

CITY OF WALDO, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2019

CITY OF WALDO, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2019

TABLE OF CONTENTS

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

CITY OF WALDO, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2019

TABLE OF CONTENTS

	PAGE NO.
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	43 - 46
Notes to Required Supplementary Information	47
OTHER INFORMATION	
Proprietary Fund	
Schedule of Net Position by Function	49
Schedule of Revenues, Expenditures and Changes in Net Position by Function	50
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards and State Financial Assistance	52
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	53
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54 - 55
Management Letter	56
Independent Accountant's Report	57
Communication with Those Charged with Governance	58 - 59

INTRODUCTORY SECTION

CITY OF WALDO, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2019

MAYOR

Louie Davis

CITY COUNCIL

**Carolyn Wade,
Council Chairman**

**Irvin Jackson,
Council Vice-Chairman**

Chuck Hall

Glen Johnson

Rick Pisano

CITY CLERK/MANAGER

Kim Worley

CITY ATTORNEY

John McPherson

FINANCIAL SECTION



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

1359 S.W. Main Blvd.
Lake City, Florida 32025
386 / 755-4200
Fax: 386 / 719-5504
admin@powellandjonescpa.com

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Waldo, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

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

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2020, on our consideration of the City of Waldo, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waldo, Florida's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accountants
June 1, 2020

CITY OF WALDO, FLORIDA
Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the City of Waldo's (City) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

The City implemented Government Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement requires governmental entities to report finances in accordance with specific guidelines. Among these guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as public works, parks and recreation, human services, community development, public safety, and general governmental administration. The City's water, sewer, and solid waste management services are reported as business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the City owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long reported capital assets and long-term liabilities. Also, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses gross and net costs of the City's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on governmental and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City has one major governmental fund which is the general fund. Statements for the City's proprietary fund follow the governmental fund statements and include net position, revenue, expenses and changes in net position, and cash flows.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.

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

City as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position follows:

Net Position at September 30, 2019 and 2018

	Governmental Activities	Business-type Activities	Total Government	
			2019	2018
Assets				
Cash and investments	\$ 1,576,273	\$ 565,568	\$ 2,141,841	\$ 1,805,046
Other assets	61,478	168,987	230,465	371,354
Capital assets, net	7,035,727	6,199,387	13,235,114	13,548,141
Total assets	8,673,478	6,933,942	15,607,420	15,724,541
Liabilities				
Current liabilities	22,702	314,193	336,895	359,144
Long-term liabilities	22,423	2,193,094	2,215,517	2,263,038
Total liabilities	45,125	2,507,287	2,552,412	2,622,182
Net position				
Net investment in capital assets	7,035,727	3,962,387	10,998,114	11,261,141
Restricted	38,221	102,212	140,433	146,187
Unrestricted	1,632,726	362,056	1,994,782	1,695,031
Total net position	\$ 8,706,674	\$ 4,426,655	\$ 13,133,329	\$ 13,102,359

83.7% of the City's net position reflect its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted assets of \$140,433 consist of earmarked funds as reserves for debt service and police training. The remaining balance of unrestricted net position \$1,994,782 may be used to meet the City's ongoing obligations to citizens and creditors.

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

A condensed version of the Statement of Activities follows:

**Change in Net Position
For the Fiscal Year ended September 30, 2019 and 2018**

	Governmental	Business-type	Total Government	
	Activities	Activities	2019	2018
Revenues				
Program revenues				
Charges for services	\$ 17,207	\$ 554,709	\$ 571,916	\$ 555,048
Grants and contributions	42,137	241,327	283,464	95,995
General revenues				
Taxes	471,011	-	471,011	454,782
Franchise fees	57,569	-	57,569	55,133
Fines and forfeitures	5,098	-	5,098	5,751
Licenses	14,577	-	14,577	12,171
State shared revenues	110,165	-	110,165	103,953
Interest and other	92,756	36,698	129,454	53,415
Total revenues	810,520	832,734	1,643,254	1,336,248
Expenses				
General government	479,265	-	479,265	356,360
Public safety	8,795	-	8,795	7,655
Transportation	157,053	-	157,053	149,731
Culture/recreation	52,867	-	52,867	47,633
Interest on long-term debt	-	49,510	49,510	49,489
Water, sewer, and garbage services	-	864,794	864,794	584,570
Total expenses	697,980	914,304	1,612,284	1,195,438
Other Financing Sources				
Donation of building	-	-	-	6,656,800
Total other financing sources	-	-	-	6,656,800
Change in net position	112,540	(81,570)	30,970	6,797,610
Beginning net position	8,594,134	4,508,225	13,102,359	6,304,749
Ending net position	\$ 8,706,674	\$ 4,426,655	\$ 13,133,329	\$ 13,102,359

Governmental activities:

Taxes provided 58% of the revenues for Governmental Activities, state shared revenues provided 14%, while Grants and Contributions provided 5%. Most of the Governmental Activities resources are spent for, General Government (69%), Transportation (23%), and Culture/recreation (8%).

Business-type activities:

Business-type activities decreased the City's net position by \$81,570.

Budgetary Highlights

In the General Fund budgeted revenue amounts were less than actual revenue amounts by \$86,537, and budgeted expenditures amounts were less than actual expenditures by \$91,206.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2019, the City had \$13,235,114 invested in capital assets, including park and recreation facilities, buildings, roads, bridges and water and sewer facilities.

