

TOWN OF WESTVILLE
WESTVILLE, FLORIDA

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

EDWARD E CHAPMAN
Certified Public Accountant
Springville, Alabama
November 14, 2023

TOWN OF WESTVILLE, FLORIDA
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INDEPENDENT AUDITORS' REPORT

To:
Town Council
Town of Westville
Westville, Florida

Opinions

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

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

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am required to be independent of the Town of Westville, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Westville'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

My 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 my 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, misrepresentation, or override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and governmental Audit Standards, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Westville'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Westville's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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.

I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 14, 2023 on my consideration of the Town of Westville's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Westville's internal control over financial reporting and compliance.

Edward E. Chapman Jr.

Edward E. Chapman
Certified Public Accountant
Springville, Alabama
November 14, 2023

**TOWN OF WESTVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

As management of the Town of Westville (the Town), we offer readers of the financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended September 30, 2022.

FINANCIAL HIGHLIGHTS

Financial Highlights

- The assets of the Town exceeded liabilities by \$1,269,270 and represents a change of \$64,840 from the prior year. Of this amount, \$911,302 represents investment in capital assets and \$310,664 is unrestricted and may be used to meet the Town's ongoing obligations to citizens.
- The Town's governmental fund reported an ending balance of \$351,749 and represents a change of \$125,016 from the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$310,664 or 378%, of the general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The statement of net position presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the Town.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

The government-wide financial statements distinguish and demonstrate that, as a governmental activity, the Town is principally supported by state intergovernmental revenues, rental revenue, and utility taxes. The governmental activities of the Town include public safety services (fire and emergency medical services). The government-wide financial statements are found on pages 14-17 of this report.

**TOWN OF WESTVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(CONTINUED)**

FUND FINANCIAL STATEMENTS

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

FUNDS

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Such information may be useful in evaluating a government's near-term financial requirements.

The basic governmental fund financial statements are found on pages 18-21 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Town maintains one governmental fund (general fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered a major fund. The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule can be found on page 38.

Proprietary Fund Statements

When the Town charges customers for services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Town's proprietary fund (the Water Fund) is the same as the business-type activity reported in the government-wide statements but provides more detail and additional information such as cash flows. The Town maintains one proprietary fund (water fund). Information is presented separately in the proprietary fund balance sheet and in the proprietary fund statement of revenue, expenses, and changes in net position for the water fund, which is considered a major fund. The Town adopts an annual appropriated budget for its water fund. A budgetary comparison schedule can be found on page 39.

**TOWN OF WESTVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(CONTINUED)**

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. Beginning on page 26 of this report are the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$1,269,270 (net position) as of September 30, 2022, as reported in Table 1.

The Town's net position, \$1,269,270, reflects unrestricted funds of \$310,664, and investment in capital assets of \$911,302 less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Table 1
Condensed Summary of Net Position
September 30, 2021 and 2022**

	2021	2022
Assets		
Current and Other Assets	\$263,876	\$377,810
Capital Assets	\$956,055	\$911,302
Total Assets	<u>\$1,219,931</u>	<u>\$1,289,112</u>
Liabilities		
Current and Other Liabilities	\$15,502	\$19,842
Total Liabilities	<u>\$15,502</u>	<u>\$19,842</u>
Net Position		
Invested in Capital Assets	\$956,055	\$911,302
Unrestricted	\$212,859	\$310,664
Restricted	\$35,515	\$47,304
Total Net Position	<u>\$1,204,429</u>	<u>\$1,269,270</u>
Total Liabilities and Net Position	<u><u>\$1,219,931</u></u>	<u><u>\$1,289,112</u></u>

**TOWN OF WESTVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(CONTINUED)**

**Table 2
Condensed Summary of Statement of Activities
For the Fiscal Years Ending September 30, 2021 and 2022**

	2021	2022
Revenues		
Water revenue	\$45,044	\$42,707
Highway	\$681	\$662
Propane	\$213	\$389
Miscellaneous	\$527	\$529
Electrical & utility taxes	\$11,070	\$12,613
Fire safety	\$5,000	\$7,843
License	\$369	\$738
Local 1/2 cent tax	\$11,453	\$13,901
Rents	\$10,527	\$10,347
State accounting	\$2,761	\$884
State gas tax	\$6,847	\$7,419
State discretionary	\$27,080	\$31,998
Grants	\$0	\$90,150
State revenue sharing	\$30,077	\$29,643
Total revenues	\$151,649	\$249,823
Expenses		
General government	\$98,849	\$94,221
Public safety	\$7,800	\$5,221
Water expenses	\$69,998	\$85,541
Total expenses	\$176,647	\$184,983
Change in Net Position	(\$24,998)	\$64,840
Net Position at Beginning of Year	\$1,229,428	\$1,204,430
Net Position at End of Year	\$1,204,430	\$1,269,270

During 2022, the change in net position was an increase of \$64,840. This change was mostly the result of increased grant funding received in fiscal year 2022.

**TOWN OF WESTVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(CONTINUED)**

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget versus actual comparison is reported in the required supplementary information other than management discussion and analysis. Additional notes regarding the budget to actual comparison can be found in the notes to the financial statements.

