

**TOWN OF
GRANT-VALKARIA,
FLORIDA**

**Basic
Financial Statements and
Supplementary
Information**

**Year ended
September 30, 2019**

TOWN OF GRANT-VALKARIA, FLORIDA

Official Directory

September 30, 2019

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Grant-Valkaria, Florida, ("the Town") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Grant-Valkaria, Florida as of September 30, 2019 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison for the nonmajor funds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison for the nonmajor funds is the responsibility of management and was derived from and relate 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 budgetary comparison for the nonmajor funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

March 16, 2020
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**TOWN OF GRANT-VALKARIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

As management of the Town of Grant-Valkaria, Florida (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2019. Consideration should be given to the information presented here in conjunction with the information that has been furnished in the basic financial statements, as listed on the table of contents.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$79,658,493 (net position). Of this amount, \$75,983,657 is invested in capital assets, \$991,862 is restricted for fund use, and the remaining \$2,682,974 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$2,037,260. This decrease is primarily due to the depreciation of \$2,817,816 on the Town's capital assets.
- The Town's governmental funds reported combined ending fund balances of \$3,698,792 with a \$679,510 increase from the previous fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

Government - wide Financial Analysis

The Town's net position is summarized below. As of the fiscal year ended September 30, 2019, the Town's assets exceeded liabilities by \$79,658,493 which reflects a decrease of \$2,037,260.

	Governmental Activities		
	2019	2018	Difference
Assets			
Current assets	\$ 3,716,071	\$ 3,145,046	\$ 571,025
Capital assets	75,983,657	78,733,901	(2,750,244)
Total assets	<u>79,699,728</u>	<u>81,878,947</u>	<u>(2,179,219)</u>
Liabilities			
Current liabilities	17,279	125,764	(108,485)
Noncurrent liabilities	23,956	57,430	(33,474)
Total liabilities	<u>41,235</u>	<u>183,194</u>	<u>(141,959)</u>
Net position			
Net investment in capital assets	75,983,657	78,733,901	(2,750,244)
Restricted for:			
Solid waste	14	14	-
Stormwater	464,642	445,348	19,294
Transportation	523,389	525,000	(1,611)
Other governmental funds	3,817	-	3,817
Unrestricted	<u>2,682,974</u>	<u>1,991,490</u>	<u>691,484</u>
Total net position	<u>\$ 79,658,493</u>	<u>\$ 81,695,753</u>	<u>\$ (2,041,077)</u>

The Town's cash and cash equivalents, and unrestricted net position, increase as a result of the general fund activity in 2019 where revenues exceeded anticipated amounts and several maintenance activities were not needed. The difference in current liabilities is due to payables for the completion of the prior year's sidewalk and roadway projects being settled. The 2019 liabilities consist of accounts payable and compensated absences.

About 95% of the Town's net position reflects its net investment in capital assets (Town Hall, sidewalks and roadways). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Town's net investment in capital assets decreased due to \$2,817,816 of depreciation offset by additions. The Town's remaining net position includes resources that are subject to external restrictions on how they may be used; \$464,642 is restricted to be used on stormwater drainage projects for the Town, \$523,389 is restricted for sidewalk and road projects already approved by Brevard County.

The balance of unrestricted net position \$2,686,791 may be used to meet the Town's ongoing obligations to citizens and creditors. The Town Council has committed \$850,000 of those funds for emergencies.

Analysis of the Town's Operations

The following table provides a summary of the Town's operations for the years ended September 30, 2019 and 2018.

