 2011. The Town is presently looking for a buyer for the used cable equipment.

**NOTE 11 – COMPLIANCE WITH LEGAL PROVISIONS**

The Town is in compliance with all legal provisions to the best of the Town's knowledge.

**NOTE 12 – FUND DEFICIT**

The Town operated a Cable system but due to a low number of subscribers, it produced a deficit unreserved fund balance. As discussed in Note 10, the Cable system operation was discontinued in July, 2011. The Cable system has a fund deficit of \$40,783.

**NOTE 13 – LITIGATION**

The Town attorney states that the Town is part of a pending litigation with other cities in Florida over the legality of the Red Light Camera Systems. The attorney feels that the Town will have no financial liability from this litigation.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Town of Campbellton, Florida**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended September 30, 2018**

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual Amounts</u> <u>(GAAP Basis)</u>
<b>Revenues</b>			
Taxes	\$ 63,649	\$ 60,860	\$ 60,860
Permits, Fees & Licenses	31,613	20,726	20,726
Intergovernmental Revenues	43,417	62,441	62,441
Charges for Services	33,473	26,912	26,912
Fines & Forfeitures	61,025	40,096	40,096
Investment Income	55	152	152
Miscellaneous Revenues	<u>5,564</u>	<u>3,475</u>	<u>3,475</u>
Total Revenues	<u>238,796</u>	<u>214,662</u>	<u>214,662</u>
<b>Expenditures</b>			
Current:			
General Government	146,500	92,993	92,993
Public Safety	72,636	79,515	79,515
Physical Environment	10,000	12,276	12,276
Transportation	10,000	10,505	10,505
Culture/Recreation	5,000	8,073	8,073
Debt Service:			
Principal	8,796	3,401	3,401
Interest	<u>-</u>	<u>279</u>	<u>279</u>
Total Expenditures	<u>252,932</u>	<u>207,042</u>	<u>207,042</u>
Excess (deficiency) of revenues over expenditures	<u>(14,136)</u>	<u>7,620</u>	<u>7,620</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	81	-	-
Transfers Out	<u>(945)</u>	<u>(11,078)</u>	<u>(11,078)</u>
Other Financing Sources (Uses)	<u>(864)</u>	<u>(11,078)</u>	<u>(11,078)</u>
Net Changes in Fund Balances	(15,000)	(3,458)	(3,458)
Fund Balances, beginning	<u>125,633</u>	<u>125,633</u>	<u>125,633</u>
Fund Balances, ending	<u>\$ 110,633</u>	<u>\$ 122,175</u>	<u>\$ 122,175</u>

Note: This schedule is prepared on the modified accrual basis of accounting

The notes to the financial statement are an integral part of this statement

**Town of Campbellton, Florida**  
**Budgetary Comparison**  
**For the Year Ended September 30, 2018**

**Note A to Required Supplementary Information**

The Town adopted budgets for the governmental funds of the Town on a basis consistent with generally accepted accounting principles. Budget amounts are as originally adopted by the Town Council. The budget was adopted on September 12, 2017. Any changes to the budget must be approved by the Town Council. The legal level of budgetary control is at the total fund level. The Town amended its 2017-2018 budget on September 13, 2018 to agree budget to actual figures effective September 30, 2018.

The Town has adopted a budget for the enterprise fund for administrative purposes only. The budget is a fixed budget and a Non-GAAP basis budget.

**Excess of Expenditures over Appropriations**

Since the Town amended its 2017-2018 budget to agree budget figures with actual results, there were no excess of expenditures over appropriations for the year ended September 30, 2018.



**GOVERNMENT AUDITING STANDARDS REQUIREMENTS**

# Bruce D. Mann

*Certified Public Accountant*

201 N. Donalson Street  
P.O. Box 1921  
Bainbridge, Georgia 39818

Phone: (229) 246-3046  
Fax: (229) 246-7663  
Email: [bmanncpa@yahoo.com](mailto:bmanncpa@yahoo.com)

---

**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**

Honorable Mayor  
and Members of the Town Council  
Town of Campbellton  
Campbellton, Florida 32426

I have audited, in accordance with standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Campbellton, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Campbellton, Florida's basic financial statements, and have issued my report thereon dated July 15, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Town of Campbellton, Florida's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Campbellton, Florida's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Campbellton, Florida's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies. See item 04-01.

### **Compliance and Other Matters**

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

### **Town of Campbellton, Florida's Response to Findings**

The Town of Campbellton Florida's written responses to the findings identified in my audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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

***Bruce D. Mann***

BRUCE D. MANN  
Certified Public Accountant

July 15, 2019

## SCHEDULE OF FINDINGS

**TOWN OF CAMPBELLTON, FLORIDA**  
**SCHEDULE OF FINDINGS**  
**Year Ended September 30, 2018**

04-01

Criteria – Custody of assets, record keeping and recording of assets should have adequate separation.

Condition – Due to the size of the organization, proper separation of duties may not be feasible.

Effect - This condition represents a significant deficiency in the design and operation of the Town's internal control structure and could possibly adversely affect the Town's ability to record, process, summarize, and report financial data consistent with assertions of management in the Town's financial statements.

