

**TOWN OF YANKEETOWN, FLORIDA  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**TOWN COUNCIL**

*Jack Schofield, Mayor  
Jean Holbrook, Vice Mayor  
Jeffrey St. John  
Eddie Redd  
Daniel Pearson*

**TOWN CLERK**

*Sherri MacDonald*

**DEPUTY CLERK**

*Sharon Mudge*

**TOWN OF YANKEETOWN, FLORIDA  
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SEPTEMBER 30, 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Town Council, and Town Administrator,  
Town of Yankeetown:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Yankeetown, (the Town), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The Town's 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.

### ***Auditors' Responsibility***

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified audit opinion on the General Fund; and (2) qualified audit opinion on the governmental activities, business-type activities, and Utility Fund.

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### ***Basis for Qualified Opinions on Governmental Activities, Business-type Activities, and Utility Fund***

As discussed in Note (8) to the financial statements, the Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and Utility Fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, the business-type activities, and the Utility Fund has not been determined.

### ***Qualified Opinion on the Governmental Activities, Business-type Activities, and Utility Fund***

In our opinion, except for the effects of not implementing the provisions of GASB Statement No. 75, as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the Utility Fund of the Town as of September 30, 2018, and the respective changes in financial position and, where applicable, cash Town thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinion on the General Fund***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund of the Town as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

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

Management has omitted the schedule of changes in the Town's total OPEB liability that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements are not affected by this missing information.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida  
May 29, 2019

**TOWN OF YANKEETOWN, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

This discussion and analysis of the Town of Yankeetown's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the Town's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2018:

- The Town follows GASB Statement No. 68 and reported a net pension liability of \$161,497 at September 30, 2018.
- The Town's overall net position increased by \$178,367. Net position of business-type activities increased by \$187,198, while net position of governmental activities decreased by \$8,831.
- Total ending unrestricted net position was \$1,135,594.

### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This annual report contains government-wide financial statements that report on the Town's activities as a whole and fund financial statements that report on the Town's two individual funds.

#### **Government-wide Financial Statements**

The first financial statement is the Statement of Net Position. This statement includes all of the Town's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the Town's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the Town's financial health is improving or deteriorating. However, other non-financial factors, such as road conditions or changes in the tax base, must also be considered when assessing the overall health of the Town.

In these statements, the Town's activities are divided as follows:

- Governmental activities – Most of the Town's basic services are reported here, including administration, fire services, road and bridge, and maintenance. Taxes and charges for services finance most of these activities.
- Business-type activities – These activities are financed in whole or in part by fees charged to external parties for good or services. The activities of the water system and garbage collections are reported as business-type activities.

#### **Fund Financial Statements**

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the Town's funds.

**TOWN OF YANKEETOWN, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018**  
(Continued)

- Governmental funds – The General Fund is the Town’s only governmental fund. This fund is accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund’s financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.
- Proprietary funds – The Utility Fund is the Town’s only proprietary fund. Proprietary funds are reported using the accrual basis of accounting and, accordingly, there is a correlation between the amounts reported in the fund financial statements and the amounts reported in the government-wide financial statements.

**CONDENSED FINANCIAL INFORMATION** The following tables present condensed, government-wide comparative data about net position and changes in net position.

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
<b>Assets:</b>						
Non-capital assets	\$ 791,318	\$ 923,299	\$ 447,587	\$ 505,446	\$ 1,238,905	\$ 1,428,745
Capital assets	1,937,719	1,852,367	5,032,541	5,052,801	6,970,260	6,905,168
<b>Total assets</b>	<b>2,729,037</b>	<b>2,775,666</b>	<b>5,480,128</b>	<b>5,558,247</b>	<b>8,209,165</b>	<b>8,333,913</b>
Deferred outflows	34,883	96,899	16,860	-	51,743	96,899
<b>Liabilities:</b>						
Current liabilities	28,986	41,418	136,492	88,303	165,478	129,721
Long-term liabilities	75,194	161,497	752,954	683,526	-	845,023
<b>Total liabilities</b>	<b>104,180</b>	<b>202,915</b>	<b>889,446</b>	<b>771,829</b>	<b>993,626</b>	<b>974,744</b>
Deferred inflows	16,732	35,473	8,322	-	25,054	35,473
<b>Net position:</b>						
Net investment in capital assets	1,937,719	1,852,367	4,223,991	4,337,758	6,161,710	6,190,125
Restricted	-	53,721	29,696	41,155	29,696	94,876
Unrestricted	705,289	728,089	345,533	407,505	1,050,822	1,135,594
<b>Total net position</b>	<b>\$ 2,643,008</b>	<b>\$ 2,634,177</b>	<b>\$ 4,599,220</b>	<b>\$ 4,786,418</b>	<b>\$ 7,242,228</b>	<b>\$ 7,420,595</b>

