

# **TOWN OF ST. LEO, FLORIDA**

## **General Purpose Financial Statements**

**For the Year Ended**

**September 30, 2019**

**Baggett, Reutimann & Associates, CPAs, PA  
Certified Public Accountants**

# **TOWN OF ST. LEO, FLORIDA**

## **General Purpose Financial Statements**

**For the Year Ended**

**September 30, 2019**

**TOWN OF ST. LEO, FLORIDA**  
**General Purpose Financial Statements**  
**September 30, 2019**

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# **TOWN OF ST. LEO, FLORIDA**

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## **Independent Auditor's Report**

December 20, 2019

To the Honorable Town Council  
Town of St. Leo, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of St. Leo, Florida as of and for the year ended September 30, 2019, and 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 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 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of St. Leo, 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 on pages M1 through M6 and 18-21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the Town of St. Leo, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of St. Leo, Florida's internal control over financial reporting and compliance.

*Baggett, Reutimann & Associates, CPAs PA*  
**BAGGETT, REUTIMANN & ASSOCIATES, CPAs, PA**  
Signed Electronically by Baggett, Reutimann & Associates, CPAs PA, CN: JR183 email: jrl@baggettrta.com

# **Management's Discussion and Analysis Section**

**(Required Supplementary Information)**

# **TOWN OF ST. LEO, FLORIDA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **September 30, 2019**

Our discussion and analysis of the Town of St. Leo, Florida's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2019.

#### **FINANCIAL HIGHLIGHTS**

- The net position of the Town at the close of its most recent fiscal year was \$2,805,071.
- As of the close of the current fiscal year, the Town reported an ending fund balance for the general fund of \$712,632, an increase of \$68,864, in comparison with the prior year. The ending fund balance of the special revenue fund is \$1,638,362, an increase of \$217,878. A total of \$712,632 is available for spending at the Town's discretion.
- At the end of the current fiscal year, the unassigned general fund balance was \$712,632, or 221% of total general fund expenditures.

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

This discussion and analysis is intended to serve as an introduction to the Town's financial statements. This report also includes other supplementary information in addition to the financial statements themselves.

The Statement of Net Position (page 1) and the Statement of Activities (page 2) provide information about the activities of the Town and present a longer-term view of the Town's finances. The statements are measured and reported using the economic resource measurement focus and the full accrual basis of accounting.

The Fund Financial Statements begin on page 3. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore, you will find the reconciliation on page 6 that converts this data to an economic resources measurement focus and the accrual basis of accounting for use in the financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.



## **THE FINANCIAL STATEMENTS**

### **The Statement of Net Position and the Statement of Activities**

Government-wide financial statements are intended to allow the reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. For purposes of these statements, only governmental-type activities are measured and reported using the economic resource measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the Town's assets. 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.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain financial 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.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 8.

### **Required Supplementary Information**

Generally accepted accounting principles (GAAP) call for certain unaudited information to accompany the audited basic financial statements and accompanying footnotes. This information is called required supplementary information (RSI) and includes this MD&A and budgetary comparisons.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

A substantial portion of the Town's net position (18.1%) reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure). The Town uses these capital assets to provide required municipal services to the citizens of the Town. The balance of the Town's assets consists of demand and other deposit accounts and amounts currently due from other governments.

**Town's Net Position**  
**As of September 30, 2019 & 2018**

	2019	2018
Current and Other Assets	\$2,360,072	\$2,076,650
Capital Assets	463,875	453,820
Total Assets	2,823,947	2,530,470
Current and Other Liabilities	9,078	12,398
Non-Current Liabilities	9,798	8,120
Total Liabilities	18,876	20,518
Net Assets:		
Invested in Capital Assets, Net of Related Debt	463,875	453,820
Restricted	1,638,362	1,420,484
Unrestricted	702,834	635,648
Total Net Assets	2,805,071	2,509,952
Restricted Net Assets are composed of:		
Impact Fees	109,739	114,138
Gasoline Taxes	240,722	210,030
Infrastructure Sales Tax	1,287,901	1,096,316
Total Restricted Net Assets	\$1,638,362	\$1,420,484

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position.

## Town's Impact Fee Reserves

The amount of \$109,739 represents the balance of the Town's Impact Fee Reserves as of September 30, 2019. According to the provisions of Ordinance 00-09 passed on August 14, 2000 and amended Ordinance 96-5 and in Ordinance 10-6, the Town has thirteen years to expend each road impact fee or return the fee to the current owner of the property.

