

Town of St. Leo, Florida

General Purpose
Financial Statements

Year Ended September 30, 2021



BodinePerry
Certified Public Accountants & Advisors

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Town of St. Leo, Florida as of and for the year ended September 30, 2021, and related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of St. Leo, Florida, as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages M1 through M6 and 15-18 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 8, 2022, on our consideration of the Town of St. Leo, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of St. Leo, Florida's internal control over financial reporting and compliance.



Bodine Perry PLLC
Zephyrhills, Florida
June 8, 2022

Town of St. Leo, Florida

Management's Discussion and Analysis
For the Year Ended September 30, 2021

Our discussion and analysis of the Town of St. Leo, Florida's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2021.

Financial Highlights

- The net position of the Town at the close of its most recent fiscal year was \$3,457,589.
- As of the close of the current fiscal year, the Town reported an ending fund balance for the general fund of \$828,345, an increase of \$57,379, in comparison with the prior year. The ending fund balance of the special revenue fund is \$2,125,075, an increase of \$313,902. A total of \$828,345 is available for spending at the Town's discretion.
- At the end of the current fiscal year, the unassigned general fund balance was \$828,345, or 403% of total general fund expenditures.

Overview of the Financial Statements

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

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

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

Town of St. Leo, Florida

Management's Discussion and Analysis
For the Year Ended September 30, 2021

The Financial Statements

The Statement of Net Position and the Statement of Activities

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

The statement of net position presents information on all of the Town's assets. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain financial control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Notes to the Financial Statements

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

Required Supplementary Information

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

Town of St. Leo, Florida

Management's Discussion and Analysis
For the Year Ended September 30, 2021

Government-Wide Financial Analysis

A substantial portion of the Town's net position (14.9%) reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure). The Town uses these capital assets to provide required municipal services to the citizens of the Town. The balance of the Town's assets consists of demand and other deposit accounts and amounts currently due from other governments.

Town's Net Position As of September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 2,961,304	\$ 2,599,089
Capital assets	516,352	523,562
Total Assets	<u>3,477,656</u>	<u>3,122,651</u>
Current and other liabilities	7,884	16,950
Non-current liabilities	12,183	11,631
Total Liabilities	<u>20,067</u>	<u>28,581</u>
Net Assets		
Invested in capital assets,		
Net of related debt	516,352	523,562
Restricted	2,125,075	1,811,174
Unrestricted	816,162	759,334
Total Net Assets	<u>3,457,589</u>	<u>3,094,070</u>
Restricted Net Assets are composed of		
Impact fees	102,773	109,339
Gasoline taxes	310,936	266,896
Infrastructure sales tax	1,711,366	1,434,939
Total Restricted Net Assets	<u>\$ 2,125,075</u>	<u>\$ 1,811,174</u>

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

Town of St. Leo, Florida

Management's Discussion and Analysis
For the Year Ended September 30, 2021

Town's Impact Fee Reserves

The amount of \$102,773 represents the balance of the Town's Impact Fee Reserves as of September 30, 2021. According to the provisions of Ordinance 00-09 passed on August 14, 2000, and amended Ordinance 96-5 and in Ordinance 10-6, the Town has thirteen years to expend each road impact fee or return the fee to the current owner of the property.

Town's Changes in Net Position Fiscal Year Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
General Revenues		
Property and other taxes	\$ 641,054	\$ 553,101
Interest earnings	37,339	39,387
Other	4,100	6,923
Total General Revenues	<u>682,493</u>	<u>599,411</u>
Functions/Programs		
General government expenditures	(377,792)	(395,743)
Charges, grants, etc.	58,818	85,331
Net (Expenditures)	<u>(318,974)</u>	<u>(310,412)</u>
Increase in Net Assets	363,519	288,999
Net Assets - At beginning of year	3,094,070	2,805,071
Net Assets - At end of year	<u>\$ 3,457,589</u>	<u>\$ 3,094,070</u>

While various taxes continue as the primary source of revenue, the tax revenue of \$641,054 itemized on the Statement of Activities represents 93.9% of the Total Revenues. Property taxes and franchise fees, respectively, account for 1.1% and 9.5% of the Total Revenue.