**TOWN OF YANKEETOWN, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018**  
(Continued)

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
<b>Program revenues:</b>						
Charges for services	\$ 50,075	\$ 83,404	\$ 391,482	\$ 454,998	\$ 441,557	\$ 538,402
Operating grants & contributions	154,288	17,669	-	-	154,288	17,669
Capital grants & contributions	-	49,494	407,530	196,320	407,530	245,814
<b>General revenues:</b>						
Property taxes	137,541	138,533	-	-	137,541	138,533
Sales and use Tax	41,071	47,377	-	-	41,071	47,377
Franchise Tax	41,827	44,489	-	-	41,827	44,489
Public Service Tax	47,929	53,034	-	-	47,929	53,034
State revenue sharing	37,584	41,454	-	-	37,584	41,454
Investment earnings	3,064	5,364	1,099	1,516	4,163	6,880
Miscellaneous	5,427	3,668	16,988	-	22,415	3,668
<b>Total revenues</b>	<b>518,806</b>	<b>484,486</b>	<b>817,099</b>	<b>652,834</b>	<b>1,335,905</b>	<b>1,137,320</b>
<b>Program expenses:</b>						
General government	176,667	239,880	-	-	176,667	239,880
Public safety	64,851	54,797	-	-	64,851	54,797
Physical environment	28,785	14,390	-	-	28,785	14,390
Transportation	65,878	74,341	-	-	65,878	74,341
Human services	16,544	-	-	-	16,544	-
Culture and recreation	110,067	109,909	-	-	110,067	109,909
Water	-	-	473,667	465,636	473,667	465,636
<b>Total expenses</b>	<b>462,792</b>	<b>493,317</b>	<b>473,667</b>	<b>465,636</b>	<b>936,459</b>	<b>958,953</b>
Transfers	-	-	-	-	-	-
Change in net position	56,014	(8,831)	343,432	187,198	399,446	178,367
Beginning net position, as restated	2,586,994	2,643,008	4,255,788	4,599,220	6,842,782	7,242,228
Ending net position	\$ 2,643,008	\$ 2,634,177	\$ 4,599,220	\$ 4,786,418	\$ 7,242,228	\$ 7,420,595

**OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

**Governmental Activities**

The governmental activities generated \$150,567 in program revenues and \$333,919 of general revenues, and incurred \$493,317 of expenses. This resulted in a \$8,831 decrease in net position.



**TOWN OF YANKEETOWN, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2018**  
(Continued)

**Business-type Activities**

Revenues of the Utility Fund were \$652,834, compared to expenses of \$465,636. This resulted in a increase in net position of \$187,198.

**THE TOWN'S INDIVIDUAL FUNDS**

**General Fund**

The General Fund's fund balance increased by \$130,275 from \$762,992 to \$893,267.

**Utility Fund**

The Utility Fund's net position increased by \$187,198, from \$4,599,220 to \$4,786,418.

**BUDGETARY HIGHLIGHTS**

There was no change between the original and final budgets for the General Fund.

Revenues of the General Fund were less than budgeted amounts by \$103,187.

General Fund expenditures were less than budgeted amounts by \$230,652.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Town spent \$202,038 to complete a water line replacement project started in the previous year. Please refer to the note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the Town's capital asset activity.

**Debt Administration**

The Town's long-term debt was reduced by \$30,636 during the current year. Please refer to the note to the accompanying financial statement entitled *Long-term Liabilities* for more detailed information about the Town's debt activity.

**ECONOMIC FACTORS**

We are not currently aware of any conditions that are expected to have a significant effect on the Town's financial position or results of operations.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Town Hall at PO Box 280, Yankeetown, Florida.

**TOWN OF YANKEETOWN, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 616,797	\$ 430,123	\$ 1,046,920
Investments	226,195	-	226,195
Receivables, net	3,595	84,284	87,879
Internal balances	60,381	(60,381)	-
Due from other governments	16,331	-	16,331
Inventories	-	8,054	8,054
Restricted assets:			
Cash and cash equivalents	-	19,347	19,347
Investments	-	24,019	24,019
Capital assets:			
Non-depreciable	960,644	108,121	1,068,765
Depreciable, net	891,723	4,944,680	5,836,403
Total assets	<u>\$ 2,775,666</u>	<u>\$ 5,558,247</u>	<u>\$ 8,333,913</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>\$ 96,899</u>	<u>\$ -</u>	<u>\$ 96,899</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 30,032	\$ 19,606	\$ 49,638
Customer deposits	-	29,625	29,625
Unearned revenue	-	5,344	5,344
Accrued interest payable	-	2,211	2,211
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	31,517	31,517
Compensated absences	11,386	-	11,386
Due in more than one year:			
Bonds and notes payable	-	683,526	683,526
Net pension liability	161,497	-	161,497
Total liabilities	<u>\$ 202,915</u>	<u>\$ 771,829</u>	<u>\$ 974,744</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>\$ 35,473</u>	<u>\$ -</u>	<u>\$ 35,473</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 1,852,367	\$ 4,337,758	\$ 6,190,125
Restricted for:			
Capital projects	-	24,019	24,019
Debt service	-	17,136	17,136
Fire protection	53,721	-	53,721
Unrestricted	728,089	407,505	1,135,594
Total net position	<u>\$ 2,634,177</u>	<u>\$ 4,786,418</u>	<u>\$ 7,420,595</u>

