

CITY OF WALDO, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2022
TABLE OF CONTENTS

	PAGE NO.
INTRODUCTORY SECTION	
List of Principal Officials	5
FINANCIAL SECTION	
Independent Auditor's Report	7 - 9
Management Discussion and Analysis	10 - 14
BASIC FINANCIAL STATEMENTS	15
Statement of Net Position	16 - 17
Statement of Activities	18
Governmental Fund	
Balance Sheet	19
Statement of Revenues, Expenditures and Changes in Fund Balances	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Proprietary Fund	
Statement of Net Position	22 - 23
Statement of Revenues, Expenses and Changes in Net Position	24
Statement of Cash Flows	25 - 26
Notes to Financial Statements	27 - 42

CITY OF WALDO, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2022
TABLE OF CONTENTS

	PAGE NO.
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	44 - 47
Notes to Statements of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual	48
OTHER INFORMATION	
Proprietary Fund	
Schedule of Net Position by Function	50
Schedule of Revenues, Expenditures and Changes in Net Position by Function	51
Schedule of Expenditures of Federal Awards and State Financial Assistance	52
Notes to Schedule of Expenditures of Federal Awards, and State Financial Assistance	53
COMPLIANCE SECTION	
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 <i>Government Auditing Standards</i>	55 - 56
Management Letter	57 - 58
Independent Accountant's Report on Compliance with Florida Statutes Relating to Local Government Investments	59
Communication with Those Charged with Governance	60 - 61

INTRODUCTORY SECTION

CITY OF WALDO, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2022

MAYOR

Louie Davis

CITY COUNCIL

Carolyn Wade,
Council Chairman

Irvin Jackson,
Council Vice-Chairman

Chuck Hall

Glen Johnson

Rick Pisano

CITY CLERK/MANAGER

Kim Worley

CITY ATTORNEY

John McPherson

FINANCIAL SECTION



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200
Fax 386.719.5504

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
And Members of the City Council
City of Waldo, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Waldo, Florida, ("the City") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City'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 City 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 City 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 City'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 City'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 City'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 Information

Management is responsible for the other information included in the annual report. The other information comprises the proprietary fund schedule of net position by function, the proprietary fund schedule of revenues, expenditures, and changes in net position, and the schedule of expenditures of federal awards and state financial assistance, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2023, on our consideration of the City'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 City's internal control over financial reporting and compliance.



POWELL AND JONES, CPA
Lake City, Florida
May 29, 2023

CITY OF WALDO, FLORIDA
Management's Discussion and Analysis

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

Report Layout

The City implemented Government Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement requires governmental entities to report finances in accordance with specific guidelines. Among these 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 City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as public works, parks and recreation, human services, community development, public safety, and general governmental administration. The City's water, sewer, and solid waste management services are 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 City.

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 City 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 gross and net costs of the City'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 City has one major governmental fund which is the general fund. Statements for the City's proprietary fund follow the governmental fund statements 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 City's financial condition.

The MD&A is intended to serve as an introduction to the City's basic financial statements and to explain the significant changes in the financial position and differences in operations between the current and prior years.

City as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position follows:

Net Position at September 30, 2022 and 2021

	Governmental	Business-type	Total Government	
	Activities	Activities	2022	2021
Assets				
Cash and investments	\$ 2,520,513	\$ 633,523	\$ 3,154,036	\$ 2,619,336
Other assets	59,100	78,214	137,314	235,821
Capital assets, net	1,823,853	6,096,959	7,920,812	8,178,230
Total assets	4,403,466	6,808,696	11,212,162	11,033,387
Liabilities				
Current liabilities	400,731	131,525	532,256	396,502
Long-term liabilities	25,834	2,032,266	2,058,100	2,114,667
Total liabilities	426,565	2,163,791	2,590,356	2,511,169
Net position				
Net investment in capital assets	1,823,853	4,018,959	5,842,812	6,046,230
Restricted	-	107,397	107,397	156,299
Unrestricted	2,153,048	518,549	2,671,597	2,319,689
Total net position	\$ 3,976,901	\$ 4,644,905	\$ 8,621,806	\$ 8,522,218

68% of the City's net position reflect its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

Restricted assets of \$107,397 consist of earmarked funds as reserves for debt service and police training. The remaining balance of unrestricted net position \$2,675,836 may be used to meet the City's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net position. The increase during the year through Governmental net position is due primarily to budgetary management; the increase in Business-type Activities net position is due primarily to the depreciation of sewer and water infrastructure.

A condensed version of the Statement of Activities follows:

**Change in Net Position
For the Fiscal Years ended September 30, 2022 and 2021**

	Governmental Activities	Business-type Activities	Total Government	
			2022	2021
Revenues				
Program revenues				
Charges for services	\$ 33,845	\$ 630,562	\$ 664,407	\$ 646,841
Grants and contributions	127,800	40,346	168,146	525,416
General revenues				
Taxes	508,283	-	508,283	486,923
Franchise fees	67,164	-	67,164	57,859
Fines and forfeitures	12,905	-	12,905	12,215
Licenses	23,375	-	23,375	17,515
State shared revenues	128,206	-	128,206	113,304
Interest and other	36,606	9,762	46,368	136,101
Total revenues	938,184	680,670	1,618,854	1,996,174
Expenses				
General government	566,664	-	566,664	542,912
Public safety	5,382	-	5,382	20,454
Transportation	178,141	-	178,141	156,118
Culture/recreation	56,032	-	56,032	70,809
Interest on long-term debt	-	45,284	45,284	46,134
Water, sewer, and garbage services	-	667,764	667,764	729,211
Total expenses	806,219	713,048	1,519,267	1,565,638
Other Financing Sources				
Building adjustment	-	-	-	(5,092,991)
Total other financing sources	-	-	-	(5,092,991)
Change in net position	131,965	(32,378)	99,587	(4,662,455)
Beginning net position	3,844,936	4,677,283	8,522,219	13,130,861
Ending net position	\$ 3,976,901	\$ 4,644,905	\$ 8,621,806	\$ 8,468,406

Governmental activities:

Taxes provided 54% of the revenues for Governmental Activities, state shared revenues provided 14%, while Grants and Contributions provided 15%. Most of the Governmental Activities resources are spent for, General Government (70%), Transportation (22%), and Culture/recreation (7%).

Business-type activities:

Business-type activities decreased the City's net position by \$32,378.

Budgetary Highlights

In the General Fund actual revenue amounts were more than budgeted amounts by \$107,885, and budgeted expenditures amounts were less than actual expenditures by \$72,112.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2022, the City had \$7.92. million invested in capital assets, including park and recreation facilities, buildings, roads, bridges and water and sewer facilities.

