

TOWN OF CARYVILLE
FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

TOWN OF CARYVILLE

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To the Mayor and Town Council of
The Town of Caryville, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Caryville as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Caryville's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Caryville, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Caryville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Caryville's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Town of Caryville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Caryville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 3-8 and 23-24 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2023, on our consideration of the Town of Caryville'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 the effectiveness of the Town of Caryville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Caryville's internal control over financial reporting and compliance.



Ferguson, Sizemore & Associates
Certified Public Accountants
Dothan, Alabama
May 17, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Town of Caryville’s (the “Town”) discussion and analysis is a narrative overview 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 (revealing the ability to address future challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

The Management’s Discussion and Analysis (MD&A) focuses on the activities of the Town for the fiscal year ended September 30, 2022. Please consider the information in this MD&A in conjunction with the transmittal letter at the front of this report and the Town’s financial statements.

Financial Highlights

During the audit period, the Town received state grant funds used for the purpose of making water system improvements. It also received funding from the American Rescue Plan.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with an overview of the Town’s finances, in a manner to resemble private-sector business. In these statements, all governmental and business-type activities are consolidated into columns, which are added to a total for the Town or primary government.

The statement of net position (the “Unrestricted Net Position”) presents information on all of the Town’s assets and liabilities, with the difference between the two reported as net position. This statement combines and consolidates governmental fund’s current financial resources (short-term spendable resources) with capital assets and long-term debt. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information focused on both gross and net costs and shows how the Town’s net position changed during the most recent fiscal year. This is intended to summarize and simplify the user’s analysis of cost of various governmental services and/or subsidy to various business-type activities. Revenues and expenses are

reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to typically recover all or a significant portion of the cost of operation, including depreciation, through user fees and charges for services (business-type activities). The governmental activities of the Town include general government, public safety, streets and highways, culture, and recreation. The business-type activities of the Town reflect private sector type operations (water and garbage).

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. This focus is on major funds, rather than (the previous model's statements prior to implementation of GASB 34 in fiscal year 2003) fund types. A fund is a grouping of related accounts that is used to maintain 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. Governmental, proprietary, and fiduciary are the three categories of fund types.

The fund financial statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental major fund is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows, outflows and balances of spendable resources.

The Town maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The Town maintains separate proprietary funds for water and sewer services. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. While the total column on the business-type fund financial statements is the same as the business-type column on the government-wide financial statement, the governmental major funds total column requires a reconciliation because of the difference measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement. The flow of current financial resources will reflect debt proceeds and inter-fund transfers as other financial sources as well as capital expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column (in the government-wide statements).

Notes to the Financial Statements. The notes provided in this report convey additional essential information that will magnify the understanding of data in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The Town's net position increased by \$277,978 during the audit period. Management will continue to monitor net position because the variance is a useful indicator of the Town's financial position.

The following table reflects the condensed Statement of Net Position compared to prior year.

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2022	2021	2022	2021	2022	2021
Current assets	\$ 192,785	\$ 100,404	\$ 39,224	\$ 45,155	\$ 232,009	\$ 145,559
Capital assets	972,247	974,703	1,514,068	1,365,767	2,486,315	2,340,470
Total assets	<u>1,165,032</u>	<u>1,075,107</u>	<u>1,553,292</u>	<u>1,410,922</u>	<u>2,718,324</u>	<u>2,486,029</u>
Current liabilities	10,103	52,515	12,350	10,050	22,453	62,565
Long-term liabilities	-	5,571	-	-	-	5,571
Total liabilities	<u>10,103</u>	<u>58,086</u>	<u>12,350</u>	<u>10,050</u>	<u>22,453</u>	<u>68,136</u>
Net assets:						
Investment in capital	972,247	969,132	1,514,068	1,365,767	2,486,315	2,334,899
Restricted	-	-	12,350	10,050	12,350	10,050
Unrestricted	182,682	47,889	14,524	25,055	197,206	72,944
Total net assets	<u>\$ 1,154,929</u>	<u>\$ 1,017,021</u>	<u>\$ 1,540,942</u>	<u>\$ 1,400,872</u>	<u>\$ 2,695,871</u>	<u>\$ 2,417,893</u>

By far the largest portion of the Town's net position reflects the total investment in capital assets (e.g. land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to

citizens. These assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay for or liquidate these liabilities. The remaining balance of *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

Normal Impacts Affecting the Statement of Net Position

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

Spending of Non-Borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net position and increase invested in capital assets, net of debt.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase invested in capital assets, net of debt.