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

**TOWN OF YANKEETOWN, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 239,880	\$ 11,014	\$ -	\$ -	\$ (228,866)	\$ -	\$ (228,866)
Public safety	54,797	67,133	-	-	12,336	-	12,336
Physical environment	14,390	-	-	-	(14,390)	-	(14,390)
Transportation	74,341	-	12,669	-	(61,672)	-	(61,672)
Culture and recreation	109,909	5,257	5,000	49,494	(50,158)	-	(50,158)
Total governmental activities	<u>493,317</u>	<u>83,404</u>	<u>17,669</u>	<u>49,494</u>	<u>(342,750)</u>	<u>-</u>	<u>(342,750)</u>
Business-type activities:							
Utility fund	465,636	454,998	-	196,320	-	185,682	185,682
Total business-type activities	<u>465,636</u>	<u>454,998</u>	<u>-</u>	<u>196,320</u>	<u>-</u>	<u>185,682</u>	<u>185,682</u>
Total primary government	<u>\$ 958,953</u>	<u>\$ 538,402</u>	<u>\$ 17,669</u>	<u>\$ 245,814</u>	<u>(342,750)</u>	<u>185,682</u>	<u>(157,068)</u>
General revenues:							
Property taxes					138,533	-	138,533
Sales and use taxes					47,377	-	47,377
Franchise fees					44,489	-	44,489
Public service taxes					53,034	-	53,034
State revenue sharing					40,986	-	40,986
Other intergovernmental revenues					468	-	468
Investment earnings (loss)					5,364	1,516	6,880
Miscellaneous revenues					3,668	-	3,668
Total general revenues and transfers					<u>333,919</u>	<u>1,516</u>	<u>335,435</u>
Change in net position					(8,831)	187,198	178,367
Net position - beginning					2,643,008	4,599,220	7,242,228
Net position - ending					<u>\$ 2,634,177</u>	<u>\$ 4,786,418</u>	<u>\$ 7,420,595</u>

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

**TOWN OF YANKEETOWN, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 616,797
Investments	226,195
Receivables, net	3,595
Due from other governments	16,331
Due from other funds	2,983
Advance to other funds	57,398
Total assets	<u>\$ 923,299</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 27,128
Accrued payroll and employee benefits	2,904
Total liabilities	<u>30,032</u>
<b>FUND BALANCES</b>	
Nonspendable:	
Advance to other funds	57,398
Restricted for:	
Fire protection	53,721
Assigned to:	
Subsequent year's budget	202,147
Unassigned	580,001
Total fund balances	<u>893,267</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 923,299</u></u>

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

**TOWN OF YANKEETOWN, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

<b>Fund balances - total governmental funds</b>		\$ 893,267
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		
Total governmental capital assets	2,955,118	
Less: accumulated depreciation	<u>(1,102,751)</u>	1,852,367
On the governmental fund statements, a net pension liability (asset) is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the Town's net pension liability (asset) of the defined benefit pension plans is reported as a noncurrent liability (asset). Additionally, deferred outflows and deferred inflows related to pensions are also reported		
Net pension liability	(161,497)	
Deferred outflows related to pensions	96,899	
Deferred inflows related to pensions	<u>(35,473)</u>	(100,071)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following		
Compensated absences		(11,386)
<b>Net position of governmental activities</b>		<u><u>\$ 2,634,177</u></u>

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

**TOWN OF YANKEETOWN, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>General Fund</u>
<b>Revenues</b>	
Taxes	\$ 251,613
Licenses, permits, and assessments	109,389
Intergovernmental	104,075
Charges for services	5,377
Investment income	5,364
Miscellaneous	8,668
<b>Total revenues</b>	<u>484,486</u>
<b>Expenditures</b>	
Current:	
General government	182,391
Public safety	45,610
Physical environment	14,390
Transportation	74,341
Culture and recreation	32,152
Capital outlay	8,137
<b>Total expenditures</b>	<u>357,021</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>127,465</u>
<b>Other financing sources (uses)</b>	
Proceeds from sale of capital assets	2,810
<b>Net change in fund balances</b>	<u>130,275</u>
<b>Fund balances, beginning of year</b>	762,992
<b>Fund balances, end of year</b>	<u><u>\$ 893,267</u></u>

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

**TOWN OF YANKEETOWN, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

<b>Net change in fund balances - total governmental funds</b>	\$	130,275
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures		8,137
Depreciation expense		(92,742)
In the statement of activities, only the gain/loss on sale/disposal of capital assets is reported. However, in governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold/disposed.		
		(747)
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.		
Change in net pension liability and deferred inflows/outflows related to pensions		(42,368)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:		
Change in compensated absences liability		(11,386)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>(8,831)</u></b>

