

CITY OF WALDO, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2018

CITY OF WALDO, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2018

TABLE OF CONTENTS

	PAGE NO.
INTRODUCTORY SECTION	
List of Principal Officials	5
FINANCIAL SECTION	
Independent Auditor's Report	7 - 8
Management Discussion and Analysis	9 - 13
Statement of Net Position	14 - 15
Statement of Activities	16
Governmental Fund	
Balance Sheet	17
Statement of Revenues, Expenditures and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Proprietary Fund	
Statement of Net Position	20 - 21
Statement of Revenues, Expenses and Changes in Net Position	22
Statement of Cash Flows	23 - 24
Notes to Financial Statements	25 - 41

CITY OF WALDO, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2018

TABLE OF CONTENTS

	PAGE NO.
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	43 - 46
Notes to Required Supplementary Information	47
OTHER INFORMATION	
Proprietary Fund	
Schedule of Net Position by Function	49
Schedule of Revenues, Expenditures and Changes in Net Position by Function	50
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards and State Financial Assistance	52
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	53
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>	54 - 55
Management Letter	56 - 57
Independent Accountant's Report	58
Communication with Those Charged with Governance	59 - 60

INTRODUCTORY SECTION

CITY OF WALDO, FLORIDA
LIST OF PRINCIPAL OFFICIALS

September 30, 2018

MAYOR

Louie Davis

CITY COUNCIL

**Carolyn Wade,
Council Chairman**

**Irvin Jackson,
Council Vice-Chairman**

Chuck Hall

Glen Johnson

Rick Pisano

CITY CLERK/MANAGER

Kim Worley

CITY ATTORNEY

John McPherson

FINANCIAL SECTION



Powell & Jones
Certified Public Accountants

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

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Lake City, Florida 32025
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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Waldo, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waldo, Florida, (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City'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 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, each major fund, and the aggregate remaining fund information of the City of Waldo, Florida, as of September 30, 2018, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Florida Institute of Certified Public Accountants • American Institute of Certified Public Accountants

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 Information

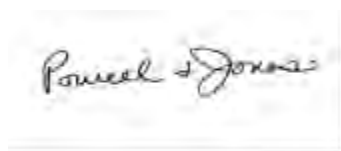
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Waldo, Florida's basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of net position by function and the schedule of revenues, expenses and changes in net position by function of the proprietary fund are also presented for purposes of additional analysis and are not a required part of the basic financial statements. Those schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2019, on our consideration of the City of Waldo, Florida'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waldo, Florida's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accountants
June 1, 2019

CITY OF WALDO, FLORIDA
Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the City of Waldo's (City) 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 City implemented Government Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement requires governmental entities to report finances in accordance with specific guidelines. Among these 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 City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as public works, parks and recreation, human services, community development, public safety, and general governmental administration. The City's water, sewer, and solid waste management services are 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 City.

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 City 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 gross and net costs of the City'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 City has one major governmental fund which is the general fund. Statements for the City's proprietary fund follow the governmental fund statements 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 City's financial condition.

The MD&A is intended to serve as an introduction to the City's basic financial statements and to explain the significant changes in the financial position and differences in operations between the current and prior years.

City as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position follows:

Net Position at September 30, 2018 and 2017

	Governmental Activities	Business-type Activities	Total Government	
			2018	2017
Assets				
Cash and investments	\$ 1,573,927	\$ 231,119	\$ 1,805,046	\$ 1,608,126
Other assets	115,052	256,302	371,354	260,101
Capital assets, net	7,152,218	6,395,923	13,548,141	7,140,528
Total assets	<u>8,841,197</u>	<u>6,883,344</u>	<u>15,724,541</u>	<u>9,008,755</u>
Liabilities				
Current liabilities	227,143	132,001	359,144	373,727
Long-term liabilities	19,920	2,243,118	2,263,038	2,330,279
Total liabilities	<u>247,063</u>	<u>2,375,119</u>	<u>2,622,182</u>	<u>2,704,006</u>
Net position				
Net investment in capital assets	7,152,218	4,108,923	11,261,141	4,771,986
Restricted	38,221	107,966	146,187	146,187
Unrestricted	1,403,695	291,336	1,695,031	1,386,576
Total net position	<u>\$ 8,594,134</u>	<u>\$ 4,508,225</u>	<u>\$13,102,359</u>	<u>\$ 6,304,749</u>

85.9% of the City's net position reflect its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

Restricted assets of \$146,187 consist of earmarked funds as reserves for debt service and police training. The remaining balance of unrestricted net position \$1,695,031 may be used to meet the City's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net position. The increase during the year through Governmental net position is due primarily to budgetary management; the increase in Business-type Activities net position is due primarily to the depreciation of sewer and water infrastructure.

A condensed version of the Statement of Activities follows:

**Change in Net Position
For the Fiscal Year ended September 30, 2018 and 2017**

	Governmental Activities	Business-type Activities	Total Government	
			2018	2017
Revenues				
Program revenues				
Charges for services	\$29,634	\$525,414	\$555,048	\$ 539,673
Grants and contributions	64,801	31,194	95,995	-
General revenues				
Taxes	454,782	-	454,782	357,542
Franchise fees	55,133	-	55,133	125,818
Fines and forfeitures	5,751	-	5,751	-
Licenses	12,171	-	12,171	14,261
State shared revenues	103,953	-	103,953	105,182
Interest and other	32,169	21,246	53,415	32,667
Total revenues	758,394	577,854	1,336,248	1,175,143
Expenses				
General government	356,360	-	356,360	251,833
Public safety	7,655	-	7,655	10,381
Transportation	149,731	-	149,731	145,889
Culture/recreation	47,633	-	47,633	49,784
Interest on long-term debt	-	49,489	49,489	50,703
Water, sewer, and garbage services	-	584,570	584,570	575,225
Total expenses	561,379	634,059	1,195,438	1,083,815
Other financing sources				
Donation of building	6,656,800	-	6,656,800	-
Total other financing sources	6,656,800	-	6,656,800	-
Change in net position	6,853,815	(56,205)	140,810	91,328
Beginning net position	1,740,319	4,564,430	6,304,749	6,213,421
Ending net position	\$ 8,594,134	\$ 4,508,225	\$13,102,359	\$ 6,304,749

Governmental activities:

Taxes provided 60% of the revenues for Governmental Activities, state shared revenues provided 14%, while Grants and Contributions provided 9%. Most of the Governmental Activities resources are spent for, General Government (63%), Transportation (27%), and Culture/recreation (8%).