Capital Assets at September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Not being depreciated:						
Land	\$ 54,724	\$ 54,724	\$ 36,453	\$ 36,453	\$ 91,177	\$ 91,177
CIP	-	-	252,449	486,828	252,449	486,828
Being depreciated:						
Buildings and improve	2,374,394	2,302,461	8,798,196	8,550,947	11,172,590	10,853,408
Equipment	272,345	270,745	211,579	198,888	483,924	469,633
Vehicles	35,600	35,600	-	-	35,600	35,600
Subtotal	2,737,063	2,663,530	9,298,677	9,273,116	12,035,740	11,936,646
Accumulated depreciation	(913,210)	(769,938)	(3,201,719)	(2,782,492)	(4,114,929)	(3,552,430)
Capital assets, net	<u>\$ 1,823,853</u>	<u>\$ 1,893,592</u>	<u>\$ 6,096,958</u>	<u>\$ 6,490,624</u>	<u>\$ 7,920,811</u>	<u>\$ 8,384,216</u>

There was a decrease in capital assets due to the increase of depreciable items available in the general and enterprise funds in the current fiscal year.

Debt Outstanding

At year-end, the City had \$2,124,424 in debt outstanding versus \$2,180,889 last year, a decrease of \$56,465.

Debt Outstanding at September 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Bonds payable	\$ -	\$ -	\$ 2,078,000	\$ 2,132,000	\$ 2,078,000	\$ 2,132,000
Compensated absences	34,446	33,385	11,950	15,504	46,396	48,889
Total	<u>\$ 34,446</u>	<u>\$ 33,385</u>	<u>\$ 2,089,950</u>	<u>\$ 2,147,504</u>	<u>\$ 2,124,396</u>	<u>\$ 2,180,889</u>

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

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The current unemployment rate for the City was 4.00%, which is the approximate Alachua County rate.
- The population of the City in 2021 is estimated to be 840 by demographic services.
- The City's ad valorem tax rate for 2022 was 9.0319 mills, which was an increase compared to the 2021 rate of 7.5180 mills.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City Manager at P.O. Drawer B, Waldo, Florida 32694.

BASIC FINANCIAL STATEMENTS

**CITY OF WALDO, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash	\$ 2,520,513	\$ 391,193	\$ 2,911,706
Accounts receivable	40,080	68,611	108,691
Prepaid expenses	18,745	9,603	28,348
Internal balances	-	5,039	5,039
Due from other governmental units	275	-	275
Total current assets	<u>2,579,613</u>	<u>474,446</u>	<u>3,054,059</u>
Noncurrent assets			
Restricted assets			
Cash	-	121,700	121,700
Investments	-	120,630	120,630
Total restricted assets	<u>-</u>	<u>242,330</u>	<u>242,330</u>
Capital assets			
Land	54,724	36,453	91,177
Construction in progress	-	252,449	252,449
Depreciable capital assets, net	1,769,129	5,808,057	7,577,186
Capital assets - net	<u>1,823,853</u>	<u>6,096,959</u>	<u>7,920,812</u>
Total assets	<u>\$ 4,403,466</u>	<u>\$ 6,813,735</u>	<u>\$ 11,217,201</u>
LIABILITIES			
Current liabilities (payable from current assets)			
Payroll liabilities	\$ 1,470	\$ -	\$ 1,470
Accounts payable	3,696	12,290	15,986
Unearned revenue	378,122	-	378,122
Rental deposits	3,792	-	3,792
Compensated absences, current portion	8,612	2,987	11,599
Total current liabilities (payable from current assets)	<u>395,692</u>	<u>15,277</u>	<u>410,969</u>
Current liabilities (payable from restricted assets)			
Accrued interest payable	-	3,774	3,774
Due to other funds	5,039	-	5,039
Bonds payable, current portion	-	55,000	55,000
Deposits	-	62,513	62,513
Total current liabilities (payable from restricted assets)	<u>5,039</u>	<u>121,287</u>	<u>126,326</u>

(continued)

See notes to the financial statements

**CITY OF WALDO, FLORIDA
STATEMENT OF NET POSITION
September 30, 2022**

Long-term liabilities, net of current portion			
Bonds payable, long-term portion	-	2,023,000	2,023,000
Compensated absences, net of current portion	<u>25,834</u>	<u>9,266</u>	<u>35,100</u>
Total long-term liabilities	<u>25,834</u>	<u>2,032,266</u>	<u>2,058,100</u>
Total liabilities	<u>426,565</u>	<u>2,168,830</u>	<u>2,595,395</u>
 NET POSITION			
Net investment in capital assets	1,823,853	4,018,959	5,842,812
Restricted, debt service	-	107,397	107,397
Unrestricted	<u>2,153,048</u>	<u>518,549</u>	<u>2,671,597</u>
Total net position	<u>\$ 3,976,901</u>	<u>\$ 4,644,905</u>	<u>\$ 8,621,806</u>

See notes to the financial statements

**CITY OF WALDO, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2022**

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 566,664	\$ 15,444	-	\$ 127,800	\$ (423,420)	\$ -	\$ (423,420)
Public safety	5,382	-	-	-	(5,382)	-	(5,382)
Transportation	178,141	16,051	-	-	(162,090)	-	(162,090)
Culture/recreation	56,032	2,350	-	-	(53,682)	-	(53,682)
Total governmental activities	806,219	33,845	-	127,800	(644,574)	-	(644,574)
Business-type activities							
Water services	120,410	211,298	-	40,346	-	131,234	131,234
Sewer services	462,097	315,992	-	-	-	(146,105)	(146,105)
Solid waste	85,257	103,272	-	-	-	18,015	18,015
Interest on long-term debt	45,284	-	-	-	-	(45,284)	(45,284)
Total business-type activities	713,048	630,562	-	40,346	-	(42,140)	(42,140)
Total government	\$ 1,519,267	\$ 664,407	\$ -	\$ 168,146	(644,574)	(42,140)	(686,714)
General revenues							
Property taxes					228,538	-	228,538
Sales and use taxes					154,570	-	154,570
Franchise fees and utility taxes					169,295	-	169,295
Communications service tax					23,044	-	23,044
Licenses and permits					23,375	-	23,375
Fines and forfeitures					12,905	-	12,905
State shared revenues					128,206	-	128,206
Rents and royalties					21,398	-	21,398
Interest					-	3,069	3,069
Interfund transfers					3,081	(3,081)	-
Other fees and miscellaneous					12,127	9,774	21,901
Total general revenues					776,539	9,762	786,301
Change in net position					131,965	(32,378)	99,587
Net position at beginning of year					3,844,936	4,677,283	8,522,219
Net position at ending of year					\$ 3,976,901	\$ 4,644,905	\$ 8,621,806