### Town's Changes in Net Position Fiscal Year Ended September 30, 2019 & 2018

	2019	2018
Revenues		
General Revenues		
Property and Other Taxes	\$ 573,064	\$ 550,921
Interest Earnings	25,032	8,650
Other	12,297	6,757
Total General Revenues	610,393	566,328
Functions/Programs		
General Government Expenditures	(368,970)	(345,610)
Charges, Grants, Etc.	53,696	51,607
Net (Expenditures)	(315,274)	(294,003)
Increase in Net Assets	295,119	272,325
Net Assets - At beginning of year	2,509,952	2,237,627
Net Assets - At end of year	\$2,805,071	\$2,509,952

While various taxes continue as the primary source of revenue, the tax revenue of \$573,064 itemized on the Statement of Activities represents 93.9% of the Total Revenues. Property taxes and franchise fees, respectively, account for 1.1% and 11.7% of the Total Revenue.

**Town's Changes in Net Position**  
**Fiscal Year Ended September 30, 2019 & 2018 (Continued)**

The following table summarizes tax rates applied to property located within the Town during the past two years along with the tax rate set for the year ending September 30, 2019. Property tax revenue for the year ending September 30, 2019 decreased by \$285 or 4.3% compared to the previous fiscal year.

Town of St Leo Millage Table

	2017	2018	2019
County Commission--Operating	7.6076	7.6076	7.6076
County Municipal Service Fire District	1.8036	1.8036	1.8036
Other Taxing Authorities	6.7804	6.4824	6.4351
Town of St. Leo	0.7000	0.7000	0.7000
SW Fla Water Management District	0.3131	0.2955	0.2801
Total	17.2047	16.8891	16.8264

**BUDGETARY HIGHLIGHTS**

There were no budget amendments in the current fiscal year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's capital assets as of September 30, 2019 reflect an investment of \$463,875, net of accumulated depreciation.

The following table provides a summary of net capital assets.

**Capital Assets**  
**September 30, 2019 & 2018**  
**Governmental Activities**

	2019	2018
Land	\$ 30,436	\$ 30,436
Building & Improvements	252,731	214,475
Equipment	91,067	85,551
Infrastructure	475,566	476,733
Less: Accumulated Depreciation		
Building & Improvements	(94,429)	(86,477)
Equipment	(50,259)	(44,968)
Infrastructure	(241,237)	(221,930)
Totals	\$463,875	\$453,820

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Town relies on intergovernmental revenue, including taxes, for the largest portion of its budget. Somewhat favorable economic conditions have assisted in maintaining tax sources such as the sales tax, state shared revenues and other revenue sources. The fiscal year 2019 general fund revenue from various tax sources was \$573,064 compared to \$550,921 for the previous year, an increase of \$22,143 or 4.0%.

Adjusted taxable property values in the Town were \$10,227,489 in 2019 and \$9,934,707 in 2018, an increase of 2.9%. During the year, the taxable property value increased \$292,782. The 2019 millage rate was .70, in 2018 it was also .70. Ad Valorem (property) taxes collected from residents totaled \$6,411, a decrease of \$285. Ad valorem taxes accounted for 1.21% of 2019 revenue.

Construction of a new archive room and workshop at Town Hall started in 2018 and was completed in 2019. The rooms were built into existing, underutilized space under the roof. Other 2019 improvements included replacing the original water well bladder tank and repainting the Town Hall exterior, carport and new workshop. Drainage on the Town Hall property was evaluated and site work to correct the problems is scheduled for 2020.

In September 2017, Hurricane Irma caused damage to Town Hall. The septic system lift pump failed during the storm and caused septic back-up into the building. With the exception of the drain field, the septic system was entirely replaced. The Commission chose to have additional renovations done at the same time as the restoration. Payment of the insurance deductible and the renovation costs were attributed to the 2018 fiscal year. The Town applied for Federal Emergency Management Agency grants to assist with a portion of hurricane related expenditures. The majority of the grant funding was received in 2019. The remaining amount (under \$500) is expected to be received in 2020.

The Town of St. Leo and the City of San Antonio have partnered to improve Pompanic Street. The street serves as a boundary between the two municipalities; the cost will be divided. Site work is expected in 2020. Improvements will include road widening and the installation of sidewalks, as well as addressing stormwater runoff to Lake Jovita.

House Bill 1401 became effective on May 12, 2014. The bill excluded specific lands from the Town boundaries and resulted in a decrease to property value that was greater than a decrease in population. It will take several years for all ramifications to manifest, however the Town remains fiscally solvent.

### **Request for Information**

The Town's financial statements are designed to present users (citizens, customers, investors and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about this report or need additional information, contact the Town Clerk at P.O. Box 2479, Saint Leo, FL, 33574. The Town Hall telephone number is 352-588-2622. You may also request information by e-mail sent to [townclerk@townofstleo.org](mailto:townclerk@townofstleo.org).

