

Town of Malone, Florida

**ANNUAL FINANCIAL REPORT**

September 30, 2022

TOWN OF MALONE, FLORIDA

As of September 30, 2022

MAYOR

Brenda Welch

COUNCIL MEMBERS as of September 30, 2022

Ken Campbell  
Sallie Gibson  
Greg Ford  
Victoria Garrett  
Wendy Benton

TOWN CLERK

Linda Wilson

TOWN ATTORNEY

Charles M. Wynn

AUDITORS

Grimsley & Associates, P.A.  
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

# GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER  
FLORIDA INSTITUTE AND  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

## INDEPENDENT AUDITOR'S REPORT

Town Council  
Town of Malone, Florida  
Malone, Florida

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Malone, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Malone, Florida'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, each major fund, and the aggregate remaining fund information of the Town of Malone, Florida, 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 Malone, Florida 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 statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Malone, Florida'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 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 Malone, Florida'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 Malone, Florida'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 4-9 and 30 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 or 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 1, 2023, on our consideration of the Town of Malone, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Malone, Florida'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 Malone, Florida's internal control over financial reporting and compliance.

*Grimsley & Associates*

Marianna, Florida  
June 1, 2023

Grimsley and Associates, P.A.  
Certified Public Accountant



## MANAGEMENT DISCUSSION AND ANALYSIS

The *Town Of Malone's* discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the *Town's* financial activity, (c) identify changes in the *Town's* financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan, (the approved budget), and (e) identify individual fund issues of concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on current year's activities, resulting changes and currently known facts, please read it in conjunction with the *Town's* financial statements.

### Financial Highlights

The assets of the *Town of Malone* exceeded its liabilities at September 30, 2022 by \$ 3,426,635 (net position). Of this amount \$ 157,951 (unrestricted net position) may be used to meet the *Town's* ongoing obligations to citizens and creditors.

### Town Highlights

The *Town* has continued repairs and rebuilding from damage related to Hurricane Michael. The *town* received CARES funding from the Jackson County Board of County Commissioners for items needed that were related to Covid-19.

### Using This Annual Report

The financial statement's focus is on both the *Town* as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the *Town's* accountability.

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

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the *Town's* finances, in a manner similar to a private-sector business. The focus is on major funds, rather than fund types. The statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. The statements include a Statement of Net Position and a Statement of Activities that are designed to provide consolidated financial information about the governmental activities of the *Town* presented on the accrual basis of accounting.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Statement of Net position presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as a useful indication of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the 2022 fiscal year. The focus is on both the gross and net costs of various activities, both governmental and business-type that are supported by the government's general tax and other revenues. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes earned and earned but unused vacation leave). This statement is intended to summarize and simplify the user's analysis of cost of various governmental services. An increase or decrease in net position is an indication of whether the Town's financial health is improving or deteriorating.

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

The government-wide financial statements can be found on pages 10-11 of the town's annual financial report.

### **Fund Financial Statements**

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

### **Governmental Funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, readers may better understand the long-term impact of the Town's near-term financing decisions.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Town maintains two governmental funds and information on these funds is presented in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances.

The Town adopts an annual appropriated budget for its General Fund and Gas Tax Fund. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with the budget and are presented as required supplemental information. This information may be found on pages 30 of the annual financial report.

The basic governmental fund financial statements can be found on pages 12-15 of the annual financial report.

### **Proprietary Funds**

The *Town* maintains two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer funds. The proprietary fund statement provides the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on page 16-18 of the annual financial report.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found beginning on page 19 of the annual financial report.

### **Infrastructure Assets**

The Town has implemented the major model portions of GASB Statement 34. Historically, a government's largest group of assets (infrastructure – roads, traffic signals, underground pipes not associated with a utility, etc.) have not been reported nor depreciated in governmental financial statements. This new statement requires that these assets be valued and reported within the governmental column of government-wide statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

#### Statement of Net Position

The following schedule reflects the condensed Statement of Net Position:

#### STATEMENT OF NET POSITION

As of September 30, 2022

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Current and other Assets	\$ 307,500	\$ 1,159,819	\$ 175,285	\$ 160,196	\$ 482,785	\$ 1,320,015
Capital Assets	<u>1,676,685</u>	<u>1,705,281</u>	<u>1,662,392</u>	<u>1,658,344</u>	<u>3,339,077</u>	<u>3,363,625</u>
Total Assets	<u>1,984,185</u>	<u>2,865,100</u>	<u>1,837,677</u>	<u>1,818,540</u>	<u>3,821,862</u>	<u>4,683,640</u>
Current Liabilities	82,721	87,293	83,308	92,523	166,029	179,816
Non current Liabilities	<u>56,458</u>	<u>15,436</u>	<u>112,200</u>	<u>92,200</u>	<u>168,658</u>	<u>107,636</u>
Total Liabilities	<u>139,179</u>	<u>102,729</u>	<u>195,508</u>	<u>184,723</u>	<u>334,687</u>	<u>287,452</u>
DEFERRED INFLOWS						
Unavailable Revenue	<u>-</u>	<u>969,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>969,552</u>
NET POSITION						
Invested in capital assets, net of related debt	1,573,395	1,631,833	1,531,192	1,543,909	3,104,587	3,175,742
Restricted						
Other Purposes	58,210	58,210	-	-	58,210	58,210
Debt Service	-	-	31,676	34,732	31,676	34,732
Unrestricted	<u>213,401</u>	<u>102,775</u>	<u>79,301</u>	<u>55,176</u>	<u>292,702</u>	<u>157,951</u>
Total Net Position	<u>\$ 1,845,006</u>	<u>\$ 1,792,818</u>	<u>\$ 1,642,169</u>	<u>\$ 1,633,817</u>	<u>\$ 3,487,175</u>	<u>\$ 3,426,635</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Statement of Activities