Capital Assets at September 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 54,724	\$ 54,724	\$ 36,453	\$ 36,453	\$ 91,177	\$ 91,177
CIP	38,250	38,250	21,500	21,500	59,750	59,750
Buildings and improvemen	7,358,132	7,323,892	8,529,447	8,521,220	15,887,579	15,845,112
Equipment	247,256	187,766	189,062	177,077	436,318	364,843
Subtotal	7,698,362	7,604,632	8,776,462	8,756,250	16,474,824	16,360,882
Accumulated depreciation	(662,635)	(452,414)	(2,577,075)	(2,360,328)	(3,239,710)	(2,812,742)
Capital assets, net	<u>\$7,035,727</u>	<u>\$7,152,218</u>	<u>\$ 6,199,387</u>	<u>\$6,395,922</u>	<u>\$13,235,114</u>	<u>\$13,548,140</u>

Donated Building

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

Debt Outstanding

At year-end, the City had \$2,277,689 in debt outstanding versus \$2,338,821 last year, a decrease of \$61,132.

Debt Outstanding at September 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Bonds payable	\$ -	\$ -	\$ 2,237,000	\$ 2,287,000	\$ 2,237,000	\$ 2,287,000
Due to other governmental units	-	15,771	-	-	-	15,771
Compensated absences	29,898	26,560	10,791	9,490	40,689	36,050
Total	<u>\$ 29,898</u>	<u>\$ 42,331</u>	<u>\$ 2,247,791</u>	<u>\$ 2,296,490</u>	<u>\$ 2,277,689</u>	<u>\$ 2,338,821</u>

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

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The current unemployment rate for the City was 3.2%, which is the approximate Alachua County rate.
- The population of the City in 2019 is estimated to be 1,029 by the United States Census Bureau.
- The City's ad valorem tax rate for 2019 was 7.5180 mills, which was the same as the 2018 rate of 7.5180 mills.

Financial Contact

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

CITY OF WALDO, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash	\$ 1,538,052	\$ 356,724	\$ 1,894,776
Accounts receivable	17,801	168,987	186,788
Prepaid expenses	33,409	-	33,409
Internal balances	78,321	(78,321)	-
Due from state	9,993	-	9,993
Due from other governmental units	275	-	275
Total current assets	1,677,851	447,390	2,125,241
Restricted assets			
Cash	38,221	88,766	126,987
Investments	-	120,078	120,078
Total restricted assets	38,221	208,844	247,065
Non-current assets			
Capital assets - net	7,035,727	6,199,387	13,235,114
Total non-current assets	7,035,727	6,199,387	13,235,114
Total assets	\$ 8,751,799	\$ 6,855,621	\$ 15,607,420
LIABILITIES			
Current liabilities (payable from current assets)			
Payroll liabilities	\$ 898	\$ 125	\$ 1,023
Accounts payable	9,486	121,699	131,185
Unearned revenue	585	-	585
Rental deposits	4,150	-	4,150
Compensated absences	7,475	2,697	10,172
Total current liabilities (payable from current assets)	22,594	124,521	147,115
Current liabilities (payable from restricted assets)			
Accrued interest payable	-	4,050	4,050
Sales tax payable	108	-	108
Bonds payable, current portion	-	52,000	52,000
Deposits	-	55,301	55,301
Total current liabilities (payable from restricted assets)	108	111,351	111,459

(continued)

CITY OF WALDO, FLORIDA
STATEMENT OF NET POSITION
September 30, 2019

Long-term liabilities			
Bonds payable, long-term portion	-	2,185,000	2,185,000
Compensated absences	22,423	8,094	30,517
Total long-term liabilities	<u>22,423</u>	<u>2,193,094</u>	<u>2,215,517</u>
Total liabilities	<u>45,125</u>	<u>2,428,966</u>	<u>2,474,091</u>
NET POSITION			
Net investment in capital assets	7,035,727	3,962,387	10,998,114
Restricted, debt service	-	102,212	102,212
Restricted, police training	38,221	-	38,221
Unrestricted	1,632,726	362,056	1,994,782
Total net position	<u>\$ 8,706,674</u>	<u>\$ 4,426,655</u>	<u>\$ 13,133,329</u>

See notes to financial statements.

**CITY OF WALDO, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2019**

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position		
					Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities							
General government	\$ 479,265	\$ -	\$ -	\$ 3,887	\$ (475,378)	\$ -	\$ (475,378)
Public safety	8,795	-	-	-	(8,795)	-	(8,795)
Transportation	157,053	15,682	-	-	(141,371)	-	(141,371)
Culture/recreation	52,867	1,525	-	38,250	(13,092)	-	(13,092)
Total governmental activities	697,980	17,207	-	42,137	(638,636)	-	(638,636)
Business-type activities							
Water services	107,395	175,055	-	241,327	-	308,987	308,987
Sewer services	684,782	296,121	-	-	-	(388,661)	(388,661)
Solid waste	72,617	83,533	-	-	-	10,916	10,916
Interest on long-term debt	49,510	-	-	-	-	(49,510)	(49,510)
Total business-type activities	914,304	554,709	-	241,327	-	(118,268)	(118,268)
Total government	\$ 1,612,284	\$ 571,916	\$ -	\$ 283,464	(638,636)	(118,268)	(756,904)
General revenues							
					196,879	-	196,879
					177,898	-	177,898
					135,103	-	135,103
					18,700	-	18,700
					14,577	-	14,577
					5,098	-	5,098
					110,165	-	110,165
					50,479	-	50,479
					26,673	5,078	31,751
					15,604	31,620	47,224
Total general revenues					751,176	36,698	787,874
Change in net position					112,540	(81,570)	30,970
Net position - beginning					8,594,134	4,508,225	13,102,359
Net position - ending					\$ 8,706,674	\$ 4,426,655	\$ 13,133,329

See notes to financial statements.