	Governmental Activities		
	2019	2018	Difference
Revenues:			
Program revenues:			
Charges for services	\$ 684,074	\$ 502,022	\$ 182,052
Operating grants and contributions	242,169	206,217	35,952
Total program revenues	<u>926,243</u>	<u>708,239</u>	<u>218,004</u>
General revenues:			
Property taxes	456,023	405,574	50,449
Communication service taxes	110,728	109,663	1,065
Franchise fees	253,711	239,996	13,715
Transportation impact fees	-	61,650	(61,650)
Shared revenues	341,025	335,119	5,906
Interest income	37,798	19,168	18,630
Other revenues	94,259	23,640	70,619
Gain on sale	55,076	-	55,076
Contribution of road improvements	-	50,000	(50,000)
Total general revenues	<u>1,348,620</u>	<u>1,244,810</u>	<u>103,810</u>
Total revenues	<u>2,274,863</u>	<u>1,953,049</u>	<u>321,814</u>
Expenses:			
General government	512,064	651,832	(139,768)
Public safety	12,203	12,498	(295)
Transportation	3,225,753	3,367,347	(141,594)
Physical environment	520,746	483,170	37,576
Parks and recreation	41,357	35,031	6,326
Total expenses	<u>4,312,123</u>	<u>4,549,878</u>	<u>(237,755)</u>
Decrease in net position	<u>(2,037,260)</u>	<u>(2,596,829)</u>	<u>559,569</u>
Net position - beginning	<u>81,695,753</u>	<u>84,292,582</u>	<u>(2,596,829)</u>
Net position - ending	<u>\$ 79,658,493</u>	<u>\$ 81,695,753</u>	<u>\$ (2,037,260)</u>

Charges for services revenue, which consists of licenses and permits related revenues, increased over \$180,000. The increase is mainly driven by the collection of fees from the new building department established at the end of fiscal year 2018 to provide residents with improved access to construction permits. These amounts include unlicensed contractor fees, subcontractor fees, state surcharge fees, and zoning review fees. General revenues increased by \$103,000 mainly from the gain on the sale of Town owned property and FEMA funds for the Valkaria road damage from hurricanes Irma. Property tax revenue increase compensated for the Town not receiving any transportation impact fees from the county.

General government expenses decreased approximately \$140,000, mainly due to a \$31,000 decrease in life and health insurance costs from staff changes less hurricane damage resulted in engineering costs decreasing \$28,000 and a decrease in other expenses of \$45,000.

Transportation expenses reflect a decrease in hurricane related repairs. The 2018 transportation expenses included over \$180,000 for the repairs to Valkaria Road from Hurricane Irma. The Town did not experience any significant hurricane damage in 2019.

Fund Financial Statements

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined fund balances of \$3,698,792, as compared to \$3,019,282 for the prior year. The General Fund is the chief operating fund of the Town and reported a total fund balance of \$2,706,930 as of September 30, 2019, as compared to \$2,048,920 as of September 30, 2018. The \$2,706,930 consists of \$3,292 that is non-spendable, \$850,000 that is committed for emergencies, and \$1,853,638 that is unassigned.

In addition, the Town utilizes special revenue funds for stormwater projects, solid waste projects, major transportation projects, and the remaining aggregate funds. Restricted fund balances in these special revenue funds total \$991,862 at September 30, 2019.

General Fund Budgetary Highlights

The Town adopted an annual budget for each of its funds for the year ended September 30, 2019. The budget comparison schedules are reflected on pages as listed on the table of contents. The following information is presented to assist the reader in comparing actual results with budgetary amounts.

Actual general fund revenues were overall higher than budgeted by \$380,312. The building department generated revenues for licenses, permits, and other fees of \$197,000 which was \$147,000 more than budgeted. In addition, the Town's budget did not include the sale of the Ponderosa lot for \$71,000 or the \$83,000 of FEMA funds as the timing of these receipts was uncertain.

General government expenditures are below budget by \$294,385 as the Town had fewer agreements requiring legal review, hurricane related costs were less than anticipated, trails and greenway expenditures were delayed due to delays in receiving several grants. Transportation expenditures for mowing and street improvements grading were lower than budget.

Transportation Fund Budgetary Highlights

The significant budget variance in the Transportation Fund is for several road paving projects that were budgeted utilizing impact fees of \$525,000 carried over from the 2017/2018 fiscal year. The projects were started later than anticipated with only the initial engineering being completed during the 2018/2019 fiscal year.