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

**TOWN OF YANKEETOWN, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

	<u>Utility Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 430,123
Restricted cash	19,347
Restricted investments	24,019
Accounts receivable, net	84,284
Inventory	8,054
Total current assets	<u>565,827</u>
Noncurrent assets:	
Capital assets:	
Land	108,121
Plant in service	7,264,114
Accumulated depreciation	<u>(2,319,434)</u>
Total noncurrent assets	<u>5,052,801</u>
Total assets	<u><u>\$ 5,618,628</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 19,606
Deposits	29,625
Unearned revenue	5,344
Advance from other funds	57,398
Due to other funds	2,983
Accrued interest payable	2,211
Current maturities on long-term debt	31,517
Total current liabilities	<u>148,684</u>
Noncurrent liabilities:	
Notes payable	683,526
Total liabilities	<u><u>\$ 832,210</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 4,337,758
Restricted for:	
Capital projects	24,019
Debt service	17,136
Unrestricted	407,505
Total net position	<u><u>\$ 4,786,418</u></u>

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



**TOWN OF YANKEETOWN, FLORIDA**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Utility Fund</b>
<b>Operating revenues</b>	
Charges for services	\$ 454,820
Miscellaneous income	178
Total operating revenues	454,998
<b>Operating expenses</b>	
Personnel services	19,492
Contractual services	241,227
Depreciation	182,457
Total operating expenses	443,176
<b>Operating income (loss)</b>	11,822
<b>Nonoperating revenues (expenses)</b>	
Interest earnings	1,516
Interest expense	(22,460)
Total nonoperating revenues (expenses)	(20,944)
<b>Income (loss) before capital contributions and transfers</b>	(9,122)
Capital grants	196,320
<b>Change in net position</b>	187,198
<b>Net position</b> , beginning of year	4,599,220
<b>Net position</b> , end of year	\$ 4,786,418

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

**TOWN OF YANKEETOWN, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Utility Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 460,186
Cash paid to employees	(52,229)
Cash paid to suppliers	(279,154)
Net cash provided by (used in) operating activities	128,803
<b>Cash flows from noncapital financing activities</b>	
Interfund loans	(5,473)
<b>Cash flows from capital and related financing activities</b>	
Acquisition and construction of capital assets	(202,717)
Capital grants	196,320
Principal payments of long-term debt	(30,636)
Interest paid	(22,537)
Net cash provided by (used in) capital and related financing activities	(59,570)
<b>Cash flows from investing activities</b>	
Interest received	1,516
Purchases of investments	(120)
Net cash provided by (used in) investing activities	1,396
<b>Net change in cash and cash equivalents</b>	65,156
<b>Cash and cash equivalents, beginning of year</b>	384,314
<b>Cash and cash equivalents, end of year</b>	\$ 449,470
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>	
Operating income (loss)	\$ 11,822
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:	
Depreciation	182,457
Changes in assets and liabilities:	
Accounts receivable	(50,870)
Due from other governments	55,706
Inventories and prepaids	8,054
Accounts payable and accrued liabilities	(45,981)
Deposits	(1,043)
Unearned revenue	1,395
Compensated absences	(4,245)
Net pension liability	(28,492)
Net cash provided by (used in) operating activities	\$ 128,803
<b>Cash and cash equivalents classified as:</b>	
Unrestricted	\$ 430,123
Restricted	19,347
Total cash and cash equivalents	\$ 449,470

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

**TOWN OF YANKEETOWN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:**

The financial statements of the Town of Yankeetown, Florida (the Town), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies:

(a) **Reporting entity**—The Town is a political subdivision of the State of Florida, established by Chapter 25-11807, Laws of Florida. The legislative branch of the Town is composed of an elected five-member Town Council consisting of the Mayor and four Councilors. The Town Council is governed by the Town Charter and by state and local laws and regulations. The Town Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed Town Administrator.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the Town Council of the Town, the reporting entity of government for which the Town Council is considered to be financially accountable. In evaluating the Town as a reporting entity, management has addressed all potential component units that may or may not fall within the Town's oversight and control, and thus, be included in the Town's financial statements. No such entities or component units have been identified.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Town. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues.

Generally, internal interfund activity has been eliminated from the government-wide financial statements. However, charges between the Town's water system and other governmental functions are not eliminated because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Net Position reports the Town's financial position as of the end of the fiscal year. In this statement, the Town's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. The Statement of Activities is displayed using a net cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: charges for services that are directly related to a given function; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. General revenues include taxes and other revenues not properly included among program revenues.

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

**TOWN OF YANKEETOWN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

Governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pensions, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, 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 and available only when cash is received by the government.

(d) **Financial statement presentation**—The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Town reports the following major governmental fund:

The **General Fund** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Town other than proprietary fund activities are financed through revenues received by the General Fund.

The Town reports the following major proprietary fund:

The **Utility Fund** accounts for the financial activities of the Town's potable water utility system, including the pumping, treatment, and distribution systems.

(e) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting.