CITY OF WALDO, FLORIDA

**GOVERNMENTAL FUNDS
BALANCE SHEET**

September 30, 2019

	<u>General Fund</u>
ASSETS	
Cash	\$ 1,576,273
Accounts receivable	17,801
Due from state	9,993
Due from other funds	78,321
Due from other governmental units	275
Prepaid expenses	33,409
Total assets	<u><u>\$ 1,716,072</u></u>
LIABILITIES	
Accrued liabilities	\$ 898
Accounts payable	9,486
Unearned revenue	585
Rental deposits	4,150
Due to other governmental units	108
Total liabilities	<u><u>15,227</u></u>
FUND BALANCES	
Non-spendable - prepaids	33,409
Restricted - police training	38,221
Unassigned	1,629,215
Total fund balances	<u><u>1,700,845</u></u>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	7,035,727
Long-term liabilities are not due in the current period and, therefore, are not reported in the funds.	(29,898)
Net position of governmental activities	<u><u>\$ 8,706,674</u></u>

See notes to financial statements.

CITY OF WALDO, FLORIDA

**GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2019**

	<u>General Fund</u>
REVENUES	
Taxes	\$ 471,011
Franchise fees	57,569
Licenses and permits	14,577
Intergovernmental	152,302
Charges for services	17,207
Fines and forfeitures	5,098
Miscellaneous	92,756
Total revenues	<u>810,520</u>
EXPENDITURES	
Current expenditures	
General government	302,812
Public safety	24,566
Transportation	135,771
Culture/recreation	37,043
Capital outlay	
General government	93,730
Total expenditures	<u>593,922</u>
Excess of revenues over expenditures	216,598
Net change in fund balance	216,598
Fund balance at beginning of year	1,484,247
Fund balance at end of year	<u>\$ 1,700,845</u>

See notes to financial statements.

CITY OF WALDO, FLORIDA

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

For the Fiscal Year Ended September 30, 2019

Net change in fund balance - total governmental funds		\$ 216,598
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Expenditures for capital assets	93,730	
Less current year depreciation	<u>(210,221)</u>	
		(116,491)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds.		
Net decrease in due to other governmental units		15,771
Net (increase) in compensated absences		<u>(3,338)</u>
Change in net position of governmental activities		<u>\$ 112,540</u>

See notes to financial statements.

**CITY OF WALDO, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 For the Fiscal Year Ended September 30, 2019**

	<u>Enterprise Fund</u>
ASSETS	
Current assets	
Cash	\$ 356,724
Accounts receivable	168,987
Total current assets	525,711
Restricted assets	
Cash	88,766
Investments	120,078
Total restricted assets	208,844
Noncurrent assets	
Fixed assets	
Property and equipment	8,776,462
Accumulated depreciation	(2,577,075)
Total noncurrent assets	6,199,387
Total assets	\$ 6,933,942
LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities (payable from current assets)	
Accounts payable	\$ 121,699
Payroll liabilities	125
Due to other funds	78,321
Compensated absences	2,697
Total current liabilities (payable from current assets)	202,842
Current liabilities (payable from restricted assets)	
Accrued interest payable	4,050
Bonds payable, current portion	52,000
Deposits	55,301
Total current liabilities (payable from restricted assets)	111,351
Long-term liabilities	
Compensated absences	8,094
Bonds payable, long-term portion	2,185,000
Total long-term liabilities	2,193,094
Total liabilities	2,507,287
(continued)	

**CITY OF WALDO
PROPRIETARY FUND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

NET POSITION

Net investment in capital assets	3,962,387
Restricted, debt service	102,212
Unrestricted	362,056
Total net position	<u>4,426,655</u>
Total liabilities and net position	<u>\$ 6,933,942</u>

See notes to financial statements.

CITY OF WALDO, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND**

For the Fiscal Year Ended September 30, 2019

OPERATING REVENUES	<u>Enterprise Fund</u>
Physical environment	
Turn on fees water	\$ 5,260
Water utility revenue	169,795
Garbage/solid waste revenue	83,533
Sewer revenue	296,121
Late charges	10,718
Other revenue	20,902
Total operating revenues	<u>586,329</u>
OPERATING EXPENSES	
Water services	
Personnel services	52,440
Operating expenses	39,368
Depreciation	15,588
Total water services	<u>107,395</u>
Sewer services	
Personnel services	78,659
Operating expenses	404,963
Depreciation	201,159
Total sewer services	<u>684,782</u>
Solid waste services	
Contractual services	72,617
Total solid waste services	<u>72,617</u>
Total operating expenses	<u>864,794</u>
Operating loss	<u>(278,465)</u>
NONOPERATING REVENUES (EXPENSES)	
Grant revenue	241,327
Interest earnings	5,078
Interest expense	(49,510)
Total nonoperating revenues (expenses)	<u>196,895</u>
Net loss	(81,570)
Net position, beginning of year	<u>4,508,225</u>
Net position, end of year	<u>\$ 4,426,655</u>

See notes to financial statements.

CITY OF WALDO, FLORIDA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2019

	<u>Enterprise Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 464,408
Cash paid to employees and benefits	(131,616)
Cash paid to suppliers	(412,589)
Net cash used in operating activities	(79,797)
 Cash flow from non-capital financing activities	
Transfers from other funds	264,024
Net cash provided by non-capital financing activities	264,024
 Cash flows from capital related financing activities:	
Purchases of fixed assets	(6,279)
Proceeds from capital grants	251,021
Principal payments	(50,000)
Interest payments	(49,598)
Net cash provided by capital and related financing activities	145,144
 Cash flows from investing activities	
Investment income	5,078
Net cash provided by investing activities	5,078
 Net increase in cash	334,449
 Cash and cash equivalents at beginning of year	231,119
Cash and cash equivalents at end of year	\$ 565,568
 Cash as shown in financial statements	
Cash	\$ 356,724
Restricted cash	88,766
Restricted investments	120,078
	\$ 565,568

See notes to financial statements.

CITY OF WALDO, FLORIDA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
RECONCILIATION OF OPERATING LOSS TO NET CASH
USED BY OPERATING ACTIVITIES
For the Fiscal Year Ended September 30, 2019

	<u>Enterprise Fund</u>
Operating loss	\$ (289,386)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	213,736
Changes in assets decrease (increase) and liabilities (decrease) increase:	
Accounts receivable, net	(109,256)
Prepaid expenses	1,174
Accounts payable	103,184
Customer deposits	1,268
Payroll liabilities	(1,818)
Accrued compensated absences	1,301
Total adjustments	209,589
Net cash used in operating activities	\$ (79,797)

See notes to financial statements.