See notes to financial statements

**CITY OF WALDO, FLORIDA
GOVERNMENTAL FUND
BALANCE SHEET
September 30, 2022**

	<u>General Fund</u>
ASSETS	
Cash	\$ 2,520,513
Accounts receivable	40,080
Due from other governmental units	275
Prepaid expenses	18,745
Total assets	2,579,613
 LIABILITIES	
Accrued liabilities	1,470
Accounts payable	3,696
Unearned revenue	378,122
Rental deposits	3,792
Due to other governmental units	5,039
Total liabilities	392,119
 FUND BALANCES	
Non-spendable - prepaids	18,745
Unassigned	2,168,749
Total fund balances	2,187,494

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	1,823,853
Long-term liabilities are not due in the current period and, therefore, are not reported in the funds.	(34,446)
Net position of governmental activities	\$ 3,976,901

See notes to the financial statements

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

	General Fund
REVENUES	
Taxes	\$ 508,283
Franchise fees	67,164
Licenses and permits	23,375
Intergovernmental	256,006 - 11
Charges for services	33,845
Fines and forfeitures	12,905
Miscellaneous	33,515
Total revenues	935,093 1-
EXPENDITURES	
Current expenditures	
General government	454,674
Public safety	5,382
Transportation	158,933
Culture/recreation	42,897
Capital outlay	
General government	1,598
Transportation	11,410
Culture/recreation	60,525
Total expenditures	735,419 11
Excess of revenues over expenditures	199,674 12
OTHER FINANCING SOURCES	
Gain on sale of assets	10
Interfund transfers	3,081
Total other financing sources	3,091
Net change in fund balance	202,765
Fund balance at beginning of year	1,984,729
Fund balance at end of year	\$ 2,187,494

See notes to the financial statements

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

Net change in fund balance - total governmental funds		\$ 202,765
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.		
Expenditures for capital assets	73,533	
Less current year depreciation	<u>(143,272)</u>	(69,739)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds.		
Net (increase) in compensated absences		<u>(1,061)</u>
Change in net position of governmental activities		<u>\$ 131,965</u>

See notes to the financial statements

**CITY OF WALDO, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 September 30, 2022**

	<u>Enterprise Fund</u>
ASSETS	
Current assets	
Cash	\$ 391,193
Accounts receivable	68,611
Prepaid expenses	9,603
Due from other funds	5,039
Total current assets	474,446
Restricted assets	
Cash	121,700
Investments	120,630
Total restricted assets	242,330
Noncurrent assets	
Capital assets	
Not being depreciated:	
Land	36,453
Construction in progress	252,449
Being depreciated:	
Property and equipment	9,009,775
Accumulated depreciation	(3,201,718)
Total capital assets	6,096,959
Total assets	\$ 6,813,735
LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities (payable from current assets)	
Accounts payable	\$ 12,290
Compensated absences	2,987
Total current liabilities (payable from current assets)	15,277
Current liabilities (payable from restricted assets)	
Accrued interest payable	3,774
Bonds payable, current portion	55,000
Deposits	62,513
Total current liabilities (payable from restricted assets)	121,287
Long-term liabilities	
Compensated absences, net of current portion	9,266
Bonds payable, long-term portion, net of current portion	2,023,000
Total long-term liabilities	2,032,266
Total liabilities	2,168,830

(continued)

See notes to financial statements

**CITY OF WALDO
PROPRIETARY FUND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

NET POSITION

Net investment in capital assets	4,018,959
Restricted, debt service	107,397
Unrestricted	518,549
Total net position	<u>4,644,905</u>
Total liabilities and net position	<u>\$ 6,813,735</u>

See notes to financial statements

CITY OF WALDO, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND

For the Fiscal Year Ended September 30, 2022

OPERATING REVENUES	<u>Enterprise Fund</u>
Physical environment	
Turn on fees water	\$ 8,878
Water utility revenue	202,420
Garbage/solid waste revenue	103,272
Sewer revenue	315,992
Late charges	9,208
Other revenue	566
Total operating revenues	<u>640,336</u>
 OPERATING EXPENSES	
Water services	
Personnel services	60,527
Operating expenses	43,946
Depreciation	13,727
Total water services	<u>118,200</u>
 Sewer services	
Personnel services	90,791
Operating expenses	171,792
Depreciation	199,514
Total sewer services	<u>462,097</u>
 Solid waste services	
Contractual services	85,257
Total solid waste services	<u>85,257</u>
Total operating expenses	<u>665,554</u>
 Operating loss	<u>(25,218)</u> 23
 NONOPERATING REVENUES (EXPENSES)	
Grant revenue	40,346
Interest earnings	3,069
Interest expense	(45,284)
Grant expense	(2,210)
Transfers	(3,081)
Total nonoperating revenues (expenses)	<u>(7,160)</u>
 Net loss	(32,378)
Net position at beginning of year	<u>4,677,283</u>
Net position at end of year	<u>\$ 4,644,905</u>

See notes to financial statements

CITY OF WALDO, FLORIDA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2022

	<u>Enterprise Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 636,185
Cash paid to employees and benefits	(444,999)
Cash paid to suppliers	(64,081)
Net cash provided by operating activities	127,105
 Cash flow from non-capital financing activities	
Transfers to other funds	(116,014)
Net cash provided by (used in) non-capital financing activities	(116,014)
 Cash flows from capital related financing activities:	
Purchases of fixed assets	(25,561)
Proceeds from capital grants	38,136
Principal payments	(54,000)
Interest payments	(45,284)
Net cash (used in) capital and related financing activities	(86,709)
 Cash flows from investing activities	
Investment income	3,069
Net cash provided by investing activities	3,069
 Net decrease in cash	(72,549)
 Cash and cash equivalents at beginning of year	706,072
Cash and cash equivalents at end of year	\$ 633,523
 Cash as shown in financial statements	
Cash	\$ 391,193
Restricted cash	121,700
Restricted investments	120,630
	\$ 633,523

See notes to the financial statements

CITY OF WALDO, FLORIDA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
RECONCILIATION OF OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES
For the Fiscal Year Ended September 30, 2022

	<u>Enterprise Fund</u>
Operating loss	<u>\$ (25,218)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	<u>213,241</u>
Changes in assets decrease (increase) and liabilities (decrease) increase:	
Accounts receivable, net	(5,634)
Prepaid expenses	(9,603)
Accounts payable	(43,610)
Customer deposits	1,483
Accrued compensated absences	<u>(3,554)</u>
Total adjustments	<u>152,323</u>
Net cash used in operating activities	<u><u>\$ 127,105</u></u>

See notes to the financial statements

CITY OF WALDO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Waldo (the City) 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.