**TOWN OF YANKEETOWN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(g) **Deposits and investments**—The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

(h) **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 either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported 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 trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled accounts receivable are accrued by the Town at year-end to recognize the sales revenues earned through the end of the fiscal year. All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

(i) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town.

Capital assets are defined by the Town as assets with an initial individual cost of \$500 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations and easements or other intangible rights of use, are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Buildings and improvements	25 – 40 years
Vehicles	5 – 10 years
Equipment – General	5 – 10 years
Equipment – Park	5 years

**TOWN OF YANKEETOWN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Compensated absences**—The Town’s personnel policies allow for limited accumulation of unused vacation leave. Sick leave does not carryover from one year to the next. The liability for compensated absences is accrued when incurred in the government-wide financial statements. In the fund financial statements, for the General Fund, a liability for compensated absences is reported to the extent that the liability will be liquidated with expendable available financial resources.

(k) **Property Taxes**—The Levy County Tax Collector bills and collects property taxes for the Town. In governmental funds, property tax revenues are recognized when levied, to the extent that they result in current receivables.

Valuation Date:	January 1, 2017
Levy Date:	October 1, 2017
Due Date:	March 31, 2018
Lien Date:	January 1, 2018

(l) **Long-term obligations**—In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt issuance costs are expensed when paid.

(m) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (7).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the two items in this category are unavailable revenues, which will be recognized as inflows of resources in the period that the amounts become available, and deferred inflows of resources related to pensions, as discussed further in Note (7).

(n) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

*Nonspendable* – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as the fund balance of the permanent fund which was restricted in perpetuity by referendum.

**TOWN OF YANKEETOWN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

*Restricted* – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the Town Council are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

*Assigned* – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the Town Council the Town Council or (b) a body or official to which the Town Council has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned* – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, is the Town's policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted.

(o) **Net position flow assumption**—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Town's policy to consider restricted net position to have been used before unrestricted net position is applied.

(p) **Implementation of new accounting standards**—At September 30, 2018 and for the year then ended, the Town has not implemented any significant new standards.

(2) **Reconciliation of Government-Wide and Fund Financial Statement:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

**TOWN OF YANKEETOWN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(3) Deposits and Investments:**

The Town's cash and equivalents and investments consist of legally authorized demand deposits and certificates of deposit. The institutions in which these deposits are kept are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, in addition to applicable Federal Depository Insurance Corporation (FDIC) insurance, these balances on deposit at September 30, 2018, are insured or collateralized through the Bureau of Collateral Management, Florida Department of Financial Services.

State statutes authorize the Town to invest excess funds in time deposits, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

The Town held no assets or investments carried at fair value at September 30, 2018, and subject to the required disclosures of GASB 72.

**(4) Interfund Balances and Transfers**

The interfund balances resulted from the normal course of operations and are expected to be repaid within one year. Interfund transfers were consistent with the purpose of the fund making the transfer.

At September 30, 2018, interfund balances were as follows:

<b>Receivable Funds</b>	<b>Amount</b>	<b>Payable Funds</b>
General Fund	\$ 2,983	Utility Fund
Total	\$ 2,983	

For the year ended September 30, 2018, advances were as follows:

<b>Advances from</b>	<b>Amount</b>	<b>Advances to</b>
General Fund	\$ 57,398	Utility Fund
Total	\$ 57,398	



**TOWN OF YANKEETOWN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(5) **Capital Assets:**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 915,317	\$ 4,227	\$ -	\$ 919,544
Construction in progress	41,100	-	-	41,100
Total capital assets, not being depreciated	<u>956,417</u>	<u>4,227</u>	<u>-</u>	<u>960,644</u>
Capital assets, being depreciated –				
Building	477,597	-	-	477,597
Improvements	1,062,908	-	-	1,062,908
Vehicles	319,154	-	-	319,154
Equipment – General	78,127	3,183	-	81,310
Equipment – Recreation	55,317	727	(2,539)	53,505
Total capital assets, being depreciated	<u>1,993,103</u>	<u>3,910</u>	<u>(2,539)</u>	<u>1,994,474</u>
Less: accumulated depreciation	<u>(1,011,801)</u>	<u>(92,742)</u>	<u>1,792</u>	<u>(1,102,751)</u>
Total capital assets, being depreciated, net	<u>981,302</u>	<u>(88,832)</u>	<u>(747)</u>	<u>891,723</u>
Governmental activities capital assets, net	<u>\$ 1,937,719</u>	<u>\$ (84,605)</u>	<u>\$ (747)</u>	<u>\$ 1,852,367</u>
Business-type activities:				
Capital assets, not being depreciated –				
Land	\$ 108,121	\$ -	\$ -	\$ 108,121
Construction in progress	480,425	202,038	(682,463)	-
Total capital assets, not being depreciated	<u>588,546</u>	<u>202,038</u>	<u>(682,463)</u>	<u>108,121</u>
Capital assets, being depreciated –				
Plant in Service	6,580,972	683,142	-	7,264,114
Total capital assets, being depreciated	<u>6,580,972</u>	<u>683,142</u>	<u>-</u>	<u>7,264,114</u>
Less: accumulated depreciation	<u>(2,136,977)</u>	<u>(182,457)</u>	<u>-</u>	<u>(2,319,434)</u>
Total capital assets, being depreciated, net	<u>4,443,995</u>	<u>500,685</u>	<u>-</u>	<u>4,944,680</u>
Business-type activities capital assets, net	<u>\$ 5,032,541</u>	<u>\$ 702,723</u>	<u>\$ (682,463)</u>	<u>\$ 5,052,801</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 5,798
Public safety	9,187
Culture and recreation	77,757
Total depreciation expense - governmental activities	<u>\$ 92,742</u>
Business-type activities:	
Water utility	\$ 182,457
Total depreciation expense - business-type activities	<u>\$ 182,457</u>