Reduction of Capital Assets Through Depreciation – which will reduce capital assets and invested in capital assets, net of debt.

The government's net position increased by \$277,978 during the current fiscal year. This increase resulted primarily from intergovernmental grants received during the year.

While the results of operations is a significant measure of the Town's activities, the explanation of changes in unrestricted net position provides a clear measure of change in the Town's financial position.

Statement of Activities

Business-type activities increased the Town's net position a total of \$140,070 during the audit period.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$182,682. Of this total fund balance, \$182,682 constitutes the *unreserved fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$179,671, while total fund balance was \$179,671. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. This is very useful in assessing the Town's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of year-end is given in the table below. This investment in capital assets includes land, buildings, park improvements, water and sewer system improvements, machinery and equipment. The increase in the Town's investment in capital assets for the audit period is primarily due to water system improvements and depreciation.

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 957,640	\$ 957,640	\$ 12,000	\$ 12,000	\$ 969,640	\$ 969,640
Buildings	99,097	99,097	6,000	6,000	105,097	105,097
Water system	-	-	2,735,914	2,503,960	2,735,914	2,503,960
Park improvements	-	-	-	-	-	-
Equipment	24,558	24,558	150,049	150,049	174,607	174,607
	<u>\$ 1,081,295</u>	<u>\$ 1,081,295</u>	<u>\$ 2,903,963</u>	<u>\$ 2,672,009</u>	<u>\$ 3,985,258</u>	<u>\$ 3,753,304</u>

Debt Outstanding

The Town had two notes payable at the beginning of the year, totaling \$5,571. At the end of the year, the Town had reduced this debt to \$- 0 -.

Economic Factors

The Town relies on taxes (sales, property, gasoline, franchise, etc.) and fees (licenses, permits, etc.) for its governmental activities. The primary source of revenue is state revenue sharing. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both state and federal governments.

In the business-type and certain governmental activities (water fees), the user pays a related fee or charge associated with the service.

The level of taxes, fees, and charges for services have a direct bearing on the Town's ability to (a) annex additional land into its corporate limits and (b) encourage development to choose to be located in the Town's jurisdiction

Financial Information Contact

The Town's financial statements are designed to present users (citizens, taxpayers, 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 the report or need additional financial information, contact the Town Clerk at 4436 Old Spanish Trail, Caryville, Florida.

TOWN OF CARYVILLE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 184,785	\$ 24,814	\$ 209,599
Accounts receivable	-	14,410	14,410
Note receivable	8,000	-	8,000
Capital assets			
Land	957,640	12,000	969,640
Buildings and improvements:	99,097	6,000	105,097
Machinery	24,558	-	24,558
Water and sewer system	-	2,735,914	2,735,914
Park improvements	-	-	-
Equipment	-	150,049	150,049
Accumulated depreciator	(109,048)	(1,389,895)	(1,498,943)
	972,247	1,514,068	2,486,315
Total capital assets			
	1,165,032	1,553,292	2,718,324
LIABILITIES			
Accounts payable and accrued expenses:	10,103	-	10,103
Customer deposits	-	12,350	12,350
Long-term liabilities:			
Portion due or payable within one yea			
Notes payable	-	-	-
Portion due or payable after one yea			
Notes payable	-	-	-
	10,103	12,350	22,453
Total liabilities:			
NET POSITION			
Investment in capital assets:	972,247	1,514,068	2,486,315
Restricted for:			
Debt service	-	-	-
Customer deposits	-	12,350	12,350
Unrestricted	182,682	14,524	197,206
	\$ 1,154,929	\$ 1,540,942	\$ 2,695,871
Total net positior			

See accompanying notes and independent auditors' report.