Town of St. Leo, Florida

Management's Discussion and Analysis
For the Year Ended September 30, 2021

Town's Changes in Net Position Fiscal Year Ended September 30, 2021 and 2020 (continued)

The following table summarizes tax rates applied to property located within the Town during the past three years along with the tax rate set for the year ending September 30, 2021. Property tax revenue for the year ending September 30, 2021 increased by \$343 or 4.9% compared to the previous fiscal year.

Town of St Leo Millage Table

	2018	2019	2020	2021
County Commission--Operating	7.6076	7.6076	7.6076	7.6076
County Municipal Service Fire District	1.8036	1.8036	1.8036	1.8036
Other taxing authorities	6.4824	6.4351	6.2767	6.2767
Town of St. Leo	0.7000	0.7000	0.7000	0.7000
SW Fla Water Management District	0.2955	0.2801	0.2669	0.2669
Total	16.8891	16.8264	16.6548	16.6548

Budgetary Highlights

There were no budget amendments in the current fiscal year.

Capital Assets and Debt Administration

Capital Assets

The Town's capital assets as of September 30, 2021 reflect an investment of \$516,352, net of accumulated depreciation.

The following table provides a summary of net capital assets:

Capital Assets		
September 30, 2021 and 2020		
Governmental Activities		
	2021	2020
Land	\$ 30,436	\$ 30,436
Building and improvements	266,186	261,336
Equipment	99,483	99,483
Infrastructure	578,175	552,615
Less: Accumulated Depreciation		
Building and improvements	(112,805)	(103,224)
Equipment	(62,541)	(56,079)
Infrastructure	(282,582)	(261,005)
Totals	\$ 516,352	\$ 523,562

Town of St. Leo, Florida

Management's Discussion and Analysis
For the Year Ended September 30, 2021

Economic Factors and Next Year's Budget and Rates

The Town relies on intergovernmental revenue, including taxes, for the largest portion of its budget. The fiscal year 2021 general fund revenue from various tax sources (sales tax, state shared revenue, etc.) was \$641,054 compared to \$553,101 for the previous year, an increase of \$87,953 or 15.9%.

Adjusted taxable property values in the Town were \$11,022,435 in 2021 and \$10,303,275 in 2020, an increase of \$719,160 (6.98%). The 2021 millage rate was .70; in 2020 it was also .70. Ad Valorem (property) taxes collected from residents totaled \$7,279. Ad valorem taxes accounted for 1.07% of 2021 revenue.

Audiovisual improvements previously installed in the Commission Room and staff adaptability ensured continuous operations during the ongoing COVID-19 pandemic. 2021 projects included the design and preliminary work for the Christmas Drive reconstruction and stormwater improvements.

The Town of St. Leo and the City of San Antonio have partnered to improve Pompanic Street. The street serves as a boundary between the two municipalities; the cost will be divided. Stormwater easements have been obtained. Site work was expected to begin in 2021. Improvements will include road widening and the installation of sidewalks, as well as addressing stormwater runoff to Lake Jovita.

Shakespeare Drive was surveyed in 2020 for the purpose of the Town taking over the road and improving it. In 2021, residents did not form a consensus about conveying the road to the Town; the Town will not pursue the project.

Request for Information

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

Basic Financial Statements

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

Town of St. Leo, Florida

Statement of Net Position
For the Year Ended September 30, 2021

Assets	Governmental Activities
Current Assets	
Cash on deposit	\$ 801,483
Investments	2,121,813
Due from other governments	27,291
Accounts receivable-other (no allowance deemed necessary)	10,717
Total Current Assets	<u>2,961,304</u>
Non-Current Assets	
Land and improvements	30,436
Buildings and improvements	266,186
Equipment	99,483
Infrastructure	578,175
Accumulated depreciation	<u>(457,928)</u>
Total Non-Current Assets	<u>516,352</u>
Total Assets	<u><u>\$ 3,477,656</u></u>
Liabilities	
Current Liabilities	
Accounts payable	<u>7,884</u>
Total Current Liabilities	<u>7,884</u>
Non-Current Liabilities	
Compensated absences	<u>12,183</u>
Total Non-Current Liabilities	<u>12,183</u>
Total Liabilities	<u>20,067</u>
Net Position	
Investment in Capital Assets, Net of related debt	516,352
Restricted For	
Transportation	310,936
Infrastructure	102,773
Other	1,711,366
Unrestricted	<u>816,162</u>
Total Net Position	<u>3,457,589</u>
Total Liabilities and Net Position	<u><u>\$ 3,477,656</u></u>

See Independent Auditors' Report and Notes to Financial Statements.