**TOWN OF YANKEETOWN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(6) Long-Term Debt:**

For the fiscal year ended September 30, 2018, a summary of the long-term liability transactions for the Town is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ -	\$ 13,831	\$ (2,445)	\$ 11,386	\$ 11,386
<b>Business-type activities:</b>					
State revolving fund loans	\$ 650,726	\$ -	\$ (21,776)	\$ 628,950	\$ 22,388
NRWA revolving fund loans	94,953	-	(8,860)	86,093	9,129
Compensated absences	4,245	-	(4,245)	-	-
Business-type activities –	<u>\$ 749,924</u>	<u>\$ -</u>	<u>\$ (34,881)</u>	<u>\$ 715,043</u>	<u>\$ 31,517</u>
Total long-term liabilities					

Annual debt service requirements to maturity for the Town’s state revolving fund loans are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 31,517	\$ 19,845	\$ 51,362
2020	32,423	18,939	51,362
2021	33,356	18,007	51,363
2022	34,317	17,047	51,364
2023	35,303	16,061	51,364
2024-2028	173,577	64,891	238,468
2029-2033	156,195	42,683	198,878
2034-2038	179,398	19,480	198,878
2039	38,957	817	39,775
Total	<u>\$ 715,043</u>	<u>\$ 217,770</u>	<u>\$ 932,814</u>

Notes payable in the Town’s business-type activities at September 30, 2018, are comprised of the following obligations:

State Revolving Fund note payable, dated November 2, 2010, due in semiannual payments of \$19,888, including interest at 2.77% to 2.82% through August 15, 2039. Repayment of loan balance is secured by a pledge of Water Utility revenues.	\$ 628,950
National Rural Water Association (NRWA) Revolving Fund note payable, dated April 1, 2017, due in monthly payments of \$966, including interest at 3% through April 1, 2037. Repayment of loan balance is secured by a pledge of interest in the assets of the Water Utility fund.	86,093
Total long-term debt, business-type activities	<u>\$ 715,043</u>

The state revolving fund notes payable are secured by pledged water utility revenues. The Town was in compliance with all applicable debt covenants as of and for the year ended September 30, 2018.

**TOWN OF YANKEETOWN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(7) **Employees' Retirement Plans:**

**A. Florida Retirement System**

**Plan Description and Administration**

The Town participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Town's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Town are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**Benefits Provided and Employees Covered**

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

**TOWN OF YANKEETOWN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(7) Employees' Retirement Plans:** (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**Financial Statements**

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site ([www.myfloridacfo.com](http://www.myfloridacfo.com)). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services  
Division of Retirement, Research and Education Services  
P.O. Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll free at 877-377-1737

**Contributions**

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates):

<b>FRS Membership Plan &amp; Class</b>	<b>Through June 30, 2018</b>	<b>After June 30, 2018</b>
Regular Class	7.92%	8.26%
Senior Management	22.71%	24.06%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

**TOWN OF YANKEETOWN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(7) **Employees' Retirement Plans:** (Continued)

Actual contributions made for Town employees participating in FRS and HIS for the plan year ended June 30, 2018, were as follows:

Town Contributions – FRS	\$	12,388
Town Contributions – HIS		1,566
Employee Contributions – FRS		2,831

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2018, the entity reported a net pension liability related to FRS and HIS as follows:

<b>Plan</b>	<b>Net Pension Liability</b>
FRS	\$ 130,927
HIS	30,570
Total	\$ 161,497

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2018 and June 30, 2017, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

<b>Plan</b>	<b>2018</b>	<b>2017</b>
FRS	0.000434677%	0.000252338%
HIS	0.000288832%	0.000357667%

For the plan year ended June 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	27,129
HIS		724
Total	\$	27,853

*Deferred outflows/inflows related to pensions:*

At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>FRS</b>		<b>HIS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 11,091	\$ (403)	\$ 468	\$ (52)
Changes of assumptions	42,781	-	3,400	(3,232)
Net difference between projected and actual investment earnings	-	(10,116)	18	-
Change in Town's proportionate share	32,536	(8,225)	3,147	(13,445)
Contributions subsequent to measurement date	3,044	-	414	-
	\$ 89,452	\$ (18,744)	\$ 7,447	\$ (16,729)