A. Reporting Entity - The City of Waldo, Florida is a municipality created pursuant to provisions of Chapter 165, *Florida Statutes*, and was specifically organized under and derives its power from Chapter 14451-No. 887 of the *Laws of Florida*. It is governed by a Mayor and a five member City Council, all of whom are individually elected.

In evaluating how to define the City, 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 there were no component units which should be included within the reporting entity.

B. Measurement Focus and Basis of Accounting - The basic financial statements of the City 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 City. 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 an other 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 City 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 City 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 City's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually, and nonmajor funds in the aggregate for governmental and enterprise funds, as applicable.

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 City 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 City.

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 a 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 (special assessments) 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 noncurrent 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 City's Water, Sewer and Solid Waste 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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. 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 an other 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 City has used GASB 34 minimum criteria for major fund determination. The City has two major funds as follows:

1. Governmental Fund:

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

2. Proprietary Fund:

Enterprise Fund - The Enterprise Fund accounts for the revenues, expenses, assets, and liabilities associated with the City operated water, sewer, and solid waste disposal services.

Non-current Governmental Assets/Liabilities:

GASB Statement 34 requires non-current governmental assets, such as land and building, and noncurrent governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide statement of net position.

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** - As applicable year-to-year, the City provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2022, there were no amounts exceeding 180 days, therefore no allowance for doubtful accounts was reported. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2022.
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. **Restricted Assets** - Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond reserve" account is used to

report resources set aside to make up potential future deficiencies in the revenue bond current debt service account, and to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The cash proceeds of enterprise fund customer deposits are also shown as restricted assets.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are applied first.

6. **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 applicable appropriation, is not utilized by the City.
7. **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 City 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 City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	10 - 50
Machinery and equipment	5 - 14
Street and related infrastructure	20 - 40

8. **Capitalization of Interest** - Interest related to borrowings are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the City did not have any capitalized interest.
9. **Unearned Revenues** - Unearned revenues reported in government-wide financial statements represent revenues received but not yet earned. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent revenues received but not earned, which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned revenues.
10. **Accrued Compensated Absences** - The City 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. Fund Balances/Net Position

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 purpose 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 City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the City 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 City's general policy, only the City 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>Amount</u>
Non-spendable prepaids	\$ 18,745
Unassigned	<u>2,168,749</u>
	<u>\$ 2,187,494</u>

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

B. Proprietary Funds

Restrictions of equity show amounts that are not appropriated for expenditures or

are legally restricted for specific uses.

As of September 30, 2022, net position is composed of the following:

	<u>Amount</u>
Net investment in capital assets	\$ 4,018,959
Restricted for debt service	107,397
Unrestricted	<u>518,549</u>
	<u>\$ 4,644,905</u>

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 City’s governmental funds \$2,187,494 differs from “net position” of governmental activities \$3,976,901 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds 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 net position included those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 2,737,063
Accumulated depreciation	<u>(913,210)</u>
Total	<u>\$ 1,823,853</u>

Long-term debt transactions

Long-term liabilities applicable to the City’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:

Accrued compensated absences	<u>(34,446)</u>
Total	<u>\$ (34,446)</u>

CITY OF WALDO, 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

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Net Position
ASSETS				
Cash and investments	\$ 2,520,513	-	-	\$ 2,520,513
Accounts receivable	40,080	-	-	40,080
Due from other governmental units	275	-	-	275
Prepaid expenses	18,745	-	-	18,745
Capital assets - net	-	1,823,853	-	1,823,853
Total assets	<u>\$ 2,579,613</u>	<u>\$ 1,823,853</u>	<u>-</u>	<u>\$ 4,403,466</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued liabilities	\$ 1,470	-	-	\$ 1,470
Accounts payable	3,696	-	-	3,696
Unearned revenue	378,122	-	-	378,122
Rental deposits	3,792	-	-	3,792
Compensated absences	-	-	34,446	34,446
Due to other governmental units	5,039	-	-	5,039
Total liabilities	<u>392,119</u>	<u>-</u>	<u>34,446</u>	<u>426,565</u>
Fund balance/net position	<u>2,187,494</u>	<u>1,823,853</u>	<u>(34,446)</u>	<u>3,976,901</u>
Total liabilities and fund balances/net position	<u>\$ 2,579,613</u>	<u>\$ 1,823,853</u>	<u>-</u>	<u>\$ 4,403,466</u>

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

The net change in fund balances for governmental funds of \$202,765 differs from the change in net position for governmental activities of \$131,965 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 is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas the net position decreases by the amount of depreciation expense charged for the year.

Capital outlay	\$ 73,533
Depreciation expense	<u>(143,272)</u>
	<u>\$ (69,739)</u>

Long-term debt transactions

Governmental funds do not report increases or decreases in long-term accrued compensated absences. However, in the statement of activities, the increase is expensed.

Increase in accrued compensated absences	\$ (1,061)
	<u>\$ (1,061)</u>

CITY OF WALDO, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions	Statement of Activities
REVENUES				
Taxes	\$ 508,283	-	\$ -	\$ 508,283
Franchise fees	67,164	-	-	67,164
Licenses and permits	23,375	-	-	23,375
Intergovernmental	256,006	-	-	256,006
Charges for Services	33,845	-	-	33,845
Fines and forfeitures	12,905	-	-	12,905
Miscellaneous	33,515	-	-	33,515
Total revenues	<u>935,093</u>	-	-	<u>935,093</u>
EXPENDITURES				
Current expenditures				
General government	454,674	110,929	1,061	566,664
Public safety	5,382	-	-	5,382
Transportation	158,933	19,208	-	178,141
Culture/recreation	42,897	13,135	-	56,032
Capital outlay				
General government	1,598	(1,598)	-	-
Transportation	11,410	(11,410)	-	-
Culture/recreation	60,525	(60,525)	-	-
Total expenditures	<u>735,419</u>	<u>69,739</u>	<u>1,061</u>	<u>806,219</u>
Excess of revenues over expenditures	199,674	(69,739)	(1,061)	128,874
OTHER FINANCING SOURCES				
Interfund transfers	3,081	-	-	3,081
Disposal of fixed assets	10	-	-	10
Total other financing sources	<u>3,091</u>	-	-	<u>3,091</u>
Net change in fund balance	202,765	(69,739)	(1,061)	131,965
Fund balance at beginning of year	1,984,729	1,893,592	(33,385)	3,844,936
Fund balance at end of year	<u>\$ 2,187,494</u>	<u>\$ 1,823,853</u>	<u>\$ (34,446)</u>	<u>\$ 3,976,901</u>

NOTE 3. LEGAL COMPLIANCE–BUDGETS

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

1. Prior to September 1, the City Manager 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 by the City Council through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund must be approved by the City Council.
5. Budgets for all City funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.

