

TOWN OF FORT WHITE, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2022

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ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2022
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ANNUAL FINANCIAL REPORT
Year Ended September 30, 2022
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INTRODUCTORY SECTION

**TOWN OF FORT WHITE, FLORIDA
LIST OF OFFICIALS
September 30, 2022**

ELECTED OFFICIALS

MAYOR

Ronnie Frazier

TOWN COUNCIL

District # 1

Travis King

District # 2

Jason Florence

District # 3

Mary Fleming

District # 4

William Koon, Jr.

APPOINTED OFFICIALS

CLERK

Connie Brecheen

ATTORNEY

Fred Koberlein, Jr.

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of Fort White, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Fort White, Florida, (the "Town") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town'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 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. 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 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'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 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, 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'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's ability to continue as a going concern for a reasonable period of time.

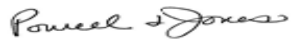
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



POWELL AND JONES CPA
Lake City, Florida
June 12, 2023

TOWN OF FORT WHITE, FLORIDA
Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the Town of Fort White (the "Town") financial activities based on currently known facts, decisions, or conditions. This analysis focuses on the current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

The Town has implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. The statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as public works, parks and recreation, solid waste collection, and general governmental administration. The Town's water service is reported as business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the Town owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long reported capital assets and long-term liabilities. Also, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses on gross and net costs of the Town's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on governmental and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The Town has one major governmental fund which is presented in a separate column. A budgetary comparison is presented for the general fund. Statements for the Town's proprietary fund follow the governmental funds and include net position, revenue, expenses and changes in net position, and cash flows.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

Town as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2022 and 2021, follows:

Net Position at September 30, 2022 and 2021

	Governmental Activities	Business-type Activities	Total Government	
			2022	2021
Assets				
Cash and investments	\$ 737,560	\$ 288,492	\$1,026,052	\$ 799,406
Other assets	9,867	471,692	481,559	26,561
Capital assets	179,346	841,095	1,020,441	908,875
Total assets	<u>926,773</u>	<u>1,601,279</u>	<u>2,528,052</u>	<u>1,734,842</u>
Liabilities				
Current liabilities	307,634	434,492	742,127	77,533
Other liabilities	6,890	13,214	20,104	5,604
Total liabilities	<u>314,524</u>	<u>447,706</u>	<u>762,231</u>	<u>83,137</u>
Net position				
Invested in capital assets	179,346	841,095	1,020,441	908,875
Unrestricted	432,903	312,478	745,381	742,831
Total net position	<u>\$ 612,249</u>	<u>\$1,153,573</u>	<u>\$1,765,822</u>	<u>\$1,651,706</u>

42% of the Town's net position reflects its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net position. The increase in Business-type net position is due primarily to the ability of these operations to fully fund depreciation. The increase during the year through Governmental Activities net position is due primarily to the normal budget administration.

A condensed version of the Statement of Activities follows:

Changes in Net Position
For the Fiscal Year Ended September 30, 2022 and 2021

	Governmental Activities	Business-type Activities	Total Government	
			2022	2021
Revenues				
Program revenues				
Charges for services	\$ 40,053	\$ 352,545	\$ 392,598	\$ 335,365
General revenues				
Taxes	194,747	-	194,747	144,983
Franchise fees	56,322	-	56,322	45,622
State/local shared revenues	161,228	-	161,228	87,555
Interest and other	85,281	-	85,281	53,711
Grant revenues	96,927	587,184	684,111	94,438
Professional and occupational	7,354	-	7,354	4,566
Total revenues	<u>641,912</u>	<u>939,729</u>	<u>1,581,641</u>	<u>766,240</u>
Expenses				
General government	274,453	-	274,453	364,308
Physical environment	-	-	-	23,995
Transportation	149,678	-	149,678	125,098
Culture/recreation	87,148	-	87,148	26,884
Miscellaneous	-	381	381	1,360
Water and garbage services	-	955,865	955,865	242,503
Total expenses	<u>511,279</u>	<u>956,246</u>	<u>1,467,525</u>	<u>784,148</u>
Change in net position	130,633	(16,517)	114,116	25,449
Beginning net position	481,616	1,170,090	1,651,706	1,626,257
Ending net position	<u>\$ 612,249</u>	<u>\$1,153,573</u>	<u>\$1,765,822</u>	<u>\$1,651,706</u>

Governmental activities:

Government activities increased the Town's net position by \$130,633. Taxes provide 30% of the revenues for Governmental Activities, while state and local shared revenues provide 25%. Most of the Governmental Activities resources are spent for General Government (53%), Transportation (30%), and Culture and Recreation (17%).