CITY OF WALDO, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Waldo (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement 34-Basic Financial Statement and Management's Discussion and Analysis – for State and Local Governments. As provided by GASB 34, the City has elected not to report retroactive infrastructure improvements in its financial statements due to the fact that its annual revenues are less than ten million dollars. The City has implemented all other applicable provisions of this Statement.

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

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that the following component unit existed which should be included within the reporting entity.

B. Measurement Focus and Basis of Accounting - The basic financial statements of the City are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from any legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. As applicable, the City also chooses to eliminate the indirect costs between governmental activities to avoid the "doubling up" effect.

2. Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the City's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually, and nonmajor funds in the aggregate for governmental and enterprise funds, as applicable.

Governmental Funds - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the City.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources." Governmental funds operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Any non-current portions of long-term receivables (special assessments) due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds - The City's Water, Sewer and Solid Waste Enterprise Fund is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The City applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

C. Basis of Accounting - GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures, expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The City has used GASB 34 minimum criteria for major fund determination. The City has two major funds as follows:

1. Governmental Major Fund:

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

2. Proprietary Major Fund:

Enterprise Fund - The Enterprise Fund accounts for the revenues, expenses, assets, and liabilities associated with the City operated water, sewer, and solid waste disposal services.

Non-current Governmental Assets/Liabilities:

GASB Statement 34 requires non-current governmental assets, such as land and building, and noncurrent governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide statement of net position.

D. Assets, Liabilities and Net Position or Equity

1. Cash and Investments - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.

2. Cash Equivalents - For purposes of the statement of cash flows, the City considers all highly liquid debt instruments with a maturity of three months or less, excluding money market accounts, to be cash equivalents.

3. Allowance for Doubtful Accounts - As applicable year-to-year, the City provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2019, there were no amounts exceeding 180 days, therefore no allowance for doubtful accounts was reported. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2019.

4. Receivables and Payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for doubtful accounts. Any receivables in excess of 180 days would comprise the trade accounts receivable allowance for doubtful accounts.

- 5. **Inventories** - The costs of governmental and enterprise fund inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any inventory type goods on hand at year end would not be material.
- 6. **Restricted Assets** - Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account, and to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The cash proceeds of enterprise fund customer deposits are also shown as restricted assets. Other restricted assets are classifications by the City Council.

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

- 7. **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the City.
- 8. **Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, right-of-ways, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are generally not reported. Donated capital assets are recorded at estimated fair market value at the date of donations.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

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

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

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

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

11. Accrued Compensated Absences - The City accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.

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

13. Fund Balances/Net Position

A. Governmental Funds

As of September 30, 2019, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purpose because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the City Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's general policy, only the City Council may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of September 30, 2019, fund balances are composed of the following:

	<u>Amount</u>
Non-spendable prepaids:	\$ 33,409
Restricted for:	
Police training	38,221
Unassigned	<u>1,629,215</u>
	<u>\$ 1,700,845</u>

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

B. Proprietary Funds

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

As of September 30, 2019, net position is composed of the following:

	<u>Amount</u>
Net investment in capital assets	\$ 3,962,387
Restricted for debt service	102,212
Unrestricted	<u>362,056</u>
	<u>\$ 4,426,655</u>

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

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position.

“Total fund balances” of the City’s governmental funds \$1,700,845 differs from “net position” of governmental activities \$8,706,674 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 7,698,362
Accumulated depreciation	<u>(662,635)</u>
Total	<u>\$ 7,035,727</u>

Long-term debt transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2019, were:

Accrued compensated absences	<u>(29,898)</u>
Total	<u>\$ (29,898)</u>

CITY OF WALDO, FLORIDA

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

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Net Position
ASSETS				
Cash and investments	\$ 1,576,273	\$ -	\$ -	\$ 1,576,273
Accounts receivable	17,801	-	-	17,801
Due from state	9,993	-	-	9,993
Due from other funds	78,321	-	-	78,321
Due from other governmental units	275	-	-	275
Prepaid expenses	33,409	-	-	33,409
Capital assets - net	-	7,035,727	-	7,035,727
Total assets	<u>\$ 1,716,072</u>	<u>\$ 7,035,727</u>	<u>\$ -</u>	<u>\$ 8,751,799</u>
LIABILITIES AND FUND BALANES				
Liabilities				
Accrued liabilities	\$ 898	\$ -	\$ -	\$ 898
Accounts payable	9,486	-	-	9,486
Unearned revenue	585	-	-	585
Rental deposits	4,150	-	-	4,150
Compensated absences	-	-	29,898	29,898
Due to other governmental units	108	-	-	108
Total liabilities	<u>15,227</u>	<u>-</u>	<u>29,898</u>	<u>45,125</u>
Fund balance/net position	<u>1,700,845</u>	<u>7,035,727</u>	<u>(29,898)</u>	<u>8,706,674</u>
Total liabilities and fund balances/net position	<u>\$ 1,716,072</u>	<u>\$ 7,035,727</u>	<u>\$ -</u>	<u>\$ 8,751,799</u>

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

The “net change in fund balances” for governmental funds \$216,598 differs from the “change in net position” for governmental activities \$112,540 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charges for the year.