Business-type activities:

Business-type activities decreased the City's net position by \$56,205.

Budgetary Highlights

In the General Fund budgeted revenue amounts were less than actual revenue amounts by \$40,683, and budgeted expenditures amounts were less than actual expenditures by \$100,763.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2018, the City had \$13,548,141 invested in capital assets, including park and recreation facilities, buildings, roads, bridges and water and sewer facilities.

Capital Assets at September 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 54,724	\$ 54,724	\$ 36,454	\$ 36,454	\$ 91,178	\$ 91,178
CIP	38,250	-	21,500	-	59,750	-
Buildings and improvements	7,323,892	653,778	8,521,220	8,521,220	15,845,112	9,174,998
Equipment	187,766	192,432	177,077	174,451	364,843	366,883
Subtotal	7,604,632	900,934	8,756,251	8,732,125	16,360,883	9,633,059
Accumulated depreciation	(452,414)	(333,431)	(2,360,328)	(2,159,100)	(2,812,742)	(2,492,531)
Capital assets, net	<u>\$ 7,152,218</u>	<u>\$ 567,503</u>	<u>\$ 6,395,923</u>	<u>\$ 6,573,025</u>	<u>\$ 13,548,141</u>	<u>\$ 7,140,528</u>

Donated Building

In February 2018, the Alachua County School Board donated a building that formerly served as a school to the City in exchange for \$1. In order to book the transaction, the City needed an estimated value for the building. The City chose to use the Alachua County Property Appraiser's valuation of the building which was set at \$6,656,800. Currently the building serves as the Waldo City Hall.

Debt Outstanding

At year-end, the City had \$2,338,821 in debt outstanding versus \$2,401,581 last year, a decrease of \$62,760.

Debt Outstanding at September 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
Bonds payable	\$ -	\$ -	\$ 2,287,000	\$ 2,337,000	\$ 2,287,000	\$ 2,337,000
Due to other governmental units	15,771	31,542	9,490	-	25,261	31,542
Compensated absences	26,560	23,782	-	9,257	26,560	33,039
Total	<u>\$ 42,331</u>	<u>\$ 55,324</u>	<u>\$ 2,296,490</u>	<u>\$ 2,346,257</u>	<u>\$ 2,338,821</u>	<u>\$ 2,401,581</u>

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

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The current unemployment rate for the City was 3.5%, which is the approximate Alachua County rate.
- The population of the City in 2018 is estimated to be 1,023 by the United States Census Bureau.
- The City's ad valorem tax rate for 2018 was 0.75180 mills, which was the same as the 2017 rate of 7.5180 mills.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City Manager at P.O. Drawer B, Waldo, Florida 32694.

CITY OF WALDO, FLORIDA

STATEMENT OF NET POSITION

September 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash	\$ 1,535,706	\$ 34,979	\$ 1,570,685
Accounts receivable	21,946	59,731	81,677
Prepaid expenses	17,323	1,174	18,497
Internal balances	(185,703)	185,703	-
Due from state	11,337	1,385	12,722
Due from other governmental units	64,446	8,309	72,755
Total current assets	1,465,055	291,281	1,756,336
Restricted assets			
Cash	38,221	76,288	114,509
Investments	-	119,852	119,852
Total restricted assets	38,221	196,140	234,361
Non-current assets			
Capital assets - net	7,152,218	6,395,923	13,548,141
Total non-current assets	7,152,218	6,395,923	13,548,141
Total assets	\$ 8,655,494	\$ 6,883,344	\$ 15,538,838
LIABILITIES			
Current liabilities (payable from current assets)			
Payroll liabilities	\$ 3,555	\$ 1,943	\$ 5,498
Accounts payable	7,094	18,515	25,609
Unearned revenue	4,096	-	4,096
Rental deposits	4,000	-	4,000
Compensated absences	6,640	2,372	9,012
Total current liabilities (payable from current assets)	25,385	22,830	48,215
Current liabilities (payable from restricted assets)			
Accrued interest payable	-	4,138	4,138
Due to other governmental units, current portion	15,771	-	15,771
Sales tax payable	284	-	284
Bonds payable, current portion	-	51,000	51,000
Deposits	-	54,033	54,033
Total current liabilities (payable from restricted assets)	16,055	109,171	125,226

(continued)

CITY OF WALDO, FLORIDA

STATEMENT OF NET POSITION

September 30, 2018

Long-term liabilities			
Bonds payable, long-term portion	-	2,236,000	2,236,000
Compensated absences	19,920	7,118	27,038
Total long-term liabilities	<u>19,920</u>	<u>2,243,118</u>	<u>2,263,038</u>
Total liabilities	<u>61,360</u>	<u>2,375,119</u>	<u>2,436,479</u>
NET POSITION			
Net investment in capital assets	7,152,218	4,108,923	11,261,141
Restricted, debt service	-	107,966	107,966
Restricted, police training	38,221	-	38,221
Unrestricted	1,403,695	291,336	1,695,031
Total net position	<u>\$ 8,594,134</u>	<u>\$ 4,508,225</u>	<u>\$ 13,102,359</u>

CITY OF WALDO, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2018

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position		
					Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities							
General government	\$ 356,360	\$ 14,622	\$ -	\$ 26,551	\$ (315,187)	\$ -	\$ (315,187)
Public safety	7,655	-	-	-	(7,655)	-	(7,655)
Transportation	149,731	13,561	-	-	(136,170)	-	(136,170)
Culture/recreation	47,633	1,451	-	38,250	(7,932)	-	(7,932)
Total governmental activities	561,379	29,634	-	64,801	(466,944)	-	(466,944)
Business-type activities							
Water services	93,431	174,674	-	31,194	-	112,437	112,437
Sewer services	418,391	267,513	-	-	-	(150,878)	(150,878)
Solid waste	72,748	83,227	-	-	-	10,479	10,479
Interest on long-term debt	49,489	-	-	-	-	(49,489)	(49,489)
Total business-type activities	634,059	525,414	-	31,194	-	(77,451)	(77,451)
Total government	\$ 1,195,438	\$ 555,048	\$ -	\$ 95,995	(466,944)	(77,451)	(544,395)
			General revenues				
			Property taxes		188,481	-	188,481
			Sales and use taxes		173,426	-	173,426
			Franchise fees and utility taxes		130,703	-	130,703
			Communications service tax		17,305	-	17,305
			Licenses and permits		12,171	-	12,171
			Fines and forfeitures		5,751	-	5,751
			State shared revenues		103,953	-	103,953
			Rents and royalties		22,265	-	22,265
			Interest		3,209	343	3,552
			Dontated building		6,656,800	-	6,656,800
			Other fees and miscellaneous		6,695	20,903	27,598
			Total general revenues		7,320,759	21,246	7,342,005
			Change in net position		6,853,815	(56,205)	6,797,610
			Net position - beginning		1,740,319	4,564,430	6,304,749
			Net position - ending		\$ 8,594,134	\$ 4,508,225	\$ 13,102,359

See notes to financial statements.