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
<b>REVENUES</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 184,670	\$ 196,181	\$ 149,904	\$ 157,607	\$ 334,574	\$ 353,788
Operating Grants and Contributions	57,129	120,210	-	-	57,129	120,210
Capital Grants and Contributions	<u>-</u>	<u>35,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,915</u>
<b>Total Program Revenues</b>	<u>241,799</u>	<u>352,306</u>	<u>149,904</u>	<u>157,607</u>	<u>391,703</u>	<u>509,913</u>
<b>General Revenues</b>						
Taxes-Advalorem	14,690	15,641	-	-	14,690	15,641
Taxes-Other	134,474	139,689	-	-	134,474	139,689
Miscellaneous	292,080	123,027	165	140	292,245	123,167
Transfers	<u>-</u>	<u>(59,544)</u>	<u>-</u>	<u>59,544</u>	<u>-</u>	<u>-</u>
<b>Total General Revenues</b>	<u>441,244</u>	<u>218,813</u>	<u>165</u>	<u>59,684</u>	<u>441,409</u>	<u>278,497</u>
<b>Total Revenues</b>	<u>683,043</u>	<u>571,119</u>	<u>150,069</u>	<u>217,291</u>	<u>833,112</u>	<u>788,410</u>
<b>EXPENSES</b>						
<b>Governmental Activities</b>						
General Government	239,149	237,274	-	-	239,149	237,274
Public Safety	70,070	80,021	-	-	70,070	80,021
Health & Sanitation	66,438	74,858	-	-	66,438	74,858
Transportation	153,448	157,121	-	-	153,448	157,121
Culture/Recreation	63,028	69,566	-	-	63,028	69,566
Interest on Long-Term Debt	6,989	4,467	-	-	6,989	4,467
<b>Business-type Activities</b>						
Water & Sewer	<u>-</u>	<u>-</u>	<u>207,618</u>	<u>225,643</u>	<u>207,618</u>	<u>225,643</u>
<b>Total Expenses</b>	<u>599,122</u>	<u>623,307</u>	<u>207,618</u>	<u>225,643</u>	<u>806,740</u>	<u>848,950</u>
<b>Transfers</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>83,921</u>	<u>(52,188)</u>	<u>(57,549)</u>	<u>(8,352)</u>	<u>26,372</u>	<u>(60,540)</u>
Net Position - Beginning	<u>1,761,085</u>	<u>1,845,006</u>	<u>1,699,718</u>	<u>1,642,169</u>	<u>3,460,803</u>	<u>3,487,175</u>
Net Position - Ending	<u>\$ 1,845,006</u>	<u>\$ 1,792,818</u>	<u>\$ 1,642,169</u>	<u>\$ 1,633,817</u>	<u>\$ 3,487,175</u>	<u>\$ 3,426,635</u>

## **Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financial 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.

As of September 30, 2022, the Town's governmental funds reported combined ending fund balances of \$160,985 of this amount \$81,950 was unassigned.

## **Proprietary Funds**

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

Total net position of the water and sewer funds as of September 30, 2022 were \$1,633,817 of which \$55,176 was unrestricted.

## **General Funds Budgetary Highlights**

The Budget was amended on August 30, 2022 to reflect changes for the year's revenues and expenses that differed from the original budget amounts.

## **Requests for information**

The Town's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the *Town's* finances and to demonstrate the Town's accountability. If you have any questions about this report or need additional financial information, you may contact Linda Wilson, Malone Town Clerk.

## FINANCIAL STATEMENTS

Town of Malone, Florida  
Statement of Net Position  
September 30, 2022

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	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,119,395	\$ 114,842	\$ 1,234,237
Restricted Cash	-	34,732	34,732
Accounts Receivable	-	20,371	20,371
Due from other Governments	26,675	-	26,675
Internal Balances	13,749	(13,749)	-
Inventory	-	4,000	4,000
Capital Assets			
Land	234,260	63,981	298,241
Buildings, Improvements, and Equipment, Net	1,471,021	1,592,128	3,063,149
Total Capital Assets	1,705,281	1,656,109	3,361,390
Bond Issue Costs, Net	-	2,235	2,235
Total Assets	2,865,099	1,818,540	4,683,639
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	29,281	26,701	55,982
Customer Deposits	-	45,822	45,822
Long Term Liabilities			
Due within one year	58,012	20,000	78,012
Due in more than one year	15,436	92,200	107,636
Total Liabilities	102,729	184,723	287,452
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue	969,552	-	969,552
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	1,631,833	1,543,909	3,175,742
Restricted for:			
Other Purposes	58,210	-	58,210
Debt Service	-	34,732	34,732
Unrestricted	102,775	55,176	157,951
Total Net Position	\$ 1,792,818	\$ 1,633,817	\$ 3,426,635

The notes to the financial statements are an integral part of this statement.