Business-type activities:

Business-type activities decreased the Town's net position by \$16,517. The prior year's increase in net position was \$22,975.

Budgetary Highlights

The Town expended \$115,648 more than it appropriated in its budget for the fiscal year.

Capital Assets

At September 30, 2022, the Town had \$1,020,441 invested in capital assets, including fire equipment, park and recreation facilities, buildings, and water facilities.

Capital Assets at September 30, 2022 and 2021

	Governmental Activities	Business-type Activities	Total Government	
			2022	2021
Nondepreciable:				
Land	\$ 130,767	\$ 11,562	\$ 142,329	\$ 142,329
Depreciable:				
Buildings and improvements	673,858	2,298,548	2,972,406	2,857,517
Machinery and equipment	265,962	83,390	349,352	284,595
Subtotal	1,070,587	2,393,500	3,464,087	3,284,441
Accumulated depreciation	(891,241)	(1,552,405)	(2,443,646)	(2,375,567)
Capital assets, net	<u>\$ 179,346</u>	<u>\$ 841,095</u>	<u>\$1,020,441</u>	<u>\$ 908,874</u>

Long-term Liabilities

At year-end, the Town had accrued employee leave that increased from \$6,524 to \$8,946. The Town entered into an agreement for an FRS loan in the amount of \$12,500 to be paid in monthly increments beginning in fiscal year 2024.

Long-term Liabilities at September 30, 2022 and 2021

	Governmental Activities	Business-type Activities	Total Government	
			2022	2021
Compensated absences	\$ 8,106	\$ 840	\$ 8,946	\$ 6,524
SRF loan	-	12,500	12,500	-
	<u>\$ 8,106</u>	<u>\$ 13,340</u>	<u>\$ 21,446</u>	<u>\$ 6,524</u>

More detailed information on the Town long-term liabilities is presented in the notes to the financial statements.

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The current unemployment rate for Columbia County was 3%, which is the same approximate rate as the Town.
- The estimated population for the Town in 2022 was 654 and is estimated to be approximately the same in 2023.

REQUEST FOR INFORMATION

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, requests should be addressed to the Town Clerk, P. O. Box 129, Fort White, Florida 32038.

BASIC FINANCIAL STATEMENTS

TOWN OF FORT WHITE, FLORIDA
STATEMENT OF NET POSITION
September 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 737,560	\$ 288,492	\$ 1,026,052
Accounts receivable - net	9,211	4,376	13,587
Due from state	656	467,316	467,972
Total current assets	<u>747,427</u>	<u>760,184</u>	<u>1,507,611</u>
Capital assets - net	179,346	841,095	1,020,441
Total assets	<u>\$ 926,773</u>	<u>\$ 1,601,279</u>	<u>\$ 2,528,052</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current liabilities			
Accounts payable	\$ -	\$ 406,844	\$ 406,844
Accrued liabilities	5,906	720	6,626
Deposits	-	26,802	26,802
Deferred revenues	300,512	-	300,512
Accrued compensated absences, current portion	1,216	126	1,342
Total current liabilities	<u>307,634</u>	<u>434,492</u>	<u>742,126</u>
Noncurrent liabilities			
Other liabilities			
Accrued compensated absences, net current portion	6,890	714	7,604
Loan payable	-	12,500	12,500
Total noncurrent liabilities	<u>6,890</u>	<u>13,214</u>	<u>20,104</u>
Total liabilities	<u>314,524</u>	<u>447,706</u>	<u>762,230</u>
NET POSITION			
Invested in capital assets net of related debt	179,346	841,095	1,020,441
Unrestricted	432,903	312,478	745,381
Total net position	<u>\$ 612,249</u>	<u>\$ 1,153,573</u>	<u>\$ 1,765,822</u>

See notes to financial statements.