NOTE 4. DEPOSITS AND INVESTMENTS

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

Investments. Under state law, the City 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. The City's investments in the amount of \$120,630, consist of certificates of deposits in a qualified depository with original maturities in excess of ninety days. The investments were fully insured at September 30, 2022.

Schedule of Investments at September 30, 2022

Certificates of deposit	<u>\$ 120,630</u>
-------------------------	-------------------

NOTE 5. PROPERTY TAX REVENUES

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2021-2022 fiscal year were levied in October 2021. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions / Revaluations	Ending Balance
Governmental activities:				
Non-depreciable capital assets not being depreciated:				
Land	\$ 54,724	\$ -	\$ -	\$ 54,724
Total Non-depreciable capital assets	<u>54,724</u>	<u>-</u>	<u>-</u>	<u>54,724</u>
Depreciable capital assets:				
Buildings and improvements	2,302,461	71,933	-	2,374,394
Equipment	270,745	1,600	-	272,345
Vehicles	35,600	-	-	35,600
Total depreciable capital assets	<u>2,608,806</u>	<u>73,533</u>	<u>-</u>	<u>2,682,339</u>
Buildings and improvements	(530,597)	(126,525)	-	(657,122)
Equipment	(203,741)	(15,544)	-	(219,285)
Vehicles	(35,600)	(1,203)	-	(36,803)
Total accumulated depreciation	<u>(769,938)</u>	<u>(143,272)</u>	<u>-</u>	<u>(913,210)</u>
Total depreciable capital assets, net	<u>1,838,868</u>	<u>(69,739)</u>	<u>-</u>	<u>1,769,129</u>
Governmental activities capital assets, net	<u>\$ 1,893,592</u>	<u>\$ (69,739)</u>	<u>\$ -</u>	<u>\$ 1,823,853</u>
Business-type activities:				
Non-depreciable assets:				
Land	\$ 36,453	\$ -	\$ -	\$ 36,453
CIP	486,828	12,870	(247,249)	252,449
Total Non-depreciable assets	<u>523,281</u>	<u>12,870</u>	<u>(247,249)</u>	<u>288,902</u>
Depreciable assets:				
Buildings and improvements	8,550,947	247,249	-	8,798,196
Equipment	198,888	12,691	-	211,579
Total depreciable capital assets	<u>9,273,116</u>	<u>272,810</u>	<u>(247,249)</u>	<u>9,298,677</u>
Less accumulated depreciation	<u>(2,988,478)</u>	<u>(213,241)</u>	<u>-</u>	<u>(3,201,719)</u>
Total depreciable capital assets, net	<u>6,284,638</u>	<u>59,569</u>	<u>(247,249)</u>	<u>6,096,958</u>
Business-type activities capital assets, net	<u>\$ 6,284,638</u>	<u>\$ 59,569</u>	<u>\$ (247,249)</u>	<u>\$ 6,096,958</u>

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

Governmental activities:	
General government	\$ 110,929
Transportation	19,208
Recreation	13,135
Total depreciation expense - governmental activities	<u>\$ 143,272</u>
Business-type activities:	
Water	\$ 13,727
Sewer	199,514
Total depreciation expense - business-type activities	<u>\$ 213,241</u>

NOTE 7. INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at September 30, 2022.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ -	\$ 5,039
Enterprise	5,039	-
	<u>\$ 5,039</u>	<u>\$ 5,039</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 8. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2022 net of allowances for bad debts, were as follows:

	<u>Accounts</u>	<u>Due from Other Governmental Units</u>	<u>Total Receivables</u>
Governmental activities:			
General	\$ 40,080	\$ 275	\$ 40,355
Business-type activities:			
Enterprise	68,611	-	68,611
	<u>\$ 108,691</u>	<u>\$ 275</u>	<u>\$ 108,966</u>

Payables

Payables at September 30, 2022, were as follows:

	<u>Vendors</u>
Governmental activities:	
General	<u>\$ 3,696</u>
Business-type activities:	
Enterprise	<u>\$ 12,290</u>

NOTE 9. PROPRIETARY LONG-TERM DEBT

USDA Wastewater Revenue Bonds 2013

On June 21, 2013, the City closed on a revenue bond issue from the United States Department of Agriculture in the total amount of \$2,527,000. Proceeds of the revenue bond were used to retire the Capital City Bank anticipation note in the amount of \$1,339,336, with the balance used for the wastewater extension project. The bond is payable over 39 annual payments including interest of 2.125%.

Reserve funds – The following reserves are required to be maintained for these revenue bonds:

1. The bond ordinance requires a sinking fund reserve which accumulates a monthly sum equal to 1/12 of the principal and interest of the bond payment due on the next succeeding September 1.
2. An additional reserve equal to the maximum annual debt service requirement over the period of the bond to be used for; operation and maintenance fund to pay operating expenses pursuant to the annual budget; and payment of any principal and interest if the funds of the Sinking Fund are insufficient. This reserve is maintained by transferring monthly from the revenue account an amount equal to \$10,219 annually until fully funded. This reserve was fully funded at September 30, 2022.

