

TOWN OF FORT WHITE, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2018

TOWN OF FORT WHITE, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2018

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TOWN OF FORT WHITE, FLORIDA

ANNUAL FINANCIAL REPORT

Year Ended September 30, 2018

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INTRODUCTORY SECTION

TOWN OF FORT WHITE, FLORIDA

LIST OF OFFICIALS

September 30, 2018

ELECTED OFFICIALS

MAYOR

Ronnie Frazier

COUNCILMEN - District # 1

Donald W. Cook, Jr.

District # 2

James F. Richardson

District # 3

Mary Fleming

District # 4

Bill Koon

APPOINTED OFFICIALS

CLERK

Kayte Hughes

ATTORNEY

Fred Koberlein

FINANCIAL SECTION



Richard C. Powell, Jr., CPA
Marian Jones Powell, CPA

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Lake City, Florida 32025
386 / 755-4200
Fax: 386 / 719-5504
admin@powellandjonescpa.com

INDEPENDENT AUDITOR'S REPORT

To the Mayor and the Town Council
Town of Fort White, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major funds and the aggregate remaining fund information of the Town of Fort White, Florida as of and for the fiscal year ended September 30, 2018, 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 an opinion 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. The standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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 or 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major funds and the aggregate remaining fund information of the Town of Fort White, Florida, as of September 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year 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 June 21, 2019, on our consideration of the Town of Fort White, Florida's internal control over financial reporting and on our test 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 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 of Fort White, Florida's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accountants
June 24, 2019

TOWN OF FORT WHITE, FLORIDA
Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the Town of Fort White (Town) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

The Town has implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. The statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as public works, parks and recreation, solid waste collection, and general governmental administration. The Town's water service is reported as business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the Town owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long reported capital assets and long-term liabilities. Also, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses on gross and net costs of the Town's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on governmental and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The Town has one major governmental fund which is presented in a separate column. A budgetary comparison is presented for the general fund. Statements for the Town's proprietary fund follow the governmental funds and include net position, revenue, expenses and changes in net position, and cash flows.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

Town as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2018 and 2017, follows:

Net Position at September 30, 2018 and 2017

| | Governmental Activities | Business-type Activities | Total Government | |
|----------------------------|----------------------------|-----------------------------|--------------------|--------------------|
| | | | 2018 | 2017 |
| Assets | | | | |
| Cash and investments | \$ 242,953 | \$ 255,257 | \$ 498,210 | \$ 495,205 |
| Other assets | 36,488 | 17,108 | \$ 53,596 | 44,556 |
| Capital assets | 182,824 | 898,172 | \$1,080,996 | 1,145,848 |
| Total assets | <u>462,265</u> | <u>1,170,537</u> | <u>1,632,802</u> | <u>1,685,609</u> |
| Liabilities | | | | |
| Current liabilities | 9,725 | 31,007 | 40,732 | 45,832 |
| Other liabilities | 2,548 | 1,479 | 4,027 | 3,673 |
| Total liabilities | <u>12,273</u> | <u>32,486</u> | <u>44,759</u> | <u>49,505</u> |
| Net position | | | | |
| Invested in capital assets | 182,824 | 898,172 | 1,080,996 | 1,145,848 |
| Unrestricted | 267,168 | 239,879 | 507,047 | 490,256 |
| Total net position | <u>\$ 449,992</u> | <u>\$1,138,051</u> | <u>\$1,588,043</u> | <u>\$1,636,104</u> |

68% of the Town's net position reflects its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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.

The unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net position. The decrease in Business-type net position is due primarily to the inability of these operations to fully fund depreciation. The increase during the year through Governmental Activities net position is due primarily to the normal budget administration.

A condensed version of the Statement of Activities follows:

Changes in Net Position
For the Fiscal Year Ended September 30, 2018 and 2017

| | Governmental | Business-type | Total Government | |
|-------------------------------|-------------------|--------------------|--------------------|--------------------|
| | Activities | Activities | 2018 | 2017 |
| Revenues | | | | |
| Program revenues | | | | |
| Charges for services | \$ 27,391 | \$ 189,130 | \$ 216,521 | \$ 218,344 |
| General revenues | | | - | - |
| Taxes | 133,141 | - | 133,141 | 125,530 |
| Franchise fees | 34,536 | - | 34,536 | 32,817 |
| State/local shared revenues | 76,788 | - | 76,788 | 72,631 |
| Interest and other | 9,879 | - | 9,879 | 4,096 |
| Grant revenues | | | - | - |
| Professional and occupational | 6,370 | - | 6,370 | 3,178 |
| Total revenues | 288,105 | 189,130 | 477,235 | 456,596 |
| Expenses | | | | |
| General government | 124,648 | - | 124,648 | 111,723 |
| Physical environment | 68,392 | - | 68,392 | 9,540 |
| Transportation | 95,144 | - | 95,144 | 125,402 |
| Culture/recreation | 4,741 | - | 4,741 | 41,788 |
| Miscellaneous | 9,760 | - | 9,760 | |
| Water and garbage services | - | 222,611 | 222,611 | 220,056 |
| Total expenses | 302,685 | 222,611 | 525,296 | 508,509 |
| Change in net position | (14,580) | (33,481) | (48,061) | (51,913) |
| Beginning net position | 464,572 | 1,171,532 | 1,636,104 | 1,688,017 |
| Ending net position | <u>\$ 449,992</u> | <u>\$1,138,051</u> | <u>\$1,588,043</u> | <u>\$1,636,104</u> |

Program revenues
Governmental activities:

Taxes provide 46% of the revenues for Governmental Activities, while state shared revenues provide 27%. Most of the Governmental Activities resources are spent for General Government (41%), Transportation (31%), and Physical Environment (23%).

Business-type activities:

Business-type activities increased the Town's net position by \$33,481. The prior year's decrease in net position was \$31,563. Key elements of this decrease are as follows:

- Revenues increased by \$637, and expenses increased by \$2,555 from the prior year.
- Depreciation totaled \$56,704 and was not fully funded.

Budgetary Highlights

The Town operated within its budgetary limits in all funds during the current year.

Capital Assets

At September 30, 2018, the Town had \$1,080,996 million invested in capital assets, including fire equipment, park and recreation facilities, buildings, and water facilities.

Capital Assets at September 30, 2018 and 2017

| | Governmental Activities | Business-type Activities | Total Government | |
|----------------------------|----------------------------|-----------------------------|--------------------|--------------------|
| | | | 2018 | 2017 |
| Land | \$ 130,767 | \$ 11,562 | \$ 142,329 | \$ 142,329 |
| Buildings and improvements | 673,858 | 2,183,660 | \$2,857,518 | 2,857,518 |
| Machinery and equipment | 239,429 | 20,490 | \$ 259,919 | 251,719 |
| Subtotal | 1,044,054 | 2,215,712 | 3,259,766 | 3,251,566 |
| Accumulated depreciation | (861,230) | (1,317,540) | (2,178,770) | (2,105,718) |
| Capital assets, net | <u>\$ 182,824</u> | <u>\$ 898,172</u> | <u>\$1,080,996</u> | <u>\$1,145,848</u> |

Long-term Liabilities

At year-end, the Town had accrued employee leave that increased from \$4,321 to \$4,738.

Long-term Liabilities at September 30, 2018 and 2017

| | Governmental Activities | Business-type Activities | Total Government | |
|----------------------|----------------------------|-----------------------------|------------------|-----------------|
| | | | 2018 | 2017 |
| Compensated absences | \$ 2,998 | \$ 1,740 | \$ 4,738 | \$ 4,321 |
| | <u>\$ 2,998</u> | <u>\$ 1,740</u> | <u>\$ 4,738</u> | <u>\$ 4,321</u> |

More detailed information on the Town long-term liabilities is presented in the notes to the financial statements.

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The current unemployment rate for Columbia County was 4.0%, which is the same approximate rate as the Town.
- The estimated population for the Town in 2018 was 590, and is estimated to be approximately the same in 2019.

REQUEST FOR INFORMATION

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information requests should be addressed to the Town Clerk, P. O. Box 129, Fort White, Florida 32038.

BASIC FINANCIAL STATEMENTS

TOWN OF FORT WHITE, FLORIDA
STATEMENT OF NET POSITION
September 30, 2018

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 242,953 | \$ 255,257 | \$ 498,210 |
| Accounts receivable - net | 3,656 | 17,108 | 20,764 |
| Due from state | 27,615 | - | 27,615 |
| Internal balances | 5,217 | - | 5,217 |
| Total current assets | 279,441 | 272,365 | 551,806 |
| | | | |
| Capital assets - net | 182,824 | 898,172 | 1,080,996 |
| Total assets | \$ 462,265 | \$ 1,170,537 | \$ 1,632,802 |
| | | | |
| LIABILITIES AND NET ASSETS | | | |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | \$ 6,466 | \$ 4,321 | \$ 10,787 |
| Accrued liabilities | 2,809 | 842 | 3,651 |
| Deposits | - | 25,583 | 25,583 |
| Accrued compensated absences | 450 | 261 | 711 |
| Total current liabilities | 9,725 | 31,007 | 40,732 |
| | | | |
| Noncurrent liabilities | | | |
| Other liabilities | | | |
| Accrued leave payable | 2,548 | 1,479 | 4,027 |
| Total noncurrent liabilities | 2,548 | 1,479 | 4,027 |
| Total liabilities | 12,273 | 32,486 | 44,759 |
| | | | |
| NET POSITION | | | |
| Invested in capital assets net of related debt | 182,824 | 898,172 | 1,080,996 |
| Unrestricted | 267,168 | 239,879 | 507,047 |
| Total net position | 449,992 | 1,138,051 | 1,588,043 |
| | | | |
| Total liabilities and net position | \$ 462,265 | \$ 1,170,537 | \$ 1,632,802 |

TOWN OF FORT WHITE, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2018

| Functions/Programs | Program Revenues | | Net (Expense) Revenues and Changes in Net Position | | |
|---------------------------------------|-------------------|----------------------|--|----------------------------|---------------------|
| | Expenses | Charges for Services | Governmental Activities | Business - type Activities | Total |
| Governmental activities | | | | | |
| General government | \$ 124,648 | \$ - | \$ (124,648) | \$ - | \$ (124,648) |
| Physical environment | 68,392 | 4,635 | (63,757) | - | (63,757) |
| Transportation | 95,144 | 22,756 | (72,388) | - | (72,388) |
| Culture/recreation | 4,741 | - | (4,741) | - | (4,741) |
| Miscellaneous | 9,760 | - | (9,760) | - | (9,760) |
| Total governmental activities | 302,685 | 27,391 | (275,294) | - | (275,294) |
| Business-type activities | | | | | |
| Water services | 171,170 | 117,820 | - | (53,350) | (53,350) |
| Garbage and solid waste services | 51,441 | 65,249 | - | 13,808 | 13,808 |
| Total business-type activities | 222,611 | 183,069 | - | (39,542) | (39,542) |
| Total government | \$ 525,296 | \$ 210,460 | (275,294) | (39,542) | (314,836) |
| General revenues | | | | | |
| Sale and use taxes | 115,544 | - | - | - | 115,544 |
| Franchise fees | 34,536 | - | - | - | 34,536 |
| Utility services taxes | 13,428 | - | - | - | 13,428 |
| Communications | | | | | |
| service taxes | 4,169 | - | - | - | 4,169 |
| Licenses and permits | 6,370 | - | - | - | 6,370 |
| State shared revenues | 76,788 | - | - | - | 76,788 |
| Interest | 1,018 | - | - | - | 1,018 |
| Miscellaneous | 8,861 | - | - | 6,061 | 14,922 |
| Total general revenues | 260,714 | | 260,714 | 6,061 | 266,775 |
| Change in net position | | | (14,580) | (33,481) | (48,061) |
| Net position beginning of year | | | 464,572 | 1,171,532 | 1,636,104 |
| Net position ending of year | | | \$ 449,992 | \$ 1,138,051 | \$ 1,588,043 |

See notes to financial statements.

**TOWN OF FORT WHITE, FLORIDA
GOVERNMENTAL FUND
BALANCE SHEET
September 30, 2018**

| | <u>General Fund</u> |
|---|-------------------------|
| ASSETS | |
| Cash | \$ 242,953 |
| Accounts receivable | 3,656 |
| Due from state | 27,615 |
| Prepaid insurance | 5,217 |
| Total assets | <u>\$ 279,441</u> |
| LIABILITIES AND FUND BALANCES | |
| LIABILITIES | |
| Accounts payable | \$ 6,466 |
| Accrued liabilities | 2,809 |
| Total liabilities | <u>9,275</u> |
| FUND BALANCE | |
| Unassigned | 270,166 |
| Total fund balances | <u>270,166</u> |
| Total liabilities and fund balances | <u>\$ 279,441</u> |
| Fund balance - governmental funds | \$ 270,166 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | |
| Cost of capital assets | 1,044,054 |
| Accumulated depreciation | <u>(861,230)</u> |
| | 182,824 |
| Long-term liabilities are not due in the current period and, therefore, are not reported in the funds | |
| Accrued compensated absences | (2,998) |
| Net position of governmental activities | <u>\$ 449,992</u> |

**TOWN OF FORT WHITE, FLORIDA
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 2018**

| | General Fund |
|---|-------------------------|
| REVENUES | |
| Taxes | \$ 167,677 |
| Licenses and permits | 6,370 |
| Intergovernmental | 76,788 |
| Charges for services | 27,391 |
| Miscellaneous | 9,879 |
| Total revenues | 288,105 |
| EXPENDITURES | |
| Current expenditures | |
| General government | 124,180 |
| Physical environment | 64,590 |
| Transportation | 90,047 |
| Culture/recreation | 5,585 |
| Miscellaneous | 9,760 |
| Total expenditures | 294,162 |
| Net change in fund balances | (6,057) |
| Fund balances at beginning of year | 276,223 |
| Fund balances at end of year | \$ 270,166 |

**TOWN OF FORT WHITE, 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, 2018**

Net change in fund balances - total governmental funds **\$ (6,057)**

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

Governmental funds report capital outlay as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Net current year depreciation **(8,148)**

Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net decrease in compensated activities **(375)**

Change in net position of governmental activities **\$ (14,580)**

**TOWN OF FORT WHITE, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 September 30, 2018**

| ASSETS | <u>Enterprise Fund</u> |
|--|------------------------|
| Current assets | |
| Cash | \$ 255,257 |
| Accounts receivable | 17,108 |
| Due from other funds | - |
| Total current assets | <u>272,365</u> |
| | |
| Fixed assets | |
| Land | 11,562 |
| Buildings | 588,302 |
| Improvements other than buildings | - |
| Equipment | 20,490 |
| Allowance for depreciation | (1,317,540) |
| Total fixed assets | <u>898,172</u> |
| Total assets | <u>\$ 1,170,537</u> |
| | |
| LIABILITIES AND NET POSITION | |
| LIABILITIES | |
| Accounts payable | \$ 4,321 |
| Accrued liabilities | 842 |
| Deposits | 25,583 |
| Accrued compensated absences | 1,740 |
| Total current liabilities | <u>32,486</u> |
| Total liabilities | <u>32,486</u> |
| | |
| NET POSITION | |
| Invested in capital assets net of related debt | 898,172 |
| Unrestricted | 239,879 |
| Total net position | <u>1,138,051</u> |
| Total liabilities and net position | <u>\$ 1,170,537</u> |

TOWN OF FORT WHITE, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 For the Fiscal Year Ended September 30, 2018

| | Enterprise Fund |
|---|---------------------|
| OPERATING REVENUES | |
| Charges for services | |
| Water utility services | \$ 117,820 |
| Garbage utility services | 65,249 |
| Miscellaneous revenue | 6,061 |
| Total operating revenues | 189,130 |
| OPERATING EXPENSES | |
| Water services | |
| Personnel services | 56,900 |
| Operating expenses | 57,566 |
| Depreciation expense | 56,704 |
| Total water services | 171,170 |
| Garbage and solid waste services | |
| Contractual services | 51,441 |
| Total garbage and solid waste services | 51,441 |
| Total operating expenses | 222,611 |
| Net loss | (33,481) |
| Net position, beginning of year | 1,171,532 |
| Net position, end of year | \$ 1,138,051 |

TOWN OF FORT WHITE, FLORIDA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2018

| | |
|---|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash received from customers | \$ 189,588 |
| Cash payments for goods and services | (110,533) |
| Cash payments to employees for services | (58,934) |
| Net cash provided by operating activities | <u>20,121</u> |
| | |
| Net increase in cash and cash equivalents | 20,121 |
| | |
| Cash, beginning of year | 235,136 |
| Cash, end of year | <u>\$ 255,257</u> |
| | |
| RECONCILIATION OF NET LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | |
| | |
| Net loss | <u>\$ (33,481)</u> |
| | |
| Adjustments to reconcile net loss to net cash provided by operating activities: | |
| Depreciation | 56,704 |
| Decrease in accounts receivable | 89 |
| Decrease in accounts payable | (1,526) |
| Decrease in accrued liabilities | (2,076) |
| Increase in accrued comenstated absences | 42 |
| Increase in customer deposits | 369 |
| Total adjustments | <u>53,602</u> |
| | |
| Net cash provided by operating activities | <u>\$ 20,121</u> |

TOWN OF FORT WHITE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Fort White (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement 34 – Basic Financial Statement and Management’s Discussion and Analysis – for State and Local Governments. As provided by GASB 34, the Town has elected not to report retroactive infrastructure improvements in its financial statements due to the fact that its annual revenues are less than ten million. The Town has implemented all other applicable provisions of this Statement.

A. Reporting Entity - The Town of Fort White, Florida is a municipal, political subdivision of the State of Florida , and was created and derives its power under Chapter 57-1334, *Special Acts of Florida*. Accordingly, it is controlled by the Florida Constitution and various Florida Statutes as well as its own local charter, ordinances and policies. It is governed by an elected Mayor and Town Council.

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that no potential component units existed which should be included within the reporting entity.

B. Measurement Focus and Basis of Accounting - The basic financial statements of the Town are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from any legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. As applicable, the Town also chooses to eliminate the indirect costs between governmental activities to avoid the "doubling up" effect.

2. Fund Financial Statements

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the Town's governmental and proprietary funds are presented after the government-wide financial statements.

Governmental Funds - 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 collected within the current period or soon enough thereafter to pay liabilities of 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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Town.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be measure of "available spendable resources." Governmental funds operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources: during a period.

Any non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds - The Town's Enterprise Fund is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The Town applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

Proprietary fund operation revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as

subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

C. Basis of Accounting - GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures, expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The Town has used GASB 34 minimum criteria for major fund determination. The Town has one major governmental fund and one major proprietary fund at year end.

1. Governmental Major 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.

2. Proprietary Major Fund:

Enterprise Fund - The Enterprise Fund accounts for the revenues, expenses, assets, and liabilities associated with the Town operated water supply service.

3. Non-current Governmental Assets/Liabilities:

GASB Statement 34 requires non-current governmental assets, such as land and building, and non-current governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide statement of net position.

D. Assets, Liabilities and Net Position or Equity

1. Cash and Investments - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.

2. Allowance for Doubtful Accounts - The Town periodically provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2018, this allowance was \$0, based upon current anticipation of collectability. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2018.

3. Receivables and Payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for doubtful accounts. Any receivables in excess of 180 days would comprise the trade accounts receivable allowance for doubtful accounts.

4. **Inventories** - The costs of governmental and enterprise fund inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any inventory type goods on hand at year end would not be material.
5. **Fund Equity** - As applicable in fiscal periods, reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. At September 30, 2018, the Town had no such reserved or designated fund balances.

A. Governmental Funds

As of September 30, 2018, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Town Council is the highest level of decision making authority for the Town Council. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's adopted policy, only the Town Council may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of September 30, 2018, fund balances are composed of the following:

| | |
|------------|---------------------|
| | <u>General Fund</u> |
| Unassigned | <u>\$ 270,166</u> |
| | <u>\$ 270,166</u> |

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spend first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Council has provided otherwise in its commitment or assignment actions.

6. **Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, right-of-ways, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads

and bridges constructed prior to October 1, 1981 are generally not reported. Donated capital assets are recorded at estimated fair market value at the date of donations.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

| Assets | Years |
|-----------------------------------|---------|
| Building and improvements | 10 - 40 |
| Machinery and equipment | 5 |
| Street and related infrastructure | 20 - 40 |

7. **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the application appropriation, is not utilized by the Town.
8. **Capitalization of Interest** - Interest related to bond issues are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the Town did not have any capitalized interest.
9. **Deferred Revenues** - Deferred revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.
10. **Accrued Compensated Absences** - The Town accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.
11. **Cash Equivalents** - For purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. As of September 30, 2018, the Town's cash consisted solely of checking accounts and money market accounts; it has no other cash equivalents.
12. **Prepaid Items** - Significant payments made to vendors for goods or services that will benefit periods beyond September 30, 2018, are recorded as prepaid items.

13. **Short-term Interfund Receivable/Payables** - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables/payables.”
14. **Inventories** - The costs of governmental and enterprise fund inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any inventory type goods on hand at year end would not be material.
15. **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 from those estimates.

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

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net position.

“Total fund balances” of the Town’s governmental fund \$270,166 differs from “net position” of governmental activities \$449,992 reported in the statement of net position. This difference primarily results from the long-term economical focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of assets included those capital assets among the assets of the Town as a whole.

| | |
|--------------------------|--------------------------|
| Cost of capital assets | \$1,044,054 |
| Accumulated depreciation | <u>(861,230)</u> |
| Total | <u><u>\$ 182,824</u></u> |

Long-term debt transactions

Long-term liabilities applicable to the Town’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2018, were:

| | |
|----------------------|--------------------------|
| Compensated absences | <u><u>\$ (2,998)</u></u> |
|----------------------|--------------------------|

TOWN OF FORT WHITE, FLORIDA

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

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

| | Total Governmental Funds | Capital Related Items | Long-Term Liabilities Transactions | Statement of Net Position |
|--|--------------------------------|-----------------------------|--|---------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 116,034 | \$ - | \$ - | \$ 116,034 |
| Investments | 126,919 | - | - | 126,919 |
| Accounts Receivable | 3,656 | - | - | 3,656 |
| Prepaid expenses | 5,217 | - | - | - |
| Due from state | 27,615 | - | - | 27,615 |
| Capital assets - net | - | 182,824 | - | 182,824 |
| Total assets | 279,441 | 182,824 | - | 462,265 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 6,466 | - | - | 6,466 |
| Accrued compensated absences | - | - | 2,998 | 2,998 |
| Accrued liabilities | 2,809 | - | - | 2,809 |
| Total liabilities | 9,275 | - | 2,998 | 12,273 |
| Fund balances/net position | 270,166 | 182,824 | (2,998) | 449,992 |
| Total liabilities and fund balances/ net position | \$ 279,441 | \$ 182,824 | \$ - | \$ 462,265 |

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for governmental fund (\$6,057) differs from the “change in net position” for governmental activities (\$8,148) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charges for the year.

| | |
|----------------------|-----------------------|
| Capital outlay | \$ (16,348) |
| Depreciation expense | <u>(8,200)</u> |
| | <u><u>(8,148)</u></u> |

Long-term liabilities transactions

Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

| | |
|------------------------------------|------------------------|
| Net change in compensated absences | <u><u>\$ (375)</u></u> |
|------------------------------------|------------------------|

TOWN OF FORT WHITE, FLORIDA

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

B. Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities

| | Total Governmental Funds | Capital Related Items | Long-Term Debt Transactions | Statement of Activities |
|--|--------------------------------|-----------------------------|-----------------------------------|-------------------------------|
| REVENUES | | | | |
| Taxes | \$ 167,677 | \$ - | \$ - | \$ 167,677 |
| Licenses and permits | 6,370 | - | - | 6,370 |
| Intergovernmental | 76,788 | - | - | 76,788 |
| Charges for services | 27,391 | - | - | 27,391 |
| Miscellaneous | 8,861 | - | - | 8,861 |
| Interest | 1,018 | - | - | 1,018 |
| Total revenue | <u>288,105</u> | <u>-</u> | <u>-</u> | <u>288,105</u> |
| EXPENDITURES | | | | |
| Current expenditures | | | | |
| General government | 124,180 | 468 | - | 124,648 |
| Physical environment | 64,590 | 3,802 | - | 68,392 |
| Transportation | 90,047 | 5,097 | - | 95,144 |
| Culture/recreation | 5,585 | (1,219) | 375 | 4,741 |
| Miscellaneous | 9,760 | - | - | 9,760 |
| Total expenditures | <u>294,162</u> | <u>8,148</u> | <u>375</u> | <u>302,685</u> |
| Excess of revenues over (under) expenditures | <u>(6,057)</u> | <u>(8,148)</u> | <u>(375)</u> | <u>(14,580)</u> |
| Net change in fund balances | <u>(6,057)</u> | <u>(8,148)</u> | <u>(375)</u> | <u>(14,580)</u> |
| Fund balances at beginning of year | <u>276,223</u> | <u>190,972</u> | <u>(2,623)</u> | <u>464,572</u> |
| Fund balances at end of year | <u>\$ 270,166</u> | <u>\$ 182,824</u> | <u>\$ (2,998)</u> | <u>\$ 449,992</u> |

NOTE 3. LEGAL COMPLIANCE–BUDGETS

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

1. Prior to September 1, the Town Council develops a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between the departments within any fund must be approved by the Town Council.
5. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Town Council. No formal budget amendments were made during the year.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits. The bank balances of the Town deposits were fully insured by federal depository insurance or pledged collateral under state law.

Investments. Under state law, the Town is allowed to invest surplus funds in guaranteed obligations of the U.S. government, interest bearing accounts of financial institutions which are legally secured, and the Local Government Surplus Funds Trust Fund. At year end, all investments consisted of certificates of deposits which was fully insured or collateralized. These investments are classified as Category 1 in accordance with GASB Standard No. 3, “Deposits with Financial Institutions, Investments, and Reserve Repurchase Agreements.”

NOTE 5. CAPITAL ASSETS

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

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|--------------------|-------------|-------------------|
| <u>Governmental activities:</u> | | | | |
| Capital assets: | | | | |
| Land | \$ 130,767 | \$ - | \$ - | \$ 130,767 |
| Buildings and improvements | 673,858 | - | - | \$ 673,858 |
| Machinery and equipment | 231,229 | 8,200 | - | \$ 239,429 |
| Total capital assets | 1,035,854 | 8,200 | - | 1,044,054 |
| Less accumulated depreciation | (844,882) | (16,348) | - | (861,230) |
| Governmental activities capital assets, net | <u>\$ 190,972</u> | <u>\$ (8,148)</u> | <u>\$ -</u> | <u>\$ 182,824</u> |
| <u>Business-type activities:</u> | | | | |
| Land | \$ 11,562 | \$ - | \$ - | \$ 11,562 |
| Buildings and improvements | 2,183,660 | - | - | \$ 2,183,660 |
| Machinery and equipment | 20,490 | - | - | \$ 20,490 |
| Total capital assets | 2,215,712 | - | - | - |
| Less accumulated depreciation | (1,260,836) | (56,704) | - | (1,317,540) |
| Business-type activities capital assets, net | <u>\$ 954,876</u> | <u>\$ (56,704)</u> | <u>\$ -</u> | <u>\$ 898,172</u> |

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

| | |
|---|------------------|
| Governmental activities: | |
| General government | \$ 468 |
| Physical environment | 3,802 |
| Transportation | 5,097 |
| Culture/recreation | 6,981 |
| Total depreciation expense - governmental activities | <u>\$ 16,348</u> |
| Business-type activities: | |
| Water services | \$ 56,704 |
| Total depreciation expense - business-type activities | <u>\$ 56,704</u> |

NOTE 6. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables net of an allowance for uncollectible accounts of \$0 at September 30, 2018, were as follows:

| | |
|----------------------------------|------------------|
| | <u>Accounts</u> |
| Business-type activities: | |
| General | \$ 3,656 |
| Enterprise | 17,108 |
| | <u>\$ 20,764</u> |

Payables

Payables at September 30, 2018, were as follows:

| | <u>Vendors</u> | <u>Other Accrued Payables</u> | <u>Total Payables</u> |
|----------------------------------|------------------|---------------------------------------|---------------------------|
| Governmental activities: | | | |
| General | \$ 6,466 | \$ 2,809 | \$ 9,275 |
| Business-type activities: | | | |
| Enterprise | 4,321 | 842 | 5,163 |
| | <u>\$ 10,787</u> | <u>\$ 3,651</u> | <u>\$ 14,438</u> |

NOTE 7. LONG-TERM LIABILITIES

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

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|-------------------------------|----------------------|---------------|-------------|-------------------|------------------------|
| Governmental Activities | | | | | |
| Compensated absences | \$ 2,623 | \$ 375 | \$ - | \$ 2,998 | \$ 450 |
| Total governmental activities | <u>\$ 2,623</u> | <u>\$ 375</u> | <u>\$ -</u> | <u>\$ 2,998</u> | <u>\$ 450</u> |
| Enterprise Fund: | | | | | |
| Compensated absences | \$ 1,698 | \$ 42 | \$ - | \$ 1,740 | \$ 261 |
| Total governmental activities | <u>\$ 1,698</u> | <u>\$ 42</u> | <u>\$ -</u> | <u>\$ 1,740</u> | <u>\$ 261</u> |

NOTE 8. RETIREMENT PLAN

The Town has established an employee defined contribution retirement plan under Section 401(A) of the Internal Revenue Code. Under the terms of the Plan, the Town matches employee contributions made to an accompanying Section 457(B) Plan. Current maximum Town matching contributions are \$30 per pay period per participant. All full time Town employees are covered under this plan. During the year, the Town made \$3,000 in contributions to this plan.

The Plan is underwritten by CitiStreet Associates. This plan is not subject to the requirements of ERISA or other Internal Revenue regulations relating to qualified pension plans.

NOTE 9. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 10. RISK MANAGEMENT

The Town is exposed to various risks of loss related to theft of, damage to and destruction of assets, and injury or death on the job of all employees. These risks are primarily covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or workers' compensation insurance coverages for the past three years. There has been no reduction in insurance coverage from the previous year.

NOTE 11. EMPLOYEE HEALTH CARE

The Town does not provide paid health insurance for its employees and thus has no liability for post-employment benefits.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF FORT WHITE, FLORIDA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2018

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Budget Positive (Negative) |
|--------------------------------------|--|-------------------|---|
| REVENUES | | | |
| Taxes | | | |
| Sales and use taxes | | | |
| Local option gas tax | \$ 34,000 | \$ 40,552 | \$ 6,552 |
| Discretionary sales tax | 61,000 | 74,992 | 13,992 |
| Franchise fees | | | |
| Electricity | 45,000 | 34,536 | (10,464) |
| Utility service tax | | | |
| Electricity | 12,000 | 12,199 | 199 |
| Municipalities | - | - | - |
| Propane | - | 1,229 | 1,229 |
| Communications services tax | 4,000 | 4,169 | 169 |
| Total taxes | 156,000 | 167,677 | 11,677 |
| Licenses and permits | | | |
| Professional and occupational | 2,400 | 3,567 | 1,167 |
| Building and zoning permits | 1,000 | 2,803 | 1,803 |
| Total licenses and permits | 3,400 | 6,370 | 2,970 |
| Intergovernmental | | | |
| State shared revenues | | | |
| State revenue sharing | 23,000 | 25,597 | 2,597 |
| Mobile home licenses | 8,000 | 5,557 | (2,443) |
| Alcoholic beverage Licenses | 800 | 760 | (40) |
| Local government half-cent sales tax | 41,000 | 44,874 | 3,874 |
| Total intergovernmental | 72,800 | 76,788 | 3,988 |
| Charges for services | | | |
| Physical environment | 3,000 | 4,635 | 1,635 |
| Transportation | 22,300 | 22,756 | 456 |
| Total charges for services | 25,300 | 27,391 | 2,091 |
| Miscellaneous | | | |
| Interest | \$ - | \$ 1,018 | \$ 1,018 |
| Rentals and Leases | 5,000 | 7,250 | 2,250 |
| Gain on sale | - | - | - |
| Other miscellaneous | 47,500 | 1,611 | (45,889) |
| Total miscellaneous | 52,500 | 9,879 | (42,621) |
| Total revenues | 310,000 | 288,105 | (21,895) |

TOWN OF FORT WHITE, FLORIDA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended September 30, 2018

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Budget Positive (Negative) |
|---|--|-------------------|---|
| EXPENDITURES | | | |
| General government | | | |
| Executive | | | |
| Personnel services | 19,200 | 23,282 | (4,082) |
| Total executive | 19,200 | 23,282 | (4,082) |
| Financial and administrative | | | |
| Personnel services | 27,000 | 35,977 | (8,977) |
| Operating expenses | 58,500 | 39,829 | 18,671 |
| Total financial and administrative | 85,500 | 75,806 | 9,694 |
| Legal counsel | | | |
| Operating expenses | 15,500 | 14,748 | 752 |
| Comprehensive planning | | | |
| Operating expenses | 25,000 | 10,344 | 14,656 |
| Total general government | 145,200 | 124,180 | 21,020 |
| Physical environment | | | |
| Public works | | | |
| Personnel services | 48,715 | 56,579 | (7,864) |
| Operating expenses | 24,000 | 8,011 | 15,989 |
| Total public works | 72,715 | 64,590 | 8,125 |
| Total physical environment | 72,715 | 64,590 | 8,125 |
| Transportation | | | |
| Roads and streets | | | |
| Personnel services | \$ 44,450 | \$ 49,289 | \$ (4,839) |
| Operating expenses | 20,000 | 32,558 | (12,558) |
| Capital outlay | 12,450 | 8,200 | 4,250 |
| Total transportation | 76,900 | 90,047 | (13,147) |
| Culture/recreation | | | |
| Parks and recreation | | | |
| Personnel services | - | - | - |
| Operating expenses | 9,000 | 5,585 | 3,415 |
| Total culture/recreation | 9,000 | 5,585 | 3,415 |

TOWN OF FORT WHITE, FLORIDA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2018

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Budget Positive (Negative) |
|---|--|---------------------------|---|
| Miscellaneous | <u>6,185</u> | <u>9,760</u> | <u>(3,575)</u> |
| Total expenditures | <u>310,000</u> | <u>294,162</u> | <u>15,838</u> |
| Excess of revenues over expenditures | <u>-</u> | <u>(6,057)</u> | <u>(6,057)</u> |
| Net change in fund balance | - | (6,057) | (6,057) |
| Fund balance at beginning of year | <u>230,155</u> | <u>276,223</u> | <u>46,068</u> |
| Fund balance at end of year | <u><u>\$ 230,155</u></u> | <u><u>\$ 270,166</u></u> | <u><u>\$ 40,011</u></u> |

**TOWN OF FORT WHITE, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018**

I. Stewardship, Compliance, and Accountability

- A. Budgetary information.** The Town, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The Town prepares a tentative budget, which is used by the Town at a public workshop to prepare the budgets for the coming year. Public hearings are conducted to obtain taxpayer comments. Subsequently, these budgets are legally adopted through the passage of a resolution at an advertised public session. Such actions are recorded in the Town's minutes.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is the Enterprise Fund, where depreciation is not budgeted for capital assets, while capital outlay expenditures are budgeted and are reclassified into fixed assets. These are then eliminated from the results of operations for financial reporting purposes in the Enterprise Fund. Estimated beginning fund balances are considered in the budgetary process, but are not included in the financial statements as budgeted revenues.

The annual budget serves as the legal authorization for expenditures. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the Town Council.

If during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the Town Council, by resolution, may make supplemental appropriations for the year up to the amount of such excess.

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

1. Prior to September 1, the Mayor submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in August and September to obtain taxpayer comments.
3. Prior to November 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of budgetary control is the department level; however, the Town Council may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.

5. **Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.**

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

The Honorable Mayor
and Town Council
Town of Fort White, Florida

We have audited the basic financial statements of the Town of Fort White, Florida (the Town), as of and for the year ended September 30, 2018, and have issued our report thereon dated June 24, 2019. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Fort White, Florida's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Fort White, Florida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Fort White, Florida's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified the following deficiency in internal control over financial reporting that we consider to be a significant deficiency.

2011-1

Financial Statement Preparation (excess of second preceding year)

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the Town does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in

instances where the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

MANAGEMENT'S RESPONSE

We agree with this finding. We are a very small government and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Both staff and the Town Council review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Town Council.

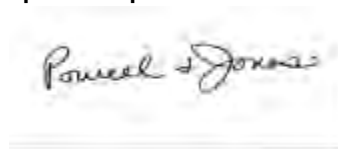
At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Fort White, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

However, we noted certain matters that we reported to management of the Town of Fort White, Florida in a separate letter dated June 24, 2019, on pages 44 - 45.

This report is intended solely for the information and use of management and the Town Council, the Auditor General of the State of Florida, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



POWELL & JONES
Certified Public Accountants
June 24, 2019

MANAGEMENT LETTER

To the Town Council
Town of Fort White, Florida

We have audited the financial statements of the Town of Fort White, Florida, as of and for the year ended September 30, 2018, and have issued our report thereon dated June 21, 2019. We have also issued our report on compliance and on internal control over financial reporting. That report should be considered in conjunction with this management letter.

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. Additionally our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

PRIOR YEAR FINDINGS

2016-1 Payroll Tax Payments

This finding regarding payroll tax and payments was substantially corrected during the current year.

CURRENT YEAR FINDINGS

There were no additional findings in the current year.

FINANCIAL COMPLIANCE FINDINGS

Annual Local Government Financial Report - The Financial Report filed with the Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the accompanying financial statements of the Town of Fort White, for the fiscal year ended September 30, 2018.

Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.544(1)(i)5a and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

Financial Emergency Status - We determined that the Town had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

CONCLUSION

We have reviewed each of our specific findings with Town officials and have provided them with appropriate documentation as requested. We, again, very much enjoyed the challenges and experience associated with this year's examination of the Town. We look forward to continued working with you in the future.

A handwritten signature in black ink, appearing to read "Powell & Jones", is centered within a rectangular box. The signature is written in a cursive, flowing style.

POWELL & JONES
Certified Public Accountants
June 24, 2019

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and
Members of the Town Council
Town of Fort White, Florida

We have examined the Town of Fort White, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2018. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the 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 the 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 the Town's compliance with specified requirements.

In our 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 the Town of Fort White, Florida and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



POWELL & JONES
Certified Public Accountants
June 24, 2019

Communication with Those Charged with Governance

To the Town Council
Town of Fort White, Florida

We have audited the financial statements of the Town of Fort White, Florida for the year ended September 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Fort White, Florida are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the Town of Fort White, Florida's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 24, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

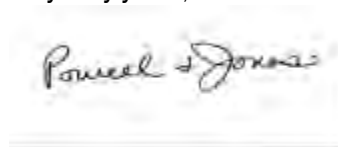
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Town Council and management of the Town of Fort White, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A rectangular box containing a handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES
Certified Public Accountants
June 24, 2019