TOWN OF FORT WHITE, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business - type Activities	Total
Governmental activities						
General government	\$ 274,453	\$ -	\$ 96,927	\$ (177,526)	\$ -	\$ (177,526)
Physical environment	-	40,053	-	40,053	-	40,053
Transportation	149,678	-	-	(149,678)	-	(149,678)
Culture/recreation	87,148	-	-	(87,148)	-	(87,148)
Total governmental activities	511,279	40,053	96,927	(374,299)	-	(374,299)
Business-type activities						
Water services	317,870	250,005	-	-	(67,866)	(67,866)
Garbage and solid waste services	638,376	102,539	587,184	-	51,349	51,349
Total business-type activities	956,246	352,544	587,184	-	(16,517)	(16,517)
Total government	\$ 1,467,525	\$ 392,597	\$ 684,111	(374,299)	(16,517)	(390,816)
General revenues						
Sale and use taxes				161,663	-	161,663
Franchise fees				56,322	-	56,322
Utility services taxes				23,909	-	23,909
Communications service taxes				9,175	-	9,175
Licenses and permits				7,354	-	7,354
State shared revenues				161,228	-	161,228
Interest				53	-	53
Donation				34,411	-	34,411
Other non-operating revenue				50,816	-	50,816
Total general revenues				504,932	-	504,932
Change in net position				130,633	(16,517)	114,116
Net position at beginning of year				481,616	1,170,090	1,651,706
Net position at ending of year				\$ 612,249	\$ 1,153,573	\$ 1,765,822

See notes to financial statements.

TOWN OF FORT WHITE, FLORIDA
GOVERNMENTAL FUND
BALANCE SHEET
September 30, 2022

	General Fund
ASSETS	
Cash	\$ 737,560
Accounts receivable	9,211
Due from state	656
Total assets	\$ 747,427
 LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accrued liabilities	\$ 5,906
Unearned revenue	300,512
Total liabilities	306,418
 FUND BALANCE	
Unassigned	441,009
Total fund balances	441,009
 Total liabilities and fund balance	\$ 747,427
 Fund balance - governmental fund	\$ 441,009
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	
Cost of capital assets	1,070,587
Accumulated depreciation	(891,241)
	179,346
 Long-term liabilities are not due in the current period and, therefore, are not reported in the funds	
Accrued compensated absences	(8,106)
Net position of governmental activities	\$ 612,249

See notes to financial statements.

**TOWN OF FORT WHITE, FLORIDA
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2022**

	<u>General Fund</u>
REVENUES	
Taxes	\$ 251,069
Licenses and permits	7,354
Intergovernmental	161,228
Charges for services	40,053
Grants	96,927
Other non-operating revenue	50,816
Total revenues	<u>607,448</u>
EXPENDITURES	
Current expenditures	
General government	271,458
Transportation	155,237
Culture/recreation	87,027
Total expenditures	<u>513,722</u>
Operating income	93,726
NONOPERATING REVENUES	
Donations	34,411
Interest	53
Total nonoperating revenues	<u>34,464</u>
Net change in fund balances	128,190
Fund balances at beginning of year	312,819
Fund balances at end of year	<u>\$ 441,009</u>

See notes to financial statements.

TOWN OF FORT WHITE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2022

Net change in fund balances - total governmental fund \$ 128,190

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

Governmental funds report capital outlay as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

9,012

Expenditures for capital assets

(4,042)

Net current year depreciation

4,970

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

Net decrease in compensated activities

(2,527)

Change in net position of governmental activities

\$ 130,633

See notes to financial statements.

TOWN OF FORT WHITE, FLORIDA
PROPRIETARY FUND
STATEMENT OF NET POSITION
September 30, 2022

ASSETS	<u>Enterprise Fund</u>
Current assets	
Cash	\$ 288,492
Accounts receivable	4,376
Due from other governments	467,316
Total current assets	<u>760,184</u>
Capital assets	
Nondepreciable:	
Land	11,562
Depreciable:	
Water plant	1,710,246
Buildings and improvements	588,302
Equipment	83,390
Less accumulated depreciation	(1,552,405)
Total capital assets	<u>841,095</u>
Total assets	<u>\$ 1,601,279</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities	
Accounts payable	\$ 406,844
Accrued liabilities	720
Deposits	26,802
Accrued compensated absences, current portion	126
Total current liabilities	<u>434,492</u>
Long-term liabilities	
Accrued compensated absences, net current portion	714
SRF Loan	12,500
Total long-term liabilities	<u>13,214</u>
Total liabilities	<u>447,706</u>
NET POSITION	
Net investment in capital assets	841,095
Unrestricted	312,478
Total net position	<u>1,153,573</u>
Total liabilities and net position	<u>\$ 1,601,279</u>

See notes to financial statements.

