



**Town of Ebro, Florida**

**FINANCIAL STATEMENTS**

**September 30, 2021**



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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Town Council  
Town of Ebro, Florida

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Ebro, Florida (the "Town"), as of and for the year ended September 30, 2021, 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.

### **Auditors' 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 auditors' 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 auditors consider 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 and each major fund of the Town as of September 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Volunteer Fire Department Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

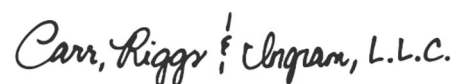
### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 28, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Very truly yours,



CARR, RIGGS & INGRAM, LLC  
Enterprise, Alabama  
June 28, 2022

## **Town of Ebro, Florida Management's Discussion and Analysis**

The Town of Ebro, Florida's (the "Town") Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Town's financial statements, beginning on page 8.

### ***Financial Highlights***

#### **Governmental Activities**

- The assets of the Town exceeded its liabilities at September 30, 2021 by \$337,704 (net position). Of this amount, \$44,261 (unrestricted net position) may be used to meet the Town's ongoing obligations.
- Governmental Fund balances decreased from September 30, 2020 by \$1,472 to \$173,431.
- The General Fund balance increased from September 30, 2020 by \$4,676 to \$44,454.

### ***Town Highlights***

The Town experienced an increase from September 30, 2020 in County funds received, which varies from year to year. The Town had \$-0- in capital outlay expenditures and no major repairs and maintenance expenditures in the current fiscal year.

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

This MD&A is intended to serve as an introduction to the Town's basic financial statements, which are composed of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### ***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the Town presented on the accrual basis of accounting.

The statement of net position presents information on all of the Town's assets, liabilities, and resulting 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.

## Town of Ebro, Florida Management's Discussion and Analysis

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 as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the financial statements distinguish the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, and streets and roads.

The government-wide financial statements can be found on pages 8 and 9 of this report.

### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into one category: governmental. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, these statements may help readers better understand the long-term impact of the Town's near-term financing decisions.

The Town maintains three governmental funds and information on these funds is presented in the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. The Town adopts an annual appropriated budget for its General Fund and Volunteer Fire Department Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 10 - 13.

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

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found on pages 16 - 34.

**Town of Ebro, Florida**  
**Management's Discussion and Analysis**

**Government-Wide Financial Analysis**

This section is used to present condensed financial information from the government-wide statements that compare the current year to the prior year.

**Statement of Net Position**

The following schedule reflects the condensed Statement of Net Position:

<i>September 30,</i>	<b>2021</b>	(Unaudited) 2020	Change
<b>Assets</b>			
Cash and cash equivalents	\$ 89,860	\$ 46,049	\$ 43,811
Investments	116,816	116,568	248
Due from other governments	16,104	18,171	(2,067)
Prepaid expense	2,882	-	2,882
Land and other nondepreciable assets	9,250	9,250	-
Capital assets, net of depreciation	154,513	185,201	(30,688)
<b>Total assets</b>	<b>389,425</b>	<b>375,239</b>	<b>14,186</b>
<b>Liabilities</b>			
Accounts payable	703	1,723	(1,020)
Accrued expenses	-	1,436	(1,436)
Compensated absences	2,372	2,372	-
Unearned revenue	48,646	-	48,646
<b>Total liabilities</b>	<b>51,721</b>	<b>5,531</b>	<b>46,190</b>
<b>Net Position</b>			
Invested in capital assets, net of related debt	163,763	194,451	(30,688)
Restricted	129,680	135,125	(5,445)
Unrestricted	44,261	40,132	4,129
<b>Total net position</b>	<b>\$ 337,704</b>	<b>\$ 369,708</b>	<b>\$ (32,004)</b>

**Town of Ebro, Florida**  
**Management's Discussion and Analysis**

**Statement of Activities**

The following schedule compares the revenues and expenses for the current year to the prior year:

<i>For the year ended September 30,</i>	<b>2021</b>	(Unaudited) 2020	Change
<b>Revenues</b>			
Program revenues	<b>26,185</b>	29,179	(2,994)
General Revenues			
Taxes	<b>80,940</b>	80,218	722
Investment earnings	<b>253</b>	2,467	(2,214)
Miscellaneous	<b>9,961</b>	766	9,195
<b>Total revenues</b>	<b>117,339</b>	112,630	4,709
<b>Expenses</b>			
General government	<b>\$ 98,313</b>	\$ 98,619	\$ (306)
Public safety	<b>33,382</b>	32,272	1,110
Culture and recreation	<b>17,648</b>	17,348	300
<b>Total expenses</b>	<b>149,343</b>	148,239	1,104
<b>Change in net position</b>	<b>(32,004)</b>	(35,609)	3,605
<b>Total Net Position - Beginning</b>	<b>369,708</b>	405,317	(35,609)
<b>Total Net Position - Ending</b>	<b>\$ 337,704</b>	\$ 369,708	\$ (32,004)

**Financial Analysis of the Town's Funds**

This section provides an analysis of the balances and transactions of individual funds. As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned 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 September 30, 2021, the Town's governmental funds reported combined ending fund balances of \$173,431.



## **Town of Ebro, Florida Management's Discussion and Analysis**

### ***Fund Budgetary Highlights***

The Town's general fund final budgeted revenues increased from its original budget by \$6,238 primarily due to the conservative nature of the original budget while the budgeted expenditures increased \$8,044 to more accurately reflect the Town's current spending. The Town's volunteer fire department fund final budgeted revenues did not increase from its original budget for the inclusion of increased funding from the County while the budgeted expenditures decreased by \$5,800 to reflect the decreased spending in the current year.

### ***Request for Information***

This financial report is designed to present users with a general overview of the Town's finances and to demonstrate accountability. Additional financial information is available from the Town's Clerk, Linda Marlow, P.O. Box 10, Ebro, Florida 32437.

**Town of Ebro, Florida**  
**Statement of Net Position**

		Primary Government Governmental Activities
<hr/>		
<i>September 30, 2021</i>		
<hr/>		
<b>Assets</b>		
Cash and cash equivalents	\$	89,860
Investments		116,816
Due from other governments		16,104
Prepaid insurance		2,882
Capital assets		
Non-depreciable		9,250
Depreciable, net		154,513
<hr/>		
Total assets		389,425
<b>Liabilities</b>		
Accounts payable		703
Compensated absences		2,372
Unearned revenue		48,646
<hr/>		
Total liabilities		51,721
<b>Net Position</b>		
Net investment in capital assets		163,763
Restricted for		
Streets and roads		28,537
Public safety		101,143
Unrestricted		44,261
<hr/>		
Total net position	\$	337,704
<hr/> <hr/>		

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

**Town of Ebro, Florida**  
**Statement of Activities**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities
Primary Government				
Governmental Activities				
General government	\$ 98,313	\$ 1,356	\$ -	\$ (96,957)
Public safety	33,382	-	24,829	(8,553)
Culture and recreation	17,648	-	-	(17,648)
<b>Total governmental activities</b>	<b>\$ 149,343</b>	<b>\$ 1,356</b>	<b>\$ 24,829</b>	<b>(123,158)</b>

General revenues	
Franchise taxes	34,816
Sales taxes	34,433
State revenue sharing	9,780
Miscellaneous taxes	1,911
Interest income	253
Miscellaneous	9,961
<b>Total general revenues</b>	<b>91,154</b>
<b>Change in net position</b>	<b>(32,004)</b>
<b>Net position, beginning of year</b>	<b>369,708</b>
<b>Net position, end of year</b>	<b>\$ 337,704</b>

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

**Town of Ebro, Florida**  
**Balance Sheet – Governmental Funds**

<i>September 30, 2021</i>	General Fund	Volunteer Fire Department Fund	Road Improvement Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 61,690	\$ 28,170	\$ -	\$ 89,860
Investments	23,412	67,088	26,316	116,816
Due from other governments	10,219	5,885	-	16,104
Due from other funds	-	-	2,221	2,221
<b>Total assets</b>	<b>\$ 95,321</b>	<b>\$ 101,143</b>	<b>\$ 28,537</b>	<b>\$ 225,001</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 703	\$ -	\$ 703
Unearned revenue	48,646	-	-	48,646
Due to other funds	2,221	-	-	2,221
<b>Total liabilities</b>	<b>50,867</b>	<b>703</b>	<b>-</b>	<b>51,570</b>
<b>Fund balances</b>				
Restricted	-	100,440	28,537	128,977
Assigned	44,454	-	-	44,454
<b>Total fund balances</b>	<b>44,454</b>	<b>100,440</b>	<b>28,537</b>	<b>173,431</b>
<b>Total liabilities and fund balances</b>	<b>\$ 95,321</b>	<b>\$ 101,143</b>	<b>\$ 28,537</b>	<b>\$ 225,001</b>

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

**Town of Ebro, Florida**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**

*September 30, 2021*

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Total fund balance - governmental funds	\$ 173,431
Prepaid items are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	2,882
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	163,763
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.	(2,372)
<hr/>	
Net Position of governmental activities	<hr/> <hr/> \$ 337,704

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

**Town of Ebro, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances –**  
**Governmental Funds**

<i>For the year ended September 30, 2021</i>	General Fund	Volunteer Fire Department Fund	Road Improvement Fund	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 71,160	\$ -	\$ -	\$ 71,160
Fines and fees	1,239	-	-	1,239
Licenses and permits	117	-	-	117
Intergovernmental	7,559	-	2,221	9,780
Charges for services	-	24,829	-	24,829
Interest income	117	4	132	253
Miscellaneous	9,961	-	-	9,961
<b>Total revenues</b>	<b>90,153</b>	<b>24,833</b>	<b>2,353</b>	<b>117,339</b>
<b>Expenditures</b>				
General government	87,351	-	-	87,351
Public safety	-	31,460	-	31,460
<b>Total expenditures</b>	<b>87,351</b>	<b>31,460</b>	<b>-</b>	<b>118,811</b>
Excess (deficiency) of revenues over expenditures	2,802	(6,627)	2,353	(1,472)
<b>Other Financing Sources (Uses)</b>				
Transfers in/(out)	1,874	471	(2,345)	-
<b>Net change in fund balances</b>	<b>4,676</b>	<b>(6,156)</b>	<b>8</b>	<b>(1,472)</b>
<b>Fund balances, beginning of year</b>	<b>39,778</b>	<b>106,596</b>	<b>28,529</b>	<b>174,903</b>
<b>Fund balances, end of year</b>	<b>\$ 44,454</b>	<b>\$ 100,440</b>	<b>\$ 28,537</b>	<b>\$ 173,431</b>

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

**Town of Ebro, Florida**

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

*For the year ended September 30, 2021*

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Net change in fund balances - total governmental funds	\$	(1,472)
Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Net Position		(30,688)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Prepaid insurance		156
<hr/>		
Change in net position of governmental activities	\$	(32,004)
<hr/> <hr/>		

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

**Town of Ebro, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual – General Fund**

<i>For the year ended September 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 70,940	\$ 75,135	\$ 71,160	\$ (3,975)
Fines and fees	1,000	1,150	1,239	89
Licenses and permits	300	200	117	(83)
Intergovernmental	9,632	9,825	7,559	(2,266)
Interest income	-	-	117	117
Miscellaneous	-	1,800	9,961	8,161
<b>Total revenues</b>	<b>81,872</b>	<b>88,110</b>	<b>90,153</b>	<b>2,043</b>
<b>Expenditures</b>				
General government	91,872	99,916	87,351	12,565
<b>Total expenditures</b>	<b>91,872</b>	<b>99,916</b>	<b>87,351</b>	<b>12,565</b>
Excess (deficiency) of revenues over expenditures	(10,000)	(11,806)	2,802	14,608
<b>Other Financing Sources</b>				
Transfer in	-	-	1,874	1,874
<b>Net change in fund balances</b>	<b>(10,000)</b>	<b>(11,806)</b>	<b>4,676</b>	<b>16,482</b>
Fund balance, beginning of year	39,778	39,778	39,778	-
<b>Fund balance, end of year</b>	<b>\$ 29,778</b>	<b>\$ 27,972</b>	<b>\$ 44,454</b>	<b>\$ 16,482</b>

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



**Town of Ebro, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual – Volunteer Fire Department Fund**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 30,950	\$ 30,950	\$ 24,829	\$ (6,121)
Interest income	-	-	4	4
<b>Total revenues</b>	<b>30,950</b>	<b>30,950</b>	<b>24,833</b>	<b>(6,117)</b>
<b>Expenditures</b>				
Public safety	35,000	29,200	31,460	(2,260)
Excess (deficiency) of revenues over expenditures	(4,050)	1,750	(6,627)	(8,377)
<b>Other Financing Sources</b>				
Transfer in	-	-	471	471
Net change in fund balance	(4,050)	1,750	(6,156)	(7,906)
Fund balance, beginning of year	106,596	106,596	106,596	-
<b>Fund balance, end of year</b>	<b>\$ 102,546</b>	<b>\$ 108,346</b>	<b>\$ 100,440</b>	<b>\$ (7,906)</b>