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include the government-wide financial statements, fund financial statements, and notes to the financial statements. The government-wide financial statements present financial information about the reporting government as a whole. The fund financial statements present financial information about major funds individually and non-major funds in the aggregate for the governmental funds. The notes to the financial statements present information essential for the fair presentation of the financial statements that is not displayed on the face of the financial statements.

**Town of St. Leo, Florida**  
**Statement of Net Position**  
**September 30, 2019**

<b>Assets</b>	<u>Governmental Activities</u>
Current Assets	
Cash on Deposit	\$ 915,610
Investments	1,409,708
Due from Other Governments	23,622
Accounts Receivable-Other (no allowance deemed necessary)	<u>11,132</u>
<b>Total Current Assets</b>	<u><u>2,360,072</u></u>
Non-Current Assets	
Land and Improvements	30,436
Buildings and Improvements	252,731
Equipment	91,067
Infrastructure	475,566
Accumulated Depreciation	<u>(385,925)</u>
<b>Total Non-Current Assets</b>	<u>463,875</u>
<b>Total Assets</b>	<u><u>2,823,947</u></u>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	9,078
<b>Total Current Liabilities</b>	<u>9,078</u>
Non-Current Liabilities	
Compensated Absences	<u>9,798</u>
<b>Total Non-Current Liabilities</b>	<u>9,798</u>
<b>Total Liabilities</b>	<u>18,876</u>
Net Position	
Investment in Capital Assets, Net of related debt	463,875
Restricted For	
Transportation	109,739
Infrastructure	1,287,901
Other	240,722
Unrestricted	<u>702,834</u>
<b>Total Net Position</b>	<u><u>\$ 2,805,071</u></u>

The accompanying notes are an integral part of these financial statements.

**Town of St. Leo, Florida**  
**Statement of Activities**  
**For the Year Ended September 30, 2019**

Functions/Programs	Program Revenues				Net (Expenses) Revenues Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General Government	\$ (232,112)		\$ 7,082	\$ -	\$ (225,030)
Public Safety	(117,075)	13,324	-	-	(103,751)
Physical Environments	(6,489)		-	-	(6,489)
Transportation	(13,294)	33,290	-	-	19,996
<b>Total Governmental Activities</b>	<b>(368,970)</b>	<b>46,614</b>	<b>7,082</b>	<b>-</b>	<b>(315,274)</b>
<b>General Revenues:</b>					
Taxes					
					6,411
					71,560
					32,814
					237,328
					11,407
					521
					111,573
					98,290
					3,160
					25,032
					12,297
				Total General Revenues	<u>610,393</u>
				Change in Net Position	295,119
				Net Position at Beginning of Year	<u>2,509,952</u>
				Net Position at End of Year	<u>\$ 2,805,071</u>

The accompanying notes are an integral part of these financial statements.



**Town of St Leo, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2019**

	<u>General Fund</u>	<u>Special</u>	<u>Total</u>
	2019	Revenue Fund	Governmental
	2019	2019	Funds
	<u>2019</u>	<u>2019</u>	<u>2019</u>
<b>Assets</b>			
Cash on Deposit	\$ 276,972	\$ 638,638	\$ 915,610
Investments	426,437	983,271	1,409,708
Due from Other Governments	7,210	16,412	23,622
Accounts Receivable-Other	-	-	-
(no allowance deemed necessary)	11,132	-	11,132
	<u>11,132</u>	<u>-</u>	<u>11,132</u>
<b>Total Assets</b>	<u>721,751</u>	<u>1,638,321</u>	<u>2,360,072</u>
<b>Liabilities</b>			
Accounts Payable	<u>9,078</u>	<u>-</u>	<u>9,078</u>
	<u>9,078</u>	<u>-</u>	<u>9,078</u>
<b>Total Liabilities</b>	<u>9,078</u>	<u>-</u>	<u>9,078</u>
<b>Fund Balances</b>			
Restricted for:			
Transportation - Fuel Tax Funds	-	240,722	240,722
Transportation - Impact Fees	-	109,739	109,739
Infrastructure Sales Tax Funds	-	1,287,901	1,287,901
Unassigned	<u>712,632</u>	<u>-</u>	<u>712,632</u>
	<u>712,632</u>	<u>-</u>	<u>712,632</u>
<b>Total Fund Balance</b>	<u>712,632</u>	<u>1,638,362</u>	<u>2,350,994</u>
	<u>712,632</u>	<u>1,638,362</u>	<u>2,350,994</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 721,710</u>	<u>\$ 1,638,362</u>	<u>\$ 2,360,072</u>

The accompanying notes are an integral part of these financial statements.