TOWN OF FORT WHITE, FLORIDA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2022

OPERATING REVENUES	<u>Enterprise Fund</u>
Charges for services	
Water utility services	\$ 216,875
Garbage utility services	87,219
Other charges and fees	33,130
Miscellaneous revenue	15,320
Total operating revenues	<u><u>352,545</u></u>
 OPERATING EXPENSES	
Water services	
Personnel services	607
Operating expenses	252,845
Miscellaneous expenses	381
Depreciation expense	64,037
Total water services	<u><u>317,870</u></u>
 Garbage and solid waste services	
Contractual services	636,754
Operating expenses	1,622
Total garbage and solid waste services	<u><u>638,376</u></u>
Total operating expenses	<u><u>956,246</u></u>
 Operating loss	<u><u>(603,701)</u></u>
 NONOPERATING REVENUES (EXPENDITURES)	
Grant revenue	587,184
Total nonoperating revenues (expenditures)	<u><u>587,184</u></u>
 Change in net position	(16,517)
Net position at beginning of year	1,170,090
Net position at end of year	<u><u>\$ 1,153,573</u></u>

See notes to financial statements.

TOWN OF FORT WHITE, FLORIDA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 371,268
Cash payments for goods and services	(556,112)
Cash payments to employees for services	(711)
Net cash used by operating activities	<u>(185,555)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and construction of capital assets	(106,596)
Proceeds and expenditures from capital grants	119,868
Net cash provided by capital and related financing activities	<u>13,272</u>

CASH FLOWS FROM NON CAPITAL RELATED FINANCING ACTIVITIES:

Acquisition of long term debt	<u>12,500</u>
Net cash provided by financing activities	<u>12,500</u>

Net change in cash and cash equivalents (159,783)

Cash at beginning of year	<u>448,275</u>
Cash at end of year	<u>\$ 288,492</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating loss \$ (603,701)

Adjustments to reconcile operating income to net cash provided by operating activities:

Decrease in accounts receivable	16,060
Increase in accounts payable	399,527
Decrease in accrued compensated absences	(105)
Increase in customer deposits	2,664
Total adjustments	<u>418,146</u>

Net cash used by operating activities \$ (185,555)

See notes to financial statements.

TOWN OF FORT WHITE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Fort White (the "Town") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement 34 – Basic Financial Statement and Management’s Discussion and Analysis – for State and Local Governments. As provided by GASB 34, the Town has elected not to report retroactive infrastructure improvements in its financial statements due to the fact that its annual revenues are less than ten million. The Town has implemented all other applicable provisions of this Statement.

A. Reporting Entity - The Town of Fort White, Florida is a municipal, political subdivision of the State of Florida , and was created and derives its power under Chapter 57-1334, *Special Acts of Florida*. Accordingly, it is controlled by the Florida Constitution and various Florida Statutes as well as its own local charter, ordinances and policies. It is governed by an elected Mayor and Town Council.

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that no potential component units existed which should be included within the reporting entity.

B. Measurement Focus and Basis of Accounting - The basic financial statements of the Town are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from any legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. As applicable, the Town also chooses to eliminate the indirect costs between governmental activities to avoid the "doubling up" effect.

2. Fund Financial Statements

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the Town's governmental and proprietary funds are presented after the government-wide financial statements.

Governmental Funds - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Town.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be measure of "available spendable resources." Governmental funds operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources: during a period.

Any non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds - The Town's Enterprise Fund is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The Town applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

Proprietary fund operation 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. Nonoperating revenues, such as

subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

C. Basis of Accounting - GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures, expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The Town has used GASB 34 minimum criteria for major fund determination. The Town has one major governmental fund and one major proprietary fund at year end.

1. Governmental Major Fund:

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

2. Proprietary Major Fund:

Enterprise Fund - The Enterprise Fund accounts for the revenues, expenses, assets, and liabilities associated with the Town operated water supply service.

D. Assets, Liabilities and Net Position or Equity

1. Cash and Investments - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.

2. Allowance for Doubtful Accounts - The Town no longer provides an allowance for Enterprise Fund accounts receivable that may become uncollectible.

3. Receivables and Payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for doubtful accounts. Any receivables in excess of 180 days would comprise the trade accounts receivable allowance for doubtful accounts.

4. Inventories - The costs of governmental and enterprise fund inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any inventory type goods on hand at year end would not be material.

5. Fund Equity - As applicable in fiscal periods, reserves represent those portions of fund

equity not appropriable for expenditure or legally segregated for a specific future use. At September 30, 2022, the Town had no such reserved or designated fund balances.

A. Governmental Funds

As of September 30, 2022, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Town Council is the highest level of decision-making authority for the Town Council. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town’s adopted policy, only the Town Council may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of September 30, 2022, fund balances are composed of the following:

	<u>General Fund</u>
Unassigned	\$ 441,009
	<u>\$ 441,009</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spend first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Council has provided otherwise in its commitment or assignment actions.