Capital Asset and Debt Administration

- **Capital Assets:** The Town's total investment in capital assets as of September 30, 2019, amounts to \$75,983,657 (net of accumulated depreciation). Current year activity includes an increase for purchased assets totaling \$83,599, and a decrease for depreciation of \$2,817,816 and sale of \$16,027. This sale was of a piece of property obtained and sold by the town all within the 2018/2019 fiscal year.
- **Long-term Debt:** At the end of the current fiscal year, the Town did not have any general long-term outstanding debt.

In 2019, the Town completed the purchase of a \$37,000 generator which will enable staff to assist residents during an emergency. In addition, the Town purchased a truck for approximately \$24,000 for building inspections and a wide-format scanner for the new building department.

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

Economic Factors and Next Year's Budgets and Rates

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

Property valuation has shown a steady increase in the past few years of approximately 8.4%. The assessed values for 2018-2019, 2017-2018 and 2016-2017, were 397,153,960, 364,264,249 and 338,010,068, for 2018-2019, the millage rate increased to 1.1850 from 1.1490 in 2017-2018.

These factors were considered in preparing the Town's budget for the 2020 fiscal year. Property tax revenues for 2020, based on the preliminary assessed property value of \$424,325,549, are anticipated to increase \$47,000 to \$503,242. For 2020, the Town established an expenditure budget of \$2,802,053 for the Town's entire operations including \$522,330 for the transportation projects funded primarily with the transportation impact fees already received from Brevard County and \$270,000 for drainage improvements.

Request for information

This financial report is designed to provide a general overview of the Town of Grant-Valkaria, Florida's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the management staff of the Town of Grant-Valkaria, 1449 Valkaria Road, Grant-Valkaria, Florida 32950.

Town of Grant-Valkaria, Florida

STATEMENT OF NET POSITION

September 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents - unrestricted	\$ 2,663,312
Cash and cash equivalents - restricted	997,655
Prepaid expenses	3,292
Due from other agencies	51,812
Total current assets	<u>3,716,071</u>
Capital assets, not being depreciated:	
Land	145,146
Capital assets, net of accumulated depreciation:	
Buildings	534,390
Equipment	70,818
Vehicle	23,433
Infrastructure	75,209,870
Total capital assets	<u>75,983,657</u>
Total assets	<u>79,699,728</u>
LIABILITIES	
Accounts payable	<u>17,279</u>
Noncurrent liabilities:	
Compensated absences due within one year	19,881
Compensated absences due in more than one year	4,075
Total noncurrent liabilities	<u>23,956</u>
Total liabilities	<u>41,235</u>
NET POSITION	
Net investment in capital assets	75,983,657
Restricted for:	
Solid waste	14
Storm water	464,642
Transportation	523,389
Other governmental funds	3,817
Unrestricted	<u>2,682,974</u>
Total net position	<u><u>\$ 79,658,493</u></u>

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

Town of Grant-Valkaria, Florida

STATEMENT OF ACTIVITIES

Year ended September 30, 2019

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 512,064	\$ 26,721	\$ -	\$ -	\$ (485,343)
Public safety	12,203	205,753	-	-	193,550
Transportation	3,225,753	-	153,729	-	(3,072,024)
Physical environment	520,746	451,600	88,440	-	19,294
Parks and recreation	41,357	-	-	-	(41,357)
Total governmental activities	\$ 4,312,123	\$ 684,074	\$ 242,169	\$ -	(3,385,880)
General revenues:					
Taxes:					
Property taxes					
					456,023
Communication service tax					
					110,728
Franchise fees					
					253,711
Shared revenues unrestricted					
					341,025
Interest					
					37,798
Other revenues					
					94,259
Gain on sale of assets					
					55,076
Total general revenues					
					1,348,620
Change in net position					
					(2,037,260)
Net position - beginning					
					81,695,753
Net position - ending					
					\$ 79,658,493