Cause – This is a small local government with a small bookkeeping staff.

Recommendation - The Town should compensate for this lack of segregation of duties by being conscious of the financial affairs of the Town. The Mayor and/or Council should review all bills before they are paid and evidence their approval on the invoice even though two signatures are required on all checks. The Town should continually be aware of the lack of segregation of duties and the significant deficiency in the design and operation of its internal control structure.

# Bruce D. Mann

*Certified Public Accountant*

201 N. Donalson Street  
P.O. Box 1921  
Bainbridge, Georgia 39818

Phone: (229) 246-3046  
Fax: (229) 246-7663  
Email: [bmanncpa@yahoo.com](mailto:bmanncpa@yahoo.com)

---

## INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT REQUIRED BY THE STATE OF FLORIDA

To the Honorable Mayor and  
Town Council Members  
Town of Campbellton  
Campbellton, Florida 32426

I have audited the financial statements of the Town of Campbellton, Florida, as of and for the fiscal year ended September 30, 2018, and have issued my report thereon dated July 15, 2019.

I conducted my 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. I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters and Schedule of Findings. Disclosures in those reports and schedule, which are dated July 15, 2019 should be considered in conjunction with this management letter.

Additionally, my audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.
- Section 10.554(10)(i)2., Rules of the Auditor General, requires my audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with my audit, I determined that the Town of Campbellton, Florida complied with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. See the items under the heading Prior and Current Year Findings for my recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that I address violations of provisions of contract or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with my audit, I did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. See the items under the heading Prior and Current Year Findings for my recommendations.
- Section 10.554(1)(i)7.a, Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of any specific condition(s) met. In connection with my audit, I determined that the Town of Campbellton, Florida, did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i) 7.b, Rules of the Auditor General, requires that I determine whether the annual financial report for the Town of Campbellton, Florida, for the fiscal year ended September 30, 2018, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2018. In connection with my audit, I determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i) 7.c. and 10.556(7), Rules of the Auditor General, I applied financial condition assessment procedures. It is management's responsibility to monitor the Town of Campbellton, Florida's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
- Pursuant to Section 218.39(5), Florida Statutes, requires that I determine whether a financial emergency situation exists for the entity. In connection with my audit, I determined that the entity is not in a financial emergency situation for the fiscal year ended September 30, 2018.

**Prior Year Findings**

None

Pursuant to Chapter 119, Florida Statutes, this management letter is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require me to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

***Bruce D. Mann***

Bruce D. Mann  
Certified Public Accountant

July 15, 2019



**BRUCE D. MANN**  
Certified Public Accountant  
201 N. Donalson Street  
P. O. Box 1921  
Bainbridge, Georgia 39818

Phone (229) 246-3046  
Fax (229) 246-7663

Member American Institute of CPAs  
Member Georgia Society of CPAs

---

## INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor and  
Town Council Members  
Town of Campbellton  
Campbellton, Florida 32426

I have examined the Town of Campbellton, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the Town's compliance with those requirements. My responsibility is to express an opinion on the Town's compliance based on my examination.

My 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 the Town's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the Town's compliance with specified requirements.

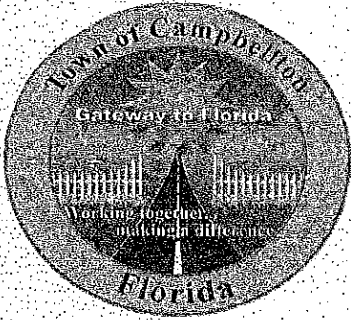
In my opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

***Bruce D. Mann***

Bruce D. Mann  
Certified Public Accountant

July 15, 2019



## *Town of Campbellton*

---

2345 Highway 2  
Post Office Box 38  
Campbellton, FL 32426

Phone: (850) 263-4535  
Fax: (850) 263-8502  
Email: [tc32426@bellsouth.net](mailto:tc32426@bellsouth.net)

July 15, 2019

The Town of Campbellton wishes to thank the Auditor for his work and recommendation to improve the effectiveness of the operations of the Town of Campbellton, and to respond to the Prior Year Findings of the September 30, 2018 Audit Report by providing the following comments:

Finding 04-01: Custody of assets, recordkeeping, and recording of assets should have adequate separation.

This finding has been ongoing due to the small size of the Town's staff, and may continue to be an issue in the future. The Town Council has, however, become more conscious of financial activities of the Town by reviewing all bills before they are paid and dating and signing approval of all invoices prior to payment. Two signatures are required on all checks.

Also the Town has employed a part-time clerk who receives all invoices, matches them with signed purchase receipts for all purchases made by Town staff or Commissioners, assigns account numbers, secures approval of the necessary Commissioner or Mayor, and passes them to the Town Clerk, who prepares the checks for signature by two authorized parties. In addition, financial statements for each account are reviewed by the Council at its regular meetings. Any purchase over \$350 requires the approval of the full Council.

The Town feels it has made substantial progress in complying with the requirement for adequate separation of duties and is open to considering any improvements that can feasibly be made with the confines of the Town's existing structure.

Sincerely,

*Wanda M. Moore*

Wanda M. Moore  
Mayor