- 6. Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, right-of-ways, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are generally not reported. Donated capital assets are recorded at estimated fair market value at the date of donations.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Assets	Years
Building and improvements	10 - 40
Machinery and equipment	5
Street and related infrastructure	20 - 40

7. **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the application appropriation, is not utilized by the Town.
8. **Capitalization of Interest** - Interest related to bond issues are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the Town did not have any capitalized interest.
9. **Deferred Revenues** - Deferred revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.
10. **Accrued Compensated Absences** - The Town accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.
11. **Cash Equivalents** - For purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. As of September 30, 2022, the Town's cash consisted solely of checking accounts and money market accounts; it has no other cash equivalents.
12. **Prepaid Items** - Significant payments made to vendors for goods or services that will benefit periods beyond September 30, 2022, are recorded as prepaid items.
13. **Short-term Interfund Receivable/Payables** - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."
14. **Inventories** - The costs of governmental and enterprise fund inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any inventory type goods on hand at year end would not be material.
15. **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.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net position.

“Total fund balances” of the Town’s governmental fund \$441,009 differs from “net position” of governmental activities \$612,249 reported in the statement of net position. This difference primarily results from the long-term economical focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of assets included those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$1,070,587
Accumulated depreciation	<u>(891,241)</u>
Total	<u>\$ 179,346</u>

Long-term liabilities

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. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2022, were:

Compensated absences	<u>\$ (8,106)</u>
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TOWN OF FORT WHITE, FLORIDA

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

	<u>Total Governmental Funds</u>	<u>Capital Related Items</u>	<u>Long-Term Liabilities Transactions</u>	<u>Statement of Net Position</u>
ASSETS				
Cash and cash equivalents	\$ 737,560	\$ -	\$ -	\$ 737,560
Accounts Receivable	9,211	-	-	9,211
Due from state	656	-	-	656
Capital assets - net	-	179,346	-	179,346
Total assets	<u>747,427</u>	<u>179,346</u>	<u>-</u>	<u>926,773</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Unearned revenue	300,512	-	-	300,512
Accrued compensated absences	-	-	8,106	8,106
Accrued liabilities	5,906	-	-	5,906
Total liabilities	<u>306,418</u>	<u>-</u>	<u>8,106</u>	<u>314,524</u>
 Fund balances/net position	 <u>441,009</u>	 <u>179,346</u>	 <u>(8,106)</u>	 <u>612,249</u>
 Total liabilities and fund balances/ net position	 <u>\$ 747,427</u>	 <u>\$ 179,346</u>	 <u>\$ -</u>	 <u>\$ 926,773</u>

B. Explanation of Differences Between the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities

The “net change in fund balances” for governmental fund \$128,190 differs from the “change in net position” for governmental activities \$130,663 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the number of financial resources expended, whereas net position decrease by the amount of depreciation expense charges for the year.

Capital outlay	\$ 9,012
Depreciation expense	(4,042)
Total	<u>\$ 4,970</u>

Long-term liabilities

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

Net change in compensated absences	<u>\$ (2,527)</u>
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TOWN OF FORT WHITE, FLORIDA

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Differences Between Government Fund Operating Statements and the Statement of Activities

	Total Governmental Funds	Capital Related Items	Long-Term Liabilities	Statement of Activities
REVENUES				
Taxes	\$ 251,069	\$ -	\$ -	\$ 251,069
Licenses and permits	7,354	-	-	7,354
Intergovernmental	161,228	-	-	161,228
Charges for services	40,053	-	-	40,053
Grants	96,927	-	-	96,927
Miscellaneous	85,228	-	-	85,228
Interest	53	-	-	53
Total revenue	641,912	-	-	641,912
EXPENDITURES				
Current expenditures				
General government	271,458	468	2,527	274,453
Transportation	146,225	3,453	-	149,678
Culture/recreation	87,027	121		87,148
Capital outlay				
Transportation	9,012	(9,012)	-	-
Total expenditures	513,722	(4,970)	2,527	511,279
Excess of revenues over (under) expenditures	128,190	4,970	(2,527)	130,633
Net change in fund balances	128,190	4,970	(2,527)	130,633
Fund balances at beginning of year	312,819	174,376	(5,579)	481,616
Fund balances at end of year	\$ 441,009	\$ 179,346	\$ (8,106)	\$ 612,249

NOTE 3. LEGAL COMPLIANCE–BUDGETS

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

1. Prior to September 1, the Town Council develops a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between the departments within any fund must be approved by the Town Council.
5. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Town Council. No formal budget amendments were made during the year.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits. The bank balances of the Town deposits were fully insured by federal depository insurance or pledged collateral under state law.