CITY OF WALDO, FLORIDA

GOVERNMENTAL FUND
BALANCE SHEET

September 30, 2018

	<u>General Fund</u>
ASSETS	
Cash	\$ 1,573,927
Accounts receivable	21,946
Due from state	11,337
Due from other governmental units	64,446
Prepaid expenses	17,323
Total assets	<u>\$ 1,688,979</u>
LIABILITIES	
Accrued liabilities	\$ 3,555
Accounts payable	7,094
Unearned revenue	4,096
Due to other funds	185,703
Rental deposits	4,000
Due to other governmental units	284
Total liabilities	<u>204,732</u>
FUND BALANCES	
Non-spendable - prepaids	17,323
Restricted - police training	38,221
Unassigned	1,428,703
Total fund balances	<u>1,484,247</u>

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

7,152,218

Long-term liabilities are not due in the current period and, therefore, are not reported in the funds.

(42,331)

Net position of governmental activities

\$ 8,594,134

CITY OF WALDO, FLORIDA

GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2018

	<u>General Fund</u>
REVENUES	
Taxes	\$ 454,782
Franchise fees	55,133
Licenses and permits	12,171
Intergovernmental	168,754
Charges for services	29,634
Fines and forfeitures	5,751
Miscellaneous	32,169
Total revenues	<u>758,394</u>
EXPENDITURES	
Current expenditures	
General government	254,941
Public safety	23,426
Transportation	126,283
Culture/recreation	36,004
Capital outlay	
General government	20,683
Culture/recreation	40,950
Total expenditures	<u>502,287</u>
Excess of revenues over expenditures	256,107
Net change in fund balance	256,107
Fund balance at beginning of year	1,228,140
Fund balance at end of year	<u>\$ 1,484,247</u>

CITY OF WALDO, FLORIDA

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

For the Fiscal Year Ended September 30, 2018

Net change in fund balance - total governmental funds		\$ 256,107
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.		
Donation of building	6,656,800	
Expenditures for capital assets	61,633	
Less current year depreciation	<u>(133,718)</u>	
		6,584,715
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds.		
Net decrease in due to other governmental units		15,771
Net (increase) in compensated absences		<u>(2,778)</u>
Change in net position of governmental activities		<u>\$ 6,853,815</u>

CITY OF WALDO, FLORIDA

**PROPRIETARY FUND
STATEMENT OF NET POSITION
September 30, 2018**

	<u>Enterprise Fund</u>
ASSETS	
Current assets	
Cash	\$ 34,979
Accounts receivable	59,731
Prepaid expenses	1,174
Due from state	1,385
Due from other funds	185,703
Due from other governments	8,309
Total current assets	291,281
Restricted assets	
Cash	76,288
Investments	119,852
Total restricted assets	196,140
Noncurrent assets	
Fixed assets	
Construction in progress	21,500
Property and equipment	8,734,751
Accumulated depreciation	(2,360,328)
Total noncurrent assets	6,395,923
Total assets	\$ 6,883,344
LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities (payable from current assets)	
Accounts payable	\$ 18,515
Payroll liabilities	1,943
Compensated absences	2,372
Total current liabilities (payable from current assets)	22,830
Current liabilities (payable from restricted assets)	
Accrued interest payable	4,138
Bonds payable, current portion	51,000
Deposits	54,033
Total current liabilities (payable from restricted assets)	109,171
Long-term liabilities	
Compensated absences	7,118
Bonds payable, long-term portion	2,236,000
Total long-term liabilities	2,243,118
Total liabilities	2,375,119

(continued)

CITY OF WALDO, FLORIDA

PROPRIETARY FUND
STATEMENT OF NET POSITION
September 30, 2018

NET POSITION

Net investment in capital assets	4,108,923
Restricted, debt service	107,966
Unrestricted	291,336
Total net position	<u>4,508,225</u>
Total liabilities and net position	<u>\$ 6,883,344</u>

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

OPERATING REVENUES	<u>Enterprise Fund</u>
Physical environment	
Turn on fees water	\$ 6,440
Water utility revenue	168,234
Garbage/solid waste revenue	83,227
Sewer revenue	267,513
Late charges	10,623
Other revenue	10,280
Total operating revenues	<u>546,317</u>
OPERATING EXPENSES	
Water services	
Personnel services	52,697
Operating expenses	35,863
Depreciation	4,871
Total water services	<u>93,431</u>
Sewer services	
Personnel services	74,819
Operating expenses	147,215
Depreciation	196,357
Total sewer services	<u>418,391</u>
Solid waste services	
Contractual services	72,748
Total solid waste services	<u>72,748</u>
Total operating expenses	<u>584,570</u>
Operating loss	<u>(38,253)</u>
NONOPERATING REVENUES (EXPENSES)	
Grant revenue	31,194
Interest earnings	343
Interest expense	(49,489)
Total nonoperating revenues (expenses)	<u>(17,952)</u>
Net loss	(56,205)
Net position, beginning of year	4,564,430
Net position, end of year	<u>\$ 4,508,225</u>

CITY OF WALDO, FLORIDA

**PROPRIETARY FUND
STATEMENT OF CASH FLOWS**

For the Fiscal Year Ended September 30, 2018

	<u>Enterprise Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 533,969
Cash paid to employees and benefits	(285,699)
Cash paid to suppliers	(127,137)
Net cash provided by operating activities	121,133
 Cash flow from non-capital financing activities	
Transfers from other funds	(8,565)
Net cash used in non-capital financing activities	(8,565)
 Cash flows from capital related financing activities:	
Purchases of fixed assets	(24,126)
Proceeds from capital grants	21,500
Principal payments	(50,000)
Interest payments	(49,661)
Net cash used in capital and related financing activities	(102,287)
 Cash flows from investing activities	
Investment income	343
Net cash provided by investing activities	343
 Net increase in cash	10,624
 Cash and cash equivalents at beginning of year	220,495
Cash and cash equivalents at end of year	\$ 231,119
 Cash as shown in financial statements	
Cash	\$ 34,979
Restricted cash	76,288
Restricted investments	119,852
	\$ 231,119

CITY OF WALDO, FLORIDA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
RECONCILIATION OF OPERATING LOSS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES
For the Fiscal Year Ended September 30, 2018

	<u>Enterprise Fund</u>
Operating loss	\$ (38,253)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	201,228
Changes in assets decrease (increase) and liabilities (decrease) increase:	
Accounts receivable, net	(12,866)
Prepaid expenses	1,457
Accounts payable	(31,330)
Customer deposits	518
Payroll liabilities	146
Accrued compensated absences	233
Total adjustments	159,386
Net cash provided by operating activities	\$ 121,133

CITY OF WALDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Waldo (the City) 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 City 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 dollars. The City has implemented all other applicable provisions of this Statement.

A. Reporting Entity - The City of Waldo, Florida is a municipality created pursuant to provisions of Chapter 165, *Florida Statutes*, and was specifically organized under and derives its power from Chapter 14451-No. 887 of the *Laws of Florida*. It is governed by a Mayor and a five member City Council, all of whom are individually elected.

In evaluating how to define the City, 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 the following component unit existed which should be included within the reporting entity.

B. Measurement Focus and Basis of Accounting - The basic financial statements of the City 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 City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. 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 City 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 City 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 City's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually, and nonmajor funds in the aggregate for governmental and enterprise funds, as applicable.

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 City 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 City.

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 a 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 (special assessments) 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 noncurrent 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 City's Water, Sewer and Solid Waste 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 City 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 operating 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 City has used GASB 34 minimum criteria for major fund determination. The City has two major funds as follows:

1. Governmental Major Fund:

General Fund - The General Fund is the general operating fund of the City. 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 City operated water, sewer, and solid waste disposal services.

Non-current Governmental Assets/Liabilities:

GASB Statement 34 requires non-current governmental assets, such as land and building, and noncurrent 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. Cash Equivalents - For purposes of the statement of cash flows, the City considers all highly liquid debt instruments with a maturity of three months or less, excluding money market accounts, to be cash equivalents.

3. Allowance for Doubtful Accounts - As applicable year-to-year, the City provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2018, there were no amounts exceeding 180 days, therefore no allowance for doubtful accounts was reported. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2018.

4. 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.

5. **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.
6. **Restricted Assets** - Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond current debt service” account is used to segregate resources accumulated for debt service payments over the next twelve months. The “revenue bond reserve” account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account, and to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The cash proceeds of enterprise fund customer deposits are also shown as restricted assets. Other restricted assets are classifications by the City Council.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are applied first.

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 applicable appropriation, is not utilized by the City.
8. **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 City 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 City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	10 - 50
Machinery and equipment	5 - 14
Street and related infrastructure	20 - 40

9. **Capitalization of Interest** - Interest related to borrowings are capitalized during the construction period. These costs are netted against applicable interest earnings on

construction fund investments. During the current period, the City did not have any capitalized interest.

10. Unearned Revenues - Unearned revenues reported in government-wide financial statements represent revenues received but not earned. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent revenues received but not earned, which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned revenues.

11. Accrued Compensated Absences - The City 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.

12. Proprietary Activity Accounting and Financial Reporting - The City applies all applicable Government Accounting Standards (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards (FASB) Statements and Interpretations. Accounting Principles Board (APB) Opinion and Accounting Research Bulletins (ARB's).

13. Fund Balances/Net Position

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 purpose 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 City Council. The City Council is the highest level of decision making authority for the City. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the City 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 City's general policy, only the City 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>Amount</u>
Non-spendable: prepaids	\$ 17,323
Restricted for:	
Police training	38,221
Unassigned	<u>1,428,703</u>
	<u>\$1,484,247</u>

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

B. Proprietary Funds

Restrictions of equity show amounts that are not appropriated for expenditures or are legally restricted for specific uses.

As of September 30, 2018, net position is composed of the following:

	<u>Amount</u>
Net investment in capital assets	\$ 4,108,923
Restricted for debt service	107,966
Unrestricted	<u>291,336</u>
	<u>\$ 4,508,225</u>

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 City’s governmental funds \$1,484,247 differs from “net position” of governmental activities \$8,594,134 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds 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 net position included those capital assets among the assets of the City as a whole.

Cost of capital assets	\$7,604,632
Accumulated depreciation	<u>(452,414)</u>
Total	<u><u>\$7,152,218</u></u>

Long-term debt transactions

Long-term liabilities applicable to the City'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:

Due to other governmental units	\$ (15,771)
Accrued compensated absences	<u>(26,560)</u>
Total	<u><u>\$ (42,331)</u></u>

CITY OF WALDO, 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 Debt Transactions	Statement of Net Position
ASSETS				
Cash and investments	\$ 1,573,927	\$ -	\$ -	\$ 1,573,927
Accounts receivable	21,946	-	-	21,946
Due from state	11,337	-	-	11,337
Due from other governmental units	64,446	-	-	64,446
Prepaid expenses	17,323	-	-	17,323
Capital assets - net	-	7,152,218	-	7,152,218
Total assets	\$ 1,688,979	\$ 7,152,218	\$ -	\$ 8,841,197
LIABILITIES AND FUND BALANES				
Liabilities				
Accrued liabilities	\$ 3,555	\$ -	\$ -	\$ 3,555
Accounts payable	7,094	-	-	7,094
Unearned revenue	4,096	-	-	4,096
Due to other funds	185,703	-	-	185,703
Rental deposits	4,000	-	-	4,000
Compensated absences	-	-	26,560	26,560
Due to other governmental units	284	-	15,771	16,055
Total liabilities	204,732	-	42,331	247,063
 Fund balance/net position	 1,484,247	 7,152,218	 (42,331)	 8,594,134
 Total liabilities and fund balances/net position	 \$ 1,688,979	 \$ 7,152,218	 \$ -	 \$ 8,841,197

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

The “net change in fund balances” for governmental funds \$256,107 differs from the “change in net position” for governmental activities \$6,853,815 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	\$ 61,633
Donation of building	6,656,800
Depreciation expense	<u>(133,718)</u>
	<u>\$ 6,584,715</u>

Long-term debt transactions

Governmental funds do not report increases or decreases in long-term accrued compensated absences. However, in the statement of activities, the decrease reduces expenses.