**Town of St Leo, Florida**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**Governmental Funds**  
**September 30, 2019**

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Fund Balances - Governmental Funds		\$ 2,350,994
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds

	\$ 849,800		
Governmental capital assets			
Less accumulated depreciation	<u>(385,925)</u>		463,875

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

	<u>(9,798)</u>		<u>(9,798)</u>
Compensated absences (Long-term Portion)			

		<u>\$ 2,805,071</u>
Net Position - Governmental Activities		

**Town of St. Leo, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended September 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>
<b>Revenues</b>			
Taxes	\$ 51,153	\$ -	\$ 51,153
Licenses and Permits	84,884	-	84,884
Intergovernmental	218,676	273,778	492,454
Fines and Forfeits	-	-	-
Investment Income	25,032	-	25,032
Miscellaneous	10,566	-	10,566
	<u>390,311</u>	<u>273,778</u>	<u>664,089</u>
Total Revenues			
<b>Expenditures</b>			
Current			
General Government	217,189	-	217,189
Public Safety	97,769	-	97,769
Physical Environment	6,489	-	6,489
Transportation	-	13,294	13,294
Capital Purchases	-	42,606	42,606
	<u>321,447</u>	<u>55,900</u>	<u>377,347</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	68,864	217,878	286,742
<b>Fund Balance</b>			
Beginning of Year	<u>643,768</u>	<u>1,420,484</u>	<u>2,064,252</u>
<b>Fund Balance</b>			
End of Year	<u>\$ 712,632</u>	<u>\$ 1,638,362</u>	<u>\$ 2,350,994</u>

The accompanying notes are an integral part of these financial statements.

**Town of St. Leo, 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, 2019**

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Net change in fund balances - governmental funds \$ 286,742

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

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.

	Expenditures for capital assets	\$ 42,606	
	Less current year depreciation	<u>(32,550)</u>	10,056

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

	Change in compensated absences	(1,679)	<u>(1,679)</u>
	Change in net position of governmental activities		<u>\$ 295,119</u>

## **Notes to the Financial Statements**

**Town of St. Leo, Florida**  
**Notes to the Financial Statements**  
**September 30, 2019**

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**Note 1: Summary of Significant Accounting Policies**

The Town of St. Leo, Florida was incorporated June 4, 1891, under the laws of Florida, Chapter 3957 (No. 111). The town commission consists of five elected members, who, in turn, annually elect one member to serve as mayor. The mayor is the chief executive officer of the Town. The commissioners are entrusted with a public office to which they are elected.

The accounting policies of the Town conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of these accounting policies are summarized below.

**A. Defining the Financial Reporting Entity:**

In accordance with Governmental Accounting Standards Board Statement Number 14, the financial reporting entity includes the primary government, organizations for which the primary government is financially accountable and other organizations which, if excluded, would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority to an organization's board, either displaying the ability to impose its will on that organization or the possibility that the organization will impose, or provide a financial burden or benefit to the primary government.

The Town has no such organizations to include.

**B. Governmental Accounting Standards Board Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments:**

The Town implemented the provisions of Statement Number 34 for the fiscal year ending September 30, 2004, which established new financial reporting requirements for state and local governments. The Statement established specific standards for the basic financial statements, management's discussion and analysis (MD&A), and certain required supplementary information. As part of this Statement, there were new reporting requirements regarding infrastructure (land, buildings, and equipment, etc.). All major general assets that were acquired or significantly reconstructed, or that received significant improvements, in fiscal years ending after June 30, 1980, are required to be retroactively reported and all newly acquired or improved infrastructure assets must be prospectively reported effective as of the date of implementation of this statement.

The basic financial statements include both government-wide and fund financial statements. The government-wide statements are presented using a full accrual, economic resource basis, which incorporates long-term assets and receivables and long-term liabilities. Governmental activities include the General Fund and the Special Revenue Fund. The Town has no business-type activities.

**Town of St. Leo, Florida**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

**B. Governmental Accounting Standards Board Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: (Continued)**

The government-wide Statement of Activities reports the gross and net cost for the Town that is supported by general government revenue. The expenditures for the category are reduced by program revenues to ascertain the net costs for that function. Program revenues are defined as charges for services, operating grants and capital grants that specifically relate to a specific program function. Charges for services include revenues arising from charges to customers or applicants who purchase, use, or directly benefit from the goods, services or privileges provided. Operating grants and capital grants consist of revenues received from other governments, organizations, or individuals that are specifically attributable to a program and are restricted for either operating expenditures/expenses or capital expenditures/expenses associated with a specific program.