Town of St. Leo, Florida

Statement of Activities
For the Year Ended September 30, 2021

Program Revenues					Net (Expenses) Revenues Governmental Activities
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General Government	\$ (220,838)	\$ -	\$ 4,592	\$ -	\$ (216,246)
Public Safety	(128,189)	20,228	-	-	(107,961)
Physical Environments	(7,123)	-	-	-	(7,123)
Transportation	(21,642)	33,998	-	-	12,356
Total Governmental Activities	\$ (377,792)	\$ 54,226	\$ 4,592	\$ -	\$ (318,974)
General Revenues:					
Taxes					
					\$ 7,279
					64,552
					32,202
					286,404
					10,921
					211
					123,434
					106,007
					10,044
					37,339
					4,100
				Total General Revenues	682,493
					363,519
					3,094,070
					\$ 3,457,589

See Independent Auditors' Report and Notes to Financial Statements.

Town of St Leo, Florida

Balance Sheet Governmental Funds For the Year Ended September 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
	2021	2021	2021
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash on deposit	\$ 232,830	\$ 568,653	\$ 801,483
Investments	616,383	1,505,430	2,121,813
Due from other governments	8,775	18,516	27,291
Accounts receivable-other (no allowance deemed necessary)	10,717	-	10,717
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 868,705</u>	<u>\$ 2,092,599</u>	<u>\$ 2,961,304</u>
Liabilities			
Accounts payable	7,884	-	7,884
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>7,884</u>	<u>-</u>	<u>7,884</u>
Fund Balances			
Restricted for:			
Transportation - fuel tax funds	-	310,936	310,936
Transportation - impact fees	-	102,773	102,773
Infrastructure sales tax funds	-	1,711,366	1,711,366
Unassigned	828,345	-	828,345
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>828,345</u>	<u>2,125,075</u>	<u>2,953,420</u>
Total Liabilities and Fund Balances	<u>\$ 836,229</u>	<u>\$ 2,125,075</u>	<u>\$ 2,961,304</u>

See Independent Auditors' Report and Notes to Financial Statements.

Town of St Leo, Florida

Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds For the Year Ended September 30, 2021

Fund Balances - Governmental Funds \$ 2,953,420

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

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

Governmental capital assets	\$ 974,280	
Less accumulated depreciation	<u>(457,928)</u>	516,352

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

Compensated absences (Long-term Portion)	<u>(12,183)</u>	<u>(12,183)</u>
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Net Position - Governmental Activities		<u><u>\$ 3,457,589</u></u>
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See Independent Auditors' Report and Notes to Financial Statements.

Town of St. Leo, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds For the Year Ended September 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
	2021	2021	2021
Revenues			
Taxes	\$ 50,614	\$ -	\$ 50,614
Licenses and permits	84,780	-	84,780
Intergovernmental	235,362	330,446	565,808
Fines and forfeits	-	-	-
Investment income	37,339	-	37,339
Miscellaneous	2,770	-	2,770
	410,865	330,446	741,311
Expenditures			
Current			
General government	205,672	-	205,672
Public safety	107,620	-	107,620
Physical environment	7,123	-	7,123
Transportation	-	19,204	19,204
Capital purchases	-	30,410	30,410
	320,415	49,614	370,029
Excess of Revenues Over (Under) Expenditures	90,450	280,832	371,282
Fund Balance			
Beginning of Year	782,021	1,800,117	2,582,138
Fund Balance			
End of Year	\$ 872,471	\$ 2,080,949	\$ 2,953,420

See Independent Auditors' Report and Notes to Financial Statements.

Town of St. Leo, Florida

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2021

Net change in fund balances - governmental funds \$ 371,282

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

Governmental funds report capital outlays as
expenditures. However, in the statement of activities, the
cost of those assets is depreciated over their estimated
useful lives.

Expenditures for capital assets	\$ 30,410	
Less current year depreciation	<u>(37,620)</u>	(7,210)

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

Change in compensated absences	(553)	<u>(553)</u>
Change in net position of governmental activities		<u>\$ 363,519</u>

Town of St. Leo, Florida

Notes to Financial Statements
For the Year Ended September 30, 2021

Note A - Summary of Significant Accounting Policies

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

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

Defining the Financial Reporting Entity

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

The Town has no such organizations to include.

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

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

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

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

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

Town of St. Leo, Florida

Notes to Financial Statements
For the Year Ended September 30, 2021

Note A - Summary of Significant Accounting Policies (continued)

Measurement Focus

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

Fund Accounting

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

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

Governmental General Fund

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

Special Revenue Fund

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

Basis of Accounting

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

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

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

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

Town of St. Leo, Florida

Notes to Financial Statements
For the Year Ended September 30, 2021

Note A - Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

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

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

Cash and Investments

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

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

Town of St. Leo, Florida

Notes to Financial Statements
For the Year Ended September 30, 2021

Note A - Summary of Significant Accounting Policies (continued)

Property Taxes

Under Florida Law, the assessment of all properties and the collection of all Town property taxes are consolidated in the offices of the Pasco County Property Appraiser and Pasco County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. Florida Statutes permit Towns to levy property taxes at a rate of up to 10 mills. The millage rate in effect for the fiscal year ended September 30, 2021 was .700 mills.

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

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

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Pasco County Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by Pasco County.

Capital Assets

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Equipment	7-10
Infrastructure/streets	20

Compensated Absences

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

Medical leave accumulates at the rate of 1 day for each month worked with a maximum accumulation of 480 hours. Payment for unused medical leave will be made at termination of employment for one half of the hours accumulated. A provision for accumulated absences, related payroll taxes and retirement has been made in the financial statements as of September 30, 2021. Upon termination, an employee shall be paid for the unused portion of accumulated vacation leave.

Town of St. Leo, Florida

Notes to Financial Statements
For the Year Ended September 30, 2021

Note A - Summary of Significant Accounting Policies (continued)

Net Position

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

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

Fund Balances

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

- *Nonspendable* - This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* - This component includes amounts reported as restricted when constraints placed on the use of the resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* - This component includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Such amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Town of St. Leo, Florida

Notes to Financial Statements
For the Year Ended September 30, 2021

Note A - Summary of Significant Accounting Policies (continued)

- *Assigned*- This component is used to report the government's intent to use the amount for a specific purpose but is neither restricted nor committed.
- *Unassigned* - This component is the residual classification for the general fund. This amount represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

Use of Estimates

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

Management Evaluation of Subsequent Events

Management has evaluated subsequent events through June 8, 2022, the date the financial statements were available to be issued.

Note B - Cash on Deposit

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

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

Note C - Investments

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

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

Bank issued certificates of deposit (See note B)	<u>\$ 2,121,813</u>
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Town of St. Leo, Florida

Notes to Financial Statements
For the Year Ended September 30, 2021

Note D - Changes in Capital Assets

Capital assets activity for the year ended September 30, 2021 was as follows:

	<u>Beginning Balance 10/1/2020</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Ending Balance 9/30/2021</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land & improvements	\$ 30,436	\$ -	\$ -	\$ 30,436
Total assets not being depreciated:	<u>30,436</u>	<u>-</u>	<u>-</u>	<u>30,436</u>
Other capital assets:				
Buildings & improvements	261,336	4,850	-	266,186
Equipment	99,483	-	-	99,483
Infrastructure	552,615	25,560	-	578,175
Total capital assets at historical cost	<u>913,434</u>	<u>30,410</u>	<u>-</u>	<u>943,844</u>
Less accumulated depreciation for:				
Buildings and improvements	103,224	9,581	-	112,805
Equipment	56,079	6,462	-	62,541
Infrastructure	261,005	21,577	-	282,582
Total accumulated depreciation	<u>420,308</u>	<u>37,620</u>	<u>-</u>	<u>457,928</u>
Other capital assets, net	<u>493,126</u>	<u>(7,210)</u>	<u>-</u>	<u>485,916</u>
Governmental activities				
Capital assets, net	<u>\$ 523,562</u>	<u>\$ (7,210)</u>	<u>\$ -</u>	<u>\$ 516,352</u>

