

**TOWN of BROOKER, FLORIDA**

**FINANCIAL STATEMENTS  
and  
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**REDDISH & WHITE  
CERTIFIED PUBLIC ACCOUNTANTS**

# TOWN OF BROOKER, FLORIDA

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# REDDISH & WHITE

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and the Town Council  
Town of Brooker, Florida

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Brooker, Florida as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Brooker, Florida as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 – 8, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2021, on our consideration of the Town of Brooker, 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 Town of Brooker, Florida's internal control over financial reporting and compliance.

*Reddish & White CPAs*

Starke, Florida  
January 22, 2021

## **Town of Brooker**

### **Management's Discussion and Analysis For the Year Ended September 30, 2020**

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Within this section of the Town of Brooker's (the Town) annual financial report, the Town's management provides narrative discussion and analysis of the financial activities of the Town for the fiscal year ended September 30, 2020. Our discussion and analysis of the Town's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the Town's financial statements which begin on page 10.

#### **Financial Highlights**

- The net position of the Town increased \$22,718 (or 2%) overall as a result of this year's operations. The increase is mainly due to the Town receiving a Florida Recreation Development Assistance Program (FRDAP) grant for improvements to the Town park. The net position of the governmental activities increased by \$24,154 (or 5%) while the net position of the business type activities decreased by \$1,436 (or less than 1%).
- For the year, the Town had expenses that were \$24,154 less than the \$131,351 in tax and other revenues for governmental programs. This compares unfavorably to last year when expenditures were \$40,792 less than revenues for governmental programs. This was mainly due to a recreational grant in the prior year.
- In the Town's business-type activities, operating revenues increased \$1,673 to \$82,537. This increase is due to a small increase in water and sanitation services. The operating expenses increased to \$98,542, a \$6,608 increase from the prior year. This increase is primarily due to an increase in insurance and depreciation expense.

#### **Overview of the Financial Statements**

The accompanying financial statements provide information on both the Town as a whole (government-wide) and on the major individual funds. Management's Discussion and Analysis introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

### *Government-wide Financial Statements*

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall economic health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, and culture and recreation. The business-type activities include the water services and sanitation services.

### *Fund Financial Statements*

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are required to be separately reported while all others are combined into a single, aggregated presentation. Presently, the Town has only one governmental fund that encompasses the operations of the Town's governmental operations and only

one business-type fund that encompasses the Town's water and sanitation services.

*Governmental funds* All of the Town's basic governmental services are reported in governmental funds. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Since the government-wide focus includes the long-term view, comparisons between the two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliations to the government-wide statements to assist in understanding the differences between these two perspectives.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. Presently, the Town has one fund that qualifies as a proprietary fund – the Water Fund.

#### *Notes to the Financial Statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

## Financial Analysis of the Town as a Whole

As of September 30, 2020, and 2019, the Town's combined net position totaled \$1,115,640 and \$1,092,922, respectively. The capital assets are shown net of depreciation. The following table provides the details:

	Governmental Activities		Business-type Activities		Totals	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Assets:</b>						
Current Assets	\$189,525	\$179,738	\$142,940	\$118,391	\$332,465	\$298,129
Capital Assets	299,579	297,861	500,326	525,501	799,905	823,362
Total Assets	<u>489,104</u>	<u>477,599</u>	<u>643,266</u>	<u>643,892</u>	<u>1,132,370</u>	<u>1,121,491</u>
<b>Liabilities:</b>						
Current liabilities	2,021	14,670	14,709	13,899	16,730	28,569
Total liabilities	<u>2,021</u>	<u>14,670</u>	<u>14,709</u>	<u>13,899</u>	<u>16,730</u>	<u>28,569</u>
<b>Net Position:</b>						
Invested in capital assets, net of related debt	299,579	297,861	500,326	525,501	799,905	823,362
Restricted	16,707	10,531	8,660	8,642	25,367	19,173
Unrestricted	<u>170,797</u>	<u>154,537</u>	<u>119,571</u>	<u>95,850</u>	<u>290,368</u>	<u>250,387</u>
Total net position	<u>487,083</u>	<u>462,929</u>	<u>628,557</u>	<u>629,993</u>	<u>1,115,640</u>	<u>1,092,922</u>

The Town continues to maintain a strong current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. A large portion of the Town's assets are classified as capital assets. The Town uses these capital assets to provide services to its citizens.

The following is a summary of the Town's changes in net position for the years ended September 30, 2020 and 2019:

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Taxes	\$82,211	\$81,719	\$0	\$0	\$82,211	\$81,719
Intergovernment	35,435	34,186	0	0	35,435	34,186
Charges for services	783	2,010	82,537	80,864	83,320	82,874
Grants and Contributions	9,590	26,441	0	0	9,590	26,441
Miscellaneous	3,332	4,410	5,569	927	8,901	5,337
<b>Total</b>	<b>131,351</b>	<b>148,766</b>	<b>88,106</b>	<b>81,791</b>	<b>219,457</b>	<b>230,557</b>
<b>Expenditures:</b>						
General Government	54,159	52,881	0	0	54,159	52,881
Public Safety	12,942	13,712	0	0	12,942	13,712
Physical Environment	12,550	10,800	0	0	12,550	10,800
Transportation	13,076	14,730	0	0	13,076	14,730
Culture & Recreation	5,470	6,851	0	0	5,470	6,851
Water & Sanitation	0	0	98,542	91,934	98,542	91,934
<b>Total</b>	<b>98,197</b>	<b>98,974</b>	<b>98,542</b>	<b>91,934</b>	<b>196,739</b>	<b>190,908</b>
Interfund transfers	(9,000)	(9,000)	9,000	9,000	0	0
Change in net position	24,154	40,792	(1,436)	(1,143)	22,718	39,649
Net position, beginning	462,929	422,137	629,993	631,136	1,092,922	1,053,273
Net position, ending	487,083	462,929	628,557	629,993	1,115,640	1,092,922

## Financial Analysis of the Town's Funds

### Governmental Funds

The Town's governmental fund provides short-term information. The fund balance is a useful measure of a government's net resources available for spending. For the year ended September 30, 2020, the fund balance of the General Fund increased by \$22,436 or 14%, compared to \$23,050 or 16% increase for the prior fiscal year.

### Proprietary Funds

The Town's proprietary fund financial statements provide more detailed information than in the government-wide financial statements. For the year ended September 30, 2020, unrestricted fund balance of the Proprietary fund increased by \$23,721 to a balance of \$119,571.

The Water fund has restricted fund balance (restricted resources) of \$8,660. These funds are restricted for \$8,660 in improvements to the water system.

## **General Fund Budgetary Highlights**

Overall, the actual revenues were less than budgeted revenues by \$33,407 due primarily to the FRDAP grant budgeted but not expended. As a result, the Town realized 80% of its budgeted revenues.

Total actual expenditures were less than budgeted expenditures by \$62,344. Overall, the Town expended only 62% of its authorized budget. All of the departments experienced a favorable budget variance for the fiscal year. The most significant budget variance was for the culture and recreation capital outlay which resulted in a \$28,070 favorable budget variance. This favorable budget variance was mainly due to the FRDAP grant project budgeted but not expended.

## **Capital Asset and Debt Administration**

### *Capital Assets*

Capital asset additions for the year include \$6,850 for a new pavilion, fence, and gate at the Town park, \$6,294 in personal property, and \$3,260 for new water meters.

### *Economic Environment and Next Year's Budgets and Rates*

The Town, like most small local governments, relies on taxes and state shared revenues and limited sources of other taxes and fees to finance the governmental activities. The Town anticipates that these amounts will not decrease significantly from the prior year.

### *Contacting the City's Financial Management*

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Town clerk's office at (352) 485-1022.

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## Town of Brooker

Statement of Net Position  
September 30, 2020

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$114,082	\$122,470	\$236,552
Cash and Cash Equivalents - Restricted	17,468	22,485	39,953
Prepaid Assets	3,019	0	3,019
Accounts Receivable, Net	1,119	6,638	7,757
Due from Other Governments	45,184	0	45,184
Internal Balances	8,653	(8,653)	0
<b>TOTAL CURRENT ASSETS</b>	<u>189,525</u>	<u>142,940</u>	<u>332,465</u>
<b>CAPITAL ASSETS</b>	<u>299,579</u>	<u>500,326</u>	<u>799,905</u>
<b>TOTAL ASSETS</b>	<u>\$489,104</u>	<u>\$643,266</u>	<u>\$1,132,370</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$2,021	\$1,021	\$3,042
Deposits	0	13,688	13,688
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,021</u>	<u>14,709</u>	<u>16,730</u>
<b>TOTAL LIABILITIES</b>	<u>2,021</u>	<u>14,709</u>	<u>16,730</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	299,579	500,326	799,905
Restricted	16,707	8,660	25,367
Unrestricted	170,797	119,571	290,368
<b>TOTAL NET POSITION</b>	<u>487,083</u>	<u>628,557</u>	<u>1,115,640</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$489,104</u>	<u>\$643,266</u>	<u>\$1,132,370</u>

See accompanying notes to the financial statements.

**Town of Brooker**

Statement of Activities  
For the Year Ended September 30, 2020

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Government Activities:					
General Government	\$54,159	\$0	\$0	\$0	(\$54,159)
Public Safety	12,942	303	0	0	(12,639)
Physical Environment	12,550	0	0	0	(12,550)
Transportation	13,076	0	0	0	(13,076)
Culture and Recreation	5,470	480	0	9,590	4,600
Total Governmental Activities	<u>98,197</u>	<u>783</u>	<u>0</u>	<u>9,590</u>	<u>(87,824)</u>
Business-type Activities:					
Sanitation Services	19,708	16,906	0	0	(2,802)
Water Utilities	78,834	65,631	0	0	(13,203)
Total Business-type Activities	<u>98,542</u>	<u>82,537</u>	<u>0</u>	<u>0</u>	<u>(16,005)</u>
Total Primary Government	<u>196,739</u>	<u>83,320</u>	<u>0</u>	<u>9,590</u>	<u>(103,829)</u>
			Primary Government		
			Governmental Activities	Business-type Activities	Total
Change in Net Position:					
Net Revenue (Expense)			<u>(87,824)</u>	<u>(16,005)</u>	<u>(103,829)</u>
General Revenues:					
Taxes:					
Property			2,581	0	2,581
Discretionary Sales Surtax			38,016	0	38,016
Utility Tax			17,600	0	17,600
Local Option Gas Tax			24,014	0	24,014
General Intergovernmental Revenue			35,435	0	35,435
Investment Income			96	115	211
Miscellaneous			3,236	5,454	8,690
Total general revenues			<u>120,978</u>	<u>5,569</u>	<u>126,547</u>
Interfund Transfers			(9,000)	9,000	0
Change in Net Position			24,154	(1,436)	22,718
Net Position, beginning of year			<u>462,929</u>	<u>629,993</u>	<u>1,092,922</u>
Net Position, end of year			<u>\$487,083</u>	<u>\$628,557</u>	<u>\$1,115,640</u>

See accompanying notes to the financial statements.

## Town of Brooker

Balance Sheet - Governmental Fund  
September 30, 2020

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### ASSETS

#### Current Assets

Cash and cash equivalents	\$114,082
Cash and cash equivalents - Restricted	17,468
Prepaid Assets	3,019
Accounts Receivable	1,119
Due from Water Fund	8,653
Due from other Governmental Units	45,184

Total Current Assets 189,525

TOTAL ASSETS \$189,525

### LIABILITIES AND FUND BALANCES

#### LIABILITIES

##### Current Liabilities

Accounts payable \$2,021

Total Current Liabilities 2,021

#### FUND BALANCES

Non spendable	3,019
Restricted	16,707
Unassigned	167,778

TOTAL FUND BALANCES 187,504

TOTAL LIABILITIES AND FUND BALANCES \$189,525

See accompanying notes to the financial statements.

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Town of Brooker

Reconciliation of the Balance Sheet of  
Governmental Funds to the Statement of Net Position  
September 30, 2020

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Total Fund Balance - Total Governmental Funds	\$187,504
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets of \$592,627 net of accumulated depreciation of \$293,048 are not financial resources and, therefore, are not reported in the funds	<u>299,579</u>
Net Position of Governmental Activities	<u><u>\$487,083</u></u>

See accompanying notes to the financial statements.

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## Town of Brooker

Statement of Revenue, Expenditures, and Changes in Fund  
Balances - Governmental Funds  
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
General Revenues:				
Taxes				
Property	\$2,628	\$2,628	\$2,581	(\$47)
Discretionary Sales Surtax	40,000	40,000	38,016	(1,984)
Franchise and Utility Taxes	15,570	15,570	17,600	2,030
Local Option Gas Tax	30,000	30,000	24,014	(5,986)
Intergovernmental programs	34,800	34,800	35,435	635
Fines and Forfeitures	300	300	303	3
Capital Grants and Contributions	36,160	36,160	9,590	(26,570)
Miscellaneous	5,300	5,300	3,812	(1,488)
Total Revenues	<u>164,758</u>	<u>164,758</u>	<u>131,351</u>	<u>(33,407)</u>
Expenditures				
Current:				
General Government	60,795	60,795	50,976	9,819
Public Safety	13,604	13,604	8,879	4,725
Physical Environment	14,550	14,550	12,550	2,000
Transportation	18,100	18,100	11,356	6,744
Culture and Recreation	7,050	7,050	4,133	2,917
Capital Outlay:				
General Government	3,500	3,500	2,081	1,419
Public Safety	7,000	7,000	350	6,650
Culture and Recreation	37,660	37,660	9,590	28,070
Total Expenditures	<u>162,259</u>	<u>162,259</u>	<u>99,915</u>	<u>62,344</u>
Excess of Revenues Over (Under) Expenditures	2,499	2,499	31,436	28,937
Other Financing Sources				
Transfers Out	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>0</u>
Total Other Financing Sources	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(6,501)	(6,501)	22,436	
Fund Balance, Beginning of Year	<u>165,068</u>	<u>165,068</u>	<u>165,068</u>	
Fund Balance, End of Year	<u>\$158,567</u>	<u>\$158,567</u>	<u>\$187,504</u>	

See accompanying notes to the financial statements.

## Town of Brooker

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2020

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Net change in Fund Balances - Total Governmental Funds \$22,436

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

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities, the cost of those  
assets is allocated over the estimated useful lives and  
reported as depreciation expense. This is the amount  
by which capital outlays of \$13,144 exceeded depreciation  
expense of \$11,426 for the year

1,718

Change in Net Position of Governmental Activities \$24,154

See accompanying notes to the financial statements.

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## Town of Brooker

### Statement of Net Position - Proprietary Fund September 30, 2020

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#### Assets

##### Current Assets

Cash and Cash Equivalents	\$122,470
Cash and Cash Equivalents - Restricted	22,485
Accounts Receivable, Net	6,638
Total Current Assets	<u>151,593</u>

##### Non-current Assets

Capital Assets, Net of Accumulated Depreciation	<u>500,326</u>
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Total Assets	<u><u>\$651,919</u></u>
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#### Liabilities and Net Position

##### Liabilities

##### Current Liabilities

Accounts Payable	\$1,021
Customer Deposits	13,688
Due to General Fund	8,653
Total Current Liabilities	<u>23,362</u>

Total Liabilities	<u>23,362</u>
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##### Net Position

Net Investment in Capital Assets	500,326
Restricted	
Renewal and Replacement	8,660
Unrestricted	119,571
Total Net Position	<u>628,557</u>

Total Liabilities and Net Position	<u><u>\$651,919</u></u>
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See accompanying notes to the financial statements.

## Town of Brooker

Statement of Revenues, Expenses, and Changes in Fund  
Net Position - Proprietary Fund  
For The Year Ended September 30, 2020

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OPERATING REVENUES	
Water Sales	\$65,631
Sanitation Services	16,906
Miscellaneous	5,454
	<hr/>
TOTAL OPERATING REVENUES	87,991
	<hr/>
OPERATING EXPENSES	
Personal Services	11,400
Repairs and Maintenance	15,852
Other Operating Expenses	42,855
Depreciation	28,435
	<hr/>
TOTAL OPERATING EXPENSES	98,542
	<hr/>
OPERATING INCOME (LOSS)	(10,551)
NON OPERATING REVENUES AND EXPENSES	
Investment Income	115
	<hr/>
NET NON OPERATING REVENUES (EXPENSES)	115
	<hr/>
TRANSFER FROM GENERAL FUND	9,000
NET INCREASE (DECREASE) IN FUND NET POSITION	(1,436)
FUND NET POSITION, BEGINNING OF YEAR	629,993
	<hr/>
FUND NET POSITION, END OF YEAR	<u>\$628,557</u>

See accompanying notes to the financial statements.

## Town of Brooker

### Statement of Cash Flows - Proprietary Fund For the Year Ended September 30, 2020

Cash Flows From Operating Activities	
Receipts from Customers	\$88,380
Payments to Suppliers of Goods and Services	(58,531)
Payments to Employees	(11,400)
Net Cash Provided by (Used By) Operating Activities	<u>18,449</u>
Cash Flows from Noncapital Financing Activities	
Operating Transfers from the General Fund	<u>9,000</u>
Cash Flows from Capital and Related Financing activities	
Net Cash Provided by (Used by) Capital and Related Financing Activities	<u>0</u>
Cash Flows from Investing Activities	
Increase in Plant and Equipment	(3,260)
Interest received	115
Net Cash Provided by (Used by) Investing Activities	<u>(3,145)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	24,304
Cash and Cash Equivalents, Beginning of Year	<u>120,651</u>
Cash and Cash Equivalents, End of Year	<u><u>\$144,955</u></u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used by) Operating Activities	
Operating Income (Loss)	(\$10,551)
Adjustments to reconcile operating loss to net cash provided by Operating Activities:	
Depreciation expense	28,435
Change in assets and liabilities	
Accounts Receivable, Net	(245)
Accounts Payable	176
Customer Deposits	634
	<u>\$18,449</u>
Reconciliation to Balance Sheet:	
Cash and Cash Equivalents	\$122,470
Cash and Cash Equivalents - Restricted	22,485
	<u><u>\$144,955</u></u>

See accompanying notes to the financial statements.

# **TOWN OF BROOKER**

Notes to the Financial Statements  
For the Year Ended September 30, 2020

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## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **General Statement**

The Town of Brooker (the “Town”) was incorporated as a municipality established under the laws of the State of Florida. The Town was established by Chapter 6329, Laws of Florida, Special Acts in 1911. The Town operates under a Mayor-Council form of government and provides services to its citizens including public safety, sanitation, streets and other general governmental activities. In addition, the Town owns and operates a water and sewer system.

The Town’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the Town are discussed below.

### **Financial Reporting Entity**

The Town’s basic financial statements include the accounts of all Town operations. As defined by GASB, component units are legally separate entities that are included in the Town’s reporting entity because of the significance of their operating or financial relationships with the Town. Based on the aforementioned criteria, the Town has no component units.

### **Basis of Presentation**

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and the fund financial statements categorize primary activities as either governmental or business type. The Town’s police protection, recreation and culture, transportation, economic development, and general government services are classified as governmental activities. The Town’s water and sewer services are classified as business-type activities.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Basic Financial Statements – Government-wide Statements**

In the government-wide Statement of Net Position, both the governmental and business-type activities are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – net investment in capital assets, restricted net position, and unrestricted net position. The Town first utilizes restricted resources to finance qualifying expenditures.

The government-wide Statement of Activities reports both gross and net cost of each of the Town's functions (public safety, general government, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, general government, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general government revenues.

The Town does not allocate indirect costs. The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

### **Basic Financial Statements - Fund Financial Statements**

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are required to be presented for governmental and proprietary activities. These statements are required to present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. The Town currently has only one governmental fund and one enterprise fund for reporting purposes.

### **General Fund**

The General Fund is the general operating fund of the Town. This fund is used to account for all financial resources, not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Enterprise Fund**

The Enterprise Fund (Water Fund) is used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories.

### **Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund level financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Town considers taxes and licenses as available if collected within 60 days after the year-end. Expenditures are recorded when the related fund liability is incurred. The revenues susceptible to accrual are taxes, franchise fees, and intergovernmental revenues.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Business-type activities and the proprietary fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases and decreases in fund net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing deliverable goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's water funds are charges to customers for sales of water and for sanitation services. Operating expenses for the enterprise fund include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### **Deposits and Investments**

For purposes of the statement of cash flows, highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The cash balances consist of checking accounts.

All monies collected by the Town are required to be deposited in accordance with the laws of the State of Florida. Section 218.415 (17), Florida Statutes, authorizes the Town to invest in the Local Government Surplus Funds Trust, direct obligations of the United States Government, obligations unconditionally guaranteed by the United States Government, time deposits and savings accounts of Florida Qualified Depositories, obligations of Federal Farm Credit Banks, and obligations of the Federal National Mortgage Association.

All cash deposits of the Town are covered by Federal depository insurance or by collateral held by the Town's custodial bank which is pledged to a state trust fund that provides security in accordance with the Florida Security for Deposits Act, Chapter 280, for amounts held in excess of the FDIC coverage. The Florida Security for Public Deposits Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

The Town has not adopted a formal deposit and investment policy that limits the Town's allowable deposits and investments. However, the Town limits its investments to time certificates of deposit with maturities ranging from three months to one year.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Receivables**

Receivables are recorded at their estimated net realizable value. Accordingly, they have been adjusted for all known doubtful accounts.

**Interfund Receivables and Payables**

Interfund receivables and payables, if any, are the result of the Town, through its General Fund, providing administrative support to the enterprise funds.

**Capital Assets**

Property, plant, and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at their estimated fair market value at the time received. Infrastructure (public domain) assets consisting of roads, bridges, curbs and gutters, streets, and sidewalks, drainage systems, and lighting systems have not been recorded prior to the current fiscal year. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$200 and an estimated useful life in excess of one year.

Property, plant, and equipment of the Town is depreciated using the straight line method over the following estimated useful lives:

<b>Asset</b>	<b>Years</b>
Buildings	15 - 40
Improvements	10 – 50
Equipment	5 – 10

**Fund Equity Classifications**

**Government-wide and Proprietary Fund Statements**

Equity is classified as net position and displayed in 3 components:

**Net Investment in capital assets** – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Restricted net position** – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. As of September 30, 2020, restricted net position in the governmental activities consisted of \$16,707 for transportation related expenditures, due to enabling legislation. In the business-type activities, the restricted net position consisted of \$8,660 for renewals and replacements to the water system.

**Unrestricted net position** – consist of all other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

The Town’s policy is to consider restricted resources as expended whenever both restricted and unrestricted resources are available.

### **Fund Financial Statements**

Fund balances are required to be broken down into the following categories:

**Nonspendable fund balance** – this classification represents amounts for inventory, prepaid expenses, property held for resale and long term notes receivable. The nonspendable fund balance at September 30, 2020 was \$3,019.

**Restricted fund balance** – this classification represents amounts restricted to specific purposes that are either *externally imposed by creditors, grantors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation*. This definition is the same as the definition of restricted net assets used in government-wide financial reporting.

**Committed fund balance** – this classification represents amounts restricted for specific purposes by formal action of the government’s highest level of decision-making authority (the approval of an ordinance by the Town’s council).

**Assigned fund balance** – this classification represents amounts constrained by the government’s intent to be used for specific purposes, but are neither restricted or committed (the approval of a resolution by the Town’s council or a majority vote of the Town’s council).

**Unassigned fund balance** – This classification represents amounts that do not belong in any of the previous classifications, that is, the residual classification of the general fund.

## **NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

The Town considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for which any of those unrestricted fund balance classifications could be used.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **Subsequent Events**

The Town has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through January 22, 2021, the date the financial statements were available to be issued.

July 2019, the Town was awarded a Small County Outreach Program (SCOP) grant from the Florida Department of Transportation (FDOT). The funds will be used for street improvements throughout the Town with an estimated project cost of \$809,000.

January 2021, the Town signed a \$6,000 contract for the resurfacing of the Town's tennis courts. The project will be funded from the Florida Recreation Development Assistance Program (FRDAP).

## **NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING**

The Town follows the procedures below in establishing the budgetary data reflected in the financial statements:

- In June, the Town Clerk submits to the Town 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.
- Public hearings are conducted in July and August to obtain taxpayer comments.
- In September, the final budget is legally enacted through passage of an ordinance.
- The Town Council must approve any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund.

## **NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (concluded)**

- The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.
- Appropriations lapse at year-end.
- The fund total is considered the legal level of control.

The effects of budget amendments have been applied to the “final “budgetary data.

## **NOTE 3 – PROPERTY TAXES**

The Bradford County Tax Collector bills and collects property taxes for the Town. Town property tax revenues are recognized when levied, to the extent that they result in current receivables. Current year revenues recognized are those collected within 60 days after the year-end.

Details of the City’s property tax calendar are presented below:

Lien Date January 1

Levy Date November 1

Installment Payments:

1<sup>st</sup> Installment No later than June 30

2<sup>nd</sup> Installment No later than September 30

3<sup>rd</sup> Installment No later than December 31

4<sup>th</sup> Installment No later than March 31

Regular Payments:

Discount Periods November – February

No Discount Period March

Delinquent Date April

## **NOTE 4 – COMMITMENTS AND CONTINGENCIES**

During the fiscal year ended September 30, 2009, the Town entered into a water maintenance contract. Under the terms of the contract, the Town agrees to pay a third party for maintenance services on the Town’s water tank. During the year ended September 30, 2020, the Town incurred \$10,027 in fees pursuant to this contract. Terms of the contract stipulate the annual payment for future years is \$9,033. In year 8 of the contract and each third anniversary thereafter, the annual fee shall be adjusted to reflect current cost of service but no more than 5% per annum.

#### NOTE 4 – COMMITMENTS AND CONTINGENCIES (concluded)

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state 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(s) cannot be determined at this time although the Town expects amounts, if any, to be immaterial.

October 2018, the Town entered into a \$6,500 contract for project administrative services for the Florida Recreation Development Assistance Program (FRDAP) project. See Note 5 for additional information on the FRDAP award.

#### NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$142,471	\$0	\$0	\$142,471
Total	<u>142,471</u>	<u>0</u>	<u>0</u>	<u>142,471</u>
Capital assets being depreciated:				
Buildings and Improvements	293,925	6,850	0	300,775
Machinery and Equipment	91,494	6,294	0	97,788
Infrastructure	51,593	0	0	51,593
Total	<u>437,012</u>	<u>13,144</u>	<u>0</u>	<u>450,156</u>
Less accumulated depreciation:				
Buildings and Improvements	(192,618)	(4,863)	0	(197,481)
Machinery and Equipment	(64,929)	(4,843)	0	(69,772)
Infrastructure	(24,075)	(1,720)	0	(25,795)
Total	<u>(281,622)</u>	<u>(11,426)</u>	<u>0</u>	<u>(293,048)</u>
Total capital assets being depreciated, net	<u>155,390</u>	<u>1,718</u>	<u>0</u>	<u>157,108</u>
Governmental activities capital assets, net	<u>\$297,861</u>	<u>\$1,718</u>	<u>\$0</u>	<u>\$299,579</u>

**NOTE 5 – CAPITAL ASSETS (concluded)**

	Balance Beginning of Year	<u>Increases</u>	<u>Decreases</u>	Balance End of Year
Enterprise Activities:				
Plant and Improvements	\$946,254	\$3,260	\$0	\$949,514
Less accumulated depreciation:				
Plant and Improvements	<u>(420,753)</u>	<u>(28,435)</u>	<u>0</u>	<u>(449,188)</u>
Total capital assets being depreciated, net	<u>\$525,501</u>	<u>(\$25,175)</u>	<u>\$0</u>	<u>\$500,326</u>

For the year ended September 30, 2020, depreciation expense was charged to functions/programs of the primary government as follows:

General Government	\$3,928
Public Safety	3,713
Transportation	1,720
Culture and Recreation	<u>2,065</u>
Total	<u>\$11,426</u>

July 2018, the Town was awarded up to \$50,000 for recreation improvements through the Florida Recreation Development Assistance Program from the State of Florida Department of Environmental Protection. The Town has completed \$36,031 of improvements to the existing recreation area, including a new playground, new pavilion, and fencing. The Town is currently researching other recreation improvement projects for the remaining balance of the award.

**NOTE 7 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries insurance. Insurance against losses are provided for the following types of risk: (1) workers compensation and employer liability, (2) general liability and automotive liability, (3) real and personal property damage, and (4) automobile physical damage. The Town's coverage for workers compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to date of the Town's experience for this type of risk. Commercial insurance has also been purchased by the Town to cover the risks of loss due to employee errors or omissions and for health insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

**ADDITIONAL ELEMENTS OF REPORT REQUIRED  
BY THE RULES OF THE AUDITOR GENERAL AND  
THE *GOVERNMENT AUDITING STANDARDS***

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

To the Honorable Mayor and Town Council  
Town of Brooker, 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, the business-type activities, and each major fund of the Town of Brooker, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Town of Brooker, Florida's basic financial statements, and have issued our report thereon dated January 22, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Brooker, 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 Town of Brooker, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Brooker, 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 material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Brooker, 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.

*Reddick & White CPA's*

Starke, Florida  
January 22, 2021

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## INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

To the Honorable Mayor and Town Council  
Town of Brooker, Florida

We have examined the Town of Brooker, Florida's compliance with the requirements of Section 218.415, Florida Statutes during the fiscal year ended September 30, 2020. Management is responsible for Town of Brooker, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Town of Brooker, Florida'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 Town of Brooker, Florida's compliance with those requirements and performing such other procedures as we consider 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 Town of Brooker, Florida's compliance with specified requirements.

In our opinion, Town of Brooker, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

*Reddish & White CPAs*

Starke, Florida  
January 22, 2021

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## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Town Council  
Town of Brooker, Florida

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

We have audited the financial statements of the Town of Brooker, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report, thereon dated January 22, 2021.

### **Auditor's Responsibility**

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; and Chapter 10.550, Rules of the Florida Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 Rules of the Auditor General. Disclosures in those reports, which are dated January 22, 2021, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

## **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Brooker, Florida was established by chapter 6329, Laws of Florida, Special Acts in 1911. There were no component units related to the Town of Brooker, Florida.

## **Financial Condition and Management**

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

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

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

## **Special District Component Units**

Section 10.554(1)(i)5.d, Rules of the Auditor General, requires that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The Town of Brooker, Florida did not have any component units for the fiscal year.

## **Additional Matters**

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

**Purpose of This Letter**

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

*Reddick & White CPAs*

Starke, Florida  
January 22, 2021

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## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

January 22, 2021

To the Honorable Mayor and Town Council  
Town of Brooker  
Brooker, Florida

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Brooker, Florida for the year ended September 30, 2020. 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. We have communicated such information in our engagement letter to you dated November 18, 2020. 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 Town of Brooker are described in note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2020. We noted no transactions entered into by the Town of Brooker, Florida 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.

The most sensitive estimates affecting the Town of Brooker's financial statements was:

Management's estimate of the useful lives of the fixed assets is based on historical data. We evaluated the key factors and assumptions used to develop the useful lives of the fixed assets in determining that is reasonable in relation to the financial statements taken as a whole.

The financial statements disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered During 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. Management has corrected all such misstatements which were primarily to convert your accounting records from the cash basis to the accrual basis.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is 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 January 22, 2021.

#### *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 government 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 government 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 Matters

We applied certain limited procedures to the Management Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

#### Restriction on Use

This information is intended solely for the information and use of the council members and management of the Town of Brooker, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Reedfish & White (PA's)*