Town of Malone, Florida  
Statement of Activities  
For the Year Ending September 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
<b>Functions/Programs</b>							
Governmental Activities:							
General Government	\$ 237,274	\$ 77,112	78,233	\$ -	\$ (81,929)	\$ -	\$ (81,929)
Public Safety	80,021	-	40,000	35,915	(4,106)	-	(4,106)
Health & Sanitation	74,858	91,596	-	-	16,738	-	16,738
Transportation	157,121	23,573	-	-	(133,548)	-	(133,548)
Culture/Recreation	69,566	3,900	1,977	-	(63,689)	-	(63,689)
Interest on Long-Term Debt	4,467	-	-	-	(4,467)	-	(4,467)
Total governmental activities	<u>623,307</u>	<u>196,181</u>	<u>120,210</u>	<u>35,915</u>	<u>(271,001)</u>	<u>-</u>	<u>(271,001)</u>
Business-type Activities:							
Water Fund	144,775	115,573	-	-	-	(29,202)	(29,202)
Sewer Fund	80,868	42,034	-	-	-	(38,834)	(38,834)
Total business activities	<u>225,643</u>	<u>157,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,036)</u>	<u>(68,036)</u>
Total primary government	<u>\$ 848,950</u>	<u>\$ 353,788</u>	<u>\$ 120,210</u>	<u>\$ 35,915</u>	<u>\$ (271,001)</u>	<u>\$ (68,036)</u>	<u>\$ (339,037)</u>
General Revenues:							
Taxes:							
Taxes-Advalorem					15,641	-	15,641
Taxes - Other					139,689	-	139,689
Interest Income					952	140	1,092
Miscellaneous					122,075	-	122,075
Transfers					(59,544)	59,544	-
Total General Revenues and Transfers					<u>218,813</u>	<u>59,684</u>	<u>278,497</u>
Change in Net Position					(52,188)	(8,352)	(60,540)
Net Position - beginning					<u>1,845,006</u>	<u>1,642,169</u>	<u>3,487,175</u>
Net Position - ending					<u>\$ 1,792,818</u>	<u>\$ 1,633,817</u>	<u>\$ 3,426,635</u>

The notes to the financial statements are an integral part of this statement.

Town of Malone, Florida  
Balance Sheet  
Governmental Funds  
September 30, 2022

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	<u>General Fund</u>	<u>Other Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 1,040,835	\$ 78,560	\$ 1,119,395
Due from other Governments	25,636	1,039	26,675
Due from other Funds	13,749	-	13,749
Prepays	-	-	-
Total Assets	<u>\$ 1,080,220</u>	<u>\$ 79,599</u>	<u>\$ 1,159,819</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable and Accrued Expenses	\$ 660	564	\$ 1,224
Due to other Funds	-	-	-
Accrued Leave	<u>28,058</u>	<u>-</u>	<u>28,058</u>
Total Liabilities	<u>28,718</u>	<u>564</u>	<u>28,718</u>
<b>DEFERRED INFLOWS</b>			
Unavailable Revenue	<u>969,552</u>	<u>-</u>	<u>969,552</u>
Fund Balances:			
Restricted:			
Other Purposes	-	79,035	79,035
Unassigned	<u>81,950</u>	<u>-</u>	<u>81,950</u>
Total Fund Balances	<u>81,950</u>	<u>79,035</u>	<u>160,985</u>
Total Liabilities & Fund Balances	<u>\$ 1,080,220</u>	<u>\$ 79,599</u>	<u>\$ 189,703</u>

The notes to the financial statements are an integral part of this statement.

Town of Malone, Florida  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ending September 30, 2022

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Total Fund Balances - Total Governmental Fund \$ 160,985

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. 1,705,281

Some liabilities, including note payable, are  
not due and payable in the current period  
and therefore, are not reported in the funds. (73,448)

Total net position \$ 1,792,818

The notes to the financial statements are an integral part of this statement.

Town of Malone, Florida  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ending September 30, 2022

	<u>General Fund</u>	<u>Other Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 127,622	\$ 27,708	\$ 155,330
Licenses & Permits	73,512	-	73,512
Intergovernmental Revenues	244,542	-	244,542
Charges for Services	122,669	-	122,669
Miscellaneous Revenues	34,527	82	34,609
Total Revenues	602,872	27,790	630,662
<b>EXPENDITURES</b>			
Current:			
General Government	215,766	-	215,766
Public Safety	31,382	-	31,382
Health and Sanitation	74,858	-	74,858
Transportation	104,891	4,033	108,924
Culture/Recreation	19,754	-	19,754
Debt Service:			
Principal	18,051	11,791	29,842
Interest	3,021	1,446	4,467
Capital Outlay	183,189	13,562	196,751
Total Expenditures	650,912	30,832	681,744
Excess (deficiency) of revenues over expenditures	(48,040)	(3,042)	(51,082)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer Out	(59,544)	-	(59,544)
Total Other Financing Sources (Uses)	(59,544)	-	(59,544)
Net Change in Fund Balances	(107,584)	(3,042)	(110,626)
Fund Balances - beginning	189,534	82,077	271,611
Fund Balances - ending	\$ 81,950	\$ 79,035	\$ 160,985

The notes to the financial statements are an integral part of this statement.

Town of Malone, Florida  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Year Ending September 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ (110,626)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$160,337 exceeded depreciation \$158,639 in the current period.	1,695
The net effect of transactions involving capital assets, i.e., gain/loss on sales, donations and contributions from private developers and other governments. These transactions are not reported in the government funds.	26,900
Debt proceeds provide current financial resources to governmental funds, funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments \$29,843 exceeded proceeds \$0.	<u>29,843</u>
Change in Net Position of Governmental Activities	<u>\$ (52,188)</u>

The notes to the financial statements are an integral part of this statement.

Town of Malone, Florida  
Statement of Net Position – Proprietary Funds  
September 30, 2022

	Enterprise Fund		<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 94,663	\$ 20,179	\$ 114,842
Accounts Receivable	20,371	-	20,371
Due From Other Funds	-	3,563	3,563
Inventory	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total Current Assets	<u>119,034</u>	<u>23,742</u>	<u>142,776</u>
Noncurrent Assets:			
Cash and Cash Equivalents	34,732	-	34,732
Capital Assets:			
Land	-	63,981	63,981
Buildings, Improvements, and Equipment, Net	876,830	715,298	1,592,128
Bond Issue Costs, Net	<u>2,235</u>	<u>-</u>	<u>2,235</u>
Total Noncurrent Assets	<u>913,797</u>	<u>779,279</u>	<u>1,693,076</u>
Total Assets	<u>1,032,831</u>	<u>803,021</u>	<u>1,835,852</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	6,129	3,072	9,201
Accrued Leave	10,792	4,317	15,109
Accrued Interest	2,391	-	2,391
Due to Other Funds	15,606	1,706	17,312
Bonds Payable, Current	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Current Liabilities	<u>54,918</u>	<u>9,095</u>	<u>64,013</u>
Noncurrent Liabilities:			
Customer Deposits	45,822	-	45,822
Bonds and Notes Payable after One Year	<u>92,200</u>	<u>-</u>	<u>92,200</u>
Total Noncurrent Liabilities	<u>138,022</u>	<u>-</u>	<u>138,022</u>
Total Liabilities	<u>192,940</u>	<u>9,095</u>	<u>202,035</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	764,630	779,279	1,543,909
Restricted:			
Debt Service	34,732	-	34,732
Unrestricted	<u>40,529</u>	<u>14,647</u>	<u>55,176</u>
Total Net Position	<u>\$ 839,891</u>	<u>\$ 793,926</u>	<u>\$ 1,633,817</u>

The notes to the financial statements are an integral part of this statement.

Town of Malone, Florida  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ending September 30, 2022

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	Enterprise Fund		<u>Total</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ 115,573	\$ 42,034	\$ 157,607
Miscellaneous Income	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Revenue	<u>115,573</u>	<u>42,034</u>	<u>157,607</u>
<b>OPERATING EXPENSES:</b>			
Salaries and Benefits	40,379	16,155	56,534
Contractual Services	21,714	17,392	39,106
Insurance	2,925	1,458	4,383
Operating Supplies and Miscellaneous	34,480	14,209	48,689
Depreciation	38,609	31,655	70,264
Amortization	<u>107</u>	<u>-</u>	<u>107</u>
Total Operating Expenditures	<u>138,214</u>	<u>80,869</u>	<u>219,083</u>
Operating Gain(Loss)	<u>(22,641)</u>	<u>(38,835)</u>	<u>(61,476)</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest Income	111	29	140
Interest Expense	<u>(6,560)</u>	<u>-</u>	<u>(6,560)</u>
Total Nonoperating Revenue (Expenses)	<u>(6,449)</u>	<u>29</u>	<u>(6,420)</u>
Income (Loss) before Contributions and Transfers	<u>(29,090)</u>	<u>(38,806)</u>	<u>(67,896)</u>
Transfers In	<u>-</u>	<u>59,544</u>	<u>59,544</u>
Change in Net Position	(29,090)	20,738	(8,352)
<b>Net Position, beginning of year</b>	<u>868,981</u>	<u>773,188</u>	<u>1,642,169</u>
<b>Net Position, end of year</b>	<u>\$ 839,891</u>	<u>\$ 793,926</u>	<u>\$ 1,633,817</u>

The notes to the financial statements are an integral part of this statement.

Town of Malone, Florida  
Statement of Cash Flows – Proprietary Funds  
For the Year September 30, 2022

	Enterprise Fund		
	Water Fund	Sewer Fund	Total
<b>Cash Flows from Operating Activities:</b>			
Receipts from Customers	\$ 115,842	\$ 42,034	\$ 157,876
Payments to Suppliers	(54,928)	(31,173)	(86,101)
Payments to Employees	(39,488)	(15,798)	(55,286)
Net Cash provided (used) by Operating Activities	<u>21,426</u>	<u>(4,937)</u>	<u>16,489</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers to Other Funds	-	59,544	59,544
Loans to/from Other Funds	1,031	311	1,342
Contributed Capital	-	-	-
Net cash provided (used) by Noncapital Financing Activities	<u>1,031</u>	<u>59,855</u>	<u>60,886</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Purchase of Capital Assets	-	(63,981)	(63,981)
Principal Paid on Capital Debt	(19,000)	-	(19,000)
Interest Paid on Capital Debt	(6,560)	-	(6,560)
Net Cash provided (used) by Capital and Related Financing Activities	<u>(25,560)</u>	<u>(63,981)</u>	<u>(89,541)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest Income	111	29	140
Net Increase in Cash and Cash Equivalents	(2,992)	(9,034)	(12,026)
Cash and Cash Equivalents, beginning of year	132,387	29,213	161,600
Cash and Cash Equivalents, end of year	<u>\$ 129,395</u>	<u>\$ 20,179</u>	<u>\$ 149,574</u>
Reconciliation of Operating Gain(Loss) to Net Cash Used in Operating Activities:			
Operating Gain(Loss)	\$ (22,641)	\$ (38,835)	\$ (61,476)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:			
Depreciation & Amortization	38,716	31,655	70,371
Change in Assets and Liabilities:			
Accounts Receivable	(621)	-	(621)
Customer Deposits	890	-	890
Accounts and Other Payables	5,082	2,243	7,325
Net Cash provided (used) by Operating Activities	<u>\$ 21,426</u>	<u>\$ (4,937)</u>	<u>\$ 16,489</u>

The notes to the financial statements are an integral part of this statement.



NOTES TO FINANCIAL STATEMENTS

Town of Malone, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Town of Malone, Florida's financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended September 30, 2022.

Reporting Entity

The Town of Malone, Florida (the "Town") was formed in 1909. On May 13, 1911, Chapter 6370, Laws of Florida, established the municipality of the Town of Malone, this charter was amended November 3, 1981. The Town operates under a Mayoral form of government. The Town's major operations include fire protection, parks, recreation, transportation, and general administrative services. In addition, the Town owns and operates a water and sewer system and garbage collection system.

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Town of Malone, Florida, as a whole excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues. The Town does not allocate indirect costs.

Fund Financial Statements

Fund financial statements are provided for the governmental and proprietary funds. Non-major governmental funds are reported in separate columns.

Town of Malone, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Accounting

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Town departments. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for debt principal and interest which are recorded as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

When fund balance resources are available in more than one classification, it is the Town's policy to use the most restrictive funds in the following order: restricted, committed, assigned, and unassigned as they are needed.

Fund Types and Major Funds

Governmental Funds

The City reports the following major governmental funds:

General Fund – reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Proprietary Funds

The City reports the following major proprietary funds:

Water Fund – accounts for the revenues and expenses, capital assets and debt for the water utility department of the Town.

Town of Malone, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

Sewer Fund – accounts for all operations associated with the sewer system of the Town.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Investments

Amounts shown as cash and investment include cash in the checking accounts, cash on hand, cash in savings accounts and certificates of deposits.

Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Water and sewer system	15-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Other infrastructure	10-50 years

In accordance with GASB Statement No. 34, the Town began recording the acquisition of infrastructure, streets, roads, sidewalks, etc., as capital assets effective for acquisitions made after September 30, 2003. Prior infrastructure acquisitions have not been included.

Property Taxes

The Town votes a local millage rate for the assessment of ad valorem property taxes. This rate was set at 1 mills for the October 2020 through September 2021 budget year. The Jackson County Property Appraiser’s office includes this assessment with the countywide property tax assessments. The Jackson County Tax Collector is charged with collecting these revenues and distributing the Town its share of these collections.

Town of Malone, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

Property Taxes – Continued

All taxes are generally due and payable on November 1 of each year. Discounts are allowed of four, three, two and one percent for payment in November through February, respectively. Delinquent taxes at April 1 are converted, by the County, into Tax Certificates. Therefore, there are no significant taxes receivable at year-end.

Materials and Supplies Inventory

Expendable materials and supplies of the business-type activities are recorded at cost using the first-in/first-out method at September 30, 2022.

Long-Term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt as other financial sources of the current period.

Fund Equity

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

Risk Management and Insurance

The Town insures itself against losses from casualty, accident and dishonesty by purchasing municipal insurance through the Florida League of Cities, Inc. The Town believes the level of insurance purchased is adequate to protect against material loss. No significant changes in coverage has been made in the last year.

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.

Budgets and Budgetary Accounting

The Town uses the following procedures in establishing the budgetary data reflected in the financial statements.

Town of Malone, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

Budgets and Budgetary Accounting – Continued

1. The Town adopts its budget in accordance with Chapter 166, Florida Statutes.
  - a. The Town follows an internal hearing process to set the proposed tentative budget.
  - b. Public hearings are then held to adopt a tentative budget, and a final budget, in accordance with Chapter 166, Florida Statutes.
  - c. Budget amendments are made in accordance with applicable Florida Statutes.
2. Budgets are reported for the General Fund and Special Revenue Funds.
3. All budgets are adopted in accordance with Generally Accepted Accounting Principles.
4. Level of Control – Expenditures may not exceed appropriations and are controlled in the following manner:
  - d. The budget is controlled according to Chapter 166, Florida Statutes, at the total fund level.
  - e. Any Budget amendments or transfer of funds must be approved by the Town Council.

NOTE 2 – CASH AND INVESTMENTS

As discussed above, the amounts for cash include non-interest and interest bearing checking accounts, money market accounts and certificates of deposit.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk.

At September 30, 2022 the Town had the following cash deposits:

Amounts insured by FDIC	\$ 250,000
Amount Subject to Custodial Risk (Risk of loss due to bank failure) Collateralized with securities pledged by the financial institution and held in trust, but not in the Town's name	<u>1,023,414</u>
Total Deposits with Financial Institutions	<u>\$1,273,414</u>

The carrying value on the financial statements was \$1,268,969 at September 30, 2022.

Town of Malone, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 3 – RECEIVABLES

The Town reported receivables as follows:

GENERAL FUND		
Due from Other Governments	\$	<u>25,636</u>
GAS TAX FUND		
Due from Other Governments	\$	<u>1,039</u>
ENTERPRISE FUND - WATER SYSTEM		
Water Fees, Refuse Fees and Sewer Fees	\$	<u>20,371</u>
Total	\$	<u>20,371</u>

No allowances for uncollectible accounts are considered necessary.