The fund financial statements are very similar to the financial statements presented in the previous model. The emphasis in the new model is on major funds. All funds maintained by the Town are considered major funds in accordance with the new reporting model requirements and are reported in the General Fund.

**C. Measurement Focus:**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The measurement focus is the determination of financial position and sources and uses of resources, rather than net income determination.

**D. Fund Accounting:**

The Town organizes its accounting system on the basis of funds.

The funds utilized by the Town are governmental funds and consist of the General Fund and the Special Revenue Fund.

Governmental Funds

General Fund

The General Fund accounts for the general activities of the Town of St. Leo, Florida and finances those activities not otherwise designated to be recorded and financed separately.

Special Revenue Fund

The Special Revenue Fund accounts for proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

**Town of St. Leo, Florida**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

**E. Basis of Accounting:**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The government-wide financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis of accounting.

Under the modified accrual basis, revenues are recognized in the accounting period when they become measurable and available (susceptible to accrual). Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. The Town defines the length of time used or available for purposes of revenue recognition as 60 days. Revenues that are susceptible to accrual include franchise fees, special assessments, interest revenue, state revenue sharing entitlements, and intergovernmental grants. Expenditures are recorded at the time the related fund liabilities are incurred. Debt service expenditures are recorded only when payment is due.

Under the accrual basis, revenues are recognized in the period when earned and expenditures are recognized in the period when incurred.

**F. Budgets and Budgetary Accounting:**

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

- a. The Clerk submits to the Town Council a proposed operating budget for the ensuing fiscal year. It contains proposed expenditures and the means to finance them, including a proposed property tax millage.
- b. Public hearings are conducted to obtain taxpayer comments on the proposed budget and property tax millage rate.
- c. The budget and property tax millage are approved by the Council in September.
- d. Annual budgets are adopted for the General Fund and the Special Revenue Fund.
- e. The Council must approve budget amendments that affect revenue accounts or appropriations. Expenditures may not exceed legal appropriations. Appropriations lapse at year-end. No formal budget adjustments were made during the year.
- f. Formal budgetary integration is employed as a management control device during the year for the Governmental Funds.
- g. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles.



**Town of St. Leo, Florida**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

**G. Assets, Liabilities, and Fund Equity:**

Cash and Investments:

Authorized investments include the Local Government Surplus Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission registered money market funds with the highest quality rating from a nationally recognized rating agency; interest bearing time deposits on savings accounts in qualified public depositories, as defined in S.280.02; and direct obligations of the U.S. Treasury. Securities shall be invested to provide sufficient liquidity to pay obligations as they come due.

Cash includes amounts in demand deposit accounts and certificate of deposit accounts with Federal or State Chartered Banks. All deposits are covered by collateral pledged with the State Treasurer by the applicable banks. This is done in compliance with Section 280, Florida Statutes, which provides that in the event of a default by any participating bank or savings and loan association, all participating banks and savings and loan associations throughout the State would be obliged to reimburse the Town for any loss.

Property Taxes:

Under Florida Law, the assessment of all properties and the collection of all Town property taxes are consolidated in the offices of the Pasco County Property Appraiser and Pasco County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit Towns to levy property taxes at a rate of up to 10 mills. The millage rate in effect for the fiscal year ended September 30, 2019 was .700 mills.

The tax levy of the Town is established by the Commissioners prior to October 1 of each year. The Pasco County Property Appraiser incorporates the millages into the total tax levy, which includes the tax requirements of the county, independent districts and the Pasco County School Board.

All property is reassessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Pasco County Tax Collector. All unpaid taxes become delinquent on April 1 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. The taxes paid in March are without discount. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by Pasco County.

**Town of St. Leo, Florida**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

**G. Assets, Liabilities, and Fund Equity: (Continued)**

Capital Assets:

Capital assets acquired or constructed in excess of \$750 are capitalized at historical cost. Donated assets are recorded at fair market value as of the date received. Additions, improvements, and other capital outlays that extend the useful life of an asset are capitalized. Other costs incurred for repair and maintenance are expensed as incurred. Depreciation is provided using the straight-line method. The estimated useful lives of the various classes of depreciable assets are as follows:

ASSETS	YEARS
Buildings and Improvements	40
Equipment	7 - 10
Infrastructure/Streets	20

Compensated Absences:

Annual vacation accruals vary based on years of service. The maximum number of annual leave hours that an employee may accrue is 160 hours.

Medical leave accumulates at the rate of 1 day for each month worked with a maximum accumulation of 480 hours. Payment for unused medical leave will be made at termination of employment for one half of the hours accumulated. A provision for accumulated absences, related payroll taxes and retirement has been made in the financial statements as of September 30, 2019. Upon termination, an employee shall be paid for the unused portion of accumulated vacation leave.