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

Town of Grant-Valkaria, Florida

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2019

	General Fund	Stormwater Projects Fund	Solid Waste Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents - unrestricted	\$ 2,658,822	\$ -	\$ 14	\$ 659	\$ 3,817	\$ 2,663,312
Cash and cash equivalents - restricted	-	474,266	-	523,389	-	997,655
Prepaid expenses	3,292	-	-	-	-	3,292
Due from other agencies	51,811	1	-	-	-	51,812
Total assets	<u>\$ 2,713,925</u>	<u>\$ 474,267</u>	<u>\$ 14</u>	<u>\$ 524,048</u>	<u>\$ 3,817</u>	<u>\$ 3,716,071</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 6,995	\$ 9,625	\$ -	\$ 659	\$ -	\$ 17,279
Fund balance						
Non-spendable						
Prepaid expenses	3,292	-	-	-	-	3,292
Restricted						
Special revenue funds	-	464,642	14	523,389	3,817	991,862
Committed	850,000	-	-	-	-	850,000
Unassigned	1,853,638	-	-	-	-	1,853,638
Total fund balances	<u>2,706,930</u>	<u>464,642</u>	<u>14</u>	<u>523,389</u>	<u>3,817</u>	<u>3,698,792</u>
Total liabilities and fund balances	<u>\$ 2,713,925</u>	<u>\$ 474,267</u>	<u>\$ 14</u>	<u>\$ 524,048</u>	<u>\$ 3,817</u>	<u>\$ 3,716,071</u>

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

Town of Grant-Valkaria, Florida

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

September 30, 2019

Fund balance - total governmental funds		\$ 3,698,792
The net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Land	\$ 145,146	
Buildings	534,390	
Equipment and furniture, net	70,818	
Vehicle	23,433	
Infrastructure, net	<u>75,209,870</u>	
		75,983,657
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		<u>(23,956)</u>
Total net position of governmental activities		<u><u>\$ 79,658,493</u></u>

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

Town of Grant-Valkaria, Florida

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

Year ended September 30, 2019

	General Fund	Stormwater Projects Fund	Solid Waste Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 720,480	\$ -	\$ -	\$ -	\$ -	\$ 720,480
Franchise fees	253,711	-	-	-	-	253,711
Intergovernmental	341,025	-	-	-	-	341,025
Licenses and permits	205,753	-	-	-	-	205,753
Charges for services	26,721	-	-	-	-	26,721
Interest revenue	37,798	-	-	-	-	37,798
Miscellaneous revenue	94,259	-	-	-	-	94,259
Physical environment charges	-	88,440	451,600	-	-	540,040
	<u>1,679,747</u>	<u>88,440</u>	<u>451,600</u>	<u>-</u>	<u>-</u>	<u>2,219,787</u>
EXPENDITURES						
Current						
General government	520,055	-	-	-	292	520,347
Public safety	12,203	-	-	-	-	12,203
Transportation	272,117	-	-	161,011	-	433,128
Physical environment	-	69,146	451,600	-	-	520,746
Parks and recreation	41,357	-	-	-	-	41,357
Capital outlay	47,052	-	-	-	36,547	83,599
	<u>892,784</u>	<u>69,146</u>	<u>451,600</u>	<u>161,011</u>	<u>36,839</u>	<u>1,611,380</u>
Excess (deficiency) of revenues over (under) expenditures	786,963	19,294	-	(161,011)	(36,839)	608,407
OTHER FINANCING SOURCES AND (USES)						
Proceeds from the sale of assets	71,103	-	-	-	-	71,103
Transfers in	-	-	-	159,400	40,656	200,056
Transfers out	(200,056)	-	-	-	-	(200,056)
Total other financing sources and (uses)	<u>(128,953)</u>	<u>-</u>	<u>-</u>	<u>159,400</u>	<u>40,656</u>	<u>71,103</u>
Net change in fund balances	658,010	19,294	-	(1,611)	3,817	679,510
Fund balance - beginning	2,048,920	445,348	14	525,000	-	3,019,282
Fund balance - ending	<u>\$ 2,706,930</u>	<u>\$ 464,642</u>	<u>\$ 14</u>	<u>\$ 523,389</u>	<u>\$ 3,817</u>	<u>\$ 3,698,792</u>

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

Town of Grant-Valkaria, Florida

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

Year ended September 30, 2019

Net change in fund balance - total governmental funds \$ 679,510

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 83,599	
Depreciation expense	<u>(2,817,816)</u>	
		(2,734,217)

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance.