**TOWN OF CARYVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General government	\$ 178,239	\$ -	\$ 145,748	\$ -	\$ (32,491)	\$ -	\$ (32,491)
Council	7,250	-	-	-	(7,250)	-	(7,250)
Interest and fiscal charges	1,126	-	-	-	(1,126)	-	(1,126)
Total governmental activities	186,615	-	145,748	-	(40,867)	-	(40,867)
Business-type:							
Water	170,960	127,949	-	231,337	-	188,326	188,326
Sewer	-	-	-	-	-	-	-
Total business-type activities	170,960	127,949	-	231,337	-	188,326	188,326
Total Town of Caryville	<u>\$ 357,575</u>	<u>\$ 127,949</u>	<u>\$ 145,748</u>	<u>\$ 231,337</u>	<u>(40,867)</u>	<u>188,326</u>	<u>147,459</u>
General revenues:							
Taxes:							
State discretionary					33,555	-	33,555
Sales taxes					14,108	-	14,108
Franchise fees					7,090	-	7,090
Revenue sharing					27,902	-	27,902
Other taxes					5,664	-	5,664
FDOT					13,321	-	13,321
Rental income					3,975	-	3,975
Miscellaneous					12,498	12,406	24,904
Transfers					60,662	(60,662)	-
Total general revenues and transfers					178,775	(48,256)	130,519
Change in net position					137,908	140,070	277,978
Net position - beginning					1,017,021	1,400,872	2,417,893
Net position - ending					<u>\$ 1,154,929</u>	<u>\$ 1,540,942</u>	<u>\$ 2,695,871</u>

See accompanying notes and independent auditors' report.

**TOWN OF CARYVILLE
BALANCE SHEET
SEPTEMBER 30, 2022**

	General Fund	Excise Tax Fund	Total
ASSETS			
Cash	\$ 181,774	\$ 3,011	\$ 184,785
Accounts receivable	8,000	-	8,000
Total assets	\$ 189,774	\$ 3,011	\$ 192,785
LIABILITIES			
Accounts payable and accrued expenses	\$ 10,103	\$ -	\$ 10,103
Total liabilities	10,103	-	10,103
FUND BALANCES			
Restricted	-	-	-
Unassigned	179,671	3,011	182,682
Total fund balances	179,671	3,011	182,682
Total liabilities and fund balances	\$ 189,774	\$ 3,011	\$ 192,785

See accompanying notes and independent auditors' report.

**TOWN OF CARYVILLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Total fund balances for governmental funds: \$ 182,682

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 957,640	
Buildings and improvements	99,097	
Machinery	24,558	
Accumulated depreciation	<u>(109,048)</u>	972,247

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances as of year end are:

Notes payable		<u>-</u>
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Total net position of governmental activities \$ 1,154,929

See accompanying notes and independent auditors' report.

TOWN OF CARYVILLE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Excise Tax Fund	Total
REVENUES			
State discretionary	\$ 33,555	\$ -	\$ 33,555
Excise taxes	-	516	516
American Rescue Plan	145,748	-	145,748
Sales taxes	14,108	-	14,108
FDOT	13,321	-	13,321
Franchise fees	7,090	-	7,090
Rental income	3,975	-	3,975
Revenue sharing	27,902	-	27,902
Communication service	5,148	-	5,148
Miscellaneous income	12,498	-	12,498
	263,345	516	263,861
EXPENDITURES			
Current:			
General government	175,783	-	175,783
Council	7,250	-	7,250
Debt service:			
Principal payments	5,571	-	5,571
Interest and fiscal charges	1,126	-	1,126
Capital outlay	-	-	-
	189,730	-	189,730
Excess of revenues over expenses	73,615	516	74,131
OTHER FINANCING SOURCES			
Transfers	60,662	-	60,662
Total other financing sources	60,662	-	60,662
Net change in fund balances	134,277	516	134,793
Fund balances - beginning	45,394	2,495	47,889
Fund balances - ending	\$ 179,671	\$ 3,011	\$ 182,682

See accompanying notes and independent auditors' report.

**TOWN OF CARYVILLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Net changes in fund balances - total governmental fund:	\$ 134,793
<p>Governmental funds report capital outlays as expenditures However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These differences are reflected as follows</p>	
Capital outlay	-
Depreciation expense	(2,456)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds but reduce the liability in the statement of net position</p>	
	<u>5,571</u>
Change in net position	<u><u>\$ 137,908</u></u>

See accompanying notes and independent auditors' report.