Net Position:

The government-wide financial statements utilize a net position presentation. Net position is presented in three components - invested capital assets (net of related debt), restricted and unrestricted.

**Town of St. Leo, Florida**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

**G. Assets, Liabilities, and Fund Equity: (Continued)**

Net Position (continued):

- Invested in Capital assets (net of related debt) - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.
- Restricted - This component consists of net assets that have constraints placed on them either externally by third parties (creditors, grantors, and contributors) or by law through constitutional provisions of enabling legislation. The Town would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use of these funds.
- Unrestricted - This component consists of net assets that do not meet the definition of invested in capital assets, net of related debt and restricted. Designations of net assets made by the Town's management are included in this component because these types of constraints are internal and management can remove or modify them.

Fund Balances:

In the fund financial statements, fund balance for governmental funds (general fund and special revenue fund) is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Under GASB 54 requirements, fund balance is reported in five possible components – nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable - This component 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.

Restricted - This component includes amounts reported as restricted when constraints placed on the use of the resources are 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 - This component includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Such amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

**Town of St. Leo, Florida**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

Fund Balances (continued):

Assigned - This component is used to report the government's intent to use the amount for a specific purpose, but is neither restricted nor committed.

Unassigned - This component is the residual classification for the general fund. This amount 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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, the unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed.

**H. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**I. Management Evaluation of Subsequent Events:**

Management has evaluated subsequent events through December 20, 2019, the date the financial statements were available to be issued.

**Note 2: Cash on Deposit**

The Town maintains demand deposit and time deposit relationships with various banks in the area.

These deposits are covered by FDIC insurance or collateral pledged with the State Treasurer by the applicable banks. This is done in compliance with Section 280, Florida Statutes, which provides that in the event of a default by any such bank or savings and loan association, all participating banks and savings and loan associations throughout the State would be obligated to reimburse the government for any loss.

**Note 3: Investments**

Florida statutes authorize the government to invest in the Local Government Surplus Trust Fund, obligations of the U.S. Treasury, direct interest-bearing time deposits held in Federal or State Chartered banks and savings and loan associations doing business in Florida, provided that such deposits are secured by collateral as may be prescribed, and Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency. The Town does not have additional investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Town of St. Leo, Florida**  
**Notes to the Financial Statements**  
**September 30, 2019**

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**Note 3: Investments (Continued)**

At the end of the year, the government's investment balances were as follows:

Bank Issued Certificates of Deposit (See note 2)	\$ 1,409,708
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**Note 4: Changes in Capital Assets**

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

	Beginning Balance 10/1/2018	Additions/ Transfers In	Deletions/ Transfers Out	Ending Balance 9/30/2019
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land & Improvements	\$ 30,436	\$ -	\$ -	\$ 30,436
Total assets not being depreciated:	30,436	-	-	30,436
Other capital assets:				
Buildings & Improvements	214,475	30,241	-	244,716
Equipment	85,551	5,516	-	91,067
Infrastructure	476,733	6,848	-	483,581
Total capital assets at historical cost	776,759	42,605	-	819,364
Less accumulated depreciation for:				
Buildings & Improvements	86,477	7,952	-	94,429
Equipment	44,968	5,291	-	50,259
Infrastructure	221,930	19,307	-	241,237
Total accumulated depreciation	353,375	32,550	-	385,925
Other capital assets, net	423,384	10,055	-	433,439
Governmental activities				
Capital assets, net	\$ 453,820	\$ 10,055	\$ -	\$ 463,875

**Town of St. Leo, Florida**  
**Notes to the Financial Statements**  
**September 30, 2019**

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**Note 4: Changes in Capital Assets (Continued)**

Depreciation expense was charged to the governmental activities as follows:

Governmental activities	
General Government	\$ 13,243
Public Works	<u>19,307</u>
Total	<u><u>\$ 32,550</u></u>

**Note 5: Deferred Compensation Plan**

The Town, as employer, has adopted a deferred compensation plan for all eligible employees under IRC sec. 457. The plan is provided under The Florida Municipal Pension Trust Fund Master Agreement administered by the Florida League of Cities, Inc., and is a defined contribution plan.

The Town has elected to contribute 4% of the eligible employee's compensation to the trust. For the year ended September 30, 2019, the Town made its full required contribution amount of \$2,625. The funds are held in trust for the exclusive benefit of participating employees and are not accessible by the government or its creditors.

**Note 6: 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; injuries to employees; and natural disasters. The Town has purchased commercial insurance coverage as its way of managing these areas of risk of loss.

**Note 7: Commitments**

The Town contracts annually with the Pasco County Sheriff to provide police protection. The contract during this fiscal year required monthly payments of \$7,990.