Gain on sale of assets	\$ 55,076	
Proceeds from the sale of assets	<u>(71,103)</u>	
		(16,027)

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

Compensated absences		<u>33,474</u>
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Change in net position of governmental activities		<u><u>\$ (2,037,260)</u></u>
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The accompanying notes are an integral part of this financial statement.

Town of Grant-Valkaria, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

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

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

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

2. Government-wide and fund financial statements

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

Net position, the difference between assets and liabilities, as presented in the statement of net position, is subdivided into three categories: net investments in capital assets; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation. Net investment in capital assets is the component of net position that consists of capital assets, net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes of other borrowings that are attributable to the acquisition, construction and improvements of those assets. Unrestricted net position is the component of net position that does not meet the definition of the other two components.

Town of Grant-Valkaria, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Town of Grant-Valkaria, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Property taxes, franchise taxes, licenses and permits, charges for services, fines and forfeitures associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

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

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

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

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

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

4. Cash and cash equivalents

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

5. Investments

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

Town of Grant-Valkaria, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Receivables

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

7. Capital assets

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

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

8. Compensated absences

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

9. Property taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Brevard County Property Appraiser and Brevard County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. For the year ended September 30, 2019, the Town's millage rate was 1.1850 mills.

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

Town of Grant-Valkaria, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Property taxes (continued)

Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes. The assessed value on October 5, 2018, upon which the 2018-2019 levy was based, was approximately \$397,216,770.

All taxes are due and payable on November 1 (levy date) of each year or as soon thereafter as the assessment roll is certified and delivered to the Brevard County Tax Collector. All unpaid taxes become delinquent on April 15 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. Taxes are paid in March without discount. Current tax collections, net of discounts taken, for the year ended September 30, 2019, were approximately 97% of the total tax levy.

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

10. Interfund transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All interfund transactions are reported as transfers on the funds financial statements, and are eliminated on the governmental-wide financial statements. For the year ended September 30, 2019, transfers totaled \$200,056; \$159,400 and \$40,656 from the general fund to the transportation fund and other funds respectively.

11. Income tax

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

12. Use of estimates

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

Town of Grant-Valkaria, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Fund balance classification

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

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

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

Committed Fund Balance - Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Town Council, the Town's highest level of decision making authority. Commitments may only be removed or changed by the Town Council taking the same formal action (resolution) that imposed the constraint originally. During the year ended September 30, 2019, the Council has \$850,000 as committed for emergency reserves.

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

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

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

Town of Grant-Valkaria, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE B - CASH AND CASH EQUIVALENTS

The Town maintains its cash and cash equivalent balances in financial institutions that are insured by the Federal Deposit Insurance Corporation (“FDIC”) for up to \$250,000 per depositor. The Town’s deposits include demand deposits and certificates of deposit. At year-end, the carrying amount of the Town’s deposits, including certificates of deposit, was \$3,660,967 and the bank balance was \$3,891,103. Of this total \$997 of cash was restricted for the use of other funds. Any balance in excess of FDIC insurance is covered by collateral held by the Town’s custodial banks, which is pledged to a state trust fund that provides security in accordance with the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes. At September 30, 2019, the Town’s cash and cash equivalent balances were fully insured or collateralized.

NOTE C - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 145,146	\$ 16,027	\$ 16,027	\$ 145,146
Capital assets, being depreciated:				
Buildings	620,358	-	-	620,358
Equipment	87,606	43,383	-	130,989
Vehicles	-	24,189	-	24,189
Infrastructure	111,610,020	-	-	111,610,020
Total capital assets, being depreciated:	112,317,984	67,572	-	112,385,556
Less accumulated depreciation for:				
Buildings	67,676	18,292	-	85,968
Equipment	54,028	6,143	-	60,171
Vehicles	-	756	-	756
Infrastructure	33,607,525	2,792,625	-	36,400,150
Total accumulated depreciation	33,729,229	2,817,816	-	36,547,045
Total capital assets being depreciated, net	78,588,755	(2,750,244)	-	75,838,511
Governmental activities capital assets, net	<u>\$ 78,733,901</u>	<u>\$ (2,734,217)</u>	<u>\$ 16,027</u>	<u>\$ 75,983,657</u>

During the year ended September 30, 2019, depreciation expense of \$2,817,816 was charged to the general government functions of the Town.