NOTE 4 – INTERNAL BALANCES

As of September 30, 2022, the Town had Interfund receivables and payables that resulted from various transactions as follows:

	<u>Receivable</u>	<u>Payable</u>	<u>Purpose</u>
General Fund			
Receivable from Water Fund	\$ 12,043	\$ -	Operations
Receivable from Sewer Fund	1,706		- Payroll
Payable to Gas Tax Fund			-
Water Fund			
Payable to General Fund	-	12,043	Operations
Payable to Sewer Fund	-	3,563	Operations
Sewer Fund			
Receivable from Water Fund	3,563		- Operations
Payable to General Fund	-	1,706	Payroll
	<u>\$ 17,312</u>	<u>\$ 17,312</u>	

Town of Malone, Florida  
Notes to Financial Statements  
September 30, 2022

NOTE 5 – RESTRICTED ASSETS

Certain Enterprise Fund assets are restricted by debt service and capital projects (Water Fund). Restricted Assets consist of cash and investments, which is required by resolution to be set-aside for specific purposes and is therefore unavailable for general operating purposes.

Water Fund

Cash - Debt Service	<u>\$ 34,732</u>
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NOTE 6 – CAPITAL ASSETS

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

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 234,260	\$ -	\$ -	\$ 234,260
Total capital assets, not being depreciated:	<u>234,260</u>	<u>-</u>	<u>-</u>	<u>234,260</u>
Capital assets, being depreciated:				
Office Furniture and equipment	595,793	162,697	43,834	714,656
Improvements other than buildings	1,748,639	-	-	1,748,639
Buildings	485,101	28,850	3,980	509,971
Total capital assets being depreciated:	<u>2,829,533</u>	<u>191,547</u>	<u>47,814</u>	<u>2,973,266</u>
Less accumulated depreciation for:				
Office Furniture and equipment	(373,192)	(52,787)	(41,248)	(384,731)
Improvements other than buildings	(826,345)	(88,479)	-	(914,824)
Buildings	(187,571)	(17,374)	(2,255)	(202,690)
Total Accumulated Depreciation	<u>(1,387,108)</u>	<u>(158,640)</u>	<u>(43,503)</u>	<u>(1,502,245)</u>
Total capital assets being depreciated, net	<u>1,442,425</u>	<u>32,907</u>	<u>4,311</u>	<u>1,471,021</u>
Governmental activities capital assets, net	<u>\$ 1,676,685</u>	<u>\$ 32,907</u>	<u>\$ 4,311</u>	<u>\$ 1,705,281</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 16,304
Public safety	46,912
Transportation	45,612
Culture and recreation	49,812
Total governmental depreciation expense	<u>\$ 158,640</u>



Town of Malone, Florida  
Notes to Financial Statements  
September 30, 2022

NOTE 6 – CAPITAL ASSETS – Continued

	<u>BEGINNING</u> <u>BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING</u> <u>BALANCE</u>
Business Type activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ 63,981	\$ -	\$ 63,981
Total capital assets, not being depreciated:	<u>-</u>	<u>63,981</u>	<u>-</u>	<u>63,981</u>
Capital assets, being depreciated:				
Distribution, collection systems, and improvements	\$ 3,381,762	\$ -	\$ 862	\$ 3,380,900
Equipment	<u>110,329</u>	<u>-</u>	<u>4,779</u>	<u>105,550</u>
Total capital assets being depreciated:	<u>3,492,091</u>	<u>-</u>	<u>5,641</u>	<u>3,486,450</u>
Less: accumulated depreciation for:				
Distribution, collection systems, and improvements	(1,783,664)	(68,486)	(862)	(1,851,288)
Equipment	<u>(46,035)</u>	<u>(1,778)</u>	<u>(4,779)</u>	<u>(43,034)</u>
Total Accumulated Depreciation	<u>(1,829,699)</u>	<u>(70,264)</u>	<u>(5,641)</u>	<u>(1,894,322)</u>
Total capital assets being depreciated, net	<u>1,662,392</u>	<u>(70,264)</u>	<u>-</u>	<u>1,592,128</u>
Total Business-Type capital assets, net	<u>\$ 1,662,392</u>	<u>\$ (6,283)</u>	<u>\$ -</u>	<u>\$ 1,656,109</u>

NOTE 7 - LONG TERM DEBT

Governmental Activities

Notes payable

Note payable in monthly installments of \$1,103, including interest at 5.0%, collateralized by real estate, due June 15, 2024 in balloon payment of outstanding principal and interest.

\$ 22,084

Note payable in monthly installments of \$977, including interest at 4.63%, collateralized by real estate, due March, 2024 in balloon payment of outstanding principal and interest.

16,943

Note payable in monthly installments of \$779, including interest at 5.00%, collateralized by real estate, due February 5, 2023 in balloon payment of outstanding principal and interest.

34,421

Total governmental activities

\$ 73,448

Town of Malone, Florida  
Notes to Financial Statements  
September 30, 2022

NOTE 7 - LONG TERM DEBT – Continued

Debt Service requirements to governmental activities long-term debt at September 30, 2021 are as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 58,012	\$ 3,936	\$ 61,948
2024	<u>15,436</u>	<u>201</u>	<u>15,637</u>
	<u>\$ 73,448</u>	<u>\$ 4,137</u>	<u>\$ 77,585</u>

Changes in long-term governmental obligations are summarized as follows:

	<u>Beginning</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending</u>	<u>Due within</u>
<u>Governmental Activities</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>One year</u>
Notes	<u>\$103,290</u>	<u>\$ -</u>	<u>\$ (29,842)</u>	<u>\$ 73,448</u>	<u>\$ 58,010</u>

Business – Type Activities

During the year ended September 30, 1988, the Town issued \$434,200 Water System Revenue Bonds, Series 1988. Payments are due annually September 1, including interest at 5.0%. All bonds are held by Rural Development, a division of the United States Department of Agriculture.