TOWN OF CARYVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2022

	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets			
Cash	\$ 24,814	\$ -	\$ 24,814
Accounts receivable	14,410	-	14,410
Total current assets	39,224	-	39,224
Non-Current Assets			
Capital assets			
Water and sewer system	2,735,914	-	2,735,914
Land	12,000	-	12,000
Buildings	6,000	-	6,000
Equipment	150,049	-	150,049
Accumulated depreciation	(1,389,895)	-	(1,389,895)
Total non-current assets	1,514,068	-	1,514,068
Total assets	1,553,292	-	1,553,292
LIABILITIES			
Current Liabilities			
Customer deposits	12,350	-	12,350
Payroll taxes payable	-	-	-
Long-term liabilities			
Notes payable	-	-	-
Total current liabilities	12,350	-	12,350
Non-Current Liabilities			
Notes payable	-	-	-
Total non-current liabilities	-	-	-
Total Liabilities	12,350	-	12,350
NET POSITION			
Investment in capital assets	1,514,068	-	1,514,068
Restricted for:			
Customer deposits	12,350	-	12,350
Debt service	-	-	-
Unrestricted	14,524	-	14,524
Total net position	\$ 1,540,942	\$ -	\$ 1,540,942

See accompanying notes and independent auditors' report.

TOWN OF CARYVILLE
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services	\$ 127,949	\$ -	\$ 127,949
Late fees	12,406	-	12,406
Other income	-	-	-
	<u>140,355</u>	<u>-</u>	<u>140,355</u>
OPERATING EXPENSES			
Salaries and benefits	55,583	-	55,583
Services and supplies	31,724	-	31,724
Depreciation	83,653	-	83,653
	<u>170,960</u>	<u>-</u>	<u>170,960</u>
Total Operating Expenses	<u>170,960</u>	<u>-</u>	<u>170,960</u>
Operating (Loss)	<u>(30,605)</u>	<u>-</u>	<u>(30,605)</u>
NONOPERATING REVENUES			
Grant proceeds - USDA	231,337	-	231,337
Transfers	(60,662)	-	(60,662)
	<u>170,675</u>	<u>-</u>	<u>170,675</u>
Total Nonoperating Revenues	<u>170,675</u>	<u>-</u>	<u>170,675</u>
Income	140,070	-	140,070
Change in Net Position	140,070	-	140,070
Net Position - beginning	<u>1,400,872</u>	<u>-</u>	<u>1,400,872</u>
Net Position - ending	<u>\$ 1,540,942</u>	<u>\$ -</u>	<u>\$ 1,540,942</u>

See accompanying notes and independent auditors' report.

**TOWN OF CARYVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 129,324	\$ -	\$ 129,324
Other income	12,406	-	12,406
Payments to suppliers/vendors	(31,724)	-	(31,724)
Payments to employees	(55,583)	-	(55,583)
Net Cash Provided by Operating Activities	<u>54,423</u>	<u>-</u>	<u>54,423</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers	(60,662)	-	(60,662)
Grant proceeds	231,337	-	231,337
Purchases and construction of capital assets	(231,954)	-	(231,954)
Net Cash (Used) by Capital and Related Financing Activities	<u>(61,279)</u>	<u>-</u>	<u>(61,279)</u>
Net Increase in Cash and Cash Equivalents	(6,856)	-	(6,856)
Beginning Balance	<u>31,670</u>	<u>-</u>	<u>31,670</u>
Ending Balance	<u>\$ 24,814</u>	<u>\$ -</u>	<u>\$ 24,814</u>
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities:			
Operating (Loss)	\$ (30,605)	\$ -	\$ (30,605)
Depreciation expense	83,653	-	83,653
Adjustments to Reconcile Operating (Loss) to Net Cash Provided By Operating Activities			
Customer deposits	2,300	-	2,300
Accounts receivable	(925)	-	(925)
Net Cash Provided By Operating Activities	<u>\$ 54,423</u>	<u>\$ -</u>	<u>\$ 54,423</u>

See accompanying notes and independent auditors' report.

TOWN OF CARYVILLE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Caryville (the “Town”) was incorporated in 1913 under the provisions of the State of Florida. The Town operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, street maintenance, water and sewer services, public improvements, and general administrative services.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

The accompanying financial statements present the activities of the Town.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the Town). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town’s funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

TOWN OF CARYVILLE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (cont'd)

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

The Town reports the following major governmental fund:

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT
PRESENTATION

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, if the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, excise taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

TOWN OF CARYVILLE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (cont’d)

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town’s policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

ASSETS, LIABILITIES AND NET POSITION OR EQUITY

Cash and Cash Equivalents

The Town considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits.