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

## Town of Ebro Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Ebro, Florida (the "Town") was created in 1967 by an act of the Florida legislature (House Bill 2530) recorded in the Secretary of State's Office. It is an incorporated municipality of the State of Florida, and operates using an elected council form of government. The authority of this council and the policies it may implement are regulated by the Town's Charter, Ordinances, Resolutions and Statutes of the State of Florida.

#### ***Reporting Entity***

The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The accounting policies of the Town conform to generally accepted accounting principles (GAAP) as applied to governmental units.

In evaluating the Town as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification. Based upon the foregoing criteria, it was determined there were no other entities subject to consideration to be included in the Town's financial statements.

#### ***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) reports information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers 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. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

## Town of Ebro Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)***

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

#### ***Government-Wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Town's water department and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund Financial Statements***

The fund financial statements provide information about the Town's funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund which accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Volunteer Fire Department Fund* is used by the Town to account for the operation of the Volunteer Fire Department.

The *Road Improvement Capital Projects Fund* is used to account for the construction of road improvements. Capital Project Funds account for the acquisition and construction of major capital facilities, other than those financed by proprietary funds.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

***Budgetary Information***

***Budgetary basis of accounting***

Annual budgets are adopted on a basis consistent with GAAP for the governmental funds.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Budgetary Information (continued)***

*Budgetary basis of accounting (continued)*

The appropriated budget is prepared by fund, function, and department. The Town's department heads may make transfers of appropriations within a department. Management can approve transfers within government function categories only. Transfers of appropriations or revisions between government function categories require the approval of the Town Council. The level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the government function category level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

The Road Improvement Fund is not budgeted and budget information is not presented.

*Excess of Expenditures over Appropriations*

For the year ended September 30, 2021, expenditures exceeded appropriations within the public safety function of the Volunteer Fire Department Fund by \$2,260. The excess was funded with reserve funds.

***Assets, Liabilities, and Net Position or Equity***

*Cash and Cash Equivalents*

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

*Investments*

Investments for the Town are reported at fair value (generally based on quoted market prices).

The Town is authorized under Chapter 218.415, Florida Statutes, to invest and reinvest surplus public funds in its control or possession, in accordance with resolutions to be adopted from time to time in the following:

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, and Net Position or Equity (continued)***

*Investments (continued)*

- The Local Government Surplus Fund (the SBA) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Florida Statute 163.01.
- Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Savings accounts and certificates of deposit in state-certified qualified public depositories, as defined in Florida Statute 280.02.
- Direct obligations of the U.S. Treasury.
- Federal agencies and instrumentalities.

The Town's investments consist of certificates of deposits with original maturities of more than three months from the date of acquisition.

*Receivables*

The Town records accounts receivable for various taxes, fees and services. All receivables are considered collectible and, as such, no allowance for uncollectibles is reported.

*Interfund Activities and Transactions*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, and Net Position or Equity (continued)***

*Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide financial statements. At the fund level, expenditures are recognized when the available finance resource is expended.

*Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an individual cost of more than \$750 and an estimated useful life in excess of one year. The Town has not reported infrastructure acquired prior to October 1, 2003. As the Town constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	30 - 40
Equipment	10

*Unearned Revenue*

Unearned revenue is made up of \$48,646 of unexpended advance payments from the American Rescue Plan Act (ARPA). As of September 30, 2021, the Town has not expended any of the funds received.

*Compensated Absences*

The Town allows employees to accumulate vacation and sick leave up to certain limits for use in subsequent periods. Upon termination of employment, an employee receives payment of accumulated vacation hours up to certain limits at current wage rates. All leave is accrued when incurred in the government-wide financial statements. A liability for these amounts in the government-wide financial statements consists of unpaid, accumulated annual leave balances. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, and Net Position or Equity (continued)***

*Categories and Classification of Fund Equity*

*Net position flow assumption* – Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*Fund balance flow assumptions* – Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance policies* – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following net position categories:

*Net Investment in Capital Assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant unspent proceeds at year-end related to capital assets are reported as restricted funds.

*Restricted* – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

*Unrestricted* – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Town Council.

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***

*Categories and Classification of Fund Equity (continued)*

*Nonspendable* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The Town has no fund balances classified as committed.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The Town has no fund balances classified as assigned.

*Unassigned* – Unassigned fund balance is the residual classification for the General Fund.

***Revenues and Expenditures/Expenses***

*Program revenues* – Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*Property taxes* - Florida Statute allows the Town to assess and collect property taxes within its municipal limits. However, the Town has chosen to operate on revenues generated from other sources. Its primary sources of revenue is from state collected and shared revenues generated from sales and gasoline taxes.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to net pension liability.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 28, 2022 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

***Recently Issued and Implemented Accounting Pronouncements***

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 is effective for the fiscal years beginning after December 15, 2019. The implementation of this statement had no impact on the financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The implementation of this statement had no impact on the financial statements.

***Pronouncements Issued But Not yet Effective***

The GASB has issued statements that will become effective in future years. These statements are as follows:

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Pronouncements Issued But Not yet Effective (continued)***

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Pronouncements Issued But Not yet Effective (continued)***

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Pronouncements Issued But Not yet Effective (continued)***

derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Pronouncements Issued But Not yet Effective (continued)***

costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

In October 2021, the GASB issued GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Pronouncements Issued But Not yet Effective (continued)***

In April 2022, the GASB issued GASB Statement No. 99, *Omnibus 2022*. This Statement provides guidance on the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument,
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives,
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the PPP term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset,
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability,
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt,
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP),
- Disclosures related to nonmonetary transactions,
- Pledges of future revenues when resources are not received by the pledging government,
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements,
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Pronouncements Issued But Not yet Effective (continued)***

- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Town is evaluating the requirements of the above statements and the impact on reporting.



**Note 2: DETAILED NOTES ON ALL FUNDS**

***Deposits and Investments***

As of September 30, 2021, the Town’s deposits were entirely covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Town pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the Town’s investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the Town to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories. The Town’s only investments were in certificates of deposit.

Investments, at amortized cost, are comprised of the following:

	Fair Value	0-5 Year
Certificates of Deposit	\$ 116,816	\$ 116,816

*Custodial credit risk* - The Town maintains its deposits only with “Qualified Public Depositories” as defined in chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories. Under Florida Statute 280 and the Federal Deposit Insurance Corporation, all the Town’s deposits are fully insured or collateralized with collateral held by the State Treasurer.

*Interest rate risk* - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town has limited its interest rate risk by investing in low risk instruments with a maturity of 60 months or less.

**Town of Ebro**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Due from Other Governments***

Due from other governments at September 30, 2021 consists of the following:

	General Fund	Volunteer Fire Department Fund	Total Governmental
Operating grant	\$ -	\$ 5,885	\$ 5,885
Taxes	10,219	-	10,219
<b>Total</b>	<b>\$ 10,219</b>	<b>\$ 5,885</b>	<b>\$ 16,104</b>

All amounts are reported at their gross value and when appropriate are reduced by the estimated portion that is expected to be uncollectible. These amounts are deemed to be 100% collectible.

***Capital Assets***

The following is a summary of changes in capital assets during the year ended September 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 9,250	\$ -	\$ -	\$ 9,250
Capital assets, being depreciated				
Equipment	\$ 540,544	\$ -	\$ -	\$ 540,544
Buildings	492,449	-	-	492,449
Capital assets, being depreciated	1,032,993	-	-	1,032,993
Less accumulated depreciation for:				
Equipment	523,339	3,946	-	527,285
Buildings	324,453	26,742	-	351,195
Total accumulated depreciation	847,792	30,688	-	878,480
Total capital assets, being depreciated, net	185,201	(30,688)	-	154,513
<b>Governmental activities capital assets, net</b>	<b>\$ 194,451</b>	<b>\$ (30,688)</b>	<b>\$ -</b>	<b>\$ 163,763</b>

**Town of Ebro**  
**Notes to Financial Statements**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Capital Assets (continued)***

Depreciation expense was allocated to the governmental functions in the statement of activities as follows:

<i>For the year ended September 30,</i>	<u>2021</u>
Governmental Activities	
General government	\$ 11,082
Culture and recreation	17,648
Public safety	1,958
<hr/>	
Total depreciation expense - governmental activities	<u>\$ 30,688</u>

***Due to/from Other Funds***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Road Improvement	General	2,221

Amount due from the general fund to the road improvement fund is for special revenues transferred to the general fund from the road improvement fund in the current year subsequently not spent on road improvements or maintenance.