The following is the debt service requirements for the business type activities revenue bond September 30, 2022:

2023	\$ 20,000	\$ 6,520	\$ 26,520
2024	21,000	5,610	26,610
2025	22,000	4,610	26,610
2026	23,000	3,510	26,510
2027	<u>26,200</u>	<u>2,460</u>	<u>28,660</u>
	<u>\$112,200</u>	<u>\$22,710</u>	<u>\$134,910</u>

Town of Malone, Florida  
Notes to Financial Statements  
September 30, 2022

NOTE 7 - LONG TERM DEBT – Continued

Changes in long-term business-type obligations are summarized as follows:

	Beginning			Ending	Due within
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>	<u>One year</u>
<u>Business-Type Activities</u>					
Bonds	<u>\$131,200</u>	<u>\$ -</u>	<u>\$ (19,000)</u>	<u>\$112,200</u>	<u>\$ 20,000</u>

NOTE 8 – BOND ORDINANCE REQUIREMENTS

Proprietary Fund Type – Enterprise Fund – Water System

The Bond Ordinance adopted May 12, 1987, requires the establishment of certain “trust funds” to ensure repayment of the Water System Revenue Bonds. It was amended on January 13, 2004, for the additional issuance of the 2004 Water System Revenue Bonds.

1. All cash income from the ownership and operation of the system shall be deposited into the “Revenue Fund” on or before the 15<sup>th</sup> day of each month. Transfers are to be made to certain accounts.
2. The “Sinking Fund” is to be used exclusively for the purpose of paying principal and interest on the bonds and is to be funded by transferring each month from the “Revenue Fund” one-twelfth of the next annual interest and principal requirement.
3. The “1988 Bond Reserve Account” is to be established by transferring on or before the 15<sup>th</sup> of each month from the “Reserve Fund” the sum of \$264 until such time as the fund equals \$27,510. The funds in this account shall be used only for paying the cost of repairing or replacing any damage to the system caused by an unforeseen catastrophe, construction improvements or extensions to increase net revenues, and paying principal and interest in the event that the Sinking Fund is insufficient to meet such payments.
4. The “Operation and Maintenance Fund” is to be used exclusively for the purpose of receiving funds transferred monthly from the revenue fund and for paying the current expense of the system pursuant to the annual budget.
5. Excess funds not required by the above accounts are to be transferred to the Water System Revenue Bonds Redemption Account. This account is to be used to redeem the Bonds in inverse order or to acquire outstanding bonds subject to limitations

Town of Malone, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 9– COMPENSATED ABSENCES

Accrued Leave

All full-time employees of the Town are entitled to an annual vacation and sick leave with pay. The employees are generally allowed to accumulate vacation leave up to 100 hours. Sick leave may be accumulated and is paid 80% after 10 years of service upon termination. Vacation pay and sick leave payments are included in operating costs when the payments are made to the employees. The estimated commitment for annual leave at September 30, 2022 was \$43,166. This amount is included in the accrued expenses of the governmental activities in the amount of \$28,058 and the business-type activities in the amount of \$15,108.

NOTE 10 - RETIREMENT PLAN

As of October 1, 1997, the Town adopted “The Retirement Plan and Trust for the Employees of the Town of Malone”. This plan is a defined contribution type plan through which the Town contributed 3.5% of each participant’s compensation for the employee’s benefit. Employees may also elect to contribute to the plan. Voluntary contributions may not exceed \$18,000 per employee. The plan is administered by City Street, “Florida Municipal Pension Trust Fund”.

The plan was adopted by Local Ordinance 76 dated December 9, 1997. The plan was amended on December 11, 2001, to reflect a change in the administrator. The plan may be amended, but not in such a manner to cause any reduction in amounts credited to participants.

During the year ended September 30, 2022, the Town’s contributions totaled \$5,161 and voluntary employee contributions totaled \$ 1,187.

NOTE 11– GRANTS, MAJOR PROJECTS AND SUBSEQUENT EVENTS

In August 2018 the Town entered in an agreement with United States Department of Agriculture – Rural Utilities Service to update and extend the sewer system with an estimated cost of \$4,790,000. Of this amount the Town is expected to finance \$1,226,000 the remaining \$3,534,000 will be a grant to the Town. The Town is still in the process of determining if this project is feasible.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information  
Town of Malone, Florida  
Budgetary Comparison Schedule – General Fund  
For the Year Ending September 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
<b>REVENUES</b>			
Taxes	\$ 119,545	\$ 126,259	\$ 127,622
Licenses & Permits	71,500	78,878	73,512
Intergovernmental Revenues	742,325	1,212,395	244,542
Charges for Services	117,588	122,882	122,669
Miscellaneous Revenues	2,455	3,404	34,527
Total Revenues	<u>1,053,413</u>	<u>1,543,818</u>	<u>602,872</u>
<b>EXPENDITURES</b>			
Current:			
General Government	199,876	265,464	215,766
Public Safety	24,355	31,893	31,382
Health & Sanitation	72,642	74,865	74,858
Transportation	107,704	105,919	104,891
Culture/Recreation	13,635	20,772	19,754
Debt Service:			
Principal	11,723	10,750	18,051
Interest	-	-	3,021
Capital Outlay	651,143	180,944	183,189
Total Expenditures	<u>1,081,078</u>	<u>690,607</u>	<u>650,912</u>
Excess (deficiency) of revenues over expenditures	<u>(27,665)</u>	<u>853,211</u>	<u>(48,040)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer Out	-	-	(59,544)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(59,544)</u>
Net Change in Fund Balances	(27,665)	853,211	(107,584)
Fund Balances - beginning	189,534	189,534	189,534
+ Fund Balances - ending	<u>\$ 161,869</u>	<u>\$ 1,042,745</u>	<u>\$ 81,950</u>

Note: This schedule is prepared on the modified accrual basis of accounting.

The notes to the financial statements are an integral part of this statement.

# GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER  
FLORIDA INSTITUTE AND  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

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

Honorable Mayor and Town Council  
Town of Malone, Florida  
Malone, Florida

We have examined Town of Malone, Florida's, compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management is responsible for Town of Malone, Florida's, compliance with those requirements. Our responsibility is to express an opinion on Town of Malone, Florida's, compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town of Malone, Florida, complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Malone, Florida, complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

Our examination does not provide a legal determination on Town of Malone, Florida's compliance with specified requirements.

In our opinion, Town of Malone, Florida, 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 management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Grimsley & Associates*

Marianna, Florida  
June 1, 2023

Grimsley and Associates, P.A.  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY  
GOVERNMENTAL AUDITING STANDARDS



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*

# GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

OWEN W. GRIMSLEY, C.P.A.

MEMBER  
FLORIDA INSTITUTE AND  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## 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 Members  
Town of Malone  
Malone, Florida 32445

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, each major fund, and the aggregate remaining fund information of the Town of Malone, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Malone, Florida's basic financial statements and have issued our report thereon dated June 1, 2023.

### **Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings as item 2007-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings as item 2004-001 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Malone, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Town of Malone, Florida's Response to Findings**

The Town of Malone, Florida's response to the findings identified in our audit is described in the accompanying section titled Response to Findings. The Town of Malone, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Grimsley & Associates*

June 1, 2023  
Marianna, Florida

Grimsley & Associates, P.A.  
Certified Public Accountants

## SCHEDULE OF FINDINGS

Town of Malone, Florida  
Schedule of Findings  
September 30, 2022

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2004-001

Criteria – Custody of assets, record keeping and recording of assets should have adequate separation.

Condition – Due to the size of the organization, proper separation of duties may not be feasible.

Effect – Internal controls lack proper checks and balances due to the size of the organization.

Cause – This is a small bookkeeping system.

Recommendation – Management should remain very active and involved in the day-to-day operations. Controls should be established to provide checks and balances.

2007-001

Criteria – An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

Condition – The Town relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles.

Effect – Since the auditor cannot be a part of an entity's system of internal accounting control, the Town's system of internal accounting control over the financial reporting is not sufficient by itself to prevent, detect or correct misstatements in the audited financial statements.

Cause – The Town has a small accounting staff necessitated by the overall small size of the entity. They do not consider it cost effective to develop and maintain a system of internal accounting control sufficient to prepare financial statements in accordance with generally accepted accounting principles, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect or correct misstatements in audited financial statements.

Recommendation – The Town should continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that due to the size of their accounting department, they will continue to need external assistance with the preparation and understanding of financial statements in accordance with generally accepted accounting principles.

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT  
REQUIRED BY THE STATE OF FLORIDA

# GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER  
FLORIDA INSTITUTE AND  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

## INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT REQUIRED BY THE STATE OF FLORIDA

Honorable Mayor and Town Council Members  
Town of Malone  
Malone, Florida 32445

### Report on the Financial Statements

We have audited the financial statements of the Town of Malone, Florida, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 1, 2023.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 1, 2023, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

Schedule of Findings items:

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2020-21 FY Finding #	2019-20 FY Finding #
2004-001	2004-001	2004-001
2007-001	2007-001	2007-001

Management letter items:

None

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

### **Financial Condition and Management**

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

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



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

**Additional Matters**

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

**Purpose of this Letter**

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

**Prior Year Findings:**

None

**Current Year Findings:**

None

*Grimsley & Associates*

June 1, 2023  
Marianna, Florida

Grimsley & Associates, P.A.  
Certified Public Accountants

## RESPONSE TO AUDIT FINDINGS



# TOWN OF MALONE

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5182 9<sup>th</sup> Avenue - Malone, Florida 32445  
(850) 569-2308 Fax (850) 569-5885

June 1, 2023

Auditor General  
Claude Pepper Building Room 401  
11 West Madison Street  
Tallahassee, FL 32399

Re: Audit for Fiscal Year 2021-2022

Auditor General,

In accordance with the requirements of the Auditor General, we are submitting the following responses to the independent auditor's findings in their audit of our financial statement for the year end September 2022.

*Independent Auditor's report on Internal Control over Financial Reporting and on Compliance and other matters.*

**Prior Year's Comments:**

2004-001 - **Segregation of Duties** – Mayor and Town Council will continue to be active and involved in the day-to-day operation of the town's finances.

2007-001 - **Internal Accounting Control** – The Town of Malone does not consider it cost effective to prepare financial statements in accordance with generally accepted accounting principles or maintain internal staff effective to develop and maintain a system of internal accounting control sufficient to.

**Current Year's Findings 2021-2022:**

No new findings other than what is listed for Prior Years Findings.

Sincerely,

Linda Wilson  
Town Clerk