Capital outlay	\$ 93,730
Depreciation expense	<u>(210,221)</u>
	<u>\$ (116,491)</u>

Long-term debt transactions

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

Decrease in due to other governmental units	\$ 15,771
Increase in accrued compensated absences	<u>(3,338)</u>
	<u>\$ 12,433</u>

CITY OF WALDO, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities
REVENUES				
Taxes	\$ 471,011	\$ -	\$ -	\$ 471,011
Franchise fees	57,569			57,569
Licenses and permits	14,577	-	-	14,577
Intergovernmental	152,302	-	-	152,302
Charges for Services	17,207	-	-	17,207
Fines and forfeitures	5,098	-	-	5,098
Miscellaneous	92,756	-	-	92,756
Total revenues	<u>810,520</u>	<u>-</u>	<u>-</u>	<u>810,520</u>
EXPENDITURES				
Current expenditures				
General government	302,812	174,533	1,920	479,265
Public safety	24,566	-	(15,771)	8,795
Transportation	135,771	19,864	1,418	157,053
Culture/recreation	37,043	15,824	-	52,867
Capital outlay				
General government	93,730	(93,730)	-	-
Total expenditures	<u>593,922</u>	<u>116,491</u>	<u>(12,433)</u>	<u>697,980</u>
Excess of revenues over expenditures	216,598	(116,491)	12,433	112,540
Net change in fund balance	216,598	(116,491)	12,433	112,540
Fund balance at beginning of year	1,484,247	7,152,218	(42,331)	8,594,134
Fund balance at end of year	<u>\$ 1,700,845</u>	<u>\$ 7,035,727</u>	<u>\$ (29,898)</u>	<u>\$ 8,706,674</u>

NOTE 3. LEGAL COMPLIANCE–BUDGETS

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

1. Prior to September 1, the City Manager develops a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted by the City Council through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund must be approved by the City Council.
5. Budgets for all City funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.

NOTE 4. DEPOSITS AND INVESTMENTS

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

Investments. Under state law, the City is allowed to invest surplus funds in guaranteed obligations of the U.S. government, interest bearing accounts of financial institutions which are legally secured, and the Local Government Surplus Funds Trust Fund. The City’s investments in the amount of \$120,078, consist of certificates of deposits in a qualified depository with original maturities in excess of ninety days. The investments were fully insured at September 30, 2019.

Schedule of Investments at September 30, 2019

Certificates of deposit	<u>\$ 120,078</u>
-------------------------	-------------------

NOTE 5. PROPERTY TAX REVENUES

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2018-2019 fiscal year were levied in October 2018. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Reclassifications/ Deletions	Ending Balance
Governmental activities:				
Capital assets:				
Land	\$ 54,724	\$ -	\$ -	\$ 54,724
CIP	38,250	-	-	38,250
Buildings and improvements	7,323,892	34,240	-	7,358,132
Equipment/vehicles	187,766	59,490	-	247,256
Total fixed assets	<u>7,604,632</u>	<u>93,730</u>	<u>-</u>	<u>7,698,362</u>
Less accumulated depreciation	(452,414)	(210,221)	-	(662,635)
Governmental activities capital assets, net	<u>\$ 7,152,218</u>	<u>\$ (116,491)</u>	<u>\$ -</u>	<u>\$ 7,035,727</u>
Business-type activities:				
Land	\$ 36,453	\$ -	\$ -	\$ 36,453
CIP	21,500	-	-	21,500
Buildings and improvements	8,521,220	8,227	-	8,529,447
Equipment	177,077	11,985	-	189,062
Total capital assets	<u>8,756,250</u>	<u>20,212</u>	<u>-</u>	<u>8,776,462</u>
Less accumulated depreciation	(2,360,328)	(216,747)	-	(2,577,075)
Business-type activities capital assets, net	<u>\$ 6,395,922</u>	<u>\$ (196,535)</u>	<u>\$ -</u>	<u>\$ 6,199,387</u>

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

Governmental activities:	
General government	\$ 174,533
Streets/roads	19,864
Recreation	15,824
Total depreciation expense - governmental activities	<u>\$ 210,221</u>
Business-type activities:	
Water	\$ 199,654
Sewer	17,093
Total depreciation expense - business-type activities	<u>\$ 216,747</u>

NOTE 7. INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at September 30, 2019.

Fund	Interfund Receivable	Interfund Payable
General	\$ 78,321	\$ -
Enterprise	-	78,321
	<u>\$ 78,321</u>	<u>\$ 78,321</u>

NOTE 8. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2019 net of allowances for bad debts, were as follows:

	<u>Accounts</u>	<u>Due from Other Governmental Units</u>	<u>Total Receivables</u>
Governmental activities:			
General	\$ 17,801	\$ 10,268	\$ 28,069
Business-type activities:			
Enterprise	<u>168,987</u>	<u>-</u>	<u>168,987</u>
	<u>\$ 186,788</u>	<u>\$ 10,268</u>	<u>\$ 197,056</u>

Based upon collection history, the City has included a reserve for doubtful accounts for its proprietary funds accounts receivable of \$5,212.

Payables

Payables at September 30, 2019, were as follows:

	<u>Vendors</u>
Governmental activities:	
General	<u>\$ 9,486</u>
Business-type activities	
Enterprise	<u>\$121,699</u>

NOTE 9. PROPRIETARY LONG-TERM DEBT

USDA Wastewater Revenue Bonds 2013

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

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

1. The bond ordinance requires a sinking fund reserve which accumulates a monthly sum equal to 1/12 of the principal and interest of the bond payment due on the next succeeding September 1.
2. An additional reserve equal to the maximum annual debt service requirement over the period of the bond to be used for; operation and maintenance fund to pay operating expenses pursuant to the annual budget; and payment of any principal and interest if the funds of the Sinking Fund are insufficient. This reserve is maintained by transferring monthly from the revenue account an amount equal to \$10,219 annually until fully funded. This reserve was substantially funded at September 30, 2019.