Town of Grant-Valkaria, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE D - LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended September 30, 2019 are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one Year
Compensated absences	\$ 57,430	\$ 32,462	\$ 65,936	\$ 23,956	\$ 19,881

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

NOTE E - OPERATING LEASE

The Town leases a copier under an operating lease. For the year ended September 30, 2019, total costs for the copier lease were \$1,556. The future minimum lease payment for this lease are as follows:

Year ending September 30,	Copier
2020	\$ 2,202
2021	2,202
2022	2,202
2023	734
Total	\$ 7,340

NOTE F - RETIREMENT PLANS

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

Additionally, the Town offers a defined contribution plan (the "Plan") created in accordance with Internal Revenue Service Code Section 401(a) which is administered by ICMA Retirement Corporation. The Plan provides a portable retirement program for "mobile" administrative, professional and technical employees of local government. If a participant separates from service and subsequently becomes employed with another unit of a state or local government, then the participant may rollover the benefits into the new employer's pension plan providing said plan permits rollovers. At September 30, 2019, there were 6 plan members. The Town is required to contribute between 9% and 11% to the Plan of the salaries of the participating employees.

Town of Grant-Valkaria, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE F - RETIREMENT PLANS (continued)

The Town contributed \$28,665 to the Plan for the year ended September 30, 2019. Plan provisions may be amended by the Town Commission. The Plan is held in a trust for the exclusive benefit of the participants and their beneficiaries, consequently, the Town has no fiduciary responsibility; therefore, the net position of the Plan is not included in the Town's financial statements.

NOTE G - COMMITMENTS AND CONTINGENCIES

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

NOTE H - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to limit its exposure to these risks, the Town is a participant in the Florida League of Cities (a not-for-profit corporation) insurance program for workers compensation, general and auto liability. The insurance program purchases excess and specific coverages from third party carriers. Participants in the program are billed annually for their portion of the cost of the program adjusted for actual experience during the period of coverage. Participants are not assessed for unanticipated losses incurred by the program. Additionally, the Town has purchased commercial property insurance and various other insurance coverage from third parties to cover other risks that the Town may be exposed to. Premiums paid by the Town during the year totaled \$15,610. There have been no significant reductions in insurance coverage during fiscal year 2019. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the last three years.

NOTE I - SUBSEQUENT EVENTS

The Town has evaluated subsequent events through March 16, 2020; the date on which the financial statements were available for issuance, and has determined that no material events occurred that would require additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Grant-Valkaria, Florida

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

Year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 676,067	\$ 676,067	\$ 720,480	\$ 44,413
Franchise fees	220,000	220,000	253,711	33,711
Intergovernmental	399,746	399,746	341,025	(58,721)
Licenses and permits	56,000	56,000	205,753	149,753
Charges for services	5,925	5,925	26,721	20,796
Interest revenue	5,200	5,200	37,798	32,598
Miscellaneous revenue	7,600	7,600	94,259	86,659
	<u>1,370,538</u>	<u>1,370,538</u>	<u>1,679,747</u>	<u>309,209</u>
EXPENDITURES				
Current				
General government	676,274	676,274	520,055	156,219
Public safety	24,195	24,195	12,203	11,992
Transportation	365,100	365,100	272,117	92,983
Parks and recreation	51,600	51,600	41,357	10,243
Capital outlay	37,500	37,500	47,052	(9,552)
	<u>1,154,669</u>	<u>1,154,669</u>	<u>892,784</u>	<u>261,885</u>
Excess (deficiency) of revenues over (under) expenditures	215,869	215,869	786,963	571,094
OTHER FINANCING SOURCES AND (USES)				
Proceeds from the sale of assets	-	-	71,103	71,103
Transfers in	60,000	60,000	-	(60,000)
Transfers out	(285,000)	(285,000)	(200,056)	84,944
Total other financing sources and (uses)	<u>(225,000)</u>	<u>(225,000)</u>	<u>(128,953)</u>	<u>24,944</u>
Net change in fund balances	(9,131)	(9,131)	658,010	667,141
Fund balances - beginning	2,048,920	2,048,920	2,048,920	-
Fund balances - ending	<u>\$ 2,039,789</u>	<u>\$ 2,039,789</u>	<u>\$ 2,706,930</u>	<u>\$ 667,141</u>

See accompanying note to required supplementary information.