Decrease in due to other governmental units	\$ 15,771
Increase in accrued compensated absences	<u>(2,778)</u>
	<u>\$ 12,993</u>

CITY OF WALDO, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities
REVENUES				
Taxes	\$ 454,782	\$ -	\$ -	\$ 454,782
Franchise fees	55,133			55,133
Licenses and permits	12,171	-	-	12,171
Intergovernmental	168,754	-	-	168,754
Charges for Services	29,634	-	-	29,634
Fines and forfeitures	5,751	-	-	5,751
Miscellaneous	32,169	-	-	32,169
Total revenues	<u>758,394</u>	<u>-</u>	<u>-</u>	<u>758,394</u>
EXPENDITURES				
Current expenditures				
General government	254,941	100,892	527	356,360
Public safety	23,426	-	(15,771)	7,655
Transportation	126,283	21,197	2,251	149,731
Culture/recreation	36,004	11,629	-	47,633
Capital outlay				
General government	20,683	(20,683)	-	-
Culture/recreation	40,950	(40,950)	-	-
Total expenditures	<u>502,287</u>	<u>72,085</u>	<u>(12,993)</u>	<u>561,379</u>
Excess of revenues over expenditures	256,107	(72,085)	12,993	197,015
OTHER FINANCING SOURCES				
Donated Building	-	6,656,800	-	6,656,800
Total other financing sources	<u>-</u>	<u>6,656,800</u>	<u>-</u>	<u>6,656,800</u>
Net change in fund balance	256,107	6,584,715	12,993	6,853,815
Fund balance at beginning of year	1,228,140	567,503	(55,324)	1,740,319
Fund balance at end of year	<u>\$ 1,484,247</u>	<u>\$ 7,152,218</u>	<u>\$ (42,331)</u>	<u>\$ 8,594,134</u>

NOTE 3. LEGAL COMPLIANCE–BUDGETS

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

1. Prior to September 1, the City Manager 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 by the City Council through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund must be approved by the City Council.
5. Budgets for all City funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.

NOTE 4. DEPOSITS AND INVESTMENTS

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

Investments. Under state law, the City 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. The City's investments in the amount of \$119,852, consist of certificates of deposits in a qualified depository with original maturities in excess of ninety days. The investments were fully insured at September 30, 2018.

Schedule of Investments at September 30, 2018

Certificates of deposit	<u>\$ 119,852</u>
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NOTE 5. PROPERTY TAX REVENUES

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2017-2018 fiscal year were levied in October 2017. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Reclassifications/ Deletions	Ending Balance
Governmental activities:				
Capital assets:				
Land	\$ 54,724	\$ -	\$ -	\$ 54,724
CIP	-	38,250	-	38,250
Buildings and improvements	653,778	6,670,114	-	7,323,892
Equipment/vehicles	192,432	10,069	(14,735)	187,766
Total fixed assets	900,934	6,718,433	(14,735)	7,604,632
Less accumulated depreciation	(333,431)	(133,718)	14,735	(452,414)
Governmental activities capital assets, net	<u>\$ 567,503</u>	<u>\$ 6,584,715</u>	<u>\$ -</u>	<u>\$ 7,152,218</u>
Business-type activities:				
Land	\$ 36,454	\$ -	\$ -	\$ 36,454
CIP	-	21,500	-	21,500
Buildings and improvements	8,521,220	-	-	8,521,220
Construction in progress	-	-	-	-
Equipment	174,451	2,626	-	177,077
Total capital assets	8,732,125	24,126	-	8,756,251
Less accumulated depreciation	(2,159,100)	(201,228)	-	(2,360,328)
Business-type activities capital assets, net	<u>\$ 6,573,025</u>	<u>\$ (177,102)</u>	<u>\$ -</u>	<u>\$ 6,395,923</u>

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

Governmental activities:	
General government	\$ 100,892
Streets/roads	21,197
Recreation	11,629
Total depreciation expense - governmental activities	<u>\$ 133,718</u>
Business-type activities:	
Water	\$ 4,871
Sewer	196,357
Total depreciation expense - business-type activities	<u>\$ 201,228</u>

Donated Building

In February 2018, the Alachua County School Board donated a building that formerly served as a school to the City in exchange for \$1. In order to record this transaction, the City needed an estimated value for the building. The City chose to use the Alachua County Property Appraiser's valuation of the building which was set at \$6,656,800. Currently the building serves as the Waldo City Hall.

NOTE 7. INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at September 30, 2018.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ -	\$ 185,703
Enterprise	185,703	-
	<u>\$ 185,703</u>	<u>\$ 185,703</u>

NOTE 8. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2018 net of allowances for bad debts, were as follows:

	<u>Accounts</u>	<u>Due from Other Governmental Units</u>	<u>Total Receivables</u>
Governmental activities:			
General	\$ 21,946	\$ 75,783	\$ 97,729
Business-type activities:			
Enterprise	59,731	9,694	69,425
	<u>\$ 81,677</u>	<u>\$ 85,477</u>	<u>\$ 167,154</u>

Based upon collection history, the City has included a reserve for doubtful accounts for its proprietary funds accounts receivable of \$1,928.

Payables

Payables at September 30, 2018, were as follows:

	<u>Vendors</u>
Governmental activities:	
General	<u>\$ 7,094</u>
Business-type activities:	
Enterprise	<u>\$ 18,515</u>

NOTE 9. PROPRIETARY LONG-TERM DEBT

USDA Wastewater Revenue Bonds 2013

On June 21, 2013, the City closed on a revenue bond issue from the United States Department of Agriculture in the total amount of \$2,527,000. Proceeds of the revenue bond were used to retire the Capital City Bank anticipation note in the amount of \$1,339,336, with the balance used for the wastewater extension project. The bond is payable over 39 annual payments including interest of 2.125%.

Reserve funds – The following reserves are required to be maintained for these revenue bonds:

1. The bond ordinance requires a sinking fund reserve which accumulates a monthly sum equal to 1/12 of the principal and interest of the bond payment due on the next succeeding September 1.
2. An additional reserve equal to the maximum annual debt service requirement over the period of the bond to be used for; operation and maintenance fund to pay operating expenses pursuant to the annual budget; and payment of any principal and interest if the

funds of the Sinking Fund are insufficient. This reserve is maintained by transferring monthly from the revenue account an amount equal to \$10,219 annually until fully funded. This reserve was substantially funded at September 30, 2018.