Investments. Under state law, the Town is allowed to invest surplus funds in guaranteed obligations of the U.S. government, interest bearing accounts of financial institutions which are legally secured, and the Local Government Surplus Funds Trust Fund. At year end, the Town had \$0 invested in CDs.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities:</u>				
Capital assets:				
Nondepreciable:				
Land	\$ 130,767	\$ -	\$ -	\$ 130,767
Depreciable:				
Buildings and improvements	673,858	-	-	673,858
Machinery and equipment	256,950	9,012	-	265,962
Total capital assets	1,061,575	9,012	-	1,070,587
Less accumulated depreciation	(887,199)	(4,042)	-	(891,241)
Governmental activities capital assets, net	<u>\$ 174,376</u>	<u>\$ 4,970</u>	<u>\$ -</u>	<u>\$ 179,346</u>
<u>Business-type activities:</u>				
Nondepreciable:				
Land	\$ 11,562	\$ -	\$ -	\$ 11,562
Depreciable:				
Buildings and improvements	2,183,658	114,889	-	2,298,547
Machinery and equipment	27,645	55,745	-	83,390
Total capital assets	2,222,865	170,634	-	2,393,499
Less accumulated depreciation	(1,488,368)	(64,037)	-	(1,552,405)
Business-type activities capital assets, net	<u>\$ 734,497</u>	<u>\$ 106,597</u>	<u>\$ -</u>	<u>\$ 841,094</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
General government	\$ 468
Transportation	3,453
Culture/recreation	121
Total depreciation expense - governmental activities	<u>\$ 4,042</u>
Business-type activities:	
Water services	\$ (64,037)
Total depreciation expense - business-type activities	<u>\$ (64,037)</u>

NOTE 6. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2022, were as follows:

	<u>Account</u>	<u>Due from other Governments</u>	<u>Total Receivables</u>
Business-type activities:			
General	\$ 9,211	\$ -	\$ 9,211
Enterprise	4,376	-	4,376
Governmental-type activities:			
General			
Enterprise	-	467,316	467,316
	<u>\$ 13,587</u>	<u>\$ 467,316</u>	<u>\$ 480,903</u>

Payables

Payables at September 30, 2022, were as follows:

	<u>Accounts Payable</u>
Business-type activities:	
Enterprise	\$ 406,844
	<u>\$ 406,844</u>

NOTE 7. LONG-TERM LIABILITIES

Business-type activities

SRF Loan

On October 1st, 2021, the Town incurred debt in the amount of \$12,500 bearing the fixed interest rate of .065% for the purpose of improving wastewater infrastructure for the Town. This loan has semiannual principal payments of \$438. The first payment is due to be paid on February 15th, 2024. Payments are being made from general revenues and the Town of Fort White has no pledge of collateral. In the event of default, the loan holder has the right to take any actions necessary to collect the amount due.

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 5,579	\$ 2,527	\$ -	\$ 8,106	\$ 1,216
Business type activities:					
DEP loan	\$ -	\$ 12,500	\$ -	\$ 12,500	\$ -
Compensated absences	945	-	(105)	840	126
Total business type activities	\$ 2,685	\$ 12,500	\$ (210)	\$ 14,180	\$ 252

NOTE 8. RETIREMENT PLAN

The Town has established an employee defined contribution retirement plan under Section 401(A) of the Internal Revenue Code. Under the terms of the Plan, the Town matches employee contributions made to an accompanying Section 457(B) Plan. The current maximum Town matching contributions are \$30 per pay period per participant. All full-time Town employees are covered under this plan. During the year, the Town made \$2,310 in contributions to this plan.

The Plan is underwritten by CitiStreet Associates. This plan is not subject to the requirements of ERISA or other Internal Revenue regulations relating to qualified pension plans.

NOTE 9. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) was characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Country. The occurrence and extent of such an impact will depend on future developments, including (i) the

duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

NOTE 10. RISK MANAGEMENT

The Town is exposed to various risks of loss related to theft of, damage to and destruction of assets, and injury or death on the job of all employees. These risks are primarily covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or workers' compensation insurance coverages for the past three years. There has been no reduction in insurance coverage from the previous year.

NOTE 11. EMPLOYEE HEALTH CARE

The Town does not provide paid health insurance for its employees and thus has no liability for post-employment benefits.