Revenue bond debt service requirements to maturity, including \$869,212 of interest, are as follows:

September 30	Principal	Interest	Total Payment
2020	\$ 52,000	\$ 47,515	\$ 99,515
2021	53,000	46,410	99,410
2022	54,000	45,284	99,284
2023	55,000	44,136	99,136
2024	56,000	42,968	98,968
2025-2029	295,000	196,563	491,563
2030-2034	320,000	164,156	484,156
2035-2039	345,000	129,094	474,094
2040-2044	370,000	91,375	461,375
2045-2049	390,000	51,213	441,213
2050-2051	247,000	10,498	257,498
Total	<u>\$ 2,237,000</u>	<u>\$ 869,212</u>	<u>\$ 3,106,212</u>

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

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019	Due Within One Year
Notes payable:					
USDA Revenue Bonds	\$ 2,287,000	\$ -	\$ (50,000)	\$2,237,000	\$ 52,000
Compensated absences	9,490	1,301	-	10,791	2,697
	<u>\$ 2,296,490</u>	<u>\$ 1,301</u>	<u>\$ (50,000)</u>	<u>\$2,247,791</u>	<u>\$ 54,697</u>

NOTE 10. GOVERNMENTAL LONG-TERM DEBT

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

	Balance October 31, 2018	Additions	Deductions	Balance September 30, 2019	Due Within One Year
Alachua County Sheriff's Office	\$ 15,771	\$ -	\$ (15,771)	\$ -	\$ -
Accrued compensated absences	26,560	3,338	-	29,898	7,475
	<u>\$ 42,331</u>	<u>\$ 3,338</u>	<u>\$ (15,771)</u>	<u>\$ 29,898</u>	<u>\$ 7,475</u>

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

Alachua County Sheriff's Office - On August 27, 2009, the City entered into an interlocal agreement with Alachua County Sheriff's Office for combined communications services for law enforcement and evidence storage. The City was properly invoiced each month, but the City made only partial payment on the contract. At the closing of the police department the balance due to Alachua County Sheriff's Office under the agreement totaled \$78,886. The City has agreed to pay this amount in five annual installments of \$15,771 effective May 1, 2015. The balance was paid in full during the fiscal year ended September 30, 2019.

NOTE 11. RETIREMENT SYSTEM

The City maintains a defined contribution retirement plan underwritten by Mutual of America Life Insurance Company. All employees eighteen years of age that have completed six months of service receive monthly contributions of five percent of their salary under the plan. No employee contributions are permitted under the plan. Employees are immediately vested in the plan from the date of their participation. During the year, total contributions to the plan were \$11,970.45. Contributions for 2018 and 2017 were \$12,031 and \$11,339, respectively.

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

NOTE 12. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any to be immaterial.

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of loss related to theft of, damage to and destruction of assets; and injury or death on the job of all employees. These risks are primarily covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or workers' compensation insurance coverage for the past three years. There has been no reduction in insurance coverage from the previous year.

NOTE 14. FIRE PROTECTION SERVICES

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

NOTE 15. LONG-TERM CONTRACTS

Effective March 13, 2011 the City entered into a contract with Gainesville Regional Utilities for the treatment of wastewater. The contract is for a 40 year term. The contract fees are payable monthly and based upon usage. In the current year, \$96,648 was paid under the contract.

NOTE 16. OTHER POST EMPLOYMENT BENEFITS

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

NOTE 17. SUBSEQUENT EVENTS

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) was characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WALDO, FLORIDA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET
AND ACTUAL
For the Fiscal Year Ended September 30, 2019**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Ad valorem	\$ 190,143	\$ 187,844	\$ 196,879	\$ 9,035
Sales and use taxes				
Local option gas tax	119,565	119,565	119,363	(202)
Discretionary sales tax	58,193	58,193	58,535	342
Communication service tax	17,040	17,040	18,700	1,660
Utility franchise fees	50,000	48,000	57,569	9,569
Utility service tax				
Electric	72,000	72,000	76,369	4,369
Propane	1,200	1,200	1,165	(35)
Total taxes	<u>508,141</u>	<u>503,842</u>	<u>528,580</u>	<u>24,738</u>
Licenses and permits				
Professional and occupational	2,800	2,800	3,032	232
Election fees	165	165	172	7
Building permits	4,000	4,000	11,373	7,373
Total licenses and permits	<u>6,965</u>	<u>6,965</u>	<u>14,577</u>	<u>7,612</u>
Intergovernmental				
State shared revenue				
State revenue sharing	46,630	46,630	47,187	557
Mobile home licenses	400	400	471	71
Alcoholic beverage licenses	600	600	2,089	1,489
Local government half-cent sales tax	59,756	59,756	60,418	662
FEMA revenues	-	-	42,137	42,137
Total intergovernmental	<u>107,386</u>	<u>107,386</u>	<u>152,302</u>	<u>44,916</u>

(continued)

**CITY OF WALDO, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2019**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Charges for services				
Transportation				
Highway lighting	15,139	15,139	15,682	-
Culture/recreation				
Special events	1,000	1,000	1,525	525
Total charges for services	<u>16,139</u>	<u>16,139</u>	<u>17,207</u>	<u>525</u>
Fines and forfeitures				
Court cases				
Court fines	5,000	5,000	5,098	98
Total fines and forfeitures	<u>5,000</u>	<u>5,000</u>	<u>5,098</u>	<u>98</u>
Miscellaneous				
Interest earnings				
Interest on investments	2,700	2,700	26,673	23,973
Rents and royalties				
Rent cable	1,284	1,284	1,213	(71)
Rent telephone	20,400	20,400	20,988	588
Rent library/community center	39,649	39,649	28,278	(11,371)
Other miscellaneous income	1,700	2,005	15,604	13,599
Total miscellaneous	<u>65,733</u>	<u>66,038</u>	<u>92,756</u>	<u>26,718</u>
Total revenues	<u>709,364</u>	<u>705,370</u>	<u>810,520</u>	<u>105,150</u>

(continued)