***Interfund Transfers***

Interfund transfers are generally used to meet cash demands necessary to pay operating expenditures. The composition of interfund transfers for fiscal year 2021 is shown as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net</u>
General Fund	\$ 2,345	\$ (471)	\$ 1,874
Volunteer Fire Department Fund	471	-	471
Road Improvement Fund	-	(2,345)	(2,345)
<hr/>			
	\$ 2,816	\$ (2,816)	\$ -

**Note 3: RISK MANAGEMENT**

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 has obtained coverage from commercial insurance companies, effectively transferring any risk of loss.

**Note 4: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of the novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the ongoing operating activities and the future results of the Town. The occurrence and extent of such an impact will depend on future developments, including (i) the and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain as of June 28, 2022.



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

Honorable Mayor and Members of  
The Town Council  
Town of Ebro, 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 business-type activities, and each major fund of the Town of Ebro, Florida (the "Town") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 28, 2022.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify 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 a deficiency in internal control, described in the accompanying management letter as item 2009-03 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

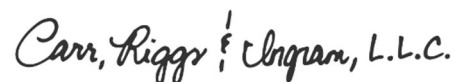
## **Town's Response to Findings**

The Town's responses to the finding identified in our audit is described in the accompanying management letter. The Town'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.

Very truly yours,



CARR, RIGGS & INGRAM, LLC  
Enterprise, Alabama  
June 28, 2022



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

Honorable Mayor and Members of  
The Town Council  
Town of Ebro, Florida

We have examined the Town of Ebro, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* during the year ended September 30, 2021. Management of the Town is responsible for the Town's compliance with the specific requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021.

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

Very truly yours,

A handwritten signature in black ink that reads "Carr, Riggs &amp; Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC  
Enterprise, Alabama  
June 28, 2022



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## MANAGEMENT LETTER

Honorable Mayor and  
Members of the Town Council  
Town of Ebro, Florida

### Report on the Financial Statements

We have audited the financial statements of the Town of Ebro, Florida (the “Town”), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 28, 2022.

### Auditors’ 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 Florida Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants’ Report on Compliance with Local Government Investment Policies. Disclosures in those report, which are dated June 28, 2022, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the Prior Year Findings and Recommendations.

Tabulation of Uncorrected Audit Findings	
Current Year Finding #	2017-2018 FY Finding #
2009-003	2009-003



### **2009-03 Segregation of Duties (Repeat Finding)**

**Condition** – The Town presently employs only one full-time clerical employee. This individual’s responsibilities include billing, collecting, receipting, depositing and recording all revenues. Additionally, this individual is also responsible for preparing and documenting all disbursements.

**Criteria** – Management is responsible for establishing and maintaining effective internal control over financial reporting. One of the most critical components of an effective internal control system is the appropriate separation of duties.

**Cause** – The Town lacks sufficient personnel to design and implement adequate separation of duties.

**Effect** – The finding could result in the misappropriation of assets and material misstatements to the financial statements.

**Recommendation** – Due to a lack of personnel required to establish proper separation of duties, a recommendation to correct this weakness is prohibitive. However, we strongly recommend the Town Council, Mayor or representative monitor ongoing operations to include systematic reviews of monthly financial activity and reporting.

**Views of Responsible Officials and Planned Corrective Action** - Monthly invoices are reviewed by the Clerk and the Mayor before payment is made. Each payment, regardless of amount, and all checks issued require two signatures. Financial activity summaries and bank reconciliations are prepared on a monthly basis for review by the Town council.

### **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. This information is disclosed in Note 1 to the financial statements.

### **Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to

monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. See the recommendations in each finding 2009-02; 2009-03 2009-04; and 2009-06 noted above.

### **Additional Matters**

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

### **Purpose of this Letter**

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

Very truly yours,

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC  
Enterprise, Alabama  
June 28, 2022