Revenue bond debt service requirements to maturity, including \$729,995 of interest, are as follows:

September 30	Principal	Interest	Total Payment
2023	\$ 55,000	\$ 44,136	\$ 99,136
2024	56,000	42,968	98,968
2025	57,000	41,778	98,778
2026	58,000	40,556	98,556
2027	59,000	39,334	98,334
2028-2032	305,000	177,438	482,438
2033-2037	330,000	143,438	473,438
2038-2042	355,000	106,782	461,782
2043-2047	378,000	67,533	445,533
2048-2051	341,000	24,268	365,268
2052	84,000	1,764	85,764
Total	<u>\$ 2,078,000</u>	<u>\$ 729,995</u>	<u>\$ 2,807,995</u>

A summary of changes in proprietary long-term debt follows:

	Balance October 1, 2021	Increases	Decreases	Balance September 30, 2022	Due Within One Year
Notes payable:					
USDA Revenue Bonds	\$ 2,132,000	\$ -	\$ 54,000	\$2,078,000	\$ 55,000
Compensated absences	15,504	-	3,554	11,950	2,987
	<u>\$ 2,147,504</u>	<u>\$ -</u>	<u>\$ 57,554</u>	<u>\$2,089,950</u>	<u>\$ 57,987</u>

NOTE 10. GOVERNMENTAL LONG-TERM DEBT

A summary of changes in governmental long-term debt follows:

	Balance October 1, 2021	Increases	Decreases	Balance September 30, 2022	Due Within One Year
Compensated absences	\$ 33,385	\$ 1,061	\$ -	\$ 34,446	8,612
	<u>\$ 33,385</u>	<u>\$ 1,061</u>	<u>\$ -</u>	<u>\$ 34,446</u>	<u>\$ 8,612</u>

Inasmuch as records kept for compensated absences relate only to hours earned, used, and available, the effect of changes in individual employee compensation rates and gross additions and deletions to the reported value of the liability for compensated absences cannot be reasonably determined. Accordingly, only the net change in the accumulated value of compensated absences is shown for the current fiscal year.

NOTE 11. RETIREMENT SYSTEM

The City maintains a defined contribution retirement plan underwritten by Mutual of America Life Insurance Company. All employees eighteen years of age that have completed six months of service receive monthly contributions of five percent of their salary under the plan. No employee contributions are permitted under the plan. Employees are immediately vested in the plan from the date of their participation. During the year, total contributions to the plan were \$11,504. Contributions for 2022 and 2010 \$12,228 and \$12,124, respectively.

This plan is not subject to the requirements of ERISA or Internal Revenue Service regulations relating to qualified pension plans.

NOTE 12. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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 cannot be determined at this time although the government 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 City. 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 13. RISK MANAGEMENT

The City 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 coverage for the past three years. There has been no reduction in insurance coverage from the previous year.

NOTE 14. FIRE PROTECTION SERVICES

The City has an Interlocal agreement with the Alachua County Board of County Commissioners (the County) whereby the County agrees to provide fire protection services within the City. The City's corporate limits are included as taxable property for the County's fire services municipal services taxing district. The effective date of the agreement is October 1, 2009 with termination by either party permitted with one year's notice.

NOTE 15. LONG-TERM CONTRACTS

Effective March 13, 2011 the City entered into a contract with Gainesville Regional Utilities for the treatment of wastewater. The contract is for a 40-year term. The contract fees are payable monthly and based upon usage. In the current year, \$85,257 was paid under the contract.

NOTE 16. OTHER POST EMPLOYMENT BENEFITS

Pursuant to the provisions of Section 112.8011, *Florida Statutes*, former employees and eligible dependents who retire from the City may continue to participate in the City's fully insured health and hospitalization plan. These retirees are completely responsible for payment of their insurance premiums and the City does not contribute toward this payment. Based upon prior experience, the assumed participation rate is zero percent and current insurance premiums are not affected by the requirements of Section 112.8011, *Florida Statutes*. An actuarial projection with a zero assumed participation rate, which is consistent with actual results, would result in an Other Post Employment Benefit (OPEB) obligation of zero. Accordingly, there is no OPEB obligation recorded in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WALDO, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2022**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Ad valorem	\$ 226,042	\$ 226,042	\$ 228,538	\$ 2,496
Sales and use taxes				
Local option gas tax	79,175	79,175	84,704	5,529
Discretionary sales tax	53,884	53,884	69,866	15,982
Communication service tax	22,657	22,657	23,044	387
Utility franchise fees	55,933	55,933	67,164	11,231
Utility service tax				
Electric	66,000	66,000	82,706	16,706
Propane	1,200	1,200	1,310	110
Water	19,336	19,336	18,115	(1,221)
Total taxes	<u>524,227</u>	<u>524,227</u>	<u>575,447</u>	<u>52,441</u>
Licenses and permits				
Professional and occupational	2,200	2,200	2,603	403
Election fees	165	165	173	8
Building permits	4,000	4,000	20,599	16,599
Total licenses and permits	<u>6,365</u>	<u>6,365</u>	<u>23,375</u>	<u>17,010</u>
Intergovernmental				
Federal grants				
General government				
ARPA Program	-	-	127,800	127,800
Total federal grants	<u>-</u>	<u>-</u>	<u>127,800</u>	<u>127,800</u>
State grants				
Culture/recreation				
FRDAP grant	100,000	100,000	-	(100,000)
Total state grants	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
State shared revenue				
State revenue sharing	46,199	46,199	58,588	12,389
Mobile home licenses	450	450	313	(137)
Alcoholic beverage licenses	600	600	1,028	428
Local government half-cent sales tax	62,522	62,522	68,277	5,755
Total intergovernmental	<u>109,771</u>	<u>109,771</u>	<u>128,206</u>	<u>18,435</u>

(continued)
See Notes

**CITY OF WALDO, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2022**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Charges for services				
General government				
City property rental	\$ 26,404	\$ 26,404	\$ 15,444	\$ (10,960)
Transportation				
Highway lighting	-	-	16,051	16,051
Culture/recreation				
Special events	-	-	2,350	2,350
Total charges for services	<u>26,404</u>	<u>26,404</u>	<u>33,845</u>	<u>7,441</u>
Fines and forfeitures				
Court cases				
Court fines	5,000	5,000	12,905	7,905
Total fines and forfeitures	<u>5,000</u>	<u>5,000</u>	<u>12,905</u>	<u>7,905</u>
Miscellaneous				
Interest earnings				
Interest on investments	26,968	26,968	-	(26,968)
Rents and royalties				
Rent cable	1,200	1,200	1,200	-
Rent telephone	20,988	20,988	20,198	(790)
Rent library/community center	800	800	-	(800)
Other miscellaneous				
Other miscellaneous income	5,485	5,485	12,117	6,632
Total miscellaneous	<u>55,441</u>	<u>55,441</u>	<u>33,515</u>	<u>(21,926)</u>
Total revenues	<u>827,208</u>	<u>827,208</u>	<u>935,093</u>	<u>107,885</u>

(continued)

See Notes

**CITY OF WALDO, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2022**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General government				
Legislative				
Personnel services	\$ 19,491	\$ 19,491	\$ 19,490	\$ 1
Financial and administrative				
Personnel services	100,937	100,937	101,248	(311)
Operating expenses	221,064	221,064	233,416	(12,352)
Capital outlay	6,000	6,000	1,598	4,402
Total financial and administrative	<u>347,491</u>	<u>347,491</u>	<u>355,752</u>	<u>(8,261)</u>
Legal counsel				
Operating expenses	18,000	18,000	18,000	-
Comprehensive planning				
Operating expenses	10,000	10,000	4,450	5,550
Other general government				
Operating expenses	100,000	100,000	78,070	21,930
Total general government	<u>475,491</u>	<u>475,491</u>	<u>456,272</u>	<u>19,219</u>
Public safety				
Law enforcement				
Operating expenses	-	-	1,062	(1,062)
Protective inspections				
Operating expenses	-	-	4,320	(4,320)
Total public safety	<u>-</u>	<u>-</u>	<u>5,382</u>	<u>(5,382)</u>
Transportation				
Roads and streets				
Personnel services	88,524	88,524	76,148	12,376
Operating expenses	71,245	71,245	82,785	(11,540)
Capital outlay	2,000	2,000	11,410	(9,410)
Total transportation	<u>161,769</u>	<u>161,769</u>	<u>170,343</u>	<u>(8,574)</u>

(continued)
See Notes

**CITY OF WALDO, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2022**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Culture/recreation				
Parks and recreation				
Personnel services	\$ 30,050	\$ 30,050	\$ 12,251	\$ 17,799
Operating expenses	22,301	22,301	15,007	7,294
Capital outlay	78,884	78,884	60,525	18,359
Special events				
Operating expenses	4,169	4,169	3,654	515
Special recreation facilities				
Operating expenses	34,867	34,867	11,985	22,882
Total culture/recreation	<u>170,271</u>	<u>170,271</u>	<u>103,422</u>	<u>66,849</u>
Total expenditures	<u>807,531</u>	<u>807,531</u>	<u>735,419</u>	<u>72,112</u>
Excess of revenues over expenditures	19,677	19,677	199,674	179,997
OTHER FINANCING SOURCES				
Gain on sale of assets	-	-	10	10
Interfund transfers	-	-	3,081	3,081
Total other financing sources	<u>-</u>	<u>-</u>	<u>3,091</u>	<u>3,091</u>
Net change in fund balance	19,677	19,677	202,765	183,088
Fund balance at beginning of year	<u>1,984,729</u>	<u>1,984,729</u>	<u>1,984,729</u>	-
Fund balance at end of year	<u>\$ 2,004,406</u>	<u>\$ 2,004,406</u>	<u>\$ 2,187,494</u>	<u>\$ 183,088</u>

See Notes

CITY OF WALDO, FLORIDA
NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED, SEPTEMBER 30, 2022

I. Stewardship, Compliance, and Accountability

- A. Budgetary information.** The City, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The City prepares a tentative budget, which is used by the City 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 City'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 City Council.

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

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

1. Prior to September 1, the City Manager submits to the City 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 November 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of budgetary control is the department level; however, the City 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.

OTHER INFORMATION

**CITY OF WALDO, FLORIDA
 PROPRIETARY FUND
 SCHEDULE OF NET POSITION BY FUNCTION
 For the Fiscal Year Ended September 30, 2022**

ASSETS	Solid Waste	Water	Sewer	Total
Current assets				
Cash	\$ -	\$ 156,477	\$ 234,716	\$ 391,193
Accounts receivable	-	27,444	41,167	68,611
Prepaid expenses	348	5,362	3,893	9,603
Due from other funds	95,759	395,888	(86,757)	404,890
Total current assets	<u>96,107</u>	<u>585,171</u>	<u>193,019</u>	<u>874,297</u>
Restricted assets				
Cash	-	-	121,700	121,700
Investments	-	-	120,630	120,630
Total restricted assets	<u>-</u>	<u>-</u>	<u>242,330</u>	<u>242,330</u>
Noncurrent assets				
Fixed assets				
Land	-	-	36,453	36,453
Construction in progress	-	252,449	-	252,449
Property and equipment	-	904,885	8,104,890	9,009,775
Accumulated depreciation	-	(432,605)	(2,769,113)	(3,201,718)
Total fixed assets	<u>-</u>	<u>724,729</u>	<u>5,372,230</u>	<u>6,096,959</u>
Prepaid expenses	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>724,729</u>	<u>5,372,230</u>	<u>6,096,959</u>
Total assets	<u>\$ 96,107</u>	<u>\$ 1,309,900</u>	<u>\$ 5,807,579</u>	<u>\$ 7,213,586</u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Current liabilities (payable from current assets)				
Accounts payable	\$ -	\$ -	\$ 12,290	\$ 12,290
Due to other funds	-	76,076	323,775	399,851
Compensated absences	-	1,318	1,669	2,987
Total current liabilities (payable from current assets)	<u>-</u>	<u>77,394</u>	<u>337,734</u>	<u>415,128</u>
Current liabilities (payable from restricted assets)				
Deposits	-	21,593	40,920	62,513
Accrued interest payable	-	-	3,774	3,774
Bonds payable, current portion	-	-	55,000	55,000
Total current liabilities (payable from restricted assets)	<u>-</u>	<u>21,593</u>	<u>99,694</u>	<u>121,287</u>
Long-term liabilities				
Compensated absences	-	3,953	5,313	9,266
Bonds payable, long-term portion	-	-	2,023,000	2,023,000
Total long-term liabilities	<u>-</u>	<u>3,953</u>	<u>2,028,313</u>	<u>2,032,266</u>
Total liabilities	<u>-</u>	<u>102,940</u>	<u>2,465,741</u>	<u>2,568,681</u>
NET POSITION				
Net investment in capital assets	-	724,729	3,294,230	4,018,959
Restricted, debt service	-	-	107,397	107,397
Unrestricted	96,107	482,231	(59,789)	518,549
Total net position	<u>96,107</u>	<u>1,206,960</u>	<u>3,341,838</u>	<u>4,644,905</u>
Total liabilities and net position	<u>\$ 96,107</u>	<u>\$ 1,309,900</u>	<u>\$ 5,807,579</u>	<u>\$ 7,213,586</u>

See notes to financial statements

**CITY OF WALDO, FLORIDA
 PROPRIETARY FUND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUNCTION
 For the Fiscal Year Ended September 30, 2022**

OPERATING REVENUES	<u>Solid Waste</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Physical environment				
Turn on fees water	\$ -	\$ 8,878	\$ -	\$ 8,878
Water utility revenue	-	202,420	-	202,420
Garbage/solid waste revenue	103,272	-	-	103,272
Sewer revenue	-	-	315,992	315,992
Late charges	-	3,683	5,525	9,208
Other revenue	-	226	340	566
Total operating revenues	<u>103,272</u>	<u>215,207</u>	<u>321,857</u>	<u>640,336</u>
OPERATING EXPENSES				
Water/sewer services				
Personnel services	-	60,527	90,791	151,318
Operating expenses	-	43,946	171,792	215,738
Depreciation	-	13,727	199,514	213,241
Total water/sewer services	<u>-</u>	<u>118,200</u>	<u>462,097</u>	<u>580,297</u>
Solid waste services				
Contractual services	85,257	-	-	85,257
Total solid waste services	<u>85,257</u>	<u>-</u>	<u>-</u>	<u>85,257</u>
Total operating expenses	<u>85,257</u>	<u>118,200</u>	<u>462,097</u>	<u>665,554</u>
Operating income (loss)	<u>18,015</u>	<u>97,007</u>	<u>(140,240)</u>	<u>(25,218)</u>
NONOPERATING REVENUES (EXPENSES)				
Grant revenue	-	-	40,346	40,346
Interest earnings	-	1,228	1,841	3,069
Interest expense	-	-	(45,284)	(45,284)
Grant expenses	-	-	(2,210)	(2,210)
Transfers	-	(1,232)	(1,849)	(3,081)
Total nonoperating revenues (expenses)	<u>-</u>	<u>(4)</u>	<u>(7,156)</u>	<u>(7,160)</u>
Net income (loss)	<u>18,015</u>	<u>97,003</u>	<u>(147,396)</u>	<u>(32,378)</u>
Net position at beginning of year	<u>78,092</u>	<u>1,109,957</u>	<u>3,489,234</u>	<u>4,677,283</u>
Net position at end of year	<u>\$ 96,107</u>	<u>\$ 1,206,960</u>	<u>\$ 3,341,838</u>	<u>\$ 4,644,905</u>

See notes to financial statements

CITY OF WALDO, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2022

GRANTOR/PROGRAM TITLE	FAIN/CFSA#	Grant Contract Number	Amount	Reported in Prior Years	Expenditures Recognized in Current Year	Revenues Recognized in Current Year
Federal Financial Assistance						
U.S. Department of the Treasury						
Passed through Division of Emergency Management						
American Rescue Plan Act	21.027	Y5312	\$ 504,861	\$ -	\$ 127,800	\$ 127,800
Total federal awards			<u>504,861</u>	<u>-</u>	<u>127,800</u>	<u>127,800</u>
State Financial Assistance						
Florida Department of Environmental Protection						
Waldo wastewater collection system and evaluation	37.039	LP01090	\$ 501,787	\$ 461,441	\$ 40,346	\$ 40,346
Total federal awards, state, and other financial assistance			<u>501,787</u>	<u>461,441</u>	<u>40,346</u>	<u>40,346</u>
			<u>\$ 1,006,648</u>	<u>\$ 461,441</u>	<u>\$ 168,146</u>	<u>\$ 168,146</u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

CITY OF WALDO, FLORIDA
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended September 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance of the City of Waldo have been designed to conform to generally accepted accounting principles as applicable to governments, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit and Office of Management and Budget *Uniform Guidance* and Chapter 10.550, *Rules of the Auditor General of Florida*.

A. Reporting Entity

The reporting entity consists of the City of Waldo. The City includes a Schedule of Expenditures of Federal Awards, State Financial Assistance for the purpose of additional analysis.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus.

The accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards, State and other Financial Assistance. Under the accrual basis, revenues are recognized when they become earned. Expenses generally are recorded when a liability is incurred.

C. Subrecipients

The Schedule of Expenditures of Federal Awards and State Financial Assistance is required to identify amounts passed through to subrecipients of grant funding. The City did not have any subrecipients of grant funding in the current year.

D. Indirect Cost Rate

The City did not elect to use the de minimis indirect cost rate for the fiscal year then ended September 30, 2022.

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

To the Honorable Mayor
And Members of the City Council
City of Waldo, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities and each major fund of the City of Waldo, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Waldo, Florida's basic financial statements, and have issued our report thereon dated May 29, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Waldo, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

POWELL & JONES
Certified Public Accountants
Lake City, Florida
May 29, 2023

MANAGEMENT LETTER

To the Honorable Mayor
And Members of the City Council
City of Waldo, Florida

We have audited the basic financial statements of the City of Waldo, Florida, as of and for the year ended September 30, 2022, and have issued our report thereon dated May 29, 2023.

We have issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards dated May 29, 2023. Disclosures in 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 *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 govern the conduct of local governmental entity audits performed in the State of Florida and require that the following be addressed in this letter.

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year, applicable to the management letter.

CURRENT YEAR FINDINGS

There were no reportable findings during the current year, applicable to the management letter.

FINANCIAL COMPLIANCE MATTERS

Financial Emergency Status - We have determined that the City of Waldo, Florida did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Financial Condition Assessment - As required by the *Rules of the Auditor General*, (Sections 10.554(1)(I)5.a and 10.556(7)), 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.

We noted no deteriorating financial conditions as defined by Rule 10.554(2)(f).

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 very much enjoyed the challenges and experiences associated with our audit of the City. We appreciate the courtesy and helpful assistance afforded to us by City employees and officials in completing our audit and also the generally high quality of the City's financial records and internal controls.

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

POWELL & JONES
Certified Public Accountants
Lake City, Florida
May 29, 2023

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH *FLORIDA STATUTES*
RELATING TO LOCAL GOVERNMENT INVESTMENTS**

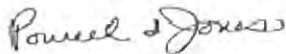
To the Honorable Mayor
And Members of the City Council
City of Waldo, Florida

We have examined the Town of Waldo, 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 City's compliance with those requirements. Our responsibility is to express an opinion on the City'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 City'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 City's compliance with specified requirements.

In our opinion, the City 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 City of Waldo, 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 & JONES
Certified Public Accountants
Lake City, Florida
May 29, 2023

Communication with Those Charged with Governance

To the Honorable Mayor
And Members of the City Council
City of Waldo, Florida

We have audited the financial statements of the City of Waldo, 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 City of Waldo, 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 City of Waldo, 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 May 29, 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 Mayor and Members of the City Council and management of the City of Waldo, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



POWELL & JONES
Certified Public Accountants
Lake City, Florida
May 29, 2023