**CITY OF WALDO, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2019**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Final Budget Positive (Negative)
EXPENDITURES				
General government				
Legislative				
Personnel services	\$ 19,491	\$ 19,491	\$ 17,867	\$ 1,624
Financial and administrative				
Personnel services	106,880	106,880	111,246	(4,366)
Operating expenses	148,516	204,233	153,346	50,887
Capital outlay	6,000	74,300	93,730	(19,430)
Total financial and administrative	<u>280,887</u>	<u>404,904</u>	<u>376,189</u>	<u>28,715</u>
Legal counsel				
Operating expenses	18,000	18,000	16,500	1,500
Comprehensive planning				
Operating expenses	10,000	10,000	3,553	6,447
Other general government				
Operating expenses	300	300	300	-
Total general government	<u>309,187</u>	<u>433,204</u>	<u>396,542</u>	<u>36,662</u>
Public safety				
Law enforcement				
Operating expenses	15,771	15,771	15,771	-
Protective inspections				
Operating expenses	9,000	9,000	8,795	205
Total public safety	<u>24,771</u>	<u>24,771</u>	<u>24,566</u>	<u>205</u>
Transportation				
Roads and streets				
Personnel services	82,674	82,674	73,716	8,958
Operating expenses	67,050	70,310	60,031	10,279
Capital outlay	-	-	2,024	(2,024)
Total transportation	<u>149,724</u>	<u>152,984</u>	<u>135,771</u>	<u>17,213</u>

(continued)

**CITY OF WALDO, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2019**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Culture/recreation				
Parks and recreation				
Personnel services	\$ 12,245	\$ 12,245	\$ 12,023	\$ 222
Operating expenses	16,324	16,324	9,908	6,416
Capital outlay	25,000	25,000	-	25,000
Special events				
Operating expenses	5,000	5,000	2,394	2,606
Special recreation facilities				
Operating expenses	15,600	15,600	12,718	2,882
Total culture/recreation	<u>74,169</u>	<u>74,169</u>	<u>37,043</u>	<u>37,126</u>
Total expenditures	<u>557,851</u>	<u>685,128</u>	<u>593,922</u>	<u>91,206</u>
Excess of revenues over expenditures	151,513	20,242	216,598	196,356
Net change in fund balance	151,513	20,242	216,598	196,356
Fund balance at beginning of year	1,484,247	1,484,247	1,484,247	-
Fund balance at end of year	<u>\$ 1,635,760</u>	<u>\$ 1,504,489</u>	<u>\$ 1,700,845</u>	<u>\$ 196,356</u>

See notes to financial statements.

**CITY OF WALDO, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019**

I. Stewardship, Compliance, and Accountability

- A. Budgetary information.** The City, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The City prepares a tentative budget, which is used by the City at a public workshop to prepare the budgets for the coming year. Public hearings are conducted to obtain taxpayer comments. Subsequently, these budgets are legally adopted through the passage of a resolution at an advertised public session. Such actions are recorded in the City's minutes.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is the Enterprise Fund, where depreciation is not budgeted for capital assets, while capital outlay expenditures are budgeted and are reclassified into fixed assets. These are then eliminated from the results of operations for financial reporting purposes in the Enterprise Fund. Estimated beginning fund balances are considered in the budgetary process, but are not included in the financial statements as budgeted revenues.

The annual budget serves as the legal authorization for expenditures. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the City Council.

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

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

1. Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in August and September to obtain taxpayer comments.
3. Prior to November 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of budgetary control is the department level; however, the City Council may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.
5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

OTHER INFORMATION

**CITY OF WALDO, FLORIDA
 PROPRIETARY FUND
 SCHEDULE OF NET POSITION BY FUNCTION
 For the Fiscal Year Ended September 30, 2019**

	Solid Waste	Water	Sewer	Total
ASSETS				
Current assets				
Cash	\$ -	\$ 260,449	\$ 96,275	\$ 356,724
Accounts receivable	40,181	39,055	89,751	168,987
Total current assets	<u>40,181</u>	<u>299,504</u>	<u>186,026</u>	<u>525,711</u>
Restricted assets				
Cash	-	-	88,766	88,766
Investments	-	-	120,078	120,078
Total restricted assets	<u>-</u>	<u>-</u>	<u>208,844</u>	<u>208,844</u>
Noncurrent assets				
Fixed assets				
Property and equipment	-	651,624	8,124,838	8,776,462
Accumulated depreciation	-	(405,101)	(2,171,974)	(2,577,075)
Total noncurrent assets	<u>-</u>	<u>246,523</u>	<u>5,952,864</u>	<u>6,199,387</u>
Total assets	<u>\$ 40,181</u>	<u>\$ 546,027</u>	<u>\$ 6,347,734</u>	<u>\$ 6,933,942</u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Current liabilities (payable from current assets)				
Accounts payable	\$ -	\$ -	\$ 121,699	\$ 121,699
Payroll liabilities	-	77	48	125
Due to other funds	-	31,328	46,993	78,321
Compensated absences	-	1,744	953	2,697
Total current liabilities (payable from current assets)	<u>-</u>	<u>33,149</u>	<u>169,693</u>	<u>202,842</u>
Current liabilities (payable from restricted assets)				
Deposits	-	22,120	33,181	55,301
Accrued interest payable	-	-	4,050	4,050
Bonds payable, current portion	-	-	52,000	52,000
Total current liabilities (payable from restricted assets)	<u>-</u>	<u>22,120</u>	<u>89,231</u>	<u>111,351</u>
Long-term liabilities				
Compensated absences	-	5,233	2,861	8,094
Bonds payable, long-term portion	-	-	2,185,000	2,185,000
Total long-term liabilities	<u>-</u>	<u>5,233</u>	<u>2,187,861</u>	<u>2,193,094</u>
Total liabilities	<u>-</u>	<u>60,502</u>	<u>2,446,785</u>	<u>2,507,287</u>
NET POSITION				
Net investment in capital assets	-	246,523	3,715,864	3,962,387
Restricted, debt service	-	-	102,212	102,212
Unrestricted	40,181	239,002	82,873	362,056
Total net position	<u>40,181</u>	<u>485,525</u>	<u>3,900,949</u>	<u>4,426,655</u>
Total liabilities and net position	<u>\$ 40,181</u>	<u>\$ 546,027</u>	<u>\$ 6,347,734</u>	<u>\$ 6,933,942</u>

See notes to financial statements.