**TOWN OF YANKEETOWN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(7) Employees' Retirement Plans:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2019	\$	20,714
2020		14,894
2021		3,589
2022		9,787
2023		5,288
Thereafter		3,696
Total	<u>\$</u>	<u>57,968</u>

*Actuarial assumptions:*

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.00%. This rate decreased from the prior year rate, which was 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% was used to determine was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2017, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

**TOWN OF YANKEETOWN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(7) **Employees' Retirement Plans:** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
Total	<u>100.0%</u>	

*Sensitivity of the net pension liability to changes in the discount rate:*

The following presents the proportionate shares of the FRS and HIS net pension liability of the Town calculated using the current discount rates, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.00%	\$ 238,947	\$ 130,927	\$ 41,210
HIS	3.87%	34,818	30,570	27,030

(8) **Other Postemployment Benefits:**

The Town provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits.

The Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

(9) **Risk Management:**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The Town is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the Town's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the Town.

**TOWN OF YANKEETOWN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(10) **Contingencies:**

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

The Town is involved in various legal proceedings incidental to the conduct of its affairs. It is the Town's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable. At September 30, 2018, no amounts have been accrued.

(11) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Town's financial statements:

- (a) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2018.
- (b) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions in GASB 87 are effective for periods beginning after December 15, 2019.
- (c) GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, in April 2018. GASB 88 expands debt disclosure requirements related to direct borrowings and direct placements, while also clarifying which liabilities should be included when disclosing information related to debt. The provisions in GASB 88 are effective for periods beginning after June 15, 2018.
- (d) GASB issued Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, in August 2018. GASB 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions in GASB 90 are effective for periods beginning after December 15, 2018.



**TOWN OF YANKEETOWN, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes	\$ 232,672	\$ 232,672	\$ 251,613	\$ 18,941
Licenses, permits, and assessments	93,696	93,696	109,389	15,693
Intergovernmental	89,694	89,694	104,075	14,381
Charges for services	4,610	4,610	5,377	767
Interest revenues	2,000	2,000	5,364	3,364
Miscellaneous	160,001	165,001	8,668	(156,333)
<b>Total revenues</b>	<u>582,673</u>	<u>587,673</u>	<u>484,486</u>	<u>(103,187)</u>
<b>Expenditures</b>				
Current:				
General government	293,463	293,463	182,391	111,072
Public safety	51,471	51,471	45,610	5,861
Physical environment	76,000	76,000	14,390	61,610
Transportation	81,907	81,907	74,341	7,566
Culture and recreation	31,587	36,587	32,152	4,435
Human services	10,000	10,000	-	10,000
Capital outlay	38,245	38,245	8,137	30,108
<b>Total expenditures</b>	<u>582,673</u>	<u>587,673</u>	<u>357,021</u>	<u>230,652</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>127,465</u>	<u>127,465</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	2,810	2,810
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>130,275</u>	<u>130,275</u>
<b>Fund balances, beginning of year</b>	762,992	762,992	762,992	-
<b>Fund balances, end of year</b>	<u>\$ 762,992</u>	<u>\$ 762,992</u>	<u>\$ 893,267</u>	<u>\$ 130,275</u>

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

**TOWN OF YANKEETOWN  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
SEPTEMBER 30, 2018**

The Town adopts an annual budget for the General Fund. The Town generally follows these procedures in establishing the budgetary data reflected in the schedule:

1. Prior to September 1, the Town Clerk submits to the Town Commission 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. A public hearing is conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance.
4. Any revision that alters the expenditures of any fund must be approved by the Town Commission. The fund is the legal level of control.

The budget amounts presented in the accompanying financial schedules were prepared on a basis that does not materially differ from the modified accrual basis of accounting.

**TOWN OF YANKEETOWN, FLORIDA**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

	As of the Plan Year Ended June 30,			
	2018	2017	2016	2015
<b>Florida Retirement System (FRS)</b>				
Proportion of the net pension liability	0.000434677%	0.000252338%	0.000323039%	0.000287034%
Proportionate share of the net pension liability	\$ 130,927	\$ 74,640	\$ 81,568	\$ 37,074
Covered payroll	94,358	114,010	141,665	133,907
Proportionate share of the net pension liability as a percentage of covered payroll	138.76%	65.47%	57.58%	27.69%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%
<b>Health Insurance Subsidy Program (HIS)</b>				
Proportion of the net pension liability	0.000288832%	0.000357667%	0.000458890%	0.000441372%
Proportionate share of the net pension liability	\$ 30,570	\$ 38,244	\$ 53,482	\$ 45,014
Covered payroll	94,358	114,010	141,665	133,907
Proportionate share of the net pension liability as a percentage of covered payroll	32.40%	33.54%	37.75%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available.