Revenue bond debt service requirements to maturity, including \$917,809 of interest, are as follows:

<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2019	\$ 51,000	\$ 48,599	\$ 99,599
2020	52,000	47,515	99,515
2021	53,000	46,410	99,410
2022	54,000	45,284	99,284
2023	55,000	44,136	99,136
2024-2028	290,000	202,725	492,725
2029-2033	315,000	170,850	485,850
2034-2038	340,000	136,319	476,319
2039-2043	365,000	99,131	464,131
2044-2048	386,000	59,415	445,415
2049-2052	326,000	17,425	343,425
Total	\$ 2,287,000	\$ 917,809	\$ 3,204,809

A summary of changes in proprietary long-term debt follows:

	<u>Balance October 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2018</u>	<u>Due Within One Year</u>
Notes payable:					
USDA Revenue Bonds	\$ 2,337,000	\$ -	\$ (50,000)	\$ 2,287,000	\$ 51,000
Compensated absences	9,257	4,328	(4,095)	9,490	2,372
	<u>\$ 2,346,257</u>	<u>\$ 4,328</u>	<u>\$ (54,095)</u>	<u>\$ 2,296,490</u>	<u>\$ 53,372</u>

NOTE 10. GOVERNMENTAL LONG-TERM DEBT

A summary of changes in governmental long-term debt follows:

	<u>Balance October 31, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2018</u>	<u>Due Within One Year</u>
Alachua County Sheriff's Office	\$ 31,542	\$ -	\$ (15,771)	\$ 15,771	\$ 15,771
Accrued compensated absence	23,782	7,638	(4,860)	26,560	6,640
	<u>\$ 55,324</u>	<u>\$ 7,638</u>	<u>\$ (20,631)</u>	<u>\$ 42,331</u>	<u>\$ 22,411</u>

Inasmuch as records kept for compensated absences relate only to hours earned, used, and available, the effect of changes in individual employee compensation rates and gross additions and deletions to the reported value of the liability for compensated absences cannot be reasonably determined. Accordingly, only the net change in the accumulated value of compensated absences is shown for the current fiscal year.

Alachua County Sheriff's Office - On August 27, 2009, the City entered into an interlocal agreement with Alachua County Sheriff's Office for combined communications services for law enforcement and evidence storage. The City was properly invoiced each month, but the City made only partial payment on the contract. At the closing of the police department the balance due to Alachua County Sheriff's Office under the agreement totaled \$78,886. The City has agreed to pay this amount in five annual installments of \$15,771 effective May 1, 2015. The balance due at year end was \$15,771 and was current.

NOTE 11. RETIREMENT SYSTEM

The City maintains a defined contribution retirement plan underwritten by Mutual of America Life Insurance Company. All employees eighteen years of age that have completed six months of service receive monthly contributions of five percent of their salary under the plan. No employee contributions are permitted under the plan. Employees are immediately vested in the plan from the date of their participation. During the year, total contributions to the plan were \$12,031. Contributions for 2017 and 2016 were \$11,339 and \$10,242, respectively.

This plan is not subject to the requirements of ERISA or Internal Revenue Service regulations relating to qualified pension plans.

NOTE 12. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. 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 cannot be determined at this time although the government expects such amounts, if any to be immaterial.

NOTE 13. RISK MANAGEMENT

The City 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 coverage for the past three years. There has been no reduction in insurance coverage from the previous year.

NOTE 14. FIRE PROTECTION SERVICES

The City entered into an Interlocal agreement with the Alachua County Board of County Commissioners (the County) whereby the County agreed to provide fire protection services within the City, and the City would disband its Fire Department. Under the terms of the agreement, the City transferred its fire station and fire suppression equipment to the County, with the County reimbursing the City for the outstanding related equipment financing. The City's corporate limits are included as taxable property for the County's fire services municipal services taxing district. The effective date of the agreement is October 1, 2009 with termination by either party permitted with one year's notice.

NOTE 15. LONG-TERM CONTRACTS

Effective March 13, 2011 the City entered into a contract with Gainesville Regional Utilities for the treatment of wastewater. The contract is for a 40 year term. The contract fees are payable monthly and based upon usage. In the current year, \$110,789 was paid under the contract.

NOTE 16. OTHER POST EMPLOYMENT BENEFITS

Pursuant to the provisions of Section 112.8011, *Florida Statutes*, former employees and eligible dependents who retire from the City may continue to participate in the City's fully insured health and hospitalization plan. These retirees are completely responsible for payment of their insurance premiums and the City does not contribute toward this payment. Based upon prior experience, the assumed participation rate is zero percent and current insurance premiums are not affected by the requirements of Section 112.8011, *Florida Statutes*. An actuarial projection with a zero assumed participation rate, which is consistent with actual results, would result in an Other Post Employment Benefit (OPEB) obligation of zero. Accordingly, there is no OPEB obligation recorded in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WALDO, FLORIDA

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

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes				
Ad valorem	\$ 190,143	\$ 190,143	\$ 188,481	\$ 1,662
Sales and use taxes				
Local option gas tax	117,957	117,957	115,893	(2,064)
Discretionary sales tax	43,752	43,752	57,533	13,781
Communication service tax	15,648	15,648	17,305	1,657
Utility franchise fees	50,000	50,000	55,133	5,133
Utility service tax				
Electric	60,000	60,000	74,147	14,147
Propane	1,200	1,200	1,423	223
Total taxes	<u>478,700</u>	<u>478,700</u>	<u>509,915</u>	<u>34,539</u>
Licenses and permits				
Professional and occupational	3,300	3,300	2,981	(319)
Election fees	165	165	165	-
Building permits	6,000	6,000	9,025	3,025
Total licenses and permits	<u>9,465</u>	<u>9,465</u>	<u>12,171</u>	<u>2,706</u>
Intergovernmental				
State shared revenue				
State revenue sharing	45,437	45,437	45,399	(38)
Mobile home licenses	400	400	354	(46)
Alcoholic beverage licenses	1,100	1,100	416	(684)
Local government half-cent sales tax	59,756	59,756	57,784	(1,972)
FEMA revenues	-	-	64,801	64,801
Total intergovernmental	<u>106,693</u>	<u>106,693</u>	<u>168,754</u>	<u>62,061</u>

(continued)