NOTE 12. INTERLOCAL AGREEMENT FOR WATER UTILITY OPERATIONS AND MANAGEMENT

On August 5th, 2021 the Town of Fort White (the "Town") entered into an interlocal agreement with Columbia County, Florida, regarding the operation and management of the Fort White public water systems. This agreement is effective for the period of 12 months and shall automatically renew every 12 months under identical terms of the original contract unless either party terminates the agreement. Each party may terminate this agreement no less than one year prior to the expiration of any contracted term. The Town must provide access to all of the water utility systems to the County and continue to bill and receive payments from all active accounts prior to the acquisition. The County must perform all necessary operations and maintenance of the public water system and pay any incurred costs of said operations. The Town shall retain ownership of all the assets relating to the public water system that were recognized in the periods prior.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF FORT WHITE, FLORIDA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Taxes			
Sales and use taxes			
Local option gas tax	\$ 47,856	\$ 49,506	\$ 1,650
Discretionary sales tax	79,700	112,157	32,457
Franchise fees			
Electricity	28,000	56,322	28,322
Utility service tax			
Electricity	10,500	18,153	7,653
Telecommunications	4,700	4,485	(215)
Propane	6,600	1,271	(5,329)
Communications services tax	3,600	9,175	5,575
Total taxes	<u>180,956</u>	<u>251,069</u>	<u>70,113</u>
Licenses and permits			
Professional and occupational	780	1,544	764
Building and zoning permits	4,524	5,810	1,286
Total licenses and permits	<u>5,304</u>	<u>7,354</u>	<u>2,050</u>
Intergovernmental			
State shared revenues			
State revenue sharing	89,040	86,791	(2,249)
Mobile home licenses	4,500	3,902	(598)
Alcoholic beverage licenses	240	1,348	1,108
Local government half-cent sales tax	46,000	69,187	23,187
Grants	38,686	96,927	58,241
Total intergovernmental	<u>178,466</u>	<u>258,155</u>	<u>79,689</u>
Charges for services			
Physical environment	30,810	40,053	9,243
Total charges for services	<u>30,810</u>	<u>40,053</u>	<u>9,243</u>
Miscellaneous			
Interest	450	53	(397)
Donations	-	34,411	34,411
Other miscellaneous	2,088	50,816	48,728
Total miscellaneous	<u>2,538</u>	<u>85,281</u>	<u>82,743</u>
Total revenues	<u>398,074</u>	<u>641,912</u>	<u>243,838</u>

See notes to Required Supplementary Information
(continued)

TOWN OF FORT WHITE, FLORIDA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
EXPENDITURES			
General government			
Executive			
Personnel services	\$ 102,476	\$ 120,067	\$ (17,590)
Total executive	102,476	120,067	(17,590)
Financial and administrative			
Operating expenses	45,639	109,914	(64,275)
Total financial and administrative	45,639	109,914	(64,275)
Legal counsel			
Operating expenses	13,500	31,572	(18,072)
Comprehensive planning			
Operating expenses	14,334	9,905	4,429
Total general government	175,950	271,458	(95,508)
Transportation			
Roads and streets			
Personnel services	58,299	58,304	(5)
Operating expenses	72,582	87,921	(15,339)
Capital outlay	20,000	9,012	10,988
Total transportation	150,881	155,237	(4,355)
Culture/recreation			
Parks and recreation			
Personnel services	55,650	55,650	-
Operating expenses	12,250	14,084	(1,834)
Summer camp	3,343	17,293	(13,950)
Total culture/recreation	71,243	87,027	(15,784)
Total expenditures	398,074	513,722	(115,648)
Net change in fund balance	-	128,190	128,190
Fund balance at beginning of year	303,335	312,819	9,484
Fund balance at end of year	\$ 303,335	\$ 441,009	\$ 137,674

See notes to Required Supplementary Information

TOWN OF FORT WHITE, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022

I. Stewardship, Compliance, and Accountability

- A. Budgetary information.** The Town, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The Town prepares a tentative budget, which is used by the Town at a public workshop to prepare the budgets for the coming year. Public hearings are conducted to obtain taxpayer comments. Subsequently, these budgets are legally adopted through the passage of a resolution at an advertised public session. Such actions are recorded in the Town's minutes.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is the Enterprise Fund, where depreciation is not budgeted for capital assets, while capital outlay expenditures are budgeted and are reclassified into fixed assets. These are then eliminated from the results of operations for financial reporting purposes in the Enterprise Fund. Estimated beginning fund balances are considered in the budgetary process, but are not included in the financial statements as budgeted revenues.

The annual budget serves as the legal authorization for expenditures. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the Town Council.

If during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the Town Council, by resolution, may make supplemental appropriations for the year up to the amount of such excess.