**TOWN OF YANKEETOWN, FLORIDA  
SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS  
(UNAUDITED)**

	<b>As of the Plan Year Ended June 30,</b>			
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Florida Retirement System (FRS)</b>				
Contractually required contribution	\$ 12,388	\$ 7,830	\$ 7,704	\$ 7,282
Contributions in relation to the contractually required contribution	(12,388)	(7,830)	(7,704)	(7,282)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 94,358	\$ 114,010	\$ 141,665	\$ 133,907
Contributions as a percentage of covered payroll	13.13%	6.87%	5.44%	5.44%
<b>Health Insurance Subsidy Program (HIS)</b>				
Contractually required contribution	\$ 1,566	\$ 1,749	\$ 2,278	\$ 1,863
Contributions in relation to the contractually required contribution	(1,566)	(1,749)	(2,278)	(1,863)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 94,358	\$ 114,010	\$ 141,665	\$ 133,907
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.26%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available.

**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 Honorable Mayor, Town Council, and Town Administrator,  
Town of Yankeetown:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Yankeetown, Florida, (the Town) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 29, 2019.

***Internal Control over Financial Reporting***

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

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

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

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121 Executive Circle  
Daytona Beach, FL 32114-1180  
Telephone: 386-257-4100

133 East Indiana Avenue  
DeLand, FL 32724-4329  
Telephone: 386-738-3300

5931 NW 1st Place  
Gainesville, FL 32607-2063  
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

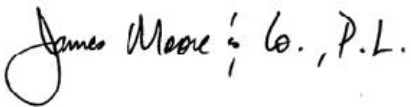
### ***Compliance and Other Matters***

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

We noted certain matters that we reported to the Town Council and management of the Town in a separate letter dated May 29, 2019.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida  
May 29, 2019

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED  
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA  
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor, Town Council, and Town Administrator,  
Town of Yankeetown:

**Report on the Financial Statements**

We have audited the financial statements of the Town of Yankeetown, Florida, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 29, 2019.

**Auditors' Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 29, 2019, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The following is a summary of all findings and recommendations reported in the preceding annual financial audit report:

**2017-001 Segregation of Duties** – Corrective action taken.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government of the reporting entity is disclosed in Note 1 of the basic financial statements.

**Financial Condition and Management**

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121 Executive Circle  
Daytona Beach, FL 32114-1180  
Telephone: 386-257-4100

133 East Indiana Avenue  
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Telephone: 850-386-6184

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had the following recommendations.

#### **2018-001 – Physical Inventory Count**

During our testing over inventory, we noted that there was no physical inventory count performed at year end for fiscal year 2018. We recommend having a physical inventory count at the end of each reporting period in order to validate the quantity and value of year-end inventory.

#### **Additional Matters**

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

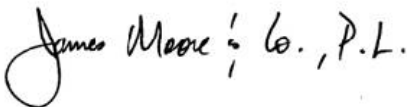
#### **Town of Yankeetown, Florida's Response to Findings**

The Town's responses to the findings identified in our audit are described starting on page **Error! Bookmark not defined.** The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **Purpose of this Letter**

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

Gainesville, Florida  
May 29, 2019





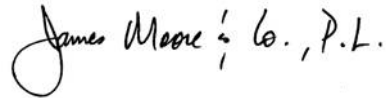
## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, Town Council, and Town Administrator,  
Town of Yankeetown, Florida

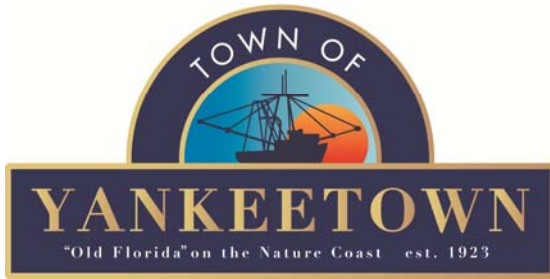
We have examined the Town of Yankeetown, Florida's (the Town) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the Town's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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



Gainesville, Florida  
May 29, 2019



*Town of Yankeetown*  
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Yankeetown, Florida 34498  
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Web Site: <http://yankeetownfl.govoffice2.com>

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May 31, 2019

Sherrill F. Norman CPA  
Auditor General  
State of Florida  
PO Box 1735  
Tallahassee, FL 32302

Re: Response to the 2018 Audit Findings

Dear Ms. Norman,

James Moore & Company, P.L. has discussed their findings, included in the annual report for the year ended September 30, 2018, with the Town of Yankeetown. In regards to the finding, the Town wishes to provide their responses as follows:

2018-001 – Physical Inventory Count

During our testing over inventory, we noted that there was no physical inventory count performed at year end for fiscal year 2018. We recommend having a physical inventory count at the end of each reporting period in order to validate the quantity and value of year-end inventory.

Action Taken:

The Town staff in fact completed an inventory of parts and supplies in early 2019. We have now directed our staff that a complete inventory should be completed each and every September 30<sup>th</sup> on an annualized basis. We do not anticipate this being a reoccurring problem.

We would like to thank James Moore & Company with their assistance on this year's audit and look forward to working with them in the future.

Sincerely,

Jean Holbrook  
Vice Mayor