CITY OF WALDO, FLORIDA

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

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Charges for services				
General government				
City property rental	\$ -	\$ -	\$ 14,622	\$ 14,622
Transportation				
Highway lighting	13,561	13,561	13,561	-
Culture/recreation				
Special events	1,000	1,000	1,451	451
Total charges for services	<u>14,561</u>	<u>14,561</u>	<u>29,634</u>	<u>15,073</u>
Fines and forfeitures				
Court cases				
Court fines	5,000	5,000	5,751	751
Total fines and forfeitures	<u>5,000</u>	<u>5,000</u>	<u>5,751</u>	<u>751</u>
Miscellaneous				
Interest earnings				
Interest on investments	2,400	2,400	3,209	809
Rents and royalties				
Rent cable	1,284	1,284	1,276	(8)
Rent telephone	18,251	18,251	20,988	-
Rent library/community center	301	1	1	-
Other miscellaneous				
Other miscellaneous income	1,920	2,220	6,695	4,475
Total miscellaneous	<u>24,156</u>	<u>24,156</u>	<u>32,169</u>	<u>5,276</u>
Total revenues	<u>638,575</u>	<u>638,575</u>	<u>758,394</u>	<u>120,406</u>

(continued)

CITY OF WALDO, FLORIDA

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

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General government				
Legislative				
Personnel services	\$ 19,491	\$ 19,491	\$ 19,491	\$ -
Financial and administrative				
Personnel services	105,426	105,426	105,043	383
Operating expenses	151,363	151,363	101,371	49,992
Capital outlay	-	-	20,683	(20,683)
Total financial and administrative	<u>276,280</u>	<u>276,280</u>	<u>246,588</u>	<u>29,692</u>
Legal counsel				
Operating expenses	18,000	18,000	18,000	-
Comprehensive planning				
Operating expenses	10,000	10,000	1,690	8,310
Other general government				
Operating expenses	300	300	9,346	(9,046)
Total general government	<u>304,580</u>	<u>304,580</u>	<u>275,624</u>	<u>28,956</u>
Public safety				
Law enforcement				
Operating expenses	15,771	15,771	15,771	-
Protective inspections				
Operating expenses	9,000	9,000	7,655	1,345
Total public safety	<u>24,771</u>	<u>24,771</u>	<u>23,426</u>	<u>1,345</u>
Transportation				
Roads and streets				
Personnel services	78,408	78,408	72,025	6,383
Operating expenses	58,310	58,310	54,258	4,052
Total transportation	<u>136,718</u>	<u>136,718</u>	<u>126,283</u>	<u>10,435</u>

(continued)

CITY OF WALDO, FLORIDA

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

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Culture/recreation				
Parks and recreation				
Personnel services	\$ 12,205	\$ 12,205	\$ 12,038	\$ 167
Operating expenses	16,124	16,124	9,907	6,217
Capital outlay	43,752	88,752	40,950	47,802
Special events				
Operating expenses	5,000	5,000	2,305	2,695
Special recreation facilities				
Operating expenses	14,600	14,600	11,754	2,846
Total culture/recreation	<u>91,681</u>	<u>136,681</u>	<u>76,954</u>	<u>59,727</u>
Total expenditures	<u>557,750</u>	<u>602,750</u>	<u>502,287</u>	<u>100,463</u>
Excess of revenues over expenditures	80,825	35,825	256,107	220,869
Net change in fund balance	80,825	35,825	256,107	220,869
Fund balance at beginning of year	1,228,140	1,228,140	1,228,140	-
Fund balance at end of year	<u>\$ 1,308,965</u>	<u>\$ 1,263,965</u>	<u>\$ 1,484,247</u>	<u>\$ 220,869</u>

**CITY OF WALDO, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018**

I. Stewardship, Compliance, and Accountability

- A. Budgetary information.** The City, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The City prepares a tentative budget, which is used by the City 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 City'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 City Council.

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

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

1. Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. 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 City 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.

OTHER INFORMATION

CITY OF WALDO, FLORIDA

PROPRIETARY FUND
SCHEDULE OF NET POSITION BY FUNCTION
September 30, 2018

	Solid Waste	Water	Sewer	Total
ASSETS				
Current assets				
Cash	\$ -	\$ 13,992	\$ 20,987	\$ 34,979
Accounts receivable	-	19,292	40,439	59,731
Prepaid expenses	-	1,121	53	1,174
Due from state	-	-	1,385	1,385
Due from other funds	35,187	87,359	63,157	185,703
Due from other governments	-	-	8,309	8,309
Total current assets	<u>35,187</u>	<u>121,764</u>	<u>134,330</u>	<u>291,281</u>
Restricted assets				
Cash	-	-	76,288	76,288
Investments	-	-	119,852	119,852
Total restricted assets	<u>-</u>	<u>-</u>	<u>196,140</u>	<u>196,140</u>
Noncurrent assets				
Fixed assets				
Construction in progress	-	21,500	-	21,500
Property and equipment	-	617,480	8,117,271	8,734,751
Accumulated depreciation	-	(389,513)	(1,970,815)	(2,360,328)
Total noncurrent assets	<u>-</u>	<u>249,467</u>	<u>6,146,456</u>	<u>6,395,923</u>
Total assets	<u>\$ 35,187</u>	<u>\$ 371,231</u>	<u>\$ 6,476,926</u>	<u>\$ 6,883,344</u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Current liabilities (payable from current assets)				
Accounts payable	\$ 5,922	\$ 12,362	\$ 231	\$ 18,515
Payroll liabilities	-	1,177	766	1,943
Compensated absences	-	1,490	882	2,372
Total current liabilities (payable from current assets)	<u>5,922</u>	<u>15,029</u>	<u>1,879</u>	<u>22,830</u>
Current liabilities (payable from restricted assets)				
Deposits	-	21,613	32,420	54,033
Accrued interest payable	-	-	4,138	4,138
Bonds payable, current portion	-	-	51,000	51,000
Total current liabilities (payable from restricted assets)	<u>-</u>	<u>21,613</u>	<u>87,558</u>	<u>109,171</u>
Long-term liabilities				
Compensated absences	-	4,469	2,649	7,118
Bonds payable, long-term portion	-	-	2,236,000	2,236,000
Total long-term liabilities	<u>-</u>	<u>4,469</u>	<u>2,238,649</u>	<u>2,243,118</u>
Total liabilities	<u>5,922</u>	<u>41,111</u>	<u>2,328,086</u>	<u>2,375,119</u>
NET POSITION				
Net investment in capital assets	-	249,467	3,859,456	4,108,923
Restricted, debt service	-	-	107,966	107,966
Unrestricted	29,265	80,653	181,418	291,336
Total net position	<u>29,265</u>	<u>330,120</u>	<u>4,148,840</u>	<u>4,508,225</u>
Total liabilities and net position	<u>\$ 35,187</u>	<u>\$ 371,231</u>	<u>\$ 6,476,926</u>	<u>\$ 6,883,344</u>