**CITY OF WALDO, FLORIDA
 PROPRIETARY FUND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUNCTION
 For the Fiscal Year Ended September 30, 2019**

OPERATING REVENUES	<u>Solid Waste</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Physical environment				
Turn on fees water	\$ -	\$ 5,260	\$ -	\$ 5,260
Water utility revenue	-	169,795	-	169,795
Garbage/solid waste revenue	83,533	-	-	83,533
Sewer revenue	-	-	296,121	296,121
Late charges	-	4,287	6,431	10,718
Other revenue	-	8,727	12,175	20,902
Total operating revenues	<u>83,533</u>	<u>188,069</u>	<u>314,727</u>	<u>586,329</u>
OPERATING EXPENSES				
Water/sewer services				
Personnel services	-	52,440	78,659	131,099
Operating expenses	-	39,368	404,963	444,331
Depreciation	-	15,588	201,159	216,747
Total water/sewer services	<u>-</u>	<u>107,395</u>	<u>684,782</u>	<u>792,177</u>
Solid waste services				
Contractual services	72,617	-	-	72,617
Total solid waste services	<u>72,617</u>	<u>-</u>	<u>-</u>	<u>72,617</u>
Total operating expenses	<u>72,617</u>	<u>107,395</u>	<u>684,782</u>	<u>864,794</u>
Operating income (loss)	<u>10,916</u>	<u>80,674</u>	<u>(370,055)</u>	<u>(278,465)</u>
NONOPERATING REVENUES (EXPENSES)				
Grant revenue	-	72,700	168,627	241,327
Interest earnings	-	2,031	3,047	5,078
Interest expense	-	-	(49,510)	(49,510)
Total nonoperating revenues (expenses)	<u>-</u>	<u>74,731</u>	<u>122,164</u>	<u>196,895</u>
Net income (loss)	<u>10,916</u>	<u>155,405</u>	<u>(247,891)</u>	<u>(81,570)</u>
Net position, beginning of year	<u>29,265</u>	<u>330,120</u>	<u>4,148,840</u>	<u>4,508,225</u>
Net position, end of year	<u>\$ 40,181</u>	<u>\$ 485,525</u>	<u>\$ 3,900,949</u>	<u>\$ 4,426,655</u>

See notes to financial statements.

COMPLIANCE SECTION

CITY OF WALDO, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2019

<u>GRANTOR/PROGRAM TITLE</u>	<u>CFDA/CFSA#</u>	<u>Number</u>	<u>Amount</u>	<u>Reported in Prior Years</u>	<u>Expenditure Recognized in Current Year</u>	<u>Revenues Recognized in Current Year</u>
Federal Financial Assistance						
Federal Emergency Management Agency						
FEMA public assistance - Federal share	97.036	Z0576-3	\$ 103,133	\$ -	\$ 33,675	\$ 33,675
FEMA public assistance - State share	n/a	Z0576-3	13,499	-	-	8,462
Total federal awards			<u>116,632</u>	<u>-</u>	<u>33,675</u>	<u>42,137</u>
State Financial Assistance						
Florida Department of Environmental Protection						
Waldo wastewater collection system and evaluation	37.039	LP01090	\$ 500,000	\$ -	\$ 168,627	\$ 168,627
Florida Department of Economic Opportunity						
Neighborhood Revitalization	14.228	18DB-OM-03-11-02-N27	\$ 600,000	\$ -	\$ 5,000	\$ 5,000
			<u>1,100,000</u>	<u>-</u>	<u>173,627</u>	<u>173,627</u>
Other Financial Assistance						
Suwannee River Water Management District						
Cost share - lift station rehabilitation	n/a	15/16-102	\$ 100,000	-	\$ 67,700	\$ 67,700
Total other financial assistance			<u>100,000</u>	<u>-</u>	<u>67,700</u>	<u>67,700</u>
Total federal awards, state, and other financial assistance			<u>\$ 1,316,632</u>	<u>\$ -</u>	<u>\$ 275,002</u>	<u>\$ 283,464</u>

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

CITY OF WALDO, FLORIDA

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

For the Fiscal Year Ended June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B, Basis of Accounting

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities and each major fund of the City of Waldo, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Waldo, Florida's basic financial statements, and have issued our report thereon dated June 1, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the

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

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES
Certified Public Accountants
June 1, 2020

MANAGEMENT LETTER

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

We have audited the financial statements of the City of Waldo, as of and for the year ended September 30, 2019, and have issued our report thereon dated June 1, 2020. We have also issued our report on compliance and on internal control over financial reporting. That report should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year.

AUDITOR GENERAL COMPLIANCE MATTERS

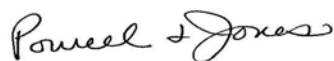
Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)(5)a and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

Financial Emergency Status - We determined that the City had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

CONCLUSION

We very much enjoyed the challenges and experiences associated with this year's audit of the City. We appreciate the helpful assistance and courtesy afforded us by all City employees and look forward to working with you in the future.



POWELL & JONES
Certified Public Accountants
June 1, 2020

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Waldo, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2019. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

This report is intended solely for the information and use of the City of Waldo, Florida and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



POWELL & JONES
Certified Public Accountants
June 1, 2020

Communication with Those Charged with Governance

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

We have audited the financial statements of the City of Waldo, Florida for the year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Waldo, Florida are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the City of Waldo, Florida's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 1, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Mayor and Members of the City Council and management of the City of Waldo, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES
Certified Public Accountants
June 1, 2020