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

1. Prior to September 1, the Mayor submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in August and September to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of budgetary control is the department level; however, the Town Council may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.
5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

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

Honorable Mayor
and Town Council
Town of Fort White, Florida

We have audited the basic financial statements of the Town of Fort White, Florida (the "Town"), as of and for the year ended September 30, 2022, and have issued our report thereon dated June 12, 2023. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Fort White, Florida's internal control over financial reporting as a basis for designing our auditing procedures 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 of Fort White, Florida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Fort White, Florida's internal control over financial reporting.

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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified the following deficiency in internal control over financial reporting that we consider to be a significant deficiency.

2011-1

Financial Statement Preparation (excess of second preceding year)

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the Town does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in

because the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

MANAGEMENT'S RESPONSE

We agree with this finding. We are a very small government and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Both staff and the Town Council review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Town Council.

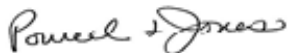
At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.

This response was not subjected to the audit procedures applied in the audit and thus we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Fort White, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

This report is intended solely for the information and use of management and the Town Council, the Auditor General of the State of Florida, and 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.



POWELL AND JONES CPA
Lake City, Florida
June 12, 2023

MANAGEMENT LETTER

Honorable Mayor
and Town Council
Town of Fort White, Florida

We have audited the financial statements of the Town of Fort White, Florida, as of and for the year ended September 30, 2022 and have issued our report thereon dated June 12, 2023. We have also issued our report on compliance and on internal control over financial reporting. That report should be considered in conjunction with this management letter.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

PRIOR YEAR FINDINGS

Finding 2019-1 – Bank Reconciliations

From our audit of cash in the prior year, we found errors in completing the monthly bank reconciliations. The preparation of accurate bank reconciliations is a necessary procedure to assure that the monthly accounting records are correct and in balance. Monthly bank reconciliations should be correctly and promptly prepared and fully reconciled with corresponding financial accounts. This finding was corrected in the current year.

Finding 2019-2 – Credit Cards

The Town maintains one credit card which is under the control of the Town Clerk. During our prior audit we found instances where there were no invoices or receipts to document the charges made. All charges to the Town credit card should be fully documented in the same manner as other Town disbursements. This finding was not corrected in the current year.

CURRENT YEAR FINDINGS

There were no additional reportable findings in the current year applicable to the management letter.

FINANCIAL COMPLIANCE FINDINGS

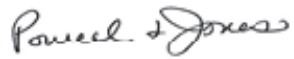
Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.544(1)(i)5a and 10.556(8)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

Financial Emergency Status - We determined that the Town had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

CONCLUSION

We have reviewed each of our specific findings with Town officials and have provided them with appropriate documentation as requested. We, again, very much enjoyed the challenges and experience associated with this year's examination of the Town. We look forward to continuing working with you in the future.

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL AND JONES, CPA
Lake City, Florida
June 12, 2023



Town of Fort White, Florida

P.O. Box 129
118 SW Wilson Springs Rd
Fort White, FL
32038
(386) 497-2321
www.fortwhitefl.com

August 25, 2023

Mr. Derek H. Noonan, CPA
Audit Supervisor
Auditor General
State of Florida
401 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

RE: Correspondence of August 16, 2023

Dear Mr. Noonan:

In response to your letter of August 16, 2023 please find the following statement regarding Finding 2019-2 on page 44 of the Town of Fort White Audit Report for Fiscal year 2021-2022:

The Town has had difficulty obtaining receipts for online purchases made utilizing the Town's credit card. We are now attempting to utilize AMAZON as much as possible for online purchases as it is easy to access the order history and print out receipts. In addition, there are monthly charges that automatically charge each month that we do not receive monthly receipts for. I have brought this to the attention of our accounting firm and we will endeavor to provide an agreement with the vendor outlining such.

I hope this explanation satisfies your inquiry.

Sincerely,

A handwritten signature in blue ink that reads 'Connie Brecheen'.

Connie Brecheen
Town Clerk

INDEPENDENT ACCOUNTANT'S REPORT

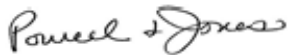
Honorable Mayor
and Town Council
Town of Fort White, Florida

We have examined the Town of Fort White, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2022. 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 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 on 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, 2022.

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



POWELL AND JONES CPA
Lake City, Florida
June 12, 2023

Communication with Those Charged with Governance

Honorable Mayor
and Town Council
Town of Fort White, Florida

We have audited the financial statements of the Town of Fort White, Florida for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Fort White, Florida are described Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2022. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the Town of Fort White, Florida's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 12, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

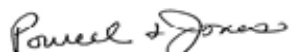
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,



POWELL AND JONES CPA
Lake City, Florida
June 12, 2023