Town of Grant-Valkaria, Florida

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

Year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Physical environment charges	\$ 93,899	\$ 93,899	\$ 88,440	\$ (5,459)
EXPENDITURES				
Physical environment	163,800	163,800	69,146	94,654
Net change in fund balances	(69,901)	(69,901)	19,294	89,195
Fund balances - beginning	445,348	445,348	445,348	-
Fund balances - ending	<u>\$ 375,447</u>	<u>\$ 375,447</u>	<u>\$ 464,642</u>	<u>\$ 89,195</u>

See accompanying note to required supplementary information.

Town of Grant-Valkaria, Florida

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

Year ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Physical environment charges	\$ 474,021	\$ 474,021	\$ 451,600	\$ (22,421)
EXPENDITURES				
Physical environment	<u>474,021</u>	<u>474,021</u>	<u>451,600</u>	<u>22,421</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	<u>14</u>	<u>14</u>	<u>14</u>	<u>-</u>
Fund balances - ending	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ -</u>

See accompanying note to required supplementary information.

Town of Grant-Valkaria, Florida

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

Year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 60,000	\$ 60,000	\$ -	\$ (60,000)
EXPENDITURES				
Transportation	718,282	718,282	161,011	557,271
Excess (deficiency) of revenues over (under) expenditures	(658,282)	(658,282)	(161,011)	497,271
OTHER FINANCING SOURCES AND (USES)				
Transfers in	245,000	245,000	159,400	(85,600)
Transfers out	(60,000)	(60,000)	-	60,000
Net change in fund balances	(473,282)	(473,282)	(1,611)	471,671
Fund balances - beginning	525,000	525,000	525,000	-
Fund balances - ending	<u>\$ 51,718</u>	<u>\$ 51,718</u>	<u>\$ 523,389</u>	<u>\$ 471,671</u>

See accompanying note to required supplementary information.

Town of Grant-Valkaria, Florida

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2019

NOTE A - BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. The annual operating budget serves as legal authorization for expenditures and proposed means of financing them. The legal level of budgetary control is the department level. The budgets presented for fiscal year ended September 30, 2019 have been adopted according to the Town's procedures.

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

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

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

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

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

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

SUPPLEMENTAL INFORMATION

Town of Grant-Valkaria, Florida

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - OTHER GOVERNMENTAL FUNDS**

Year ended September 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Current				
General government	\$ -	\$ -	\$ 292	\$ (292)
Capital outlay	40,000	40,000	36,547	3,453
Excess (deficiency) of revenues over (under) expenditures	(40,000)	(40,000)	(36,839)	3,161
OTHER FINANCING SOURCES AND (USES)				
Transfers in	40,000	40,000	40,656	656
Net change in fund balances	-	-	3,817	3,817
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 3,817	\$ 3,817

See accompanying note to required supplementary information.

COMPLIANCE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining funds of the Town of Grant-Valkaria, Florida (the "Town"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 16, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

March 16, 2020
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Town of Grant-Valkaria, Florida (the "Town"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 16, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated March 16, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Grant-Valkaria, Florida was established by and is governed per the special law 54.1407 Laws of Florida. There were no component units of the reporting entity to be disclosed in this management letter. Additional legal entity disclosures are included in Note A-1 of the financial statements.

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of this Letter

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

March 16, 2020
Melbourne, Florida

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INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

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

We have examined the Town of Grant-Valkaria, Florida's (the "Town") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2019. Management is responsible for the Town of Grant-Valkaria's compliance with the specified requirements. Our responsibility is to express an opinion on the Town of Grant-Valkaria's compliance based on our examination.

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

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of the Town 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.

March 16, 2020
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP