

Comprehensive Annual Financial Report



The Town of Dundee, Florida

For the Year Ended
September 30, 2020

TOWN OF DUNDEE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020

Prepared by:

Finance Department of the Town of Dundee

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PRINCIPAL TOWN OFFICIALS

MAYOR

Samuel Pennant

Term Expiration: April 2022

COMMISSIONER SEAT #1

Bertram Goddard

Term Expiration April 2022

COMMISSIONER SEAT #2

Steven Glenn

Term Expiration: April 2021

COMMISSIONER SEAT #3

Willie Quarles

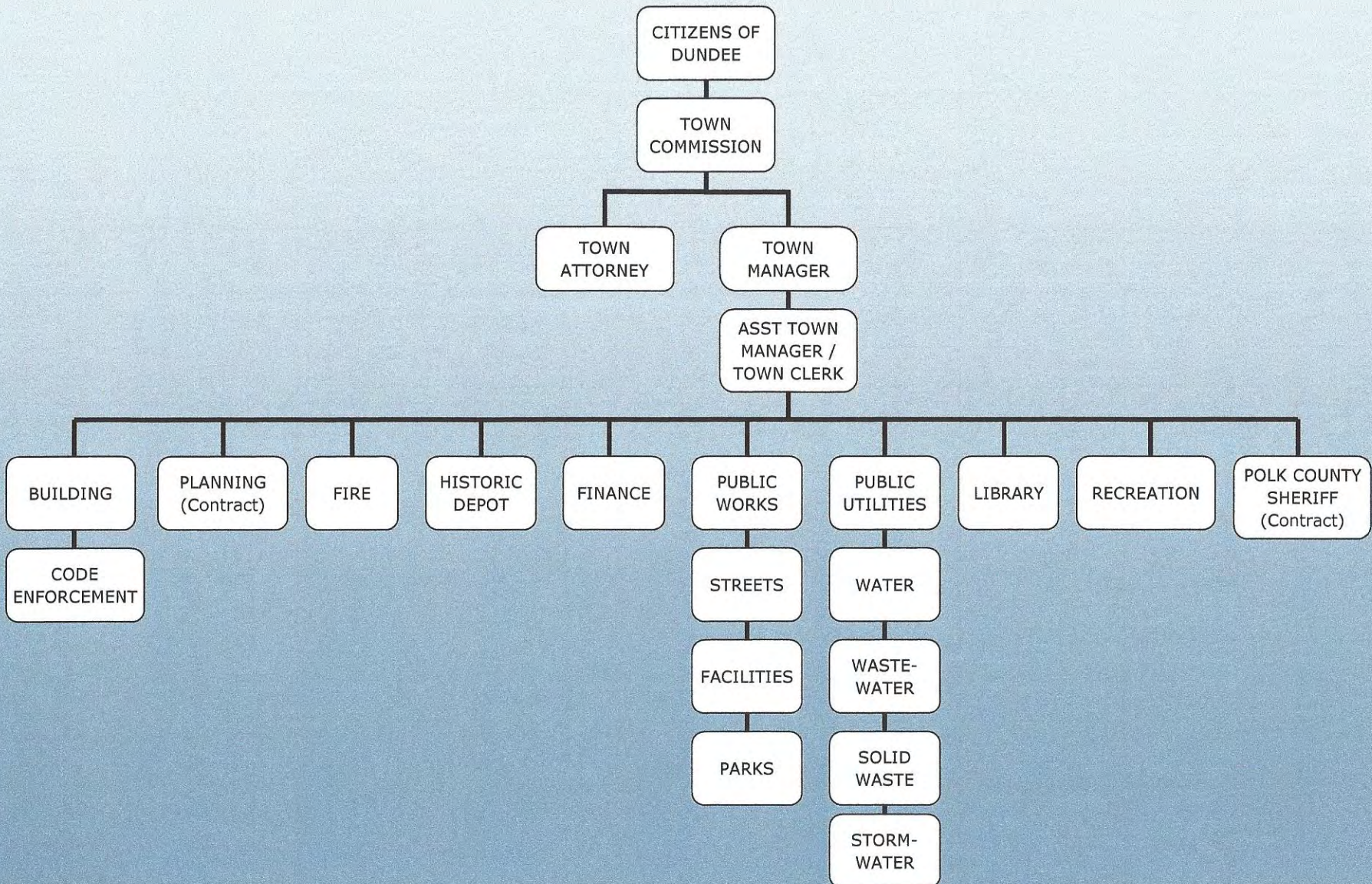
Term Expiration: April 2022

COMMISSIONER SEAT #4

Rukhsana Harper

Term Expiration: April 2021

Town of Dundee, Florida Organizational Chart



Town of Dundee



April 26, 2021

To the Honorable Mayor, Members of the Town Commission and
Citizens of the Town of Dundee, Florida

We are pleased to present the Town of Dundee Comprehensive Annual Financial Report. This report addresses the Town's finances for the fiscal year ended September 30, 2020. The organization, form, and contents of this report, plus the accompanying financial statements and statistical tables, were prepared in accordance with the requirements of Governmental Accounting Standards Board, the American Institute of Certified Public Accountants, and the Governmental Finance Officers Association. In addition to meeting legal the requirements, this report also reflects the Town's commitment to full financial disclosure. We encourage you to thoroughly read the report and the important items it addresses.

This report has been prepared by the Finance Department of the Town of Dundee, which assumes full responsibility for the completeness and accuracy of the information contained herein. To provide a reasonable basis for making these assertions, management applied reasonable procedures and reviewed current year operations. Furthermore, the Town compiled sufficient reliable information for the preparation of the Town's financial statements in conformity with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP). Because the cost of internal controls should not outweigh its benefits, the Town of Dundee's framework of internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements. As part of management, we assert that, to the best of our knowledge and belief, the financial report is complete and reliable in all material respects.

State law requires that a complete set of financial statements reporting the Town of Dundee's financial position and results of activities be published within nine months of the fiscal year end. The Town contracted with a licensed certified public accountant, Brynjulfson, CPA, P.A., to conduct the audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2020, were free of any material misstatements. The independent auditor concluded there was reasonable basis for rendering an unmodified opinion that the Town of Dundee's financial statements were fairly presented and in conformity with U.S. GAAP. The report of the independent certified public accountant is presented as the first component in the financial section of the report.

U.S. GAAP requires management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD & A). This letter of transmittal is designed to complement the MD& A and should be read in conjunction with it. The Town of Dundee's MD & A can be found following the report of the independent certified public accountant.

Town Organization

The Town of Dundee, Florida is a municipal corporation of the State, incorporated on December 16, 1924. Located in East Polk County, the 2019 population of Dundee was estimated to be near 5,044. Encompassing approximately 12 miles, the Town has been empowered to levy a property tax on real estate and personal property located within its boundaries. It has also been granted authority by State Statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the Town Commission.

The Town of Dundee operates under a Commission-Manager form of government. The Town Commission is the legislative body for the Town of Dundee. The Commission and is made up of five residents elected by the Town voters, which are responsible for enacting ordinances, budget adoption, appointing committee members, and hiring the Town Manager, Attorney, and Auditor. The Town Manager, who serves as Chief Executive Officer, is responsible for carrying out the policies and ordinances enacted by the Commission, as well as overseeing the daily operations of the Town. Furthermore, the manager is tasked with hiring the department heads of the various town departments.

The Town of Dundee is a full-service town, striving to provide exceptional customer service and quality of life for the community. Our community is a dynamic and attractive municipality characterized by a combination of residential and commercial developments. Services of the town include fire/rescue protection, water and wastewater service, roads and street maintenance, recreational and cultural activities, and general administrative services. Citizens enjoy the personalization of services provided by the town employees.

Local Economy

The current economic conditions, environment, and local indicators show an upswing in property values within the Town of Dundee. The housing market affects revenues greatly due to the tax base being mainly residential. Permit activity continues to grow, and new houses are being built throughout the Town.

Long Term Financial Planning

Long term financial planning requires the town to prepare a five-year capital improvement plan that identifies both capital improvements and related revenue sources. Capital requirements of enterprise operations are financed from capital reserves and from user charges for services. Additionally, capital requirements of the general fund operations are financed from the general fund revenues or reserve funds. Areas of new construction or capital costs associated with growth are funded with impact fees.

Currently, the unassigned fund balance in the General fund is \$1,362,614. The Town Commission and Town Manager continue to work on the needs of the community, while at the same time meeting the needs in a cost-effective and efficient manner. The following projects are planned for the next year and beyond:

- Road widening project with FDOT, relocating water/sewer lines
- Clarifier for the Wastewater Department
- Purchase of Vacuum Trailer Unit
- Purchase of Ground Penetrating Radar (GPR)
- Purchase of 72" Zero Turn Mowers and Utility Tractor
- Capital Road Paving Project – 20 different roads throughout town
- Replacement of Water Main Line at Lake Marie Blvd.
- Installing a Security Fence around Barn located on Race Road
- Upgrade of Town's Water Treatment Plant

Major Initiatives

During the fiscal year 2020, the Town of Dundee achieved many significant accomplishments in furtherance of the goals and objectives established by the Commission, while securing the Town's infrastructure:

- ADA Compliant Docks
- Purchased a New Building Department Sports Utility Vehicle
- Paved Race Road
- Received Donation of Dundee Chambers of Commerce

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Dundee, Florida for its Comprehensive Annual Financial Report for the fiscal year end of September 30, 2019. This was the second year the Town received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized financial report which satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is only valid for one year. We believe the current financial report continues to meet the requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The in-house preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Other Town departments, although not extensively involved in year-end audit activities, contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year. Without their diligence, the work of the Finance Department would have been considerably more difficult.

Appreciation must also be expressed to the City's auditors, Mike Brynjulfson and Jordan Ortiz of Brynjulfson, CPA, P.A. whose suggestions and attention to detail enhanced the quality of this report.

Respectfully Submitted,



Tandra S. Davis, MBA
Town Manager/Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Dundee
Florida**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Town Commission
Town of Dundee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Dundee, 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 Dundee, Florida, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the budgetary comparison information on page 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the Town of Dundee, Florida's basic financial statements. The introductory, statistical and other information sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The introductory, statistical and other information sections 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 April 26, 2021, on our consideration of the Town of Dundee, 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 Town of Dundee, Florida's internal control over financial reporting and compliance.

Other Reporting Required by Chapter 10.550, Rules of the Auditor General

In accordance with *Chapter 10.550, Rules of the Auditor General*, we have also issued our report dated April 26, 2021 on our examination of compliance with requirements of Section 218.415, *Florida Statutes*. The purpose of that report is to describe the scope of our examination and the issuance of an opinion on the Town of Dundee, Florida's compliance with requirements of Section 218.415, *Florida Statutes*.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 26, 2021

As management of the Town of Dundee, Florida (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the basic financial statements beginning on page 11.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$20,768,175 (net position). Of this amount, \$1,972,033 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1,472,499.
- As of the close of the current fiscal year, the Town's general fund (governmental fund level) reported ending fund balance of \$3,822,969. Of this total amount, \$1,362,614 is available for spending at the government's discretion (unassigned and assigned fund balance).

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The *Statement of Net Position* presents information on all the Town's assets, liabilities, and deferred inflows and outflows of resources with the residual measure reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported in a manner like the approach used by private-sector business in that revenue is recognized when earned or established criteria are satisfied, and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the year, and expenses are reported even though they may not have used cash during the current fiscal year.

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, building/zoning and code enforcement, law enforcement, fire control, streets, library, parks, and recreation. The business-type activities of the Town include water, sewer, stormwater, and sanitation.

The government-wide financial statements can be found by referencing the table of contents of this report.

Fund Financial Statements

Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the Town, rather than reporting on the Town as a whole. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental fund financial statements consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balances. These statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled as the fund balance, which is further categorized as to whether it is nonspendable, restricted, committed, assigned or unassigned. Unassigned fund balance generally indicates the amount that can be used to finance the next fiscal year's activities. The statement of revenues, expenditures and changes in fund balances for governmental funds reports only those revenues and expenditures that were collected or paid during the current period or very shortly after the end of the year.

For the most part, the balances and activities accounted for in the governmental funds are also reported in the governmental activities' columns of the government-wide financial statements. However, because of the difference in accounting basis and measurement focus used to prepare fund financial statements and government-wide financial statements, there are often significant differences between the totals presented.

For this reason, there is an analysis after the balance sheet that reconciles the total fund balances to the amount of net position presented in the governmental activities' column on the statement of net position. Also, there is an analysis after the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities' column in the statement of activities.

The Town has only one governmental fund which is the general fund and can be found by referencing the table of contents of this report.

Proprietary Funds - Proprietary fund financial statements consist of a statement of net position, statement of revenues, expenses, and changes in net position and statement of cash flows. These statements are prepared on an accounting basis and measurement focus that is similar to the basis used to prepare the government-wide financial statements. For financial reporting purposes, proprietary funds are grouped into enterprise funds and internal service funds.

Fund Financial Statements (concluded)

Proprietary Funds (concluded)

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses a single enterprise fund for its water, sewer, stormwater and sanitation departments. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the government's various functions. The Town does not use internal service funds.

The proprietary fund financial statements can be found by referencing the table of contents of this report.

Fiduciary Funds - Assets held by the Town for other parties, either as a trustee or as an agent, and that cannot be used to finance the Town's own operating programs are reported as fiduciary funds. The Town has no fiduciary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found by referencing the table of contents of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* consisting of the budgetary comparison statement for the general fund which can be found by referencing the table of contents of this report.

TOWN OF DUNDEE, FLORIDA

Management's Discussion and Analysis

September 30, 2020

Government-wide Financial Analysis

The following is a summary of the information presented in the statement of net position which can be located by referencing the table of contents of this report.

**Statement of Net Position (Summary)
as of September 30,**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 4,457,474	\$ 4,015,945	\$ 2,316,803	\$ 2,329,326	\$ 6,774,277	\$ 6,345,271
Capital assets	5,742,677	5,308,172	15,821,713	15,024,244	21,564,390	20,332,416
Total assets	10,200,151	9,324,117	18,138,516	17,353,570	28,338,667	26,677,687
Current and other liabilities	508,873	330,496	1,013,959	664,842	1,522,832	995,338
Long-term liabilities	1,445,386	1,618,834	4,602,274	4,767,839	6,047,660	6,386,673
Total liabilities	1,954,259	1,949,330	5,616,233	5,432,681	7,570,492	7,382,011
Net position:						
Net investment in capital assets	4,306,284	3,699,106	11,230,768	9,863,993	15,537,052	13,563,099
Restricted	2,460,355	1,970,624	798,735	745,678	3,259,090	2,716,302
Unrestricted	1,479,253	1,705,057	492,780	1,311,218	1,972,033	3,016,275
Total net position	\$ 8,245,892	\$ 7,374,787	\$ 12,522,283	\$ 11,920,889	\$ 20,768,175	\$ 19,295,676

Seventy-five (75%) of the Town's net position reflects its net investment in capital assets (e.g., land, buildings, sewer and water system, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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.

Sixteen percent (16%) of the Town's net position represents resources that are subject to external restrictions on how they may be used and are reported as restricted net position. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

TOWN OF DUNDEE, FLORIDA

Management’s Discussion and Analysis

September 30, 2020

The following is a summary of the information presented in the Statement of Activities which can be located by referencing the table of contents of this report.

**Statement of Activities (Summary)
For the year ended September 30,**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 368,078	\$ 317,553	\$ 2,618,384	\$ 2,361,193	\$ 2,986,462	\$ 2,678,746
Operating grants and contributions	352,605	291,046	-	-	352,605	291,046
Capital grants and contributions	682,122	306,827	414,730	65,962	1,096,852	372,789
<i>General revenues:</i>						
Property taxes	1,575,546	1,428,537	-	-	1,575,546	1,428,537
Other taxes	1,143,265	1,161,707	-	-	1,143,265	1,161,707
State shared revenue	435,628	432,864	-	-	435,628	432,864
Other	116,346	31,836	1,353	16,926	117,699	48,762
Total revenues	4,673,590	3,970,370	3,034,467	2,444,081	7,708,057	6,414,451
Expenses:						
<i>Governmental Activities:</i>						
General government	961,881	827,007	-	-	961,881	827,007
Library	189,777	167,764	-	-	189,777	167,764
Law enforcement	934,877	903,324	-	-	934,877	903,324
Fire control	397,912	240,036	-	-	397,912	240,036
Building and zoning	90,452	72,651	-	-	90,452	72,651
Streets	511,394	453,774	-	-	511,394	453,774
Parks and recreation	243,735	180,740	-	-	243,735	180,740
Historic train depot	27,007	19,847	-	-	27,007	19,847
Code enforcement	68,361	31,197	-	-	68,361	31,197
Interest on long-term debt	77,089	83,998	-	-	77,089	83,998
<i>Business-type Activities:</i>						
Water	-	-	1,247,656	1,194,150	1,247,656	1,194,150
Sewer	-	-	760,407	716,040	760,407	716,040
Stormwater	-	-	130,883	75,938	130,883	75,938
Sanitation	-	-	594,127	436,392	594,127	436,392
Total expenses	3,502,485	2,980,338	2,733,073	2,422,520	6,235,558	5,402,858
Increase (decrease) in net position before transfers	1,171,105	990,032	301,394	21,561	1,472,499	1,011,593
Transfers	(300,000)	125,000	300,000	(125,000)	-	-
Change in net position	871,105	1,115,032	601,394	(103,439)	1,472,499	1,011,593
Net position – Beg.	7,374,787	6,259,755	11,920,889	12,024,328	19,295,676	18,284,083
Net position – End	\$ 8,245,892	\$ 7,374,787	\$ 12,522,283	\$ 11,920,889	\$ 20,768,175	\$ 19,295,676

Governmental activities:

Governmental activities’ change in net position for 2020 was an increase of \$1,171,105, before transfers, as compared to an increase of \$990,032 for the prior year.

- Total revenue increased by \$703,220 (18%). Property taxes increased by \$147,009 (10%) due to increased property values within the Town and capital grants and contributions increased by \$375,295 (122%) mainly due to increased impact fee revenue of \$295,913 and grant revenue of \$112,097 used for dock improvements.

Governmental activities: (concluded)

- Total expenses increased by \$522,147 (18%) mainly due to payroll and payroll related expenses that increased by approximately \$191,000 and general increases in a large variety of diverse expense categories within the governmental activities.

Program revenues increased 53%, general revenues of the governmental activities increased from \$3,054,944 in 2019 to \$3,270,785 in 2020, a 7% increase. Total governmental activities expenses increased 18% from \$2,980,338 in 2019 to \$3,502,485 in 2020.

Business-type activities:

Business-type activities' change in net position for 2020 was an increase of \$301,394, before transfers, as compared to an increase of \$21,561 for the prior year.

The improving change in net position is mainly due to an increase in total revenue of \$590,386 or 24%, mainly due to increased impact fees and utility infrastructure donations because of increased residential construction activity in 2020 compared to 2019 and a \$310,553 (13%) increase in expenses.

Charges for services increased \$257,191 or 11% and capital grants and contributions increased \$348,768 or 529% due to increased collection of water and wastewater impact fees.

Financial Analysis of the Government's Funds

Governmental Funds: The focus of the Town's governmental funds statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. Unassigned and assigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental fund (the general fund) reported ending fund balance of \$3,822,969, an increase of \$159,274 in comparison with the reported balance in the prior year. Of this total, \$1,362,614 for the general fund constitutes unassigned and assigned fund balance, which is available for spending at the government's discretion which was \$1,663,663 in the prior year. The remainder of fund balance is restricted by enabling legislation or contract and can only be spent on the purposes for which it is intended.

Activity during the current fiscal year included the following key components:

- Total governmental funds revenues increased by \$346,366 or 9% due to increased tax revenue of \$131,017, increased licenses and permits of \$372,828, charges for services of \$79,186 and other revenue of \$32,899 coupled with decreases in intergovernmental revenue of \$245,656 and fines and forfeitures revenue of \$23,908.
- Total governmental funds expenditures increased by \$428,106 or 12% due to increased current expenditures of \$502,387 and decreased capital outlay expenditures of \$70,368 and decreased debt service of \$3,913.

Proprietary funds: The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The major changes between 2019 and 2020 are discussed above under the "business-type activities" heading.

General Fund Budgetary Highlights

Actual resources (revenues and other sources) were more than budgeted resources by \$262,584 and actual charges to appropriations were \$1,017,123 less than budgeted resulting in an overall favorable budget variance of \$1,279,707. These budgetary variances were due to significant differences between original estimates and actual results. These differences were caused by many budgetary variances within a large pool of diverse revenue and expenditure categories with major budgetary variances explained below:

- Revenue – The final budget amendment approved by the Town Commission on November 10, 2020 was not in sufficient detail to segregate general fund budgetary revenue changes from those of the enterprise fund. As a result, the revenue amounts reported in the budgetary comparison schedule as the final budgeted amounts are equal to the original budget, as the final general fund budgeted revenues were indeterminable.
 - New construction activity in the Town increased greater than originally anticipated and resulted in more revenue from building permits and impact fees than originally planned.
 - Tax revenue was greater than the budgeted amounts because the electricity utility service tax and franchise fee revenue exceeded budgetary amounts by approximately \$213,000, due to a conservative approach when preparing the budget for these line items.
- Expenditures – Capital outlay expenditures were \$477,000 less than budgeted amounts, as a utility construction project was budgeted in the general fund but the actual expenditures were subsequently moved to the enterprise fund while the budgeted appropriations remained in the general fund.

Capital Assets

Capital assets: The Town's investment in capital assets for its governmental and business type activities as of September 30, 2020, amounts to \$21,564,390 (net of accumulated depreciation) which is a decrease of \$1,231,974. This decrease is the result of current year additions in excess of disposals and depreciation expense.

Information on the Town's capital assets is summarized in the following table.

Capital Assets Activity
 (net of depreciation)
 as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 1,052,418	\$ 995,857	\$ 806,276	\$ 806,276	\$ 1,858,694	\$ 1,802,133
Buildings and improvements	2,308,147	2,150,401	14,001,101	13,956,991	16,309,248	16,107,392
Vehicles and equipment	453,687	448,346	150,270	118,867	603,957	567,213
Construction in progress	-	-	864,066	142,110	864,066	142,110
Infrastructure	1,928,425	1,713,568	-	-	1,928,425	1,713,568
Total	\$ 5,742,677	\$ 5,308,172	\$ 15,821,713	\$ 15,024,244	\$ 21,564,390	\$ 20,332,416

Additional information on the Town's capital assets can be found in note 5 of the notes to financial statements which can be found by referencing the table of contents of this report.

Debt Administration

Long-Term Debt: As shown in the table below, the Town had total long-term debt outstanding of \$6,027,338 which represents a decrease of approximately 5% over the prior year.

Revenue Notes and Notes Payable
 as of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue notes	\$ 1,338,632	\$ 1,494,185	\$ 4,590,945	\$ 4,758,963	\$ 5,929,577	\$ 6,253,148
Other notes and leases	97,761	114,881	-	-	97,761	114,881
Total	<u>\$ 1,436,393</u>	<u>\$ 1,609,066</u>	<u>\$ 4,590,945</u>	<u>\$ 4,758,963</u>	<u>\$ 6,027,338</u>	<u>\$ 6,368,029</u>

Additional information on the Town's long-term debt can be found in note 6 of the notes to financial statements which can be found by referencing the table of contents of this report.

Economic Factors and Next Year's Budget and Rates

The Town continues to face challenges in finding sufficient funding to support basic services and growth. As a result, the Town is concentrating on holding the line on expenses going forward and finding ways to increase revenues.

Requests for Information

This financial report is designed to provide users with a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Town of Dundee, Office of the Town Manager, PO Box 1000, Florida 33838 or call (863) 438-8330.

TOWN OF DUNDEE, FLORIDA

Statement of Net Position

September 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,646,173	\$ 1,029,976	\$ 2,676,149
Receivables, current:			
Customer accounts, net	-	236,910	236,910
Franchise and public service taxes	115,436	-	115,436
Intergovernmental	235,510	-	235,510
Prepaid expenses	-	49,360	49,360
Restricted assets:			
Cash and cash equivalents	2,460,355	1,000,557	3,460,912
Capital Assets:			
Non-depreciable	1,052,418	1,670,342	2,722,760
Depreciable, net	4,690,259	14,151,371	18,841,630
TOTAL ASSETS	10,200,151	18,138,516	28,338,667
LIABILITIES			
Accounts payable	142,000	405,324	547,324
Accrued payroll	42,632	23,497	66,129
Accrued interest payable	11,377	16,564	27,941
Due to other governments	284,576	1,603	286,179
Unearned revenue	-	381,713	381,713
Customer deposits	28,288	185,258	213,546
Long-term obligations:			
Due within one year	182,284	250,283	432,567
Due in more than one year	1,263,102	4,351,991	5,615,093
TOTAL LIABILITIES	1,954,259	5,616,233	7,570,492
NET POSITION			
Net investment in capital assets	4,306,284	11,230,768	15,537,052
Restricted for:			
Debt service	-	298,364	298,364
Stormwater management	-	91,491	91,491
Water system improvements	-	334,321	334,321
Sewer system improvements	-	74,559	74,559
Building code enforcement	554,434	-	554,434
Transportation improvements	903,676	-	903,676
Parks and recreation improvements	227,782	-	227,782
Library improvements	370,379	-	370,379
Public safety improvements	404,084	-	404,084
Unrestricted	1,479,253	492,780	1,972,033
TOTAL NET POSITION	\$ 8,245,892	\$ 12,522,283	\$ 20,768,175

See Accompanying Notes to Financial Statements

TOWN OF DUNDEE, FLORIDA
Statement of Activities
for the year ended September 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 961,881	\$ 28,288	\$ 251,281	\$ 112,097	\$ (570,215)	\$ -	\$ (570,215)
Law enforcement	934,877	11,572	-	50,532	(872,773)	-	(872,773)
Fire control	397,912	-	-	37,868	(360,044)	-	(360,044)
Building and zoning	90,452	280,764	40,748	-	231,060	-	231,060
Streets	511,394	35,770	35,307	387,501	(52,816)	-	(52,816)
Library	189,777	4,869	25,000	71,924	(87,984)	-	(87,984)
Parks and recreation	243,735	6,815	-	22,200	(214,720)	-	(214,720)
Historic train depot	27,007	-	269	-	(26,738)	-	(26,738)
Code enforcement	68,361	-	-	-	(68,361)	-	(68,361)
Interest on long-term debt	77,089	-	-	-	(77,089)	-	(77,089)
Total governmental activities	3,502,485	368,078	352,605	682,122	(2,099,680)	-	(2,099,680)
Business-type activities							
Water utility	1,247,656	981,480	-	265,126	-	(1,050)	(1,050)
Sewer utility	760,407	715,863	-	149,604	-	105,060	105,060
Stormwater management	130,883	160,580	-	-	-	29,697	29,697
Sanitation	594,127	760,461	-	-	-	166,334	166,334
Total business-type activities	2,733,073	2,618,384	-	414,730	-	300,041	300,041
TOTAL PRIMARY GOVERNMENT	\$ 6,235,558	\$ 2,986,462	\$ 352,605	\$ 1,096,852	(2,099,680)	300,041	(1,799,639)
GENERAL REVENUES							
Taxes:							
Property taxes, levied for general purposes					1,575,546	-	1,575,546
Franchise taxes					320,844	-	320,844
Public service taxes					572,247	-	572,247
Fuel taxes for transportation purposes					250,174	-	250,174
State shared revenue - unrestricted					435,628	-	435,628
Investment earnings					-	1,353	1,353
Gain on sale of capital assets					40,328	-	40,328
Other revenues					76,018	-	76,018
TRANSFERS					(300,000)	300,000	-
Total general revenues and transfers					2,970,785	301,353	3,272,138
Change in net position					871,105	601,394	1,472,499
NET POSITION, beginning of year					7,374,787	11,920,889	19,295,676
NET POSITION, end of year					\$ 8,245,892	\$ 12,522,283	\$ 20,768,175

See Accompanying Notes to Financial Statements

TOWN OF DUNDEE, FLORIDA
 Balance Sheet – Governmental Fund
 September 30, 2020

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,646,173
Receivables, current:	
Franchise and public service taxes	115,436
Intergovernmental	235,510
Restricted assets:	
Cash and cash equivalents	<u>2,460,355</u>
TOTAL ASSETS	<u>\$ 4,457,474</u>
LIABILITIES	
Accounts payable	142,000
Accrued payroll	42,632
Due to other governments	284,576
Customer deposits	<u>28,288</u>
TOTAL LIABILITIES	<u>497,496</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues	<u>137,009</u>
FUND BALANCE	
Restricted for:	
Parks	\$ 60,842
Building code enforcement	554,434
Recreation impact fees	166,940
Library impact fees	370,379
Law enforcement impact fees	255,301
Roads impact fees	903,676
Fire impact fees	148,783
Unassigned	<u>1,362,614</u>
TOTAL FUND BALANCE	<u>3,822,969</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 4,457,474</u>

See Accompanying Notes to Financial Statements

TOWN OF DUNDEE, FLORIDA

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

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

FUND BALANCE - TOTAL GOVERNMENTAL FUND	\$ 3,822,969
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	5,742,677
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities.	137,009
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds.	(11,377)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(1,445,386)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 8,245,892</u>

See Accompanying Notes to Financial Statements

TOWN OF DUNDEE, FLORIDAStatement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund
for the year ended September 30, 2020

	General Fund
REVENUES:	
Taxes	\$ 2,734,507
Licenses and permits	850,788
Intergovernmental revenue	495,936
Charges for services	125,884
Fines and forfeitures	11,718
Other	60,610
Total revenues	<u>4,279,443</u>
EXPENDITURES:	
Current:	
General government	904,687
Public safety	1,424,205
Transportation	401,271
Culture/recreation	424,397
Capital outlay	454,854
Debt service	251,083
Total expenditures	<u>3,860,497</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>418,946</u>
OTHER FINANCING SOURCES	
Transfer out	(300,000)
Sale of capital assets	40,328
Total other financing sources	<u>(259,672)</u>
NET CHANGE IN FUND BALANCE	159,274
FUND BALANCE, beginning of year	<u>3,663,695</u>
FUND BALANCE, end of year	<u>\$ 3,822,969</u>

See Accompanying Notes to Financial Statements

TOWN OF DUNDEE, FLORIDA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund to the Statement of Activities
for the year ended September 30, 2020

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

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUND	\$ 159,274
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.	
This is the amount of capital assets recorded in the current period.	699,919
This is the amount of depreciation expense recorded in the current period.	(265,414)
Revenues not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.	
This represents the change caused by the "availability" criterion.	102,555
Accrued interest expense on long-term debt is reported in the government-wide statement of activities, but it does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in the governmental funds. The following amount represents the change in accrued interest payable from the prior year.	1,323
Long-term obligations including bonds and notes payable and compensated absences are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds because they do not require the use of current financial resources:	
This is the change in accrued compensated absences during the year.	775
Repayment of loan principal reported as an expenditure in governmental funds.	172,673
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 871,105</u>

See Accompanying Notes to Financial Statements

TOWN OF DUNDEE, FLORIDA
Statement of Net Position – Proprietary Fund
September 30, 2020

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,029,976
Customer accounts receivable, net	236,910
Prepaid expenses	49,360
Total current assets	<u>1,316,246</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	1,000,557
Capital assets:	
Non-depreciable	1,670,342
Depreciable, net	14,151,371
Total noncurrent assets	<u>16,822,270</u>
TOTAL ASSETS	<u>18,138,516</u>
LIABILITIES	
Current liabilities:	
Accounts payable	405,324
Accrued payroll	23,497
Due to other governments	1,603
Compensated absences, current	1,133
Long-term debt current	249,150
Total current liabilities	<u>680,707</u>
Noncurrent liabilities:	
Compensated absences, noncurrent	10,196
Unearned revenue	381,713
Liabilities payable from restricted assets:	
Customer deposits	185,258
Accrued interest payable	16,564
Long-term debt, noncurrent	4,341,795
Total noncurrent liabilities	<u>4,935,526</u>
TOTAL LIABILITIES	<u>5,616,233</u>
NET POSITION	
Net investment in capital assets	11,230,768
Restricted for:	
Debt service	298,364
Stormwater management	91,491
Water system improvements	334,321
Sewer system improvements	74,559
Unrestricted	492,780
TOTAL NET POSITION	<u>\$ 12,522,283</u>

See Accompanying Notes to Financial Statements

TOWN OF DUNDEE, FLORIDAStatement of Revenues, Expenses and Change in Fund Net Position – Proprietary Fund
for the year ended September 30, 2020

	Enterprise Fund
OPERATING REVENUES:	
Charges for services	\$ 2,618,384
Total operating revenues	<u>2,618,384</u>
OPERATING EXPENSES:	
Personnel services	509,480
Operating expenses	1,397,961
Depreciation	557,933
Total operating expenses	<u>2,465,374</u>
OPERATING INCOME	<u>153,010</u>
NONOPERATING REVENUE (EXPENSE)	
Interest expense	(197,386)
Interest revenue	1,353
Loss on disposition of capital asset	(574)
Other, net	(69,739)
Total nonoperating revenues (expenses)	<u>(266,346)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(113,336)</u>
Capital contributions - impact fees	203,710
Capital contributions - other	211,020
Interfund transfers	300,000
CHANGE IN NET POSITION	<u>601,394</u>
TOTAL NET POSITION, beginning of year	<u>11,920,889</u>
TOTAL NET POSITION, end of year	<u>\$ 12,522,283</u>

See Accompanying Notes to Financial Statements

TOWN OF DUNDEE, FLORIDAStatement of Cash Flows – Proprietary Fund
for the year ended September 30, 2020

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,623,132
Payments to suppliers	(1,077,922)
Payments for salaries and benefits	(497,667)
Net cash flows provided by operating activities	<u>1,047,543</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from other funds, net of interfund receivables/payables	<u>300,000</u>
Net cash flows provided by (used for) noncapital financing activities	<u>300,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets, net of related payables	(1,157,115)
Principal paid on long-term debt	(237,757)
Interest paid on borrowings	(198,944)
Proceeds from the sale of capital assets	12,159
Impact fees received	184,135
Net cash provided by (used for) capital and related financing activities	<u>(1,397,522)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on invested funds	<u>1,353</u>
Net cash flows provided by (used for) investing activities	<u>1,353</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(48,626)
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,079,159</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,030,533</u>
As shown in the Accompanying Financial Statements	
Cash and cash equivalents	\$ 1,029,976
Restricted cash and cash equivalents	<u>1,000,557</u>
Total cash and cash equivalents	<u>\$ 2,030,533</u>
Noncash financing and investment activities:	
Joint venture loan guarantee	<u>\$ 69,739</u>
Impact fees received in prior years recognized as revenue in the current year	<u>\$ 19,575</u>
Donated water and wastewater infrastructure	<u>\$ 211,020</u>

... continued

TOWN OF DUNDEE, FLORIDA

Statement of Cash Flows – Proprietary Fund (concluded)
for the year ended September 30, 2020

	<u>Enterprise Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income	\$ 153,010
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	557,933
(Increase) decrease in accounts receivable	(9,309)
(Increase) decrease in prepaid expenses	(26,794)
Increase (decrease) in customer deposits	14,057
Increase (decrease) in accounts payable	346,921
Increase (decrease) in accrued wages and compensated absences	11,813
Increase (decrease) in amounts due to other governments	(88)
Net cash flows from operating activities	<u>\$ 1,047,543</u>

See Accompanying Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 statements (GASBS) and Interpretations (GASBI). The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. REPORTING ENTITY

The Town of Dundee, Florida (the "Town") is a municipal corporation incorporated on December 16, 1924 by general vote of the registered voters of the incorporating limits under then sections 1825 of the Revised General Statutes of Florida. The Corporation operates under a charter form of government created by Ordinance No. 77-6 adopted at the general election on November 1, 1977, and most recently recodified and readopted by Ordinance No. 93-09 dated June 8, 1993. The Town is governed by a board of five elected commission members. These financial statements include all of the funds, organizations, agencies and departments of the Town (the "primary government") and any legally separate entities ("component units") required by generally accepted accounting principles to be included in the reporting entity.

The accompanying financial statements present the Town's primary government and component units over which the Town exercises significant influence. Criteria for determining if other entities are potential component units of the Town which should be reported with the Town's basic financial statements are identified and described in the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the Town is financially accountable and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete. A blended component unit, although legally separate, is in substance part of the Town's operations and presented in the financial statements as "blended" components. Blending refers to the fact that the component unit's funds are combined with those of the primary government for financial reporting purposes.

Based on these criteria, the financial reporting entity does not include or exclude any component units.

The financial reporting entity does not include the assets of the employee defined contribution pension plan, which were determined not to be assets of the Town.

B. BASIS OF PRESENTATION

The basic financial statements consist of the government-wide financial statements and fund financial statements.

Government-wide Financial Statements - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the nonfiduciary activities of the Town.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

The Town has no fiduciary funds, however, if it did they would be excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government. *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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment, including depreciation. The Town does not allocate the interest expense of governmental fund debt or indirect costs such as finance, personnel, legal, etc. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements - The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Cod. Sec 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Non-major funds by category are summarized into a single column. Due to the Town's fund structure, there were no non-major funds. The various funds are reported by type within the financial statements.

The following fund types and funds are used and reported by the Town:

Governmental Funds - The focus of the governmental fund measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Town:

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

Proprietary Funds - The focus of proprietary fund measurement is upon determination of operating income, changes in net position, overall financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund used by the Town:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

- **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Town has one *Enterprise Fund* which accounts for the activities associated with providing sanitation services; potable water services; sewer collection, treatment and disposal services; and stormwater management services to area residents.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions (grants) and voluntary nonexchange transactions (donations) resources are reported as liabilities until the eligibility requirements are met and as deferred inflows if received before time requirements are met.

Proprietary fund operating revenues generally result from producing and providing goods and services such as sanitation services, stormwater management, potable water services and sewer collection and disposal services. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services.

All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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. Changes in fair value of investments are recognized at the end of each year. Revenues are considered to be *available* when they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise and public service taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period. Grant revenues are considered earned and are accrued simultaneously with the grant expenditure.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable; i.e. revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criteria. All other revenue items are measurable and available only when cash is received by the government.

D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY

CASH AND CASH EQUIVALENTS – Includes all short-term highly liquid investments with a maturity of three months or less when purchased, including all bank demand deposits, certificates of deposit, local government investment pool investments reported at amortized cost, money-market and savings accounts. As of September 30, 2020, all the Town’s cash and investments met this definition.

INVESTMENTS - The types of investments in which the Town may invest are governed by Section 218.415(17), Florida Statutes. In accordance with Section 218.415(17), Florida Statutes, the Town is authorized to invest in the following instruments: Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized through the Florida Interlocal Cooperation Act; S.E.C. registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories or direct obligations of the U.S. Treasury.

RECEIVABLES - The Town accrues unbilled service of its enterprise fund representing the estimated value of service from the last billing date to year end which totaled \$45,173 on September 30, 2020. A reserve for doubtful accounts is maintained in the enterprise fund equal to the value of the utility customer receivables that are not expected to be collected. As of September 30, 2020, the reserve for doubtful accounts totaled \$13,428 for the utility service receivables.

INVENTORY - Supplies inventories of the general fund and the enterprise fund are immaterial and not recorded as assets. Such items are charged to expense when purchased.

PREPAID ITEMS - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

CAPITAL ASSETS - In the government-wide financial statements, capital assets include land, buildings, improvements, utility and infrastructure with an individual cost of \$25,000 and furniture and equipment with an individual cost of \$2,000. Such assets are recorded at historical cost, if purchased, and at acquisition value at date of gift, if donated. Governmental fund infrastructure assets (e.g., roads, bridges, sidewalks, streets, drainage systems and lighting system), acquired prior to October 1, 2003, have not been reported as allowed by GASB Cod. Sec. 1400.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives, as follows:

	<u>Years</u>
Utility plant in service	40-50
Buildings and improvements	40
Machinery and equipment	3-10
Vehicles	5-10
Infrastructure:	
Streets	50-75
Drainage	50

RESTRICTED ASSETS – Restricted assets include cash and investments that are legally restricted to specific uses by external parties. The Town generally uses restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

INTEREST COSTS - Interest costs are capitalized when incurred on debt the proceeds of which were used to finance the construction of enterprise fund capital assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. No interest cost was capitalized for the year ended September 30, 2020.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will *not* be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applied to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues that are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

LONG-TERM OBLIGATIONS - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements.

For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

COMPENSATED ABSENCES - The Town's policies permit employees to accumulate vacation and sick time up to certain limits and to be compensated for the accumulated vacation time upon termination of employment. The liability for these compensated absences is recorded as long-term in the government-wide statements and in the proprietary fund financial statements because the maturities are not determinable. In the fund financial statements, the governmental funds do not report the compensated absence liability because it is generally not payable from expendable available financial resources.

CONNECTION FEES AND IMPACT FEES - Connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities and are recorded as operating revenue when received. Impact fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as capital contributions when received. Prepaid impact fees received which reserve capacity in the Town's future water or wastewater facilities are reported as capital contributions when the requirements of the developer agreements are met by the Town.

INTERFUND BALANCES AND TRANSFERS - Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide presentation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont...)

EQUITY CLASSIFICATIONS -

Government-wide Statements - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three 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, or other borrowings and unearned impact fees that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on their 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.

Unrestricted net position - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted net position is available for use, it is the Town's policy to use restricted net position first, and then unrestricted net position as they are needed.

Fund Statements - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the Town's circumstances. The following classifications describe the relative strength of the spending constraints:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts constrained to specific purposes by formal action (ordinance) of the Town using its highest level of decision-making authority (the Town Commission). To be reported as committed, amounts cannot be used for any other purpose unless the Town Commission takes the same highest-level action (ordinance) to remove or change the constraint.

Assigned - amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Commission or through the Town Commission delegating this responsibility to the Town Manager through the budgetary process. The Town Commission has not established a formal policy regarding authorization to assign fund balance amounts for a specific purpose.

Unassigned - all other spendable amounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

The Town uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

USE OF ESTIMATES – The preparation of the basic financial statements in conformity with generally accepted accounting principles, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the basic financial statements. Actual results could differ from estimates.

NOTE 2 - PROPERTY TAX CALENDAR

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the Town is established by the Town Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The Town's millage rate in effect for the fiscal year ended September 30, 2020, was 7.900.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in of November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTE 3 - BUDGETARY LAW AND PRACTICE

The budget is adopted by resolution on a Town-wide basis for all Town funds on or before October 1 of each year as required by State Statute. Town Ordinance establishes the legal level of budgetary control at the individual fund level. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations subject to notification of the Town Commission. The budget for the general fund is adopted on the accounting basis used for financial reporting purposes and the enterprise fund budget is adopted essentially on the cash basis.

NOTE 4 - DEPOSITS AND INVESTMENTS

DEPOSITS IN FINANCIAL INSTITUTIONS - The Town's deposits are insured by the FDIC up to \$250,000 per financial institution. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the Chief Financial Officer, State of Florida ("CFO") in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the CFO will implement procedures for payment of losses according to the validated claims of the Town pursuant to Section 280.08 Florida Statutes.

INVESTMENTS – The Town invests surplus funds throughout the year with Florida PRIME, an investment pool administered by the State Board of Administration (SBA), under the regulatory oversight of the State of Florida. Florida PRIME meets all the necessary criteria to elect to measure all of the investment in Florida PRIME at amortized cost, as a cash equivalent.

The dollar weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2020 was 48 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME on September 30, 2020 was 63 days.

Regarding redemption gates, Chapter 218.409(8)(a), Florida Statutes, states, "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the Executive Director may extend the moratorium until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

Regarding liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2020, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

NOTE 4 - DEPOSITS AND INVESTMENTS (concluded)

The captions on the government-wide statement of net position for "cash and cash equivalents", both restricted and unrestricted, are summarized below.

Cash and cash equivalents:	
Cash on hand	\$ 350
Deposits in financial institutions:	
Insured or fully collateralized bank deposits	5,962,880
State Board of Administration - local government pool	<u>173,831</u>
Total cash and cash equivalents	<u>\$ 6,137,061</u>

The Town has no policy regarding custodial credit risk, concentration of credit risk, interest rate risk or foreign currency risk.

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NOTE 5 - CAPITAL ASSETS

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

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 995,857	\$ 56,561	\$ -	\$ 1,052,418
Total capital assets, not being depreciated	<u>995,857</u>	<u>56,561</u>	<u>-</u>	<u>1,052,418</u>
Capital assets, being depreciated:				
Buildings and improvements	3,723,615	259,494	-	3,983,109
Equipment	542,304	40,324	-	582,628
Vehicles	697,308	39,473	(102,024)	634,757
Infrastructure:				
Road network	2,297,982	78,635	-	2,376,617
Sidewalk network	-	225,432	-	225,432
Total capital assets, being depreciated	<u>7,261,209</u>	<u>643,358</u>	<u>(102,024)</u>	<u>7,802,543</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,573,214)	(101,748)	-	(1,674,962)
Equipment	(334,488)	(33,378)	-	(367,866)
Vehicles	(456,778)	(41,078)	102,024	(395,832)
Infrastructure:				
Road network	(584,414)	(83,574)	-	(667,988)
Sidewalk network	-	(5,636)	-	(5,636)
Total accumulated depreciation	<u>(2,948,894)</u>	<u>(265,414)</u>	<u>102,024</u>	<u>(3,112,284)</u>
Total capital assets being depreciated, net	<u>4,312,315</u>	<u>377,944</u>	<u>-</u>	<u>4,690,259</u>
Governmental activities capital assets, net	<u>\$ 5,308,172</u>	<u>\$ 434,505</u>	<u>\$ -</u>	<u>\$ 5,742,677</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 806,276	\$ -	\$ -	\$ 806,276
Construction-in-progress	142,110	721,956	-	864,066
Total capital assets, not being depreciated	<u>948,386</u>	<u>721,956</u>	<u>-</u>	<u>1,670,342</u>
Capital assets, being depreciated:				
Utility plant	22,495,695	576,018	-	23,071,713
Equipment	424,922	70,161	(13,765)	481,318
Total capital assets, being depreciated	<u>22,920,617</u>	<u>646,179</u>	<u>(13,765)</u>	<u>23,553,031</u>
Less accumulated depreciation for:				
Utility plant	(8,538,704)	(531,908)	-	(9,070,612)
Equipment	(306,055)	(26,025)	1,032	(331,048)
Total accumulated depreciation	<u>(8,844,759)</u>	<u>(557,933)</u>	<u>1,032</u>	<u>(9,401,660)</u>
Total capital assets being depreciated, net	<u>14,075,858</u>	<u>88,246</u>	<u>(12,733)</u>	<u>14,151,371</u>
Business-type activities capital assets, net	<u>\$ 15,024,244</u>	<u>\$ 810,202</u>	<u>\$ (12,733)</u>	<u>\$ 15,821,713</u>

NOTE 5 - CAPITAL ASSETS (concluded)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$	67,304
Law enforcement		2,426
Fire		47,741
Building code enforcement		5,197
Streets		108,316
Library		18,077
Parks & recreation		14,907
Historic train depot		1,446
Total depreciation expense - governmental activities	\$	<u>265,414</u>

Business-type Activities:

Water	\$	262,228
Sewer		290,145
Stormwater		5,560
Total depreciation expense - business-type activities	\$	<u>557,933</u>

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NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended September 30, 2020:

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020	Amounts Due within One Year
Governmental Activities:					
Long-term debt:					
Notes payable:					
Vehicle purchase note, 2019	\$ 114,881	\$ -	\$ (17,120)	\$ 97,761	\$ 17,798
Capital Improvement Revenue Note, Series 2007A	1,494,185	-	(155,553)	1,338,632	163,587
Total long-term debt	<u>1,609,066</u>	<u>-</u>	<u>(172,673)</u>	<u>1,436,393</u>	<u>181,385</u>
Other liabilities:					
Compensated absences	9,768	23,518	(24,293)	8,993	899
Total other liabilities	<u>9,768</u>	<u>23,518</u>	<u>(24,293)</u>	<u>8,993</u>	<u>899</u>
Total long-term liabilities	<u>\$ 1,618,834</u>	<u>\$ 23,518</u>	<u>\$ (196,966)</u>	<u>1,445,386</u>	<u>\$ 182,284</u>
Less amount due in one year				<u>(182,284)</u>	
Net long-term liabilities in excess of one year				<u>\$ 1,263,102</u>	
Business-type Activities:					
Long-term debt:					
Revenue certificates:					
USDA Water and Sewer, Series 2001	\$ 1,371,370	\$ -	\$ (41,160)	\$ 1,330,210	\$ 42,960
Capital Improvement, Series 2007	473,451	-	(150,015)	323,436	157,686
USDA Water and Sewer, Series 2011	2,823,801	-	(46,582)	2,777,219	48,504
Other long-term debt:					
Joint venture loan guarantee	90,341	69,739	-	160,080	-
Total long-term debt	<u>4,758,963</u>	<u>69,739</u>	<u>(237,757)</u>	<u>4,590,945</u>	<u>249,150</u>
Other liabilities:					
Compensated absences	8,876	15,628	(13,175)	11,329	1,133
Total other liabilities	<u>8,876</u>	<u>15,628</u>	<u>(13,175)</u>	<u>11,329</u>	<u>1,133</u>
Total long-term liabilities	<u>\$ 4,767,839</u>	<u>\$ 85,367</u>	<u>\$ (250,932)</u>	<u>4,602,274</u>	<u>\$ 250,283</u>
Less amount due in one year				<u>(250,283)</u>	
Net long-term liabilities in excess of one year				<u>\$ 4,351,991</u>	

Notes to Long-Term Obligations Table

Long term liabilities, including compensated absences, are typically liquidated by the individual fund to which the liability is directly associated.

All of the Town's long-term debt arose through direct borrowings or direct placements.

NOTE 6 - LONG-TERM OBLIGATIONS (cont...)

Governmental Activities:

- Capital Improvement Revenue Note, Series 2007A - This note is secured by the Town's franchise and utility taxes on the sale of electricity, natural gas, propane and the communication services tax. Principal and interest are payable semi-annually on February 1 and August 1, in equal amounts of \$114,900 through maturity on August 1, 2027. The original amount of the loan was \$2,800,000 and was used for capital acquisitions and renovations of certain municipal facilities and bears interest at 5.10%.
- Vehicle Purchase Note 2019 – The Town financed the purchase of a fire rescue vehicle through a loan with a local bank in the original amount of \$130,000. The terms of the note require monthly payments of principal and interest in the amount of \$1,774 and matures on October 4, 2025. The note bears interest at 3.89%.

Business-Type Activities:

- USDA Water and Sewer Revenue Bonds, Series 2001 - These bonds are secured by the net revenues of the water and sewer systems and the half cent sales tax reported in the General Fund, and the sewer impact fees on deposit in the enterprise fund. The original bond amount was \$1,857,840 and was used primarily to construct a sewer system and related improvements. The bonds bear interest at 4.375% with principal and interest payable annually on September 1 in the amount of \$101,160 with a final maturity of September 1, 2040.
- Capital Improvement Series 2007 - This revenue note bears interest at 5.05% and is secured by the Town's franchise and utility taxes on the sale of electricity, natural gas, propane and communication services tax reported in the General Fund. Principal and interest are payable semi-annually on February 1 and August 1, in equal amounts of \$86,027 through maturity on August 1, 2022. The original amount of the loan was \$1,800,000 and was used to refund the Series 2000A non-ad valorem revenue notes and for capital improvement projects.
- USDA Water and Sewer Revenue Bonds, Series 2011 - These bonds are secured by the net revenues of the water and sewer systems and the half cent sales tax reported in the General Fund, and the sewer impact fees on deposit in the enterprise fund. The original bond amount was \$3,136,000 and was used to construct a new water plant. The bonds bear interest at 4.125% with principal and interest payable annually on September 1 in the amount of \$163,072 with a final maturity of September 1, 2050.

NOTE 6 - LONG-TERM OBLIGATIONS (cont...)

Business-Type Activities: (concluded)

- Joint Venture Loan Guarantee – The Town has entered into an agreement with the Florida Department of Environmental Protection to guarantee to pay the principal and interest of the Town’s proportional share of the State Revolving Fund (SRF) loan funds borrowed by the Polk Regional Water Cooperative to fund the projects of the combined projects implementation agreement. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on December 15, 2024 for a ten-year term to maturity on December 15, 2033. As of September 30, 2020, the Polk Regional Water Cooperative has borrowed \$6,169,233 through this SRF funding of which, \$160,080 has been guaranteed by the Town and has been recorded as a liability in the Town’s enterprise fund. See Note 13 for more information on the Polk Regional Water Cooperative.

Remedies upon Default – The debt obligations all allow for the obligors/lenders to take whatever legal actions necessary to collect the amounts due in the event of default. The following debt obligations have additional remedies in the event of default as follows:

- Capital Improvement Revenue Note, Series 2007A and Capital Improvement Series 2007 – The lender may increase the interest rate to the lender’s published prime rate plus 2%, retroactive to the date of default. Upon the cure of default, the interest rate shall return to the rate in effect immediately preceding the default. If a default is not cured within 30 days, the lender may declare all outstanding amounts immediately due and payable.
- Vehicle Purchase Note 2019 - In the event of default, the interest rate on the loan increases to 18% per annum and may declare all outstanding amounts immediately due and payable.

NOTE 6 - LONG-TERM OBLIGATIONS (concluded)

Maturities: Annual requirements to repay the long-term debt of the governmental and business-type activities as of September 30, 2020, were as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 181,385	\$ 69,699	\$ 249,150	\$ 187,132
2022	190,539	60,544	261,094	175,189
2023	200,157	50,926	99,388	164,839
2024	210,263	40,820	103,607	160,623
2025	220,883	30,200	108,006	156,227
2026-2030	433,166	28,202	682,942	732,848
2031-2035	-	-	844,205	571,601
2036-2040	-	-	928,554	392,582
2041-2045	-	-	591,103	224,257
2046-2050	-	-	722,896	91,860
Total	\$ 1,436,393	\$ 280,391	\$ 4,590,945	\$ 2,857,158

The Town has pledged various future revenue sources for various debt issues. For the water system, the Town has pledged future revenues, net of certain operating expenses. The following table provides a summary of the pledged revenues for the Town's outstanding debt issues. Additional information regarding the Town's pledged revenue can be found in the preceding sections of this note:

Pledged Revenue	Revenue Pledged Through	Total Principal and Interest Outstanding	Current Year Principal and Interest Paid	Current Year Revenue	% of Revenues to Principal and Interest Paid
Franchise, public services and communication taxes	8/1/2027	\$ 1,952,690	\$ 401,852	\$ 809,954	201.56%
Water and sewer net revenues and half cent sales tax	9/1/2050	\$ 6,914,691	\$ 264,229	\$ 816,211	308.90%

NOTE 7 - DEFINED CONTRIBUTION PLAN

The Town Commission has established by Resolution an Internal Revenue Code Section 457 and a 401(a) defined contribution pension plan covering all employees who have completed one year of service. Since these assets do not belong to the Town, they are not reported in the accompanying financial statements. The benefit terms and contribution rates were established by the Town Commission passing a resolution and may be amended in the same manner. Under these plans, employees may purchase life insurance annuities with pretax earnings or invest in a selection of mutual funds. Participation is voluntary, and the employee determines the amount of their contribution. The Town will match the employee's contribution up to 5% of gross pay. Amounts of compensation deferred under the plans are not available to employees until termination, retirement, death, disability or unforeseeable emergency and are held in trust accounts solely for the benefit of the participants. Contributions for the fiscal year ended September 30, 2020 totaled \$35,907 which consisted of \$18,044 contributed by employees and \$17,863 contributed by the Town. There is no liability to the plans on September 30, 2020 for unpaid employer contributions.

NOTE 8 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended September 30, 2020, consisted of:

	<u>Amount</u>
Nonrecurring transfer from the general fund to the enterprise fund to pay for water and wastewater system improvements	<u>\$ 300,000</u>

Interfund Receivables and payables:

There were no Interfund receivables and payables as of September 30, 2020.

NOTE 9 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Town has outstanding debt secured by its water and sewer revenues. The water and sewer operations are accounted for in a single enterprise fund along with sanitation and stormwater. Because many of the assets and liabilities of the enterprise fund are not separately identifiable with any one operating segment (e.g. cash, accounts receivable, accounts payable, etc.), it is not possible to present segment information disclosures for cash flows and some components of net position. Segment financial information that can be separately identified for the enterprise fund as of and for the year ended September 30, 2020, is presented below:

	Water & Sewer System	Sanitation System	Stormwater System	Total
Condensed statement of revenues, expenses and changes in net position:				
Operating revenues	\$ 1,697,343	\$ 760,461	\$ 160,580	\$ 2,618,384
Personnel services	(451,271)	-	(58,209)	(509,480)
Operating expenses	(736,720)	(594,127)	(67,114)	(1,397,961)
Depreciation	(552,373)	-	(5,560)	(557,933)
Non-operating revenues (expenses):				
Interest income	1,353	-	-	1,353
Interest expense	(197,386)	-	-	(197,386)
Gain on sale of capital assets	(574)	-	-	(574)
Other, net	(69,739)	-	-	(69,739)
Capital contributions and transfers:				
Impact fees	203,710	-	-	203,710
Donated infrastructure	211,020	-	-	211,020
Inter-fund transfer	300,000	-	-	300,000
Change in net position	<u>\$ 405,363</u>	<u>\$ 166,334</u>	<u>\$ 29,697</u>	<u>\$ 601,394</u>
Summary information from statement of net position:				
Capital assets, net	<u>\$ 15,724,109</u>	<u>\$ -</u>	<u>\$ 97,604</u>	<u>\$ 15,821,713</u>
Long-term debt, including current portion	<u>\$ 4,590,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,590,945</u>

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS

The Town follows GASB Cod. Sec. P50 for certain post-employment health care and dental benefits provided by the Town.

Plan Description – The Other Postemployment Benefits Plan (OPEB Plan) is a single employer defined benefit plan administered by the Town. The OPEB Plan allows employees who retire and meet retirement eligibility requirements under the Town’s defined contribution plan to continue medical insurance coverage as a participant in the Town’s health insurance plan.

Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the Town are eligible to participate in the Town’s healthcare and life insurance benefits. The Town subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (concluded)

The Town does not offer any explicit other postemployment benefits for Town retirees. The Town doesn't issue a stand-alone report for the OPEB Plan, and the OPEB Plan is not included in the annual report of a public employee retirement system or another entity.

Funding Policy – OPEB Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes. The Town has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis.

Benefits Provided – The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the Town who meet the eligibility requirements of the Town's defined contribution plan are eligible to receive postemployment health care benefits. All retiree, spouse and dependent coverage is at the expense of the retiree.

Total OPEB Liability – The Town engaged an actuary to calculate the Town's total OPEB liability as of September 30, 2019 which was determined by an actuarial valuation as of September 30, 2019. The actuarial assumptions used in the September 30, 2019 valuation were as follows:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	3.58%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Year to Ultimate Trend Rate	55

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using projection scale AA.

Discount Rate – The discount rate was based on a high-quality municipal bond rate of 3.58%, The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest is used.

The results of the September 30, 2019 actuarial valuation produced an estimated actuarial determined total OPEB liability and OPEB expense that was immaterial to the Town's financial statements and accordingly, there is no OPEB liability recorded in the financial statements. It is the intent of the Town to engage an actuary to calculate the Town's total OPEB liability on a biennial basis. The total OPEB liability will be assessed biennially and will be reported if material to the financial statements taken as a whole.

NOTE 11 - RISK MANAGEMENT AND LITIGATION

During the ordinary course of its operations, the Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The Town maintains commercial insurance coverage in amounts management feels are adequate to protect and safeguard the assets of the Town. There have been no significant reductions in coverage nor have settlement amounts exceeded the Town’s coverage during the year ended September 30, 2020 or the previous two fiscal years. In the opinion of the Town’s management and legal counsel, legal claims and litigation are not anticipated to have material impact on the financial position of the Town. The Town’s workers compensation coverage is provided through a nonassessable, nonprofit, tax-exempt risk sharing pool. Settled claims resulting from these risks have not exceeded insurance coverage.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

- **Contract with Polk County Sheriff:** The Town is under contract with the Polk County Sheriff’s office to provide policing services to the Town through the year ended September 30, 2021. The Town is required to provide the Sheriff with adequate office space at the Town’s expense and the contract can be terminated by either party upon 365 days written notice. The Town paid \$882,917 for the year ended September 30, 2020. In 2017, the contract was renewed for an additional four years and calls for the following minimum costs going forward:

Fiscal Year Ending September 30,	Annual Cost
2021	\$ 918,587

- The Town participates in several programs that are fully or partially funded by grants received from Federal, state, or county agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government/agency. If expenditures are disallowed due to non-compliance with grant program regulations, the Town may be required to reimburse the grantor government/agency. As of September 30, 2020, the Town believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Town.
- The Town has elected to reimburse the State directly for its unemployment claims rather than participate in the State insurance fund for this purpose. As a result, the cost for unemployment claims is deducted when paid. Such costs have been insignificant in the past and no provision for potential claims has been made in the financial statements.

NOTE 13 – JOINT VENTURE

Background - The Polk Regional Water Cooperative (PRWC) was created on April 1, 2016 by a interlocal agreement between the Town of Dundee, City of Auburndale, City of Bartow, City of Davenport, City of Eagle Lake, City of Fort Meade, City of Frostproof, City of Haines City, City of Lake Alfred, City of Lakeland, City of Lake Wales, City of Mulberry, Polk City, City of Winter Haven, Town of Lake Hamilton and Polk County in accordance with Chapters 163 and 373 of the Florida Statutes.

NOTE 13 – JOINT VENTURE (concluded)

These local government units are collectively considered the Member Governments. The PRWC is a separate legal entity organized under the laws of the State of Florida, and the Member Governments have no equity ownership in the PRWC.

The PRWC is devoted to encouraging the development of fully integrated, robust public water supply systems comprised of diverse sources managed in a manner that take full advantage of Florida's intense climatic cycles to ensure reliable, sustainable and drought resistant systems which maximize the use of alternative water supplies to the greatest extent practicable. The PRWC will evaluate, plan and implement water projects and coordinate partnerships with other water users.

Membership fees - The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC's annual working capital needs which are established annually by a resolution of the PRWC's Board of Directors. For the year ended September 30, 2020, the total annual working capital needs of the PRWC was \$198,000 of which the Town's proportionate share was \$1,564.

Combined projects background - The Member Governments, except for the City of Frostproof, entered into a combined projects implementation agreement on March 16, 2017. This agreement established three combined projects to be pursued by the PRWC with a total estimated cost of \$23,000,000. The South West Florida Water Management District (SWFWMD) is funding 50% of the total estimated cost and the remainder is funded by the Member Governments based upon their average water use in comparison to the total average water use by all Member Governments.

Combined projects funding - The PRWC has entered into a state revolving fund (SRF) loan agreement with the State of Florida Department of Environmental Protection (FDEP) to borrow up to \$9,914,390 to assist Member Governments in meeting their local share of the total estimated combined project costs. Member Governments can elect to fund their local share of the project costs from their existing funds or participate in the SRF loan agreement. The Town has elected to participate in the SRF loan agreement to fund their estimated local share (\$257,260) of the project costs and as a result have entered into an agreement with FDEP to guarantee the Town's payment of their share of the SRF loan debt service requirements. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on December 15, 2024 for a ten-year term to maturity on December 15, 2033.

As of September 30, 2020, \$6,169,233 of SRF funds have been drawn by the PRWC. The Town's proportionate share of this liability totaled \$160,080 as of September 30, 2020 and has been recorded as a Town liability and as a nonoperating expense in the business-type activities/enterprise fund. See Note 6 for more detail.

Contact - Complete financial statements of the PRWC may be obtained from the PRWC's Executive Director at 330 W. Church Street, P.O. Box 9005, Drawer CA01, Bartow, FL 33831-9005.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DUNDEE, FLORIDA
 Budgetary Comparison Schedule – General Fund
 for the year ended September 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
REVENUES:				
Taxes	\$ 2,582,346	\$ 2,582,346	\$ 2,734,507	\$ 152,161
Licenses and permits	649,400	649,400	850,788	201,388
Intergovernmental revenue	618,317	618,317	495,936	(122,381)
Charges for services	77,168	77,168	125,884	48,716
Fines and forfeitures	27,500	27,500	11,718	(15,782)
Other	24,800	24,800	60,610	35,810
Total revenues	3,979,531	3,979,531	4,279,443	299,912
EXPENDITURES:				
General government	810,967	1,412,870	904,687	508,183
Public safety	1,409,036	1,484,067	1,424,205	59,862
Transportation	380,483	401,049	401,271	(222)
Culture/recreation	403,657	403,590	424,397	(20,807)
Capital outlay	533,100	932,599	454,854	477,745
Debt service	243,445	243,445	251,083	(7,638)
Total expenditures	3,780,688	4,877,620	3,860,497	1,017,123
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	198,843	(898,089)	418,946	1,317,035
OTHER FINANCING SOURCES (USES):				
Interfund transfers in (out)	(300,000)	(300,000)	(300,000)	-
Insurance proceeds	3,000	3,000	-	3,000
Sale of capital assets	-	-	40,328	(40,328)
Total other financing sources (uses)	(297,000)	(297,000)	(259,672)	(37,328)
NET CHANGE IN FUND BALANCE				
	\$ (98,157)	\$ (1,195,089)	\$ 159,274	\$ 1,279,707

Notes to Budgetary Comparison Schedule:

Basis of Accounting - The budget is prepared on the GAAP basis of accounting.

Final Budgeted Amounts – The final budget amendment approved by the Town Commission on November 10, 2020 was not in sufficient detail to segregate general fund budgetary revenue changes from those of the enterprise fund. As a result, the revenue amounts reported above as the final budgeted amounts is equal to the original budget as the final general fund budgeted revenues were indeterminable.

The final budget amendment for the fiscal year ending September 30, 2020 did contain sufficient detail to identify the general fund expenditure appropriation changes and as a result, the final budgeted expenditure amounts above agree to the November 10, 2020 budget amendment.

STATISTICAL SECTION

TOWN OF DUNDEE, FLORIDA
Statistical Section
(unaudited)

Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

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Fund Balances of Governmental Funds	46
Changes in Fund Balances of Governmental Funds	47

Revenue Capacity

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

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Property Tax Rates – Direct and Overlapping Governments	49
Principal Property Taxpayers	50
Property Tax Levies and Collections	51

Debt Capacity

These debt schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

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Ratios of General Bonded Debt Outstanding	53
Direct and Overlapping Governmental Activities Debt	54
Legal Debt Margin Information	55
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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Demographic and Economic Statistics	58
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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

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Operating Indicators by Function/Program	61
Capital Asset Statistics by Function	62

Town of Dundee, Florida
Schedule of Net Position - By Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Governmental Activities</u>										
Net investment in capital assets	\$ 2,370,124	\$ 2,531,949	\$ 2,673,631	\$ 2,736,385	\$ 3,006,900	\$ 3,047,753	\$ 3,262,231	\$ 3,378,450	\$ 3,699,106	\$ 4,306,284
Restricted	545,294	612,767	555,443	683,047	586,071	954,255	1,173,382	1,770,645	1,970,624	2,460,355
Unrestricted	552,704	227,665	(2,495)	171,170	199,187	634,782	1,031,640	1,110,660	1,705,057	1,479,253
Total governmental activities net position	\$ 3,468,122	\$ 3,372,381	\$ 3,226,579	\$ 3,590,602	\$ 3,792,158	\$ 4,636,790	\$ 5,467,253	\$ 6,259,755	\$ 7,374,787	\$ 8,245,892
<u>Business-type activities</u>										
Net investment in capital assets	\$ 10,479,212	\$ 10,436,112	\$ 10,178,141	\$ 9,810,275	\$ 10,634,702	\$ 10,413,651	\$ 10,211,453	\$ 10,104,467	\$ 9,863,993	\$ 11,230,768
Restricted	458,680	467,983	463,141	467,733	530,462	665,252	764,799	738,975	745,678	798,735
Unrestricted	598,152	586,046	444,024	294,828	572,718	547,569	485,725	1,180,886	1,311,218	492,780
Total Business-type activities net position	\$ 11,536,044	\$ 11,490,141	\$ 11,085,306	\$ 10,572,836	\$ 11,737,882	\$ 11,626,472	\$ 11,461,977	\$ 12,024,328	\$ 11,920,889	\$ 12,522,283
<u>Primary Government</u>										
Net investment in capital assets	\$ 12,849,336	\$ 12,968,061	\$ 12,851,772	\$ 12,546,660	\$ 13,641,602	\$ 13,461,404	\$ 13,473,684	\$ 13,482,917	\$ 13,563,099	\$ 15,537,052
Restricted	1,003,974	1,080,750	1,018,584	1,150,780	1,116,533	1,619,507	1,938,181	2,509,620	2,716,302	3,259,090
Unrestricted	1,150,856	813,711	441,529	465,998	771,905	1,182,351	1,517,365	2,291,546	3,016,275	1,972,033
Total primary government net position	\$ 15,004,166	\$ 14,862,522	\$ 14,311,885	\$ 14,163,438	\$ 15,530,040	\$ 16,263,262	\$ 16,929,230	\$ 18,284,083	\$ 19,295,676	\$ 20,768,175

Sources: Information derived from the annual financial reports for the relevant year.

Town of Dundee, Florida
Schedule of Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities:										
General Government	\$ 624,608	\$ 650,727	\$ 693,335	\$ 615,413	\$ 672,061	\$ 655,972	\$ 659,923	\$ 700,872	\$ 827,007	\$ 961,881
Library	138,234	96,979	95,304	97,637	109,253	108,351	108,533	142,558	167,764	189,777
Police	765,739	788,489	824,364	850,720	872,104	900,120	908,948	901,842	903,324	934,877
Fire	160,968	155,726	166,949	193,189	220,297	188,662	201,498	393,411	240,036	397,912
Building and zoning	115,061	116,247	78,641	79,755	94,345	148,049	176,205	205,069	72,651	90,452
Streets	299,659	247,917	266,710	298,972	358,665	325,251	354,461	422,018	453,774	511,394
Parks and recreation	208,461	149,360	156,358	150,789	132,312	132,295	143,156	127,172	180,740	243,735
Historic train depot	18,889	15,215	17,488	16,191	17,089	16,376	20,614	18,843	19,847	27,007
Code enforcement	25,464	9,808	1,363	1,546	12,688	11,917	16,044	16,135	31,197	68,361
Interest on long term debt	131,503	125,923	120,057	116,937	110,721	103,772	96,458	88,761	83,998	77,089
Total governmental activities expenses	2,488,586	2,356,391	2,420,569	2,421,149	2,599,535	2,590,765	2,685,840	3,016,681	2,980,338	3,502,485
Business-type activities:										
Water Utility	732,543	881,484	897,159	810,889	785,383	891,962	933,107	958,849	1,194,150	1,247,656
Sewer Utility	669,633	614,991	642,625	616,355	642,354	647,813	706,423	657,315	716,040	760,407
Stormwater Utility	66,877	105,837	96,070	62,481	72,843	85,616	52,052	67,797	75,938	130,883
Sanitation	405,551	382,912	394,647	414,968	375,326	394,033	407,962	434,541	436,392	594,127
Total business-type activities expenses	1,874,604	1,985,224	2,030,501	1,904,693	1,875,906	2,019,424	2,099,544	2,118,502	2,422,520	2,733,073
Total primary government expenses	\$ 4,363,190	\$ 4,341,615	\$ 4,451,070	\$ 4,325,842	\$ 4,475,441	\$ 4,610,189	\$ 4,785,384	\$ 5,135,183	\$ 5,402,858	\$ 6,235,558
Program revenues										
Governmental activities:										
Charges for services	\$ 153,009	\$ 119,843	\$ 103,791	\$ 173,141	\$ 222,075	\$ 426,322	\$ 454,459	\$ 693,656	\$ 317,553	\$ 368,078
Operating grants and contributions	45,603	34,276	32,594	37,355	33,571	58,459	89,385	75,308	291,046	352,605
Capital grants and contributions	75,056	10,036	35,414	197,128	176,401	432,701	380,420	267,741	306,827	682,122
Total governmental activities program rev.	273,668	164,155	171,799	407,624	432,047	917,482	924,264	1,036,705	915,426	1,402,805
Business-type activities:										
Charges for services	1,672,782	1,758,885	1,738,789	1,698,218	1,971,797	1,942,266	2,140,027	2,358,723	2,361,193	2,618,384
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,268,224	180,436	14,379	18,998	1,214,738	134,479	106,368	232,304	65,962	414,730
Total business-type program revenues	2,941,006	1,939,321	1,753,168	1,717,216	3,186,535	2,076,745	2,246,395	2,591,027	2,427,155	3,033,114
Total primary government program revenues	\$ 3,214,674	\$ 2,103,476	\$ 1,924,967	\$ 2,124,840	\$ 3,618,582	\$ 2,994,227	\$ 3,170,659	\$ 3,627,732	\$ 3,342,581	\$ 4,435,919
Net(expenses)/revenue										
Governmental activities	(2,214,918)	(2,192,236)	(2,248,770)	(2,013,525)	(2,167,488)	(1,673,283)	(1,761,576)	(1,979,976)	(2,064,912)	(2,099,680)
Business-type activities	1,066,402	(45,903)	(277,333)	(187,477)	1,310,629	57,321	146,851	472,525	4,635	300,041
Total primary government net expenses	\$ (1,148,516)	\$ (2,238,139)	\$ (2,526,103)	\$ (2,201,002)	\$ (856,859)	\$ (1,615,962)	\$ (1,614,725)	\$ (1,507,451)	\$ (2,060,277)	\$ (1,799,639)

Sources: Information derived from the annual financial reports for the relevant year.

Town of Dundee, Florida
Schedule of
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	\$ 911,684	\$ 898,543	\$ 846,868	\$ 917,615	\$ 944,425	\$ 988,663	\$ 1,078,696	\$ 1,180,429	\$ 1,428,537	\$ 1,575,546
Franchise Taxes	293,220	289,385	278,917	303,639	308,598	296,552	307,106	336,597	381,688	320,844
Public Service Taxes	370,415	349,856	347,838	350,475	375,110	418,420	433,299	465,875	524,607	572,247
Fuel Taxes	208,659	208,006	217,923	229,610	248,371	259,201	228,920	240,205	255,412	250,174
State shared revenue	228,751	256,931	274,466	297,714	312,797	338,829	365,580	392,654	432,864	435,628
Investment earnings	815	5	4	3,411	4,442	-	-	-	-	-
Miscellaneous	82,504	93,769	9,450	22,582	29,718	47,519	26,728	31,718	31,836	76,018
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	40,328
Interfund transfer	-	-	127,502	252,502	145,583	168,731	151,710	125,000	125,000	(300,000)
Total governmental activities	2,096,048	2,096,495	2,102,968	2,377,548	2,369,044	2,517,915	2,592,039	2,772,478	3,179,944	2,970,785
Business-type Activities:										
Investment earnings	492	-	-	-	-	-	130	259	2,219	1,353
Miscellaneous	-	-	-	49	-	-	-	9,876	14,707	-
Gain on sale of capital assets	-	-	-	-	-	-	-	44,925	-	-
Interfund transfer	-	-	(127,502)	(252,502)	(145,583)	(168,731)	(151,710)	(125,000)	(125,000)	300,000
Total business-type activities	492	-	(127,502)	(252,453)	(145,583)	(168,731)	(151,580)	(69,940)	(108,074)	301,353
Total primary government	\$ 2,096,540	\$ 2,096,495	\$ 1,975,466	\$ 2,125,095	\$ 2,223,461	\$ 2,349,184	\$ 2,440,459	\$ 2,702,538	\$ 3,071,870	\$ 3,272,138
Change in Net Position										
Governmental activities	\$ (118,870)	\$ (95,741)	\$ (145,802)	\$ 364,023	\$ 355,519	\$ 844,632	\$ 830,463	\$ 792,502	\$ 1,115,032	\$ 871,105
Business-type activities	1,066,894	(45,903)	(404,835)	(439,930)	(333,060)	(111,410)	(4,729)	402,585	(103,439)	601,394
Total Primary Government	\$ 948,024	\$ (141,644)	\$ (550,637)	\$ (75,907)	\$ 22,459	\$ 733,222	\$ 825,734	\$ 1,195,087	\$ 1,011,593	\$ 1,472,499

Sources: Information derived from the annual financial reports for the relevant year.

Town of Dundee, Florida
Schedule of
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 11,790
Restricted	571,799	612,767	555,443	683,047	586,071
Assigned	-	26,824	-	-	-
Unassigned	488,533	263,263	42,842	223,936	251,429
Total General Fund	\$ 1,060,332	\$ 902,854	\$ 598,285	\$ 906,983	\$ 849,290
	2016	2017	2018	2019	2020
General Fund					
Nonspendable	\$ 48,565	\$ 45,368	\$ 53,233	\$ 29,408	\$ -
Restricted	954,255	1,486,134	1,770,645	1,970,624	2,460,355
Assigned	-	-	299,050	321,668	-
Unassigned	578,376	697,192	782,243	1,341,995	1,362,614
Total General Fund	\$ 1,581,196	\$ 2,228,694	\$ 2,905,171	\$ 3,663,695	\$ 3,822,969

Town of Dundee, Florida
Schedule of Changes in
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 1,759,168	\$ 1,717,792	\$ 1,661,071	\$ 1,767,712	\$ 1,839,489	\$ 1,924,162	\$ 2,057,153	\$ 2,231,840	\$ 2,603,490	\$ 2,734,507
Licenses and Permits	72,237	37,279	39,174	89,655	142,303	297,010	699,061	629,186	477,960	850,788
Intergovernmental	332,915	314,433	334,543	429,161	452,306	556,620	455,105	485,474	741,592	495,936
Charges for services	64,997	68,126	56,246	68,995	71,083	81,607	87,012	81,896	46,698	125,884
Fines and forfeitures	15,755	14,438	8,371	14,491	8,688	47,705	27,205	66,250	35,626	11,718
Other	147,650	219,707	47,860	162,655	141,639	353,307	39,057	34,293	27,711	60,610
Total revenues	\$ 2,392,722	\$ 2,371,775	\$ 2,147,265	\$ 2,532,669	\$ 2,655,508	\$ 3,260,411	\$ 3,364,593	\$ 3,528,939	\$ 3,933,077	\$ 4,279,443
Expenditures										
Current:										
General Government	\$ 573,008	\$ 581,595	\$ 631,657	\$ 546,386	\$ 608,226	\$ 566,179	\$ 666,742	\$ 675,697	\$ 759,248	\$ 904,687
Public Safety	1,029,230	1,033,807	1,038,317	1,082,929	1,132,371	1,208,413	1,255,953	1,479,345	1,204,604	1,424,205
Transportation	231,433	204,012	227,079	251,267	279,259	261,860	288,338	342,869	361,263	401,271
Culture & Recreation	334,777	223,896	209,908	215,860	227,344	233,147	247,149	255,332	327,058	424,397
Debt Service:										
Principal retirement	90,551	109,950	115,531	123,736	131,696	138,592	145,850	153,488	169,741	172,673
Interest	150,902	131,503	125,923	120,057	111,749	104,853	97,595	89,957	85,255	78,410
Capital Outlay	963,153	244,490	230,921	195,238	368,139	184,192	170,785	136,017	525,222	454,854
Total expenditures	\$ 3,373,054	\$ 2,529,253	\$ 2,579,336	\$ 2,535,473	\$ 2,858,784	\$ 2,697,236	\$ 2,872,412	\$ 3,132,705	\$ 3,432,391	\$ 3,860,497
Excess(deficiency) of revenues over(under) expenditures	\$ (980,332)	\$ (157,478)	\$ (432,071)	\$ (2,804)	\$ (203,276)	\$ 563,175	\$ 492,181	\$ 396,234	\$ 500,686	\$ 418,946
Other financing sources(uses)										
Transfers in (out)	-	-	127,502	252,502	145,583	168,731	151,709	125,000	125,000	(300,000)
Impact Fees	-	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	3,608	-	-	40,328
Insurance proceeds	-	-	-	-	-	-	-	155,243	2,838	-
Proceeds from Borrowing	-	-	-	59,000	-	-	-	-	130,000	-
Total other financing sources (uses)	\$ -	\$ -	\$ 127,502	\$ 311,502	\$ 145,583	\$ 168,731	\$ 155,317	\$ 280,243	\$ 257,838	\$ (259,672)
Net change in fund balance	\$ (980,332)	\$ (157,478)	\$ (304,569)	\$ 308,698	\$ (57,693)	\$ 731,906	\$ 647,498	\$ 676,477	\$ 758,524	\$ 159,274
Debt service as percentage of non-capital expenditures	10.0%	10.6%	10.3%	10.4%	9.8%	9.6%	9.1%	8.2%	8.7%	7.9%

Town of Dundee, Florida
Schedule of
Assessed Value and Estimated Actual Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Real Property	Assessed Value of Personal Property	Centrally Assessed Property	Taxable Assessed Valuation	Total Direct Tax Rate
2011	\$ 105,141,403	\$ 17,722,908	\$ -	\$ 122,864,311	7.6500
2012	96,543,172	19,436,003	-	115,979,175	7.6500
2013	97,851,773	20,692,517	-	118,544,290	7.6495
2014	102,017,914	20,541,091	-	122,559,005	7.9500
2015	109,751,544	19,889,389	-	129,640,933	7.9000
2016	119,544,886	19,395,049	-	138,939,935	7.9000
2017	134,397,480	20,787,218	-	155,184,698	7.9000
2018	154,901,578	31,003,390	-	185,904,968	7.9000
2019	176,141,915	29,118,538	-	205,260,453	7.9000
2020	191,485,028	28,685,281		220,170,309	7.9000

(1) The State of Florida, by statute, requires property appraisers to assess all property within the State at 100% of market value. Therefore, the assessed valuation and estimated actual value is the same.

* Data not available

Source: Polk County Property Appraiser

Note: Property in the Town is assessed each year. Tax rates are per \$1,000 of assessed value.

Town of Dundee, Florida
Schedule of
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Dundee	Polk County (BOCC)	Polk County School Board	Lakes Management	Southwest Florida Water Management District	Total
2011	7.6495	6.8665	7.670	0.4829	0.3928	22.4991
2012	7.6495	6.8665	7.492	0.4996	0.3928	23.0617
2013	7.9495	6.8665	7.547	0.4924	0.3818	22.8894
2014	7.9495	6.8665	7.208	0.4924	0.3658	23.2212
2015	7.9000	6.7815	7.149	0.4715	0.3488	22.8652
2016	7.9000	6.7815	7.149	0.4512	0.3488	22.6508
2017	7.9000	6.7815	6.514	0.4214	0.3131	22.5948
2018	7.9000	7.1565	6.251	0.4214	0.2955	21.9124
2019	7.9000	7.1565	6.086	0.4214	0.2801	21.4226
2020	7.9000	6.899	5.935	0.4100	0.2669	21.0090

* Data not available

*Source Polk County Property Appraisers Final Millage Rates

**Town of Dundee, Florida
Schedule of
Principal Property Tax Payers
For the Current Year and Ten Years Prior**

2020

Taxpayer	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Value
Dundee Citrus Growers Assoc	8,350,328	3.06%	*	*
Lauderdale Dell Lakes Village	5,682,754	2.08%	*	*
Colvard Earl W	4,054,751	1.49%	*	*
Dundee Plaza LLC	3,276,338	1.20%	*	*
Greenfield Village RV Park LLC	1,932,150	0.71%	*	*
LGI Homes Florida LLC	2,153,530	0.79%	*	*
Maxijet Inc.	1,823,222	0.67%	*	*
Duff Real Estate LLC	1,707,712	0.63%	*	*
Royal Oaks Co Op Inc	1,169,670	0.43%	*	*
STW Property Holdings LLC	1,147,413	0.42%	*	*
	<u>31,297,868</u>	<u>11.47%</u>		

* Data not available

Source: Polk County Tax Collector

Town of Dundee, Florida
Schedule of
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Prior Year Tax Collections	Total Tax Collections	Ratio of Levy to Collections
2011	\$ 924,918	\$ 895,172	96.78%	\$ 3,021	\$ 898,193	97.11%
2012	929,828	894,022	96.15%	4,428	898,450	96.63%
2013	889,375	844,263	94.93%	2,551	846,814	95.21%
2014	945,846	906,201	95.81%	9,414	915,615	96.80%
2015	978,627	939,774	96.03%	4,546	944,320	96.49%
2016	1,023,273	984,488	96.21%	4,030	988,518	96.60%
2017	1,095,849	1,056,085	96.37%	22,221	1,078,307	98.40%
2018	1,225,959	1,175,269	95.87%	5,161	1,180,430	96.29%
2019	1,621,558	1,474,192	90.91%	5,453	1,479,645	91.25%
2020	1,739,345	*	*	*	*	*

* Data not available

Town of Dundee, Florida
Schedule of
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business - Type Activities		Total Primary Government	Town of Dundee Personal Income	Percentage of Income	Per Capita
	Notes Payable		Notes Payable					
2011	\$ 2,520,426		\$ 6,218,827		\$ 8,739,253	\$ 121,598,815	7.19%	\$ 2,331
2012	2,405,779		6,054,947		8,460,726	116,363,600	7.27%	2,227
2013	2,285,312		5,883,639		8,168,951	118,958,112	6.87%	2,145
2014	2,218,433		5,704,040		7,922,473	123,167,652	6.43%	2,044
2015	2,086,737		5,515,846		7,602,583	129,528,556	5.87%	1,913
2016	1,948,145		5,318,654		7,266,799	138,796,672	5.24%	1,763
2017	1,802,295		5,112,024		6,914,319	154,608,149	4.47%	1,583
2018	1,648,807		4,895,506		6,544,313	168,065,100	3.89%	1,404
2019	1,609,066		4,758,963		6,368,029	102,471,104	6.21%	1,285
2020	1,436,393		4,590,945		6,027,338	*	*	1,168

Sources Personal Income derived from State of Florida Personal Income using Town of Dundee Population from University of Florida BEBR

Town of Dundee, Florida
Schedule of
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

General Bonded Debt Outstanding

The City has not had any general bonded debt in the past ten fiscal years.

Source: Town of Dundee Finance Department

Town of Dundee, Florida
Schedule of
Direct and Overlapping Governmental Activities Debt
9/30/2020

Jurisdiction	Debt Outstanding	Percentage Applicable to Dundee	Amount Applicable to Dundee
District School Board of Polk County	\$ 384,617,289	0.51% (1)	\$ 1,972,277
Polk County Board of County Commissioners	174,702,684	0.51% (2)	895,857
Total Overlapping Debt			2,868,134
Total Direct Debt			1,436,393
Total Direct and Overlapping Debt			<u>\$ 4,304,527</u>

(1) The percentage of overlapping debt applicable is calculated as a ratio of taxable assessed property values in the Town of Dundee to total taxable valuation of property in Polk County

Sources:

(1) School Board of Polk County June 30, 2018 Comprehensive Annual Financial Report (latest available)

(2) Polk County, Florida September 30, 2018 Comprehensive Financial Report (latest available)

**Town of Dundee, Florida
Schedule of
Legal Debt Margin Information
Last Ten Fiscal Years**

The City Charter and Florida State Statute 200.181 does not provide for legal debt limit.

Source: Town of Dundee Finance Department

**Town of Dundee, Florida
Schedule of
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Fiscal Year (*)	Gross Revenue		Less: Water and Sewer Operating Expenses (3)	Net Revenues (4)	Debt Service	Coverage (5)
	Water and Sewer Revenue (1)	Half-cent Sales Tax Revenue (2)				
2012	\$ 1,140,091	\$ 183,875	\$ 644,386	\$ 679,580	\$ 264,516	2.57
2013	1,098,491	210,182	702,400.00	606,273	264,127	2.30
2014	1,039,469	225,416	618,244.00	646,641	264,225	2.45
2015	1,288,610	217,390	630,731.00	875,269	264,232	3.31
2016	1,244,946	238,977	717,613.00	766,310	264,228	2.90
2017	1,407,309	246,843	997,844.00	656,308	264,231	2.48
2018	1,604,899	265,811	817,738.00	1,052,972	264,227	3.99
2019	1,591,548	294,589	1,009,361.00	876,776	264,225	3.32
2020	1,697,343	305,506	1,187,991.00	814,858	264,229	3.08

(1) Gross water and sewer revenues include all money received from rates, fees, rentals or other charges received by the Town or accrued to it in the management and operation of the water and sewer system

(2) Proceeds from the local government half-cent sales tax reviewed from the State of Florida pursuant to the provisions of Chapter 218, Part IV, Florida Statutes

(3) Operating expenses include all costs of operating the water and sewer system but does not include depreciation expense and renewal and replacement reserve payments, the annual bond service requirement or transfers to other funds

(4) Net revenues is equal to gross revenue less operating expenses

(5) Net revenues divided by Debt Service

(*) - Data not available for years prior to 2011

**Town of Dundee, Florida
Schedule of
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Fiscal Year (*)	Franchise Fees (1)	Public Service Taxes (2)	Total Revenues	Debt Service	Coverage (3)
2011	\$ 293,220	\$ 370,270	\$ 663,490	\$ 401,852	1.65
2012	288,765	349,855	638,620	401,852	1.59
2013	278,917	347,838	626,755	401,852	1.56
2014	303,640	350,474	654,114	401,852	1.63
2015	313,458	345,615	659,073	401,852	1.64
2016	301,868	356,397	658,265	401,852	1.64
2017	307,106	368,495	675,601	401,852	1.68
2018	336,597	397,997	734,594	403,852	1.82
2019	381,689	450,809	832,498	401,852	2.07
2020	320,844	489,110	809,954	401,852	2.02

(1) Franchise fees charged for the right to supply electricity and solid waste collection and disposal services to the Town and its residents.

(2) Public service taxes on the sale of electricity, natural gas and propane within the corporate limits of the Town.

(3) Total Revenues divided by Debt Service

(*) - Data not available for years prior to 2011

Town of Dundee, Florida
Schedule of
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Personal Income (2)	Personal Income	Median Age (2)	School Enrollment (3)	Unemployment Rate for Polk County (4)
2020	5,159	*	*	*	*	7.4
2019	4,957	20,672	102,471,104	40.2	1,303	3.0
2018	4,662	36,050	168,065,100	34	1,376	3.7
2017	4,368	35,396	154,608,149	38	1,329	4.6
2016	4,123	33,664	138,796,672	40.5	1,381	8.2
2015	3,974	32,594	129,528,556	39.8	1,273	6.8
2014	3,876	31,777	123,167,652	39.8	1,188	8.6
2013	3,808	31,239	118,958,112	37.8	1,525	10.7
2012	3,800	30,622	116,363,600	37.8	1,668	13.3
2011	3,749	32,435	121,598,815	39.9	1,671	11.4

* Information not available

(1) University of Florida BEBR

(2) Office of Economic & Demographic Research - State of Florida

(3) Polk County School Board

(4) Florida Agency for Workforce Innovation

Town of Dundee, Florida
Schedule of
Principal Employers
For the Current Year and Ten Years Prior

Employer	Type of Business	2020			2010		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dundee Citrus Growers Assn	Citrus Processing	300	1	30%	*	*	*
Dundee Ridge Middle Academy	Education	132	2	13%	*	*	*
Dundee Elementary Academy	Education	100	3	10%	*	*	*
Travis Resmondo Sod	Sod Producer	100	4	10%	*	*	*
Compassion Home Care	Medical	85	5	9%	*	*	*
WINN DIXIE	Grocery	70	6	5%	*	*	*
Mc Donald's	Restaurant	60	7	5%	*	*	*
B.L Smith Electric	Electrical Contractor	53	8	7%	*	*	*
Frozen Food Express	Trucking Transportation	50	9	5%	*	*	*
Central Florida Healthcare	Medical	42	10	6%	*	*	*
		992			*		
Estimated Total Town Employment		3,500					

(1) Source: Central Florida Development Council

* Data not available

Town of Dundee, Florida
Schedule
Full Time Equivalent Town Government Employees by Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENERAL FUND										
City Commission	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
City Administration	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Finance	3.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Safety	*	*	*	*	*	*	*	*		
Police	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fire	4.0	2.5	3.0	2.5	2.5	2.0	2.0	2.0	2.0	4.0
Building & Zoning	3.0	3.0	1.0	1.0	1.0	1.0	0.5	1.0	1.0	3.0
Library	2.5	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0
Parks & Recreation	4.0	2.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	3.0
DPW Administration										
Building Maintenance	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CGMP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sanitation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Roads & Streets	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
Total General Fund	24.5	21.0	17.5	16.5	16.5	16.0	16.5	18.5	18.5	23.5
ENTERPRISE FUND										
Utilities (Water & Wastewater)	5.0	6.0	7.0	5.0	5.0	5.0	6.0	6.0	6.0	9.0
Stormwater	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Total Enterprise Fund	5.0	7.0	7.0	5.0	5.0	5.0	6.0	6.0	7.0	10.0
TOTAL STAFF	29.5	28.0	24.5	21.5	21.5	21.0	22.5	24.5	25.5	33.5

(1) Source: Town of Dundee Payroll

Town of Dundee, Florida
Operating Indicators by Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Calls for Service	8,548	9,074	10,236	10,862	7,501	7,052	3,279	3,350	4,656	6,727
Citations	*	56	206	464	286	437	401	417	276	270
Fire Control										
Number of Calls	408	345	436	395	383	395	588	680	669	864
Building Department										
Permits Issued	162	121	120	160	204	235	316	476	332	441
Leisure Services										
Library Visitations	41,200	49,452	48,985	38,384	38,384	33,523	33,990	21,000	18,957	11,097
Circulation	25,372	23,447	18,386	15,950	15,136	13,580	15,429	13,926	13,657	10,888
Facility Rentals	44	40	40	24	37	54	47	48	40	14
Human Services										
Business Tax Receipts	340	246	400	295	314	291	300	300	302	174
Solid Waste										
Refuse collected (Tons)	*	*	*	*	407	1,180	1,362	1,628	1,635	3,120
Brush collected (Tons)	*	*	*	*	204	51	200	196	201	300
Commercial Customers	161	158	165	153	141	140	140	145	149	182
Residential Customers	1,034	1,040	1,068	1,084	1,147	1,206	1,301	1,426	1,499	1,633
Public Works										
Street Resurfacing (Miles)	-	2	-	-	2	-	1	-	-	-
Water										
New Connections	*	*	6	16	23	57	77	75	72	94
Number of Customers	*	1,316	1,324	1,340	1,363	1,420	1,497	1,795	1,888	2,101
Wastewater										
New Connections	*	6	12	-	44	44	50	65	58	91
Number of Customers	294	300	317	317	361	405	510	575	695	8,228
Avg Daily Sewage Treatment	114,000	116,000	117,000	110,000	120,000	134,000	140,000	140,000	140,000	140,000

* : Information not available

Source -Town Departments

Town of Dundee, Florida
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Station	1	1	1	1	1	1	1	1	1	1
Fire Trucks	4	4	4	4	4	4	4	4	4	4
Transportation										
Street Miles	53.96	53.96	53.96	53.96	53.96	53.96	53.96	53.96	53.96	53.96
Traffic Signals	4.00	4	4	4	4	4	4	4	4	4
Leisure Services										
Parks	8	8	8	8	8	8	8	8	8	8
Parks Acreage	139	139	139	139	139	139	139	139	139	139
Rental Facilities	1	1	1	1	1	1	1	1	1	1
Playgrounds	2	2	2	2	2	2	2	2	2	2
Library	1	1	1	1	1	1	1	1	1	1
Baseball Fields	2	2	2	2	2	2	2	2	2	2
Basketball Courts	1	1	1	1	1	1	1	1	1	1
General Government										
Number of Buildings	5	5	5	5	5	5	5	5	5	6
Water										
Water Treatment Plants	1	1	1	1	1	1	1	1	1	1
Fire Hydrants	178	178	178	178	178	178	178	178	179	179
Water Main Miles	19	19	19	19	19	19	19	19	19	19
Wastewater										
Wastewater Treatment Plant	1	1	1	1	1	1	1	1	1	1
Lift Stations	11	11	11	11	11	11	11	11	11	11
Sanitary Sewer Miles	23	23	23	23	23	23	23	23	23	23

* : Information not available

Source - Town Departments

OTHER REPORTS

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

Honorable Mayor and Members of the Town Commission
Town of Dundee, 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 Town of Dundee, Florida as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Town of Dundee, Florida's basic financial statements, and have issued our report thereon dated April 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Dundee, 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 Dundee, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Dundee, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and recommendations as items 2019-001, 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Dundee, 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*.

Honorable Mayor and Members of the Town Commission
Town of Dundee, Florida

Town of Dundee, Florida' Response to Findings

Town of Dundee, Florida's response to the findings identified in our audit is described in the accompanying letter of management response. Town of Dundee, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this 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.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 26, 2021

MANAGEMENT LETTER

Honorable Mayor and Members of the Town Commission
Town of Dundee, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Dundee, Florida as of and for the year ended September 30, 2020, and have issued our report thereon dated April 26, 2021.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 26, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except for current year finding 2019-001 (2018-19 FY Finding #: 2019-001; 2017-2018 FY Finding#: not applicable)

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. For the legal authority of the Town of Dundee, Florida, see footnote A of the summary of significant accounting policies in the notes to financial statements.

Financial Condition and Management

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

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

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we noted findings 2020-003, 2020-004 and 2020-005 in the accompany schedule of findings and recommendations.

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, members of the Town Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 26, 2021

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

Honorable Mayor and Members of the Town Commission
Town of Dundee, Florida

We have examined Town of Dundee, Florida's compliance with Section 218.415, Florida Statutes for the year ended September 30, 2020. Management is responsible for Town of Dundee, Florida's compliance with those specified requirements. Our responsibility is to express an opinion on Town of Dundee, 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. Those standards required that we plan and perform the examination to obtain reasonable assurance about whether the Town of Dundee, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Town of Dundee, Florida complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, Town of Dundee, Florida complied, in all material respects, with the aforementioned requirements of Section 218.415, Florida Statutes for the year ended September 30, 2020.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.
Auburndale, Florida
April 26, 2021

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
TOWN OF DUNDEE, FLORIDA**

2019-001: Idle Capacity Billing

Type: Material Weakness – Uncorrected from prior year.

Criteria: Ordinance 07-03 established that idle capacity charges will be paid monthly by each person or company who has reserved any amount of capacity of a Town water or wastewater facility. Resolution 07-09 established that the monthly idle capacity charge is set at \$4.50 and is payable by the fifteenth day of each month. Ordinance 07-03 prohibits the issuance of a building permit unless all unpaid idle capacity charges are paid.

Condition: In the prior year we reported that the Town was not properly collecting the idle capacity fees as required by ordinance 07-03. The Town accepted 116 Equivalent Residential Unit (ERC) certificates from home builders in 2020 (56 in 2019). The ERC certificates represent credit for water and/or wastewater impact fees that were paid in advance of the actual construction of new residential homes. The Town did not collect unpaid idle capacity charges on the majority of the ERC certificates accepted during 2019 or 2020.

Cause: The individual who was assigned the responsibility of tracking these idle capacity charges ceased employment with the Town and no one was assigned to take over these duties.

Effect: Due to the lack of internal control over these charges, there is no assurance that these charges are properly accounted for and that the corresponding revenues are received in a timely manner.

Recommendation: The Town should implement procedures to ensure compliance with its billing ordinances and to strengthen the collection of the idle capacity charges.

View of Responsible Official: *See accompany letter of management's response.*

2020-001 – Bank Reconciliations

Type: Material Weakness

Criteria: Good internal control requires that a proper reconciliation between the Town's bank statements and the related general ledger balances be performed monthly, and this bank reconciliation process should be performed by someone other than the preparer of bank deposits and the individuals preparing checks.

Condition: During our audit we noted that the Town's bank accounts are not being reconciled properly and as a result, identified several errors resulting in material audit adjustments as summarized below:

- A \$149,000 transfer between Town bank accounts was posted to the wrong accounts and never identified by management.
- A \$86,027 transfer between Town bank accounts was posted to the wrong accounts and never identified by management.
- A \$86,027 debt service payment was recorded incorrectly which resulted in an understatement of debt service expenses in the enterprise fund.
- Operating cash was overstated by \$56,000 because a 2019 journal entry was not properly reversed in 2020.

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
TOWN OF DUNDEE, FLORIDA**

2020-001 – Bank Reconciliations (concluded)

Cause: Improper bank reconciliation processes.

Effect: Without a proper reconciliation between the Town's bank statements and the related general ledger balances, there is no assurance that all cash transactions have been recorded nor any assurance that errors are identified and corrected in a timely manner.

Recommendation: We recommend that the activity posted to the Town's bank accounts be monitored and reconciled monthly to provide assurance that the activity posted to the bank accounts and the related general ledger balances are correct.

View of Responsible Official: *See accompany letter of management's response.*

2020-002 – Internal Control Over Financial Reporting

Type: Material Weakness

Criteria: The Town's internal control over financial reporting should provide reasonable assurance that all transactions are properly recorded to the general ledger.

Condition: The Town's internal controls over financial reporting failed to detect many misstatements resulting in material audit adjustments.

Cause: The year-end closing and review process was not adequate to ensure that the financial records were materially correct.

Effect: The Town's year-end financial statements contained material misstatements that were subsequently identified by the auditors who then proposed correcting entries that were accepted and posted by the Town's management.

Recommendation: We recommend that management employ experienced accounting personnel who can perform the tasks required to adequately review the general ledger and prepare financial reports that are free of material misstatements.

View of Responsible Official: *See accompany letter of management's response*

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
TOWN OF DUNDEE, FLORIDA**

2020-003 – Impact Fee Accounting

Type: Management letter finding under Chapter 10.554(1)(i)(3), Rules of the Auditor General

Criteria: Section 163.31801 (3)(B) requires local governments to account for the revenues and expenditures of impact fees in a separate accounting fund.

Condition: Management currently accounts for the revenue and expenditures of the Town impact fees within restricted general ledger accounts in the general and enterprise funds. A separate accounting fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Cause: The Town’s accounting system has not been updated to reflect this requirement.

Effect: Noncompliance

Recommendation: We recommend that management establish a special revenue fund for those impact fees currently accounted for within the general fund and an enterprise fund to account for those impact fees currently accounted for within the enterprise fund.

View of Responsible Official: *See accompany letter of management’s response.*

2020-004 – Building Permit Fees

Type: Management letter finding under Chapter 10.554(1)(i)(3), Rules of the Auditor General

Criteria: Section 553.80(7), Florida Statutes allows local governments to carry forward unspent building permit fees to be used in subsequent years for allowable activities, but the carry forward amount cannot exceed the average of its operating budget for enforcing the Florida Building Code for the previous 4 fiscal years.

Condition: During our audit we identified the Town’s unspent building permit fees subject to the cap totaled \$405,588 on September 30, 2020 which exceeded the average costs incurred to enforce the Florida Building Code over the prior 4 fiscal years by \$260,957. The unspent building permit fees above do not include the amounts reserved in the Dundee Building Construction Fund account of \$148,845 which the Town has been advised by their legal counsel as being exempt from the carryforward cap.

Cause: Building permit receipts have exceeded allowable uses to the extent the unspent balance exceeds the average costs incurred to enforce the Florida Building Code over the prior 4 fiscal years.

Effect: Noncompliance.

Recommendation: We recommend that management work with the Town Attorney to analyze the statutory requirements and to take whatever actions are deemed necessary to ensure Town compliance with Section 553.80, Florida Statutes.

View of Responsible Official: *See accompany letter of management’s response.*

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
TOWN OF DUNDEE, FLORIDA**

2020-005: Capital Asset Inventory

Type: Management letter finding under Chapter 10.554(1)(i)(3), Rules of the Auditor General

Condition: The Town did not perform a physical inventory of the Town's capital asset property for the fiscal year ended September 30, 2020.

Criteria: Florida Administrative Code 69I-73.006 requires the Town to take an annual inventory of the Town's property and to reconcile the results of the inventory to the Town's detailed property records.

Effect: Increased possibility that errors and irregularities could occur and not be detected in a timely manner and noncompliance with Florida Administrative Code 69I-73.006.

Cause: The Town is not following the capital asset property accounting policy as outlined in resolution 07-11.

Recommendation: We recommend that management review the asset accountability policy in resolution 07-11 and implement procedures to ensure that a physical inventory of all capital asset property is completed annually, and the result reconciled to the Town's property records.

View of Responsible Official: *See accompany letter of management's response.*

OTHER INFORMATION

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Tandra Davis, Town of Dundee Finance Director, who being duly sworn, deposes and says on oath that:

1. I am the Finance Director of Finance for the Town of Dundee, a Florida municipal corporation. Pursuant to Section 2-136 of the *Code of Ordinances of the Town of Dundee, Florida*, I am responsible to administer the financial affairs of the Town of Dundee as its Chief Financial Officer.

2. The Town of Dundee duly adopted Ordinance No. 92-12 establishing and implementing the Town of Dundee Recreation Impact Fee(s).

3. The Town of Dundee duly adopted Ordinance No. 2005-97 establishing and implementing Municipal Services Impact Fee(s), as follows:

- (a) a "Police Services" impact fee;
- (b) a "Fire/Rescue Services" impact fee; and
- (c) a "Library Services" impact fee.

4. The Town of Dundee duly adopted Ordinance No. 99-07, as amended by Ordinances No. 01-10, No. 03-02, No. 04-29, No. 05-89 and No. 07-04, implementing the Town of Dundee Sewer Impact Fee(s).

5. The Town of Dundee duly adopted Ordinance No. 99-05, as amended by Ordinances No. 01-07, No. 04-29, No. 05-89 and No. 07-04, establishing and implementing the Town of Dundee Water Impact Fee(s).

7. The Town of Dundee duly adopted Ordinance No. 05-101, as amended by Ordinances No. 14-16 and No. 17-06, establishing and implementing the Town of Dundee Municipal Road Impact Fee(s).

8. The Town of Dundee duly adopted Ordinance No. 05-72, as amended by Ordinance No. 07-28, establishing and implementing the Town of Dundee of Sites For Public Uses or Fee-in-Lieu.

9. The Town of Dundee, Florida has complied with and, as of the date of this Affidavit remains in compliance with, Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.



(Chief Financial Officer of the Entity)

STATE OF FLORIDA
COUNTY OF POLK

SWORN TO AND SUBSCRIBED before me this 26 day of April, 2021.

Soraida Maldonado

NOTARY PUBLIC

Print Name Soraida Maldonado

Personally known _____ or produced identification X

Type of identification produced: FL Driver license

My Commission Expires: 11/5/2024





Town of Dundee Town Manager

◆ 202 E. Main Street ◆ PO Box 1000 ◆ Dundee, Florida 33838 ◆ (863) 438-8330 ◆ Fax (863) 438-8338

April 26, 2021

Dundee Town Commission
202 E Main Street
Dundee, Florida 33838

Honorable Mayor and Commissioners:

Town Management agrees with the following Audit Findings. Management is addressing these items and implementing corrections as needed, to minimize recurring findings.

2019-001: Idle Capacity Billing

In the prior year we reported that the Town was not properly collecting the idle capacity fees as required by ordinance 07-03. The Town accepted 116 Equivalent Residential Unit (ERC) certificates from home builders in 2020 (56 in 2019). The ERC certificates represent credit for water and/or wastewater impact fees that were paid in advance of the actual construction of new residential homes. The Town did not collect unpaid idle capacity charges on the majority of the ERC certificates accepted during 2019 or 2020.

Management Response:

Town Management will review the ERC certificate records to bring them current. Management will then need to determine the total unpaid idle capacity charges due to the Town and implement procedures to collect the fees in a timely manner. Additional guidance from the external auditors, Town Commission, and other external consultants may be needed during the process.

2020-001: Bank Reconciliations

During our audit we noted that the Town's bank accounts are not being reconciled properly and as a result, identified several errors resulting in material audit adjustments as summarized below:

- A \$149,000 transfer between Town bank accounts was posted to the wrong accounts and never identified by management.
- A \$86,027 transfer between Town bank accounts was posted to the wrong accounts and never identified by management.
- A \$86,027 debt service payment was recorded incorrectly which resulted in an understatement of debt service expenses in the enterprise fund.

- Operating cash was overstated by \$56,000 because a 2019 journal entry was not properly reversed in 2020.

2020-002 – Internal Control Over Financial Reporting

The Town's internal controls over financial reporting failed to detect many misstatements resulting in material audit adjustments.

2020-003 – Impact Fee Accounting

Management currently accounts for the revenue and expenditures of the Town impact fees within restricted general ledger accounts in the general and enterprise funds. Section 163.31801 (3)(B) requires local governments to account for the revenues and expenditures of impact fees in a separate accounting fund. The Town's accounting system has not been updated to reflect this requirement.

2020-005: Capital Asset Inventory

Florida Administrative Code 69I-73.006 requires the Town to take an annual inventory of the Town's property and to reconcile the results of the inventory to the Town's detailed property records. The Town did not perform a physical inventory of the Town's capital asset property for the fiscal year ended September 30, 2020.

Management Response:

The Finance Director was appointed as Interim Town Manager during fiscal year 2020 and subsequently appointed as Town Manager during the first quarter of fiscal year 2021. Management recognizes the need for accurate and timely financial reporting. Therefore, Management hired a consulting CPA firm at the end of the second quarter of fiscal year 2021, to assist the Town with the fiscal year 2020 audit. Management may seek additional services from the firm to address these findings and other financial reporting matters, going forward until a Town Finance Director has been placed.

2020-004 – Building Permit Fees

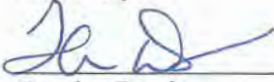
Section 553.80(7), Florida Statutes allows local governments to carry forward unspent building permit fees to be used in subsequent years for allowable activities, but the carry forward amount cannot exceed the average of its operating budget for enforcing the Florida Building Code for the previous 4 fiscal years. Building permit receipts have exceeded allowable uses to the extent the unspent balance exceeds the average costs incurred to enforce the Florida Building Code over the prior 4 fiscal years.

Management Response:

Management will consult with the Town Attorney to analyze the statutory requirements and to take whatever actions are deemed necessary to ensure Town compliance with Section 553.80, Florida Statutes.

Fiscal year 2020 was a turbulent year for the Town, with the onset of the COVID-19 pandemic and resignation of the former Town Manager. The Management team will continue to work diligently to address these concerns expressed by the external auditors. We thank Brynjulfson CPA PA for bringing these matters to our attention and for the opportunity to address these items.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Tandra Davis', written over a horizontal line.

Tandra Davis
Town Manager