Capital Assets and Depreciation

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Some of the Town’s general infrastructure, namely roads and bridges, are not reflected in the accompanying financial statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	30
Office furniture & equipment	5-10
Water system	30-50

Compensated Absences

It is the Town’s policy to permit employees to accumulate a limited amount of earned but unused vacation leave, which will be paid to employees upon separation from the Town’s service. In governmental and proprietary funds, the cost of vacation leave is recognized when earned.

TOWN OF CARYVILLE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE B – CAPITAL ASSETS

	Balance Beginning Of Year	Increases	Decreases	Balance End of Year
Governmental Activities				
Non-Depreciated Assets:				
Land	\$ 957,640	\$ -	\$ -	\$ 957,640
Depreciated Assets:				
Buildings	99,097	-	-	99,097
Equipment	24,558	-	-	24,558
	<u>123,655</u>	<u>-</u>	<u>-</u>	<u>123,655</u>
Accumulated Depreciation				
Buildings	99,097	-	-	99,097
Equipment	7,495	2,456	-	9,951
	<u>106,592</u>	<u>2,456</u>	<u>-</u>	<u>109,048</u>
Net Depreciated Assets	<u>17,063</u>	<u>(2,456)</u>	<u>-</u>	<u>14,607</u>
Total - Governmental Assets	<u>\$ 974,703</u>	<u>\$ (2,456)</u>	<u>\$ -</u>	<u>\$ 972,247</u>

	Balance Beginning Of Year	Increases	Decreases	Balance End of Year
Business-Type Activities				
Non-Depreciated Assets:				
Land	\$ 12,000	\$ -	\$ -	\$ 12,000
Depreciated Assets:				
Water system	2,503,960	231,954	-	2,735,914
Equipment	150,049	-	-	150,049
Buildings	6,000	-	-	6,000
	<u>2,660,009</u>	<u>231,954</u>	<u>-</u>	<u>2,891,963</u>
Accumulated Depreciation				
Water system	1,154,520	79,326	-	1,233,846
Equipment	145,922	4,127	-	150,049
Buildings	5,800	200	-	6,000
	<u>1,306,242</u>	<u>83,653</u>	<u>-</u>	<u>1,389,895</u>
Net Depreciated Assets	<u>1,353,767</u>	<u>148,301</u>	<u>-</u>	<u>1,502,068</u>
Total - Business-Type Assets	<u>\$ 1,365,767</u>	<u>\$ 148,301</u>	<u>\$ -</u>	<u>\$ 1,514,068</u>

Depreciation expense was charged to functions as follows:

General government	\$ 2,456
Water and sewer fund	83,653

Depreciation expense charged to separately identifiable business-type activities is evident on the face of the fund financial statements, and therefore is not included here.

**TOWN OF CARYVILLE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE C – USE OF ESTIMATES

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE D – BUDGETS AND BUDGETARY ACCOUNTING

Generally accepted accounting principles require the presentation of a budgetary comparison for the general and special revenue fund types and other governmental fund types if such budgets have been legally adopted. Budget and actual schedules are included in the financial statements for the general and enterprise funds.

NOTE E – SUBSEQUENT EVENTS

In preparing these financial statements, the Town’s management has evaluated events and transactions for potential recognition or disclosure through May 17, 2023, the date the financial statements were available to be issued.

NOTE F – LONG-TERM RECEIVABLE

In April of 2013, the Town executed an agreement to convert a lease with Crown Castle Towers 09 LLC, Canonsburg, PA to an easement for access to cell phone tower property located at 1099 Saint Mary’s Road, Caryville, FL. The easement is perpetual. In exchange, Crown Castle agreed to pay the Town an easement purpose price of \$100,000. Crown Castle agreed to pay a down payment of \$20,000 in April 2013 and pay the remaining \$80,000 in annual installments of \$8,000. The first such installment was due April 1, 2014 and the final payment is due April 1, 2023. The interest rate on the installment payments is zero percent. The remaining receivable is due as follows:

2023	\$8,000
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**TOWN OF CARYVILLE
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
REVENUES			
State discretionary	\$ 33,555	\$ -	\$ 33,555
Excise taxes	-	-	-
Other taxes	26,346	117,378	(91,032)
Revenue sharing	27,902	-	27,902
Intergovernmental revenue	159,069	13,322	145,747
Miscellaneous income	16,473	12,684	3,789
	<u>263,345</u>	<u>143,384</u>	<u>119,961</u>
EXPENDITURES			
Current:			
General government	175,783	143,384	32,399
Council	7,250	-	7,250
Debt service:			
Principal payments	5,571	-	5,571
Interest and fiscal charges	1,126	-	1,126
Capital outlay	-	-	-
	<u>189,730</u>	<u>143,384</u>	<u>46,346</u>
Excess (Deficiency) of revenues over (under) expenses	<u>73,615</u>	<u>-</u>	<u>73,615</u>
OTHER FINANCING SOURCES			
Transfers	<u>60,662</u>	<u>-</u>	<u>60,662</u>
Total other financing sources	<u>60,662</u>	<u>-</u>	<u>60,662</u>
Net change in fund balances	134,277	-	134,277
Fund balances - beginning	<u>45,394</u>	<u>45,394</u>	<u>-</u>
Fund balances - ending	<u>\$ 179,671</u>	<u>\$ 45,394</u>	<u>\$ 134,277</u>

See accompanying notes and independent auditors' report.

**TOWN OF CARYVILLE
BUDGETARY COMPARISON SCHEDULE
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ 127,949	\$ 118,391	\$ 9,558
Other revenue	12,406	122,765	(110,359)
	<u>140,355</u>	<u>241,156</u>	<u>(100,801)</u>
OPERATING EXPENSES			
Salaries and benefits	55,583	-	55,583
Services and supplies	31,724	241,156	(209,432)
Debt service	-	-	-
Depreciation	83,653	-	83,653
	<u>170,960</u>	<u>241,156</u>	<u>(70,196)</u>
Total Operating Expenses	<u>170,960</u>	<u>241,156</u>	<u>(70,196)</u>
Operating Income (Loss)	<u>(30,605)</u>	<u>-</u>	<u>(30,605)</u>
NONOPERATING REVENUES			
System improvements	-	(330,775)	330,775
Grant proceeds - NWFLWM	231,337	330,775	(99,438)
	<u>231,337</u>	<u>-</u>	<u>231,337</u>
Total Nonoperating Revenues	<u>231,337</u>	<u>-</u>	<u>231,337</u>
Income Before Transfers	200,732	-	200,732
Transfers	(60,662)	-	(60,662)
Change in Net Position	140,070	-	140,070
Net Position - beginning	<u>1,400,872</u>	<u>1,400,872</u>	<u>-</u>
Net Position - ending	<u>\$ 1,540,942</u>	<u>\$ 1,400,872</u>	<u>\$ 140,070</u>

See accompanying notes and independent auditors' report.



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

To the Council of
The Town of Caryville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Caryville, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Caryville’s basic financial statements, and have issued our report thereon dated May 17, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Caryville’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Caryville’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Caryville’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 Caryville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ferguson, Sizemore & Associates
Certified Public Accountants
Dothan, Alabama
May 17, 2023



MANAGEMENT LETTER

To the Honorable Mayor and Council of
The Town of Caryville, Florida

We have audited the financial statements of the Town of Caryville, Florida, as of and for the year ended September 30, 2022, and have issued our report thereon dated May 17, 2023.

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. We have issued our 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*. Disclosures in that report, which is dated May 17, 2023, 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.

Previous findings consisted of:

Finding 2021-01: The Town should complete those policies and procedures to be implemented as noted in Finding 2019-02 and repeated in Finding 2020-02, and to continue to implement those procedures. Specifically, the Town's personnel should continue to monitor and reconcile the utility accounts receivable subsidiary ledger, ensuring agreement with the Town's trial balance.

We believe the Town has fully implemented these suggested policies and procedures and we believe the subsidiary ledger now agrees with and is reconcilable with the Town's trial balance.

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we do not feel any such communication with management is necessary, nor has any such communication with management been made.
- Section 10.554(1)(i)4., 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)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that came to the attention of, the auditor. No such matters came to our attention.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Caryville, Florida was established by an incorporating charter under the Florida Statutes. The Town of Caryville, Florida has no component units.
- Section 10.554(1)(i)7.a, 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 of Caryville, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b, Rules of the Auditor General, requires that we determine whether the annual financial report for the Town of Caryville, Florida for the fiscal year ended September 30, 2022, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2022. In connection with our audit, we determined that these reports were in agreement.
- Section 10.554(1)(i)7.c and 10.556(7), Rules of the Auditor General, requires 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 same.

This management letter is intended solely for the information of the Town of Caryville, Florida and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



Ferguson, Sizemore & Associates
Certified Public Accountants
Dothan, Alabama
May 17, 2023