## **Required Supplemental Information**

**Town of St. Leo, Florida**  
**General Fund**  
**Statement of Revenues – Budget and Actual**  
**For the Year Ended September 30, 2019**

	Actual	Original & Final Budget	Variance Favorable (Unfavorable)
<b>Taxes</b>			
Property Taxes	\$ 6,411	\$ 6,954	\$ (543)
Utility Service Tax	32,814	27,500	5,314
Communications Tax	11,407	13,618	(2,211)
Local Business Tax	521	200	321
Total Taxes	<u>51,153</u>	<u>48,272</u>	<u>2,881</u>
<b>Licenses and Permits</b>			
Franchise Fees	71,542	65,700	5,842
Building Permits	1,054	1,000	54
Application and Review	12,270	11,000	1,270
Total Licenses and Permits	<u>84,866</u>	<u>77,700</u>	<u>7,166</u>
<b>Intergovernmental</b>			
Half-Cent Sales Tax	98,290	96,932	1,358
State Revenue Sharing	111,573	117,070	(5,497)
Alcoholic Beverage Tax	769	769	-
Business Tax - County	883	600	283
County Mobile Home License	79	34	45
CDBG Grant	2,754	2,898	(144)
Other State Grants	4,328	4,328	-
Total Intergovernmental	<u>218,676</u>	<u>222,631</u>	<u>(3,955)</u>
<b>Fines and Forfeits</b>			
Court Fees	-	20	(20)
Investment Income - Interest	25,032	9,000	16,032
Investment Income - Gain (Loss)	-	-	-
Total Investment Income	<u>25,032</u>	<u>9,000</u>	<u>16,032</u>
Other Miscellaneous	10,584	150	10,434
Surplus Budgeted	-	(80,329)	80,329
Amounts Available for Appropriation	<u>\$390,311</u>	<u>\$ 277,444</u>	<u>\$ 112,867</u>



**Town of St. Leo, Florida**  
**General Fund**  
**Statement of Expenditures**  
**Budget and Actual – Detail Data**  
**For the Year Ended September 30, 2019**

	<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Charges to Appropriations (Outflows)			
General Government			
Town Council			
Operating Expenditures			
Auditing	\$ 8,060	\$ 8,169	\$ 109
Accounting Outsourced	1,982	1,980	(2)
Town Hall Cleaning/Mowing	1,720	1,680	(40)
Travel	2,853	2,500	(353)
Telephone	2,757	2,580	(177)
Utilities	2,002	2,400	398
Insurance	11,333	10,763	(570)
Repairs and Maintenance	2,316	2,000	(316)
Advertising	1,844	2,000	156
All Other	1,561	3,000	1,439
Operating Supplies	11,197	9,000	(2,197)
Office Supplies	2,700	2,500	(200)
Postage	624	700	76
Subscriptions/Memberships	3,754	3,000	(754)
Training	2,082	2,000	(82)
Total Town Council	<u>56,785</u>	<u>54,272</u>	<u>(2,513)</u>
Administration - General			
Personnel Services			
Salaries and Wages	77,067	79,299	2,232
FICA Taxes	5,910	6,066	156
Life and Health Insurance	22,099	25,000	2,901
Retirement	2,625	2,831	206
Workers Compensation Ins	-	-	-
Solid Waste Fee	62	65	3
Total Administrative	<u>107,763</u>	<u>113,261</u>	<u>5,498</u>
City Attorney			
Operating Expenditures			
Contracted Legal Services	27,243	26,000	(1,243)
Comprehensive Planning			
Operating Expenditures			
Contracted Services	24,064	16,500	(7,564)
Codification of Ordinances	1,334	2,000	666
Comprehensive Plan	-	2,898	2,898
Total Comp Planning	<u>25,398</u>	<u>21,398</u>	<u>(4,000)</u>
Total General Government	<u>\$ 217,189</u>	<u>\$ 214,931</u>	<u>\$ (2,258)</u>

**Town of St. Leo, Florida**  
**General Fund**  
**Statement of Expenditures**  
**Budget and Actual – Detail Data (Continued)**  
**For the Year Ended September 30, 2019**

	<u>Actual</u>	<u>Original &amp; Final Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Public Safety			
Police Department			
Operating Expenditures			
Contracted Services	\$ 86,886	\$ 95,065	\$ 8,179
Fire Services			
Operating Expenditures			
Contracted Services	9,975	12,000	2,025
Animal Control			
Operating Expenditures			
Other	908	985	77
Total Public Safety	<u>97,769</u>	<u>108,050</u>	<u>10,281</u>
Physical Environment			
Garbage/Solid Waste Control/Other			
Operating Expenditures			
Contracted Services	5,749	5,600	(149)
Conservation and Resource Mgt	740	880	140
Stormwater Project	-	-	-
Total Physical Environment	<u>6,489</u>	<u>6,480</u>	<u>(9)</u>
Total Expenditures	<u>\$ 321,447</u>	<u>\$ 329,461</u>	<u>\$ 8,014</u>