CITY OF WALDO, FLORIDA
PROPRIETARY FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUNCTION
For the Fiscal Year Ended September 30, 2018

OPERATING REVENUES	<u>Solid Waste</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Physical environment				
Turn on fees water	\$ -	\$ 6,440	\$ -	\$ 6,440
Water utility revenue	-	168,234	-	168,234
Garbage/solid waste revenue	83,227	-	-	83,227
Sewer revenue	-	-	267,513	267,513
Late charges	-	4,249	6,374	10,623
Other revenue	-	4,059	6,221	10,280
Total operating revenues	<u>83,227</u>	<u>182,982</u>	<u>280,108</u>	<u>546,317</u>
OPERATING EXPENSES				
Water/sewer services				
Personnel services	-	52,697	74,819	127,516
Operating expenses	-	35,863	147,215	183,078
Depreciation	-	4,871	196,357	201,228
Total water/sewer services	<u>-</u>	<u>93,431</u>	<u>418,391</u>	<u>511,822</u>
Solid waste services				
Contractual services	72,748	-	-	72,748
Total solid waste services	<u>72,748</u>	<u>-</u>	<u>-</u>	<u>72,748</u>
Total operating expenses	<u>72,748</u>	<u>93,431</u>	<u>418,391</u>	<u>584,570</u>
Operating income (loss)	<u>10,479</u>	<u>89,551</u>	<u>(138,283)</u>	<u>(38,253)</u>
NONOPERATING REVENUES (EXPENSES)				
Grant revenue	-	21,500	9,694	31,194
Interest earnings	-	137	206	343
Interest expense	-	-	(49,489)	(49,489)
Total nonoperating revenues (expenses)	<u>-</u>	<u>21,637</u>	<u>(39,589)</u>	<u>(17,952)</u>
Net income (loss)	<u>10,479</u>	<u>111,188</u>	<u>(177,872)</u>	<u>(56,205)</u>
Net position, beginning of year	<u>18,786</u>	<u>218,932</u>	<u>4,326,712</u>	<u>4,564,430</u>
Net position, end of year	<u>\$ 29,265</u>	<u>\$ 330,120</u>	<u>\$ 4,148,840</u>	<u>\$ 4,508,225</u>

COMPLIANCE SECTION

CITY OF WALDO, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2018

<u>GRANTOR/PROGRAM TITLE</u>	<u>CFDA/CFSA#</u>	<u>Number</u>	<u>Amount</u>	<u>Reported in Prior Years</u>	<u>Expenditure Recognized in Current Year</u>	<u>Revenues Recognized in Current Year</u>
Federal Financial Assistance						
Major Programs						
Federal Emergency Management Agency						
FEMA public assistance - Federal share	97.036	Z0576-3	\$ 103,133	\$ 3,022	\$ 69,458	\$ 72,480
FEMA public assistance - State share	n/a	Z0576-3	13,499	-	2,015	2,015
Total federal awards			<u>116,632</u>	<u>3,022</u>	<u>71,473</u>	<u>74,495</u>
State Financial Assistance						
Major Programs						
Florida Department of Environmental Protection						
Waldo wastewater collection system and evaluation	37.039	LP01090	\$ 500,000	\$ -	\$ -	\$ -
			<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financial Assistance						
Suwannee River Water Management District						
Cost share - lift station rehabilitation	n/a	15/16-102	\$ 100,000	-	\$ 21,500	\$ 21,500
Total other financial assistance			<u>100,000</u>	<u>-</u>	<u>21,500</u>	<u>21,500</u>
Total federal awards, state, and other financial assistance			<u>\$ 716,632</u>	<u>\$ 3,022</u>	<u>\$ 92,973</u>	<u>\$ 95,995</u>

See Notes to Schedule of Expenditures of State Financial Assistance

CITY OF WALDO, FLORIDA

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

For the Fiscal Year Ended June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance of the City of Waldo have been designed to conform to generally accepted accounting principles as applicable to governments, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit and Office of Management and Budget *Uniform Guidance* and Chapter 10.550, *Rules of the Auditor General of Florida*.

A. Reporting Entity

The reporting entity consists of the City of Waldo. The City includes a Schedule of Expenditures of Federal Awards and State Financial Assistance for the purpose of additional analysis.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus.

The accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards and State Financial Assistance. Under the accrual basis, revenues are recognized when they become earned. Expenses generally are recorded when a liability is incurred.

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

To the Mayor and Members
Of the City Council
City of Waldo, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities and each major fund of the City of Waldo, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Waldo, Florida's basic financial statements, and have issued our report thereon dated June 1, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Waldo, Florida'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 City of Waldo, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Waldo, Florida's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waldo, Florida'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

entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Handwritten signature of Powell & Jones in cursive script, enclosed in a rectangular box.

POWELL & JONES
Certified Public Accountants
June 1, 2019

MANAGEMENT LETTER

To the Mayor and Members
of the City Council
City of Waldo, Florida

We have audited the financial statements of the City of Waldo, as of and for the year ended September 30, 2018, and have issued our report thereon dated June 1, 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 govern 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

Finding 2016-1: Fuel Purchasing

The prior year finding regarding accounting for fuel purchases was corrected in the current year.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year.

AUDITOR GENERAL COMPLIANCE MATTERS

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 City of Waldo, Florida, for the fiscal year ended September 30, 2018.

Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)(5)a 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 City 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 very much enjoyed the challenges and experiences associated with this year's audit of the City. We appreciate the helpful assistance and courtesy afforded us by all City employees and look forward to working with you in the future.



POWELL & JONES
Certified Public Accountants
June 1, 2019

INDEPENDENT ACCOUNTANT'S REPORT

To the Mayor and Members
of the City Council
City of Waldo, Florida

We have examined the City of Waldo, 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 City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City 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 City of Waldo, 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 1, 2019

Communication with Those Charged with Governance

To the Mayor and Members of the City Council
City of Waldo, Florida

We have audited the financial statements of the City of Waldo, 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 City of Waldo, 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 2018. 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 City of Waldo, 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 1, 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 Mayor and Members of the City Council and management of the City of Waldo, 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 1, 2019