Town of St. Leo, Florida

Notes to Financial Statements
For the Year Ended September 30, 2021

Note D - Changes in Capital Assets (continued)

Depreciation expense was charged to the governmental activities as follows:

Governmental activities	
General Government	\$ 16,043
Public Works	21,577
Total	<u>\$ 37,620</u>

Note E - Deferred Compensation Plan

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

The Town has elected to contribute 8% of the eligible employee's compensation to the trust. For the year ended September 30, 2021, the Town made its full required contribution amount of \$2,783. The funds are held in trust for the exclusive benefit of participating employees and are not accessible by the government or its creditors.

Note F - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased commercial insurance coverage as its way of managing these areas of risk of loss.

Note G - Commitments

The Town contracts annually with the Pasco County Sheriff to provide police protection. The contract during this fiscal year required monthly payments of \$8,683.

Town of St. Leo, Florida

General Fund Statement of Revenues - Budget and Actual For the Year Ended September 30, 2021

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Taxes			
Property taxes	\$ 7,279	\$ 7,365	\$ (86)
Utility service tax	32,202	27,500	4,702
Communications tax	10,921	8,469	2,452
Local business tax	211	185	26
Total Taxes	<u>50,613</u>	<u>43,519</u>	<u>7,094</u>
Licenses and Permits			
Franchise fees	64,552	60,500	4,052
Building permits	3,176	7,000	(3,824)
Application and review	17,052	17,000	52
Total Licenses and Permits	<u>84,780</u>	<u>84,500</u>	<u>280</u>
Intergovernmental			
Half-cent sales tax	106,007	82,240	23,767
State revenue sharing	123,434	96,188	27,246
Alcoholic beverage tax	133	769	(636)
Business tax - county	1,100	800	300
County mobile home license	97	79	18
CDBG grant	-	2,754	(2,754)
Other state grants	4,592	4,592	-
Total Intergovernmental	<u>235,363</u>	<u>187,422</u>	<u>47,941</u>
Fines and Forfeits			
Court fees	-	20	(20)
Investment income - interest	37,339	25,000	12,339
Investment income - gain (loss)	-	-	-
Total Investment Income	<u>37,339</u>	<u>25,000</u>	<u>12,339</u>
Other Miscellaneous	2,770	2,400	370
Surplus Budgeted	-	636,105	(636,105)
Amounts Available for Appropriation	<u>\$ 410,865</u>	<u>\$ 978,966</u>	<u>\$ (568,101)</u>

Town of St. Leo, Florida

General Fund
Statement of Expenditures
Budget and Actual - Detail Data
For the Year Ended September 30, 2021

	Actual	Original and Final Budget	Variance Favorable (Unfavorable)
Charges to Appropriations (Outflows)			
General Government			
Town Council			
Operating Expenditures			
Auditing	\$ 8,300	\$ 8,600	\$ 300
Accounting outsourced	2,043	2,025	(18)
Town hall cleaning/mowing	2,392	1,680	(712)
Travel	960	2,600	1,640
Telephone	2,314	3,200	886
Utilities	2,243	1,900	(343)
Insurance	13,580	13,392	(188)
Repairs and maintenance	2,179	1,000	(1,179)
Advertising	1,926	2,300	374
All Other	206	2,000	1,794
Operating supplies	9,537	10,000	463
Office supplies	1,710	2,300	590
Postage	650	800	150
Subscriptions/memberships	4,786	3,500	(1,286)
Training	764	2,000	1,236
Total Town Council	53,590	57,297	3,707
Administration - General			
Personnel Services			
Salaries and wages	87,106	86,304	(802)
FICA taxes	6,664	6,602	(62)
Life and health insurance	21,088	26,291	5,203
Retirement	2,783	3,137	354
Workers compensation insurance	-	-	-
Solid waste fee	76	75	(1)
Total Administrative	117,717	122,409	4,692
City Attorney			
Operating Expenditures			
Contracted legal services	19,533	25,000	5,467
Comprehensive Planning			
Operating Expenditures			
Contracted services	12,128	25,000	12,872
Codification of ordinances	2,704	3,000	296
Comprehensive plan	-	2,754	2,754
Total Comprehensive Planning	14,832	30,754	15,922
Total General Government	\$ 205,672	\$ 235,460	\$ 29,788