**Town of St. Leo, Florida**  
**Special Revenue Fund**  
**Statement of Revenues and Expenditures-Budget and Actual**  
**For the Year Ended September 30, 2019**

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	Actual	Original & Final Budget	Variance Favorable (Unfavorable)
Intergovernmental Revenues			
State 8 Cent Gasoline Tax	\$ 33,290	\$ 35,088	\$ (1,798)
County 6 Cent Gasoline Tax	3,160	3,068	92
Road Impact Fees	-	-	-
Local Government Infrastructure	237,328	241,861	(4,533)
Total Intergovernmental	273,778	280,017	(6,239)
Amounts Available for Appropriation	273,778	280,017	(6,239)
 Expenditures			
Transportation Expenditures			
Lighting & Contracted Services	3,962	5,000	1,038
Right of Way Maintenance Etc	330	500	170
Impact Fees Expenditures	9,002	9,000	(2)
Transportation Expenditures	13,294	14,500	1,206
Capital Expenditures	42,606	213,500	170,894
Amounts Charged to Appropriations	55,900	228,000	172,100
Revenues in Excess of Expenditures	\$ 217,878	\$ 52,017	\$ 165,861

OTHER REPORTS  
AND  
MANAGEMENT LETTER



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MBA, CPA, CVA, Partner    Zephyrhills, FL 33542  
Marci Reutimann    📞 (813) 788-2155  
CPA, Partner    📠 (813) 782-8606

**Report on Compliance and on Internal Control Over  
Financial Reporting on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

December 20, 2019

Honorable Town Council  
Town of St. Leo  
St. Leo, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of St. Leo, Florida (the Town), as of and for the year ended September 30, 2019, which collectively comprise the Town of St. Leo, Florida's basic financial statements and have issued our report thereon dated December 20, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of St. Leo, Florida's financial statements are free of 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*.

This report is intended solely for the information and use of management, Town Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Baggett, Reutimann & Associates, CPAs PA*  
**BAGGETT, REUTIMANN & ASSOCIATES, CPAs, PA**  
Signed Electronically by Baggett, Reutimann & Associates, CPAs PA, CN: J8183 email: [jul@baggettpa.com](mailto:jul@baggettpa.com)

## MANAGEMENT LETTER

December 20, 2019  
Honorable Town Council  
Town of St. Leo  
St. Leo, Florida

We have audited the financial statements of the Town of St. Leo, Florida (the Town), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated December 20, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, dated December 20, 2019, which should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

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 significant findings and recommendations made in the preceding annual financial audit report. There were no such findings or recommendations made in the preceding report.

Section 10.554(1)(i)2, Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3, Rules of the Auditor General, requires that we address in the management letter any findings or recommendations to improve financial management, accounting procedures, and internal controls. We have made no findings or recommendations.

Section 10.554(1)(i)4, Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5, Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we discovered no instances of violations of rules that are required to be reported.

Section 10.554(1)(i)7a, Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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.

Sections 10.554(1)(i)7c and 10.556(7), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management.

This management letter is intended for the information of Town Council, management, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this letter is a matter of public record and its distribution is not limited.

*Baggett, Reutimann & Associates, CPAs PA*  
**BAGGETT, REUTIMANN & ASSOCIATES, CPAs, PA**  
Signed Electronically by Baggett, Reutimann & Associates, CPAs PA, CN: JR183 email: [jrd@baggetcpa.com](mailto:jrd@baggetcpa.com)



**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

December 20, 2019

Honorable Town Council  
Town of St. Leo  
St. Leo, Florida

We have examined the Town of St. Leo, Florida (the Town) compliance with Section 218.415, Florida Statutes regarding the investment of public funds during the period ended September 30, 2019, as required by Section 10.556, Rules of the Auditor General. 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 (AICPA) and accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of 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 Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Town, its management, and is not intended to be and should not be used by anyone other than these specified parties. However, this letter is a matter of public record and its distribution is not limited.

*Baggett, Reutimann & Associates, CPAs PA*  
**BAGGETT, REUTIMANN & ASSOCIATES, CPAs, PA**  
Signed Electronically by Baggett, Reutimann & Associates, CPAs PA, CN: JRB3 email: [jrb@baggett.com](mailto:jrb@baggett.com)