

**TOWN OF  
GRANT-VALKARIA,  
FLORIDA**

**Basic  
Financial Statements and  
Supplementary Information**

**Year ended  
September 30, 2018**

# **TOWN OF GRANT-VALKARIA, FLORIDA**

## **Official Directory**

**September 30, 2018**

Del Yonts	Mayor
Cathy DeMott	Vice Mayor
Dan Robino	Council Member
Tom Sammon	Council Member
Lisette Kolar	Council Member
Dan Faden	Council Member
Pat Bryan	Council Member
Jason Mahaney	Town Administrator

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	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 - Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	26
Stormwater Projects Fund	27
Solid Waste Fund	28
Transportation Fund	29
Note to Required Supplementary Information	30
COMPLIANCE	
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 <i>Government Auditing Standards</i>	32
Management Letter	34
Independent Accountant's Report on Investment Compliance	36

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Town Council  
Town of Grant-Valkaria, Florida

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Town of Grant-Valkaria, Florida, ("the Town") 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 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Town of Grant-Valkaria, Florida as of September 30, 2018 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information listed on the table of contents 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 April 10, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's 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 our audit.

April 10, 2019  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

**TOWN OF GRANT-VALKARIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

As management of the Town of Grant-Valkaria, Florida (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2018. Consideration should be given to the information presented here in conjunction with the information that has been furnished in the basic financial statements, as listed on the table of contents.

**FINANCIAL HIGHLIGHTS**

- On a government-wide basis, the assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$81,695,753 (net position). Of this amount, \$78,733,901 is invested in capital assets and \$1,991,490 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$2,596,829. This decrease is primarily due to the depreciation of \$2,803,775 on the Town's capital assets.
- The Town's governmental funds reported combined ending fund balances of \$3,019,282 with a \$202,237 decrease from the previous fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**1) Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

- The statement of net position presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.
- The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, transportation, physical environment, and parks and recreation. The Town has no business activities.

The government-wide financial statements can be found as listed on the table of contents of this report.

**2) Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has only one category of funds: governmental funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains four individual governmental funds and adopts an annual appropriated budget for its funds. Budgetary comparison schedules have been provided for each major fund to demonstrate compliance with the budget and can be found as listed on the table of contents of this report.

The governmental fund financial statements can be found as listed on the table of contents of this report.

**3) Notes to the financial statements.** The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed on the table of contents of this report.

## Government - wide Financial Analysis

The Town's net position is summarized below. As of the fiscal year ended September 30, 2018, the Town's assets exceeded liabilities by \$81,695,753 which reflects a decrease of \$2,596,829.

	Governmental Activities		
	2018	2017	Difference
<b>Assets</b>			
Current assets	\$ 3,145,046	\$ 3,317,139	\$ (172,093)
Capital assets	78,733,901	81,109,339	(2,375,438)
Total assets	81,878,947	84,426,478	(2,547,531)
<b>Liabilities</b>			
Current liabilities	125,764	95,620	30,144
Noncurrent liabilities	57,430	38,276	19,154
Total liabilities	183,194	133,896	49,298
<b>Net position</b>			
Net investment in capital assets	78,733,901	81,109,339	(2,375,438)
Restricted for:			
Solid waste	14	14	-
Stormwater	445,348	486,171	(40,823)
Transportation	525,000	483,422	41,578
Unrestricted	1,991,490	2,213,636	(222,146)
Total net position	\$ 81,695,753	\$ 84,292,582	\$ (2,596,829)

The Town's current assets and current liabilities changed to reflect funds used for sidewalk and roadway projects and accrued time-off being allowed to rollover into 2019.

About 96% of the Town's net position reflects its net investment in capital assets (Town Hall, sidewalks and roadways). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Town's net investment in capital assets decreased due to \$2,803,775 of depreciation charged to current operations. The Town's remaining net position includes resources that are subject to external restrictions on how they may be used; \$445,348 is restricted to be used on stormwater drainage projects for the Town, \$525,000 is restricted for sidewalk and road projects already approved by Brevard County.

The balance of unrestricted net position \$1,991,490 may be used to meet the Town's ongoing obligations to citizens and creditors. The Town Council has committed \$850,000 of those funds for emergencies.



## Analysis of the Town's Operations

The following table provides a summary of the Town's operations for the years ended September 30, 2018 and 2017.

	Governmental Activities		
	2018	2017	Difference
Revenues:			
Program revenues:			
Charges for services	\$ 502,022	\$ 466,345	\$ 35,677
Operating grants and contributions	206,217	202,643	3,574
Total program revenues	708,239	668,988	39,251
General revenues:			
Property taxes	405,574	369,329	36,245
Communication service taxes	109,663	111,995	(2,332)
Franchise fees	239,996	238,871	1,125
Transportation impact fees	61,650	-	61,650
Shared revenues	335,119	313,578	21,541
Interest income	19,168	13,125	6,043
Other revenues	23,640	18,147	5,493
Loss on disposal	-	(36)	36
Contribution of road improvements	50,000	20,948	29,052
Total general revenues	1,244,810	1,085,957	158,853
Total revenues	1,953,049	1,754,945	198,104
Expenses:			
General government	651,832	498,653	153,179
Public safety	12,498	11,327	1,171
Transportation	3,367,347	3,310,991	56,356
Physical environment	483,170	451,711	31,459
Parks and recreation	35,031	32,815	2,216
Total expenses	4,549,878	4,305,497	244,381
Decrease in net position	(2,596,829)	(2,550,552)	(46,277)
Net position - beginning	84,292,582	86,843,134	(2,550,552)
Net position - ending	\$ 81,695,753	\$ 84,292,582	\$ (2,596,829)

Permit and fee related revenues increased over \$74,000, including the \$61,650 from Brevard County for impact fees. Contributions increased for two donated roadways in 2017/2018 compared to one in 2016/2017.

In October 2017, the Town utilized \$150,000 of its emergency funds to repair the damage caused by Hurricane Irma which was primarily the wash-out of Valkaria Road. Total costs to repair damages and clean-up after the storm are estimated to be \$262,000. The Town is in the process of requesting funding from FEMA for the allowable portion of the costs.

In late 2018, the Town established a building department to provide citizens with improved access to construction permits. The building department incurred staffing and related costs of approximately \$40,000 and generated approximately \$10,000 of additional plan review and permit fees.

## **Fund Financial Statements**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Town of Grant-Valkaria, Florida's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Grant-Valkaria, Florida's financing requirements. Fund balance is composed of non-spendable, restricted, committed, assigned and unassigned fund balances which are described in Note A-13. The Fund financial statements are presented on pages as listed in the table of contents.

As of the end of the current fiscal year, the Town's governmental funds reported combined fund balances of \$3,019,282, as compared to \$3,221,519 for the prior year. The General Fund is the chief operating fund of the Town and reported a total fund balance of \$2,048,920 for the year ended September 30, 2018, as compared to \$2,251,912 for the year ended September 30, 2017. The \$2,048,920 consists of \$6,212 that is non-spendable, \$850,000 that is committed for emergencies, and \$1,192,708 that is unassigned.

In addition, the Town utilizes special revenue funds for stormwater projects, solid waste projects, and major transportation projects. Restricted fund balances in these special revenue funds total \$970,362 at September 30, 2018.

## **General Fund Budgetary Highlights**

The Town adopted an annual budget for each of its funds for the year ended September 30, 2018. The budget comparison schedules are reflected on pages as listed on the table of contents. The following information is presented to assist the reader in comparing actual results with budgetary amounts.

Actual general fund revenues were overall slightly higher than budgeted. There was a significant increase in construction permits and fees over those budgeted which was off-set by an anticipated State trails and greenway improvement grant for \$53,600 that will not be received until next fiscal year.

General government expenditures are below budget as the Town had fewer agreements requiring legal review, hurricane related costs were less than anticipated, trails and greenway expenditures were delayed due to delays in receiving several grants. Transportation expenditures for mowing and street improvements grading were lower than budget.

The significant budget variance in the Transportation Fund is for several road paving projects that were budgeted utilizing impact fees of \$525,000 carried over from the 2016/2017 fiscal year. The projects were started later than anticipated with only the initial engineering being completed during the 2017/2018 fiscal year.

## **Capital Asset and Debt Administration**

- **Capital Assets:** The Town's total investment in capital assets as of September 30, 2018, amounts to \$78,733,901 (net of accumulated depreciation). Current year activity includes an increase for purchased and donated assets totaling \$428,337, and a decrease for depreciation of \$2,803,775.
- **Long-term Debt:** At the end of the current fiscal year, the Town did not have any general long-term outstanding debt.

Capital assets increased for the purchase of a security trailer, improvements to park trails, completion of sidewalk projects, and the donation of land and land improvements to the Town. During the current year, the Town completed two major capital projects: Grant road sidewalk and Valkaria road sidewalk which cost \$614,700 and \$224,500 respectively.

Additional information on the Town's capital assets can be found in Note C in the notes to the financial statements. Additional information on the Town's long-term liabilities can be found in Note D in the notes to the financial statements.

### Economic Factors and Next Year's Budgets and Rates

The Town anticipates a steady population growth over the next several years that will create a need for roadway and drainage improvements.

Property valuation has shown a slight increase in the past few years. The assessed values for 2018-2019, 2017-2018, and 2016-2017, were \$396,289,049, \$365,658,357, and \$339,078,350, respectively, which is an average increase of 8% per year since the 2016-2017 fiscal year. For 2018-2019, the millage rate increased to 1.1850 from 1.149 in 2017-2018.

These factors were considered in preparing the Town's budget for the 2019 fiscal year. Property tax revenues for 2019 are anticipated to be \$446,123 which is approximately \$40,000 more than the property tax revenue collected for 2018. For 2019, the Town established an expenditure budget of \$2,692,740 for the Town's entire operations including \$525,000 for the transportation projects funded primarily with the transportation impact fees already received from Brevard County.

### Request for information

This financial report is designed to provide a general overview of the Town of Grant-Valkaria, Florida's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the management staff of the Town of Grant-Valkaria, 1499 Valkaria Road, Grant-Valkaria, Florida 32950.

Town of Grant-Valkaria, Florida

STATEMENT OF NET POSITION

September 30, 2018

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,089,581
Prepaid expenses	6,212
Due from other agencies	49,253
Total current assets	<u>3,145,046</u>
Capital assets, not being depreciated:	
Land	145,146
Capital assets, net of accumulated depreciation:	
Buildings	552,683
Equipment	33,578
Infrastructure	78,002,494
Total capital assets	<u>78,733,901</u>
Total assets	<u>81,878,947</u>
<b>LIABILITIES</b>	
Accrued wages payable	12,559
Accounts payable	112,494
Other liabilities	711
Total current liabilities	<u>125,764</u>
Noncurrent liabilities:	
Compensated absences due within one year	54,218
Compensated absences due in more than one year	3,212
Total noncurrent liabilities	<u>57,430</u>
Total liabilities	<u>183,194</u>
<b>NET POSITION</b>	
Net investment in capital assets	78,733,901
Restricted for:	
Solid waste	14
Storm water	445,348
Transportation	525,000
Unrestricted	1,991,490
Total net position	<u>\$ 81,695,753</u>

The accompanying notes are an integral part of this financial statement.

**Town of Grant-Valkaria, Florida**

**STATEMENT OF ACTIVITIES**

**Year ended September 30, 2018**

<u>Function/Program</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		
Governmental activities:					
General government	\$ 651,832	\$ 10,093	\$ -	\$ -	\$ (641,739)
Public safety	12,498	58,890	-	-	46,392
Transportation	3,367,347	-	116,909	-	(3,250,438)
Physical environment	483,170	433,039	89,308	-	39,177
Parks and recreation	35,031	-	-	-	(35,031)
Total governmental activities	\$ 4,549,878	\$ 502,022	\$ 206,217	\$ -	(3,841,639)
General revenues:					
Taxes:					
					405,574
					109,663
					239,996
					61,650
					335,119
					19,168
					23,640
					50,000
					1,244,810
					(2,596,829)
					84,292,582
					\$ 81,695,753

The accompanying notes are an integral part of this financial statement.

**Town of Grant-Valkaria, Florida**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**September 30, 2018**

	General Fund	Stormwater Projects Fund	Solid Waste Fund	Transportation Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,119,219	\$ 445,348	\$ 14	\$ 525,000	\$ 3,089,581
Prepaid expenses	6,212	-	-	-	6,212
Due from other agencies	49,253	-	-	-	49,253
Due from other funds	-	-	-	103,720	103,720
Total assets	<u>\$ 2,174,684</u>	<u>\$ 445,348</u>	<u>\$ 14</u>	<u>\$ 628,720</u>	<u>\$ 3,248,766</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 8,774	\$ -	\$ -	\$ 103,720	\$ 112,494
Accrued wages	12,559	-	-	-	12,559
Other liabilities	711	-	-	-	711
Due to other funds	103,720	-	-	-	103,720
Total liabilities	<u>125,764</u>	<u>-</u>	<u>-</u>	<u>103,720</u>	<u>229,484</u>
Fund balance					
Non-spendable					
Prepaid expenses	6,212	-	-	-	6,212
Restricted					
Special revenue funds	-	445,348	14	525,000	970,362
Committed	850,000	-	-	-	850,000
Unassigned	1,192,708	-	-	-	1,192,708
Total fund balances	<u>2,048,920</u>	<u>445,348</u>	<u>14</u>	<u>525,000</u>	<u>3,019,282</u>
Total liabilities and fund balances	<u>\$ 2,174,684</u>	<u>\$ 445,348</u>	<u>\$ 14</u>	<u>\$ 628,720</u>	<u>\$ 3,248,766</u>

The accompanying notes are an integral part of this financial statement.

Town of Grant-Valkaria, Florida

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

September 30, 2018

Fund balance - total governmental funds		\$	3,019,282
The net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Land	\$	145,146	
Buildings		552,683	
Equipment and furniture, net		33,578	
Infrastructure, net		<u>78,002,494</u>	78,733,901
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences			(57,430)
Total net position of governmental activities			<u><u>\$ 81,695,753</u></u>

The accompanying notes are an integral part of this financial statement.

Town of Grant-Valkaria, Florida

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

Year ended September 30, 2018

	General Fund	Stormwater Projects	Solid Waste	Transportation Fund	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 632,146	\$ -	\$ -	\$ -	\$ 632,146
Franchise fees	239,996	-	-	-	239,996
Intergovernmental	335,119	-	-	61,650	396,769
Licenses and permits	58,890	-	-	-	58,890
Charges for services	10,093	-	-	-	10,093
Interest revenue	19,168	-	-	-	19,168
Miscellaneous revenue	23,640	-	-	-	23,640
Physical environment charges	-	89,308	433,039	-	522,347
	<u>1,319,052</u>	<u>89,308</u>	<u>433,039</u>	<u>61,650</u>	<u>1,903,049</u>
<b>EXPENDITURES</b>					
Current					
General government	550,839	-	-	-	550,839
Public safety	12,498	-	-	-	12,498
Transportation	539,973	-	-	105,438	645,411
Physical environment	-	50,131	433,039	-	483,170
Parks and recreation	35,031	-	-	-	35,031
Capital outlay	105,701	-	-	272,636	378,337
	<u>1,244,042</u>	<u>50,131</u>	<u>433,039</u>	<u>378,074</u>	<u>2,105,286</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	75,010	39,177	-	(316,424)	(202,237)
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Transfers in	155,718	-	-	433,720	589,438
Transfers out	(433,720)	(80,000)	-	(75,718)	(589,438)
Total other financing sources and (uses)	<u>(278,002)</u>	<u>(80,000)</u>	<u>-</u>	<u>358,002</u>	<u>-</u>
<b>Net change in fund balances</b>	(202,992)	(40,823)	-	41,578	(202,237)
Fund balance - beginning	2,251,912	486,171	14	483,422	3,221,519
Fund balance - ending	<u>\$ 2,048,920</u>	<u>\$ 445,348</u>	<u>\$ 14</u>	<u>\$ 525,000</u>	<u>\$ 3,019,282</u>

The accompanying notes are an integral part of this financial statement.



Town of Grant-Valkaria, Florida

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended September 30, 2018

Net change in fund balance - total governmental funds		\$	(202,237)
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay	\$	378,337	
Depreciation expense		<u>(2,803,775)</u>	
			(2,425,438)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.			
Donated fixed assets			50,000
Some expenses reported in the statement of activities did not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Compensated absences			<u>(19,154)</u>
Change in net position of governmental activities		\$	<u><u>(2,596,829)</u></u>

The accompanying notes are an integral part of this financial statement.

**Town of Grant-Valkaria, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting entity

The Town of Grant-Valkaria, Florida (the "Town"), was incorporated and organized by a special act of the Florida legislation in 2006 as a municipality with a Mayor and a six-member Council, all of whom are elected by the registered voters of the Town. The Council elects a Vice-Mayor from among its members annually. The Town provides a wide range of services as directed by the Town Charter, including general government, inspections, planning and zoning, and other related general and administrative services for its residents.

The accounting policies of the Town of Grant-Valkaria, Florida conform to accounting principles generally accepted in the United States of America as applicable to governments as established by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

In evaluating the Town as a reporting entity, management has addressed all potential component units that may or may not fall within the Town's oversight and control, and thus, be included in the Town's financial statements as defined in Governmental Accounting Standards Board's ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100, *Defining the Financial Reporting Entity*. The Town did not exercise oversight responsibility over any other potential component units. The financial statements of the Town consist only of the operations of the Town; thus, there are no component units included.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the primary government as a whole. As part of the consolidation process, all interfund activities are eliminated from these statements.

Net position, the difference between assets and liabilities, as presented in the statement of net position, is subdivided into three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function or segment and its program revenues, and displays the extent to which each function or segment contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

**Town of Grant-Valkaria, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Government-wide and fund financial statements (continued)

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate fund financial statements report detailed information about the Town's governmental funds. The focus of governmental fund financial statements is on major funds. Therefore, major funds are reported as separate columns in the fund financial statements and non-major funds are aggregated and presented as a single column on each statement. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and permits, charges for services, fines and forfeitures associated with the current 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 and available only when cash is received by the government.

**Town of Grant-Valkaria, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

3. Measurement focus, basis of accounting and financial statement presentation (continued)

The Town reports the following major governmental funds:

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

Stormwater Projects Fund - is used to account for revenues received by the Town that are legally restricted for drainage expenditures.

Solid Waste Fund - is used to account for revenues received by the Town that are used for solid waste expenditures.

Transportation Fund - is used to account for revenues received by the Town that are legally restricted for roadway, bicycle, and other transportation projects.

When restricted resources meet the criteria to be available for use and unassigned resources are also available for use, it is the Town's policy to use restricted resources first, and then unassigned resources, as needed.

4. Cash and cash equivalents

Cash and cash equivalents are considered to be cash in banks and certificates of deposit with original maturities of three months or less.

5. Investments

The Town has not adopted a formal investment policy and, therefore, the Town's investment activities are governed by Chapter 218 of the Florida Statutes. Florida Statutes authorize the Town to invest in the Local Government Surplus Funds Trust Fund, which is administered by the State Board of Administration; obligations of, or obligations of principal and interest of which are unconditionally guaranteed by the United States Government; interest bearing time deposits or savings accounts in banks and savings and loan organized under the laws of the United States; obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, or obligations guaranteed by the Government National Mortgage Association; and obligations of the Federal National Mortgage Association.

6. Receivables

After reviewing the individual account balances, the Town's management has determined that 100% of receivables are fully collectible based on prior experience. Therefore, no allowance for doubtful accounts has been provided.

**Town of Grant-Valkaria, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

7. Capital assets

Capital assets are reported in the applicable governmental columns in the government-wide financial statements. The Town defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at cost when purchased. Contributed capital assets are capitalized at their fair value at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the various classes of depreciable assets. The estimated useful lives of equipment range from 3-7 years while the estimated useful life of infrastructure assets is 40 years.

8. Compensated absences

The Town records the vested portion of accumulated unused compensated absences, if material, at year-end based on each employee's unused hours and rate of pay, including the Town's share of payroll taxes. All compensated absences are accrued when incurred in the government-wide financial statements as accrued liabilities. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

9. Property taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Brevard County Property Appraiser and Brevard County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. For the year ended September 30, 2018, the Town's millage rate was 1.149 mills.

The tax levy of the Town is established by the Town Council prior to October 1 of each year and the Brevard County Tax Collector incorporates the mileages into the total tax levy, which includes the municipalities, independent districts and the school board tax requirements. All property is reassessed according to its fair market value on March 1 of each year.

Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes. The assessed value on October 12, 2017, upon which the 2017-2018 levy was based, was approximately \$364,264,249.

**Town of Grant-Valkaria, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

9. Property taxes (continued)

All taxes are due and payable on November 1 (levy date) of each year or as soon thereafter as the assessment roll is certified and delivered to the Brevard County Tax Collector. All unpaid taxes become delinquent on April 15 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of March and 1% in the month of February. Taxes are paid in March without discount. Current tax collections, net of discounts taken, for the year ended September 30, 2018, were approximately 97% of the total tax levy.

On or prior to June 1<sup>st</sup> of each fiscal year, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates are held by Brevard County.

10. Interfund transactions

Activities 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". Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All interfund transactions are reported as transfers on the funds financial statements, and are eliminated on the governmental-wide financial statements. For the year ended September 30, 2018, transfers totaled \$589,438; \$433,720 from the general fund to the transportation fund, 80,000 from the stormwater fund to the general fund, and 75,718 from the transportation fund to the general fund.

11. Income tax

The Town qualifies as a tax-exempt entity and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

12. Use of estimates

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

**Town of Grant-Valkaria, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

13. Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in their respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows.

Non-spendable Fund Balance - Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (inventories, prepaid expenditures) and items such as long-term amount of loans, property acquired for resale, as well as unrealized gains.

Restricted Fund Balance - Amounts that have externally enforceable limitations on use of resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Town Council, the Town's highest level of decision making authority. Commitments may only be removed or changed by the Town Council taking the same formal action (resolution) that imposed the constraint originally. During the year ended September 30, 2018, the Council has \$850,000 as committed for emergency reserves.

Assigned Fund Balance - Amounts that are constrained by the Town's intent to be used for specific purposes that are neither considered restricted nor committed. The authority to assign fund balance lies with the Town Manager.

Unassigned Fund Balance - The residual classification for the General Fund resources. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**Town of Grant-Valkaria, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

13. Fund balance classification (continued)

Restricted amounts shall be spent first unless there are legal documents/contracts prohibiting this, such as grant agreements. Further, the order of priority shall be Committed Fund Balance, followed by Assigned Fund Balance, and then Unassigned Fund Balance when expenditures are incurred for purposes for which amounts in any of classifications could be used.

**NOTE B - CASH AND CASH EQUIVALENTS**

The Town maintains its cash and cash equivalent balances in financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per depositor. At September 30, 2018, the Town's cash and cash equivalent balances were fully insured. The Town's deposits include demand deposits and certificates of deposit. At year-end, the carrying amount of the Town's deposits, including certificates of deposit, was \$3,089,581 and the bank balance was \$3,113,590. Any balance in excess of FDIC insurance is covered by collateral held by the Town's custodial banks, which is pledged to a state trust fund that provides security in accordance with the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer or, with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the pool may assess participating financial institutions on a pro rata basis to fund any shortfall in the event of the failure of a member institution.



**Town of Grant-Valkaria, Florida**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

**NOTE C - CAPITAL ASSETS**

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

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 135,146	\$ 10,000	\$ -	\$ 145,146
Construction in progress	566,578	272,636	(839,214)	-
Total capital assets, not being depreciated:	<u>701,724</u>	<u>282,636</u>	<u>(839,214)</u>	<u>145,146</u>
Capital assets, being depreciated:				
Buildings	560,358	60,000	-	620,358
Equipment	87,606	-	-	87,606
Infrastructure	110,685,106	924,915	-	111,610,021
Total capital assets, being depreciated:	<u>111,333,070</u>	<u>984,915</u>	<u>-</u>	<u>112,317,985</u>
Less accumulated depreciation for:				
Buildings	53,051	14,625	-	67,676
Equipment	46,814	7,214	-	54,028
Infrastructure	30,825,590	2,781,936	-	33,607,526
Total accumulated depreciation	<u>30,925,455</u>	<u>2,803,775</u>	<u>-</u>	<u>33,729,230</u>
Total capital assets being depreciated, net	<u>80,407,615</u>	<u>(1,818,860)</u>	<u>-</u>	<u>78,588,755</u>
Governmental activities capital assets, net	<u>\$81,109,339</u>	<u>\$ (1,536,224)</u>	<u>\$ (839,214)</u>	<u>\$78,733,901</u>

During the year ended September 30, 2018, depreciation expense of \$2,803,775 was charged to the general government functions of the Town.

The beginning balance for buildings, equipment and infrastructure in 2018 is different from the ending balance for 2017. This is due to assets being allocated to Infrastructure in 2017 when they would be better classified as buildings or equipment.

**Town of Grant-Valkaria, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

**NOTE D - LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended September 30, 2018 are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Compensated absences	<u>\$ 38,276</u>	<u>\$ 33,621</u>	<u>\$ 14,467</u>	<u>\$ 57,430</u>	<u>\$ 54,218</u>

Historically, compensated absences have been generally liquidated by the general fund.

**NOTE E - OPERATING LEASE**

The Town leases a copier under an operating lease. For the year ended September 30, 2018, total costs for the copier lease were \$1,296. The future minimum lease payment for this lease is \$864 for 2019.

**NOTE F - RETIREMENT PLANS**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 which is administered by ICMA Retirement Corporation. The plan is available to full-time employees and permits employees to defer a portion of their salary until future years. Deferred compensation withdrawals are not available to employees until termination, retirement, death, or an unforeseeable emergency. The Town does not make contributions to this plan. In accordance with current professional pronouncements, the Town has not included such funds in its financial statements.

Additionally, the Town offers a defined contribution plan (the "Plan") created in accordance with Internal Revenue Service Code Section 401(a) which is administered by ICMA Retirement Corporation. The Plan provides a portable retirement program for "mobile" administrative, professional and technical employees of local government. If a participant separates from service and subsequently becomes employed with another unit of a state or local government, then the participant may rollover the benefits into the new employer's pension plan providing said plan permits rollovers. At September 30, 2018, there were 4 plan members. The Town is required to contribute between 9% and 11% to the Plan of the salaries of the participating employees.

The Town contributed \$26,560 to the Plan for the year ended September 30, 2018. Plan provisions may be amended by the Town Commission. The Plan is held in a trust for the exclusive benefit of the participants and their beneficiaries, consequently, the Town has no fiduciary responsibility; therefore, the net position of the Plan is not included in the Town's financial statements.

**Town of Grant-Valkaria, Florida**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

**NOTE G - COMMITMENTS AND CONTINGENCIES**

During the ordinary course of its operations, the Town is party to various claims, legal actions and complaints. Some of these matters are covered by the Town's insurance program. While the ultimate effect of any litigation cannot be ascertained at this time, management believes, based on the advice of legal counsel, that there will be no material effect on the Town's financial position and/or that the Town has sufficient insurance coverage to cover any claims.

**NOTE H - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to limit its exposure to these risks, the Town is a participant in the Florida League of Cities (a not-for-profit corporation) insurance program for workers compensation, general and auto liability. The insurance program purchases excess and specific coverages from third party carriers. Participants in the program are billed annually for their portion of the cost of the program adjusted for actual experience during the period of coverage. Participants are not assessed for unanticipated losses incurred by the program. Additionally, the Town has purchased commercial property insurance and various other insurance coverage from third parties to cover other risks that the Town may be exposed to. Premiums paid by the Town during the year totaled \$10,858. There have been no significant reductions in insurance coverage during fiscal year 2018. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the last three years.

**NOTE I - SUBSEQUENT EVENTS**

The Town has evaluated subsequent events through April 10, 2019; the date on which the financial statements were available for issuance, and has determined that no material events occurred that would require additional disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

Town of Grant-Valkaria, Florida

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

Year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 632,921	\$ 632,922	\$ 632,146	\$ (776)
Franchise fees	220,000	220,000	239,996	19,996
Intergovernmental	374,500	374,500	335,119	(39,381)
Licenses and permits	56,000	56,000	58,890	2,890
Charges for services	5,925	5,925	10,093	4,168
Interest revenue	5,200	5,200	19,168	13,968
Miscellaneous revenue	10,100	10,100	23,640	13,540
	<u>1,304,646</u>	<u>1,304,647</u>	<u>1,319,052</u>	<u>14,405</u>
<b>EXPENDITURES</b>				
Current				
General government	686,304	645,304	550,839	94,465
Public safety	22,042	23,042	12,498	10,544
Transportation	345,100	575,100	539,973	35,127
Parks and recreation	44,800	44,800	35,031	9,769
Capital outlay	67,999	128,000	105,701	22,299
	<u>1,166,245</u>	<u>1,416,246</u>	<u>1,244,042</u>	<u>172,204</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	138,401	(111,599)	75,010	186,609
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers in	60,000	140,000	155,718	15,718
Transfers out	(355,000)	(455,000)	(433,720)	21,280
<b>Net change in fund balances</b>	(156,599)	(426,599)	(202,992)	223,607
Fund balances - beginning	<u>2,251,912</u>	<u>2,251,912</u>	<u>2,251,912</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,095,313</u>	<u>\$ 1,825,313</u>	<u>\$ 2,048,920</u>	<u>\$ 223,607</u>

See accompanying note to required supplementary information.

Town of Grant-Valkaria, Florida

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - STORMWATER PROJECTS FUND**

Year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Physical environment charges	\$ 93,327	\$ 93,327	\$ 89,308	\$ (4,019)
<b>EXPENDITURES</b>				
Current				
Physical environment	53,800	53,800	50,131	3,669
<b>Excess (deficiency) of revenues over (under) expenditures</b>	39,527	39,527	39,177	(350)
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers out	-	(80,000)	(80,000)	-
<b>Net change in fund balances</b>	39,527	(40,473)	(40,823)	(350)
Fund balances - beginning	486,171	486,171	486,171	-
Fund balances - ending	<u>\$ 525,698</u>	<u>\$ 445,698</u>	<u>\$ 445,348</u>	<u>\$ (350)</u>

See accompanying note to required supplementary information.

Town of Grant-Valkaria, Florida

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - SOLID WASTE FUND**

Year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Physical environment charges	\$ 454,737	\$ 454,737	\$ 433,039	\$ (21,698)
<b>EXPENDITURES</b>				
Current				
Physical environment	<u>454,737</u>	<u>454,737</u>	<u>433,039</u>	<u>21,698</u>
<b>Net change in fund balances</b>	-	-	-	-
Fund balances - beginning	<u>14</u>	<u>14</u>	<u>14</u>	<u>-</u>
Fund balances - ending	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ -</u>

See accompanying note to required supplementary information.

Town of Grant-Valkaria, Florida

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - TRANSPORTATION FUND

Year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 61,650	\$ 1,650
<b>EXPENDITURES</b>				
Current				
Transportation	550,000	650,000	105,438	544,562
Capital outlay	280,000	280,000	272,636	7,364
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(770,000)	(870,000)	(316,424)	553,576
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers in	355,000	455,000	433,720	(21,280)
Transfers out	(60,000)	(60,000)	(75,718)	(15,718)
<b>Net change in fund balances</b>	(475,000)	(475,000)	41,578	516,578
Fund balances - beginning	483,422	483,422	483,422	-
Fund balances - ending	<u>\$ 8,422</u>	<u>\$ 8,422</u>	<u>\$ 525,000</u>	<u>\$ 516,578</u>

See accompanying note to required supplementary information.



**Town of Grant-Valkaria, Florida**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**September 30, 2018**

**NOTE A - BUDGETS AND BUDGETARY ACCOUNTING**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. The annual operating budget serves as legal authorization for expenditures and proposed means of financing them. The legal level of budgetary control is the department level. The budgets presented for fiscal year ended September 30, 2018 have been adopted according to the Town's procedures.

On or before July 15 of each year, the Town Administrator shall submit a budget in accordance with state law. It shall outline the financial policies of the Town for the ensuing fiscal year, describe the important features of the budget, indicate any major changes from the current year in fiscal policy, summarize the Town's fiscal position, and include any other material items as the Town Administrator deems necessary.

The Town Council shall adopt a budget for the ensuing fiscal year by resolution on or before September 30 of each year. The Town Council shall not authorize or allow to be authorized a budget that exceeds the reasonably expected revenue, plus prior years reserves for the ensuing fiscal year.

If at any time during the fiscal year it appears probable to the Town Administrator that the revenues available will be insufficient to meet the amount appropriated in the budget, the Town Administrator shall report to the Town Council without delay. The Town Council shall then take action to prevent or minimize any deficit and for that purpose may, by resolution, reduce one or more appropriations.

The Town Administrator shall have full authority to transfer unencumbered funds between different programs within a department, office, or agency. The Town Administrator shall not have the authority to transfer encumbered funds between departments, offices, or agencies.

The Town Council may, by resolution, transfer or otherwise allocate or reallocate part or all of any unencumbered balance within a department, office, or agency to any other department, office, or agency.

All appropriations shall lapse at the end of the budget year to the extent that such appropriations have not been expended or encumbered, and any appropriation made in one budget year shall not be valid or effective during any subsequent budget year.

## **COMPLIANCE**

**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 the Town Council  
Town of Grant-Valkaria, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Town of Grant-Valkaria, Florida (the "Town"), 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 and have issued our report thereon dated April 10, 2019.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

April 10, 2019  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

## MANAGEMENT LETTER

Honorable Members of the Town Council  
Town of Grant-Valkaria, Florida

### Report on the Financial Statements

We have audited the financial statements of the Town of Grant-Valkaria, Florida (the "Town"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 10, 2019.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated April 10, 2019 should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or associated recommendations made in the preceding financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Grant-Valkaria, Florida was established by and is governed per the special law 54.1407 Laws of Florida. Additional legal entity disclosures are included in Note A-1 of the financial statements.

## **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.566(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Additional Matters**

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

## **Purpose of this Letter**

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

April 10, 2019  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

255 S. Orange Ave. Suite 1545  
Orlando, FL 32801  
Phone: 407-841-8841  
Fax: 407-841-8849

[www.bermanhopkins.com](http://www.bermanhopkins.com)

8035 Spyglass Hill Road  
Melbourne, FL 32940  
Phone: 321-757-2020  
Fax: 321-242-4844

1415 S. Washington Ave.  
Titusville, FL 32780  
Phone: 321-267-2190  
Fax: 321-268-2272

## INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

The Honorable Mayor and Town Council  
Town of Grant-Valkaria, Florida

We have examined the Town of Grant-Valkaria'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 of Grant-Valkaria's compliance with the specified requirements. Our responsibility is to express an opinion on the Town of Grant-Valkaria's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town of Grant-Valkaria's complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Grant-Valkaria complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Town of Grant-Valkaria's compliance with specified requirements.

In our opinion, the Town of Grant-Valkaria 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 Grant-Valkaria 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.

April 10, 2019  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*