Town of St. Leo, Florida

General Fund
Statement of Expenditures
Budget and Actual - Detail Data (continued)
For the Year Ended September 30, 2021

	Actual	Original and Final Budget	Variance Favorable (Unfavorable)
Public Safety			
Police Department			
Operating Expenditures			
Contracted services	\$ 94,218	\$ 94,218	\$ -
Fire Services			
Operating Expenditures			
Contracted services	12,394	15,000	2,606
Animal Control			
Operating expenditures			
Other	1,008	950	(58)
Total Public Safety	107,620	110,168	2,548
Physical Environment			
Garbage/Solid Waste Control/Other			
Operating Expenditures			
Contracted services	7,123	7,124	1
Conservation and resource mgt.	-	440	440
Stormwater project	-	-	-
Total Physical Environment	7,123	7,564	441
Total Expenditures	\$ 320,415	\$ 353,192	\$ 32,777

Town of St. Leo, Florida

Special Revenue Fund Statement of Revenues and Expenditures-Budget and Actual For the Year Ended September 30, 2021

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Intergovernmental Revenues			
State 8 cent gasoline tax	\$ 33,998	\$ 27,225	\$ 6,773
County 6 cent gasoline tax	10,044	9,304	740
Road impact fees	-	-	-
Local government infrastructure surtax	286,404	214,181	72,223
Total Intergovernmental	<u>330,446</u>	<u>250,710</u>	<u>79,736</u>
Amounts Available for Appropriation	<u>330,446</u>	<u>250,710</u>	<u>79,736</u>
Expenditures			
Transportation Expenditures			
Lighting and contracted services	1,539	4,000	2,461
Contracted services-other	9,983	9,983	-
Right of way maintenance etc.	116	500	384
Impact fees expenditures	7,566	60,000	52,434
Transportation Expenditures	<u>19,204</u>	<u>74,483</u>	<u>55,279</u>
Capital Expenditures	<u>30,410</u>	<u>803,000</u>	<u>772,590</u>
Amounts Charged to Appropriations	<u>49,614</u>	<u>877,483</u>	<u>827,869</u>
Revenues in Excess of Expenditures	<u>\$ 280,832</u>	<u>\$ (626,773)</u>	<u>\$ 907,605</u>

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Town of St. Leo, 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 of St. Leo, Florida's basic financial statements, and have issued our report thereon dated June 8, 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 our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 of St. Leo, Florida's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of St. Leo, 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 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*.

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 the audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



Bodine Perry PLLC
Zephyrhills, Florida
June 8, 2022

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Management Letter

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

We have audited the financial statements of the Town of St. Leo, Florida (the Town), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 8, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters, dated June 8, 2022, which should be considered in conjunction with this management letter.

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

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

Section 10.554(1)(i)2, Rules of the Auditor General, requires that we address in the management letter any findings or recommendations to improve financial management. We have made no findings or recommendations.

Section 10.554(1)(i)3, Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5a, Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Sections 10.554(1)(i)5b and 10.556(8), Rules of the Auditor General, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management.

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

Bodine Perry

Bodine Perry PLLC
Zephyrhills, Florida
June 8, 2022

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Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes

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

We have examined the Town of St. Leo, Florida (the Town)'s compliance with Section 218.415, Florida Statutes regarding the investment of public funds during the year ended September 30, 2021, as required by Section 10.556, Rules of the Auditor General. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

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

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Town, its management, and is not intended to be and should not be used by anyone other than these specified parties. However, this letter is a matter of public record and its distribution is not limited.

Bodine Perry

Bodine Perry PLLC
Zephyrhills, Florida
June 8, 2022