CAPITAL ASSETS

The Town's investment in capital assets for its governmental activities as of September 30, 2022 amounts to \$153,657 (net of depreciation). Capital assets include equipment, furniture, buildings, land, and leasehold improvements.

Depreciation for the fiscal year 2022 amounted to \$24,696.

Additions for the fiscal year amounted to \$7,354, there were no deletions for fiscal year 2022. Additional information regarding capital assets can be found in the notes to the financial statements.

**Table 3
Summary of Capital Assets
For Fiscal Years Ending September 30, 2021 and 2022**

<u>Governmental Activities:</u>	<u>2021</u>	<u>2022</u>
Capital assets, not being depreciated:		
Land	\$10,171	\$10,171
Total capital assets, not being depreciated	<u>\$10,171</u>	<u>\$10,171</u>
Capital assets, being depreciated:		
Buildings	\$441,000	\$441,000
Improvements	\$116,050	\$120,630
Equipment	\$505,324	\$505,324
Office Furniture and Fixtures	\$0	\$2,774
Recreational Park	\$93,182	\$93,182
Total capital assets, being depreciated	<u>\$1,155,556</u>	<u>\$1,162,910</u>
Total Cost of Capital Assets	<u>\$1,165,727</u>	<u>\$1,173,081</u>
<u>Less accumulated depreciation:</u>		
Buildings	\$403,425	\$414,450
Improvements	\$111,840	\$113,122
Equipment	\$460,536	\$467,795
Office Furniture and Fixtures	\$0	\$471
Recreational Park	\$18,927	\$23,586
Total accumulated depreciation	<u>\$994,728</u>	<u>\$1,019,424</u>
Total capital assets, being depreciated, net	<u>\$160,828</u>	<u>\$143,486</u>
Total capital assets, net	<u>\$170,999</u>	<u>\$153,657</u>

**TOWN OF WESTVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(CONTINUED)**

The Town's investment in capital assets for its business-type activities as of September 30, 2022 amounts to \$757,645 (net of depreciation). Capital assets include equipment, furniture, buildings, land, and improvements.

Depreciation for the fiscal year 2022 amounted to \$30,767.

Additions for the fiscal year amounted to \$3,355, there were no deletions for fiscal year 2022. Additional information regarding capital assets can be found in the notes to the financial statements.

**Table 4
Summary of Capital Assets
For Fiscal Years Ending September 30, 2021 and 2022**

<u>Business-type activities (Water and Sewer Fund):</u>	<u>2021</u>	<u>2022</u>
Capital assets, not being depreciated:		
Land	\$0	\$0
Total capital assets, not being depreciated	\$0	\$0
Capital assets, being depreciated:		
Buildings	\$4,696	\$4,696
Equipment	\$24,104	\$27,459
Improvements	\$5,525	\$5,525
Water System	\$1,791,601	\$1,791,601
Total capital assets, being depreciated	\$1,825,926	\$1,829,281
Total Cost of Capital Assets	\$1,825,926	\$1,829,281
<u>Less accumulated depreciation:</u>		
Buildings	\$4,696	\$4,696
Equipment	\$20,532	\$21,955
Improvements	\$5,525	\$5,525
Water System	\$1,010,116	\$1,039,460
Total accumulated depreciation	\$1,040,869	\$1,071,636
Total capital assets, being depreciated, net	\$785,057	\$757,645
Total capital assets, net	\$785,057	\$757,645

**TOWN OF WESTVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(CONTINUED)**

LEASES

The Town has no long-term leases.

DEBT

The Town has no debts.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The state of Florida, by constitution, does not have a state personal income tax; therefore, the State operates primarily using sales, gasoline, and corporate income taxes. Local governments (cities, counties, and school boards) primarily rely upon property and a limited array of permitted other taxes (sales, gasoline, utility service taxes, ect.) and fees (franchise and occupational license) for their governmental activities. There is a limited number of state shared revenues and recurring and non-recurring grants from both the State and Federal Governments, which provide funding for specific programs, projects, or activities. The Town can also generate revenue through rental agreements, fund raising, and donations. For business-type activities and certain governmental activities, the user pays a related fee or charge associated with the service. The level of taxes, fees, and charges for services has an impact on the Town's specific competitive ability to encourage development and redevelopment (office, retail, residential, and industrial) for those businesses that choose to locate in our jurisdiction. As the Town has limited growth potential, it places a great emphasis on redevelopment.

GRANTS

The Town is constantly reviewing the availability of grants to improve the financial position of the Town and to improve services. In FY 2022 the Town received one grants totaling \$90,150. This grant was not applied for and was received from the State of Florida through the American Rescue Plan Act. As of the FY 2022 year end none of the funds had been spent. These funds are intended to be used to address health and safety of the Town residents.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to give a general overview of the Town's finances and to demonstrate accountability for the money it receives from taxpayers, customers, and creditors. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Town Clerk, Tammy Bowers, PO Box 123, Westville, Florida 32464, or by calling (850) 548-5858.

BASIC FINANCIAL STATEMENTS

TOWN OF WESTVILLE, FLORIDA
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total Activities
Assets			
Current assets:			
Cash unrestricted	\$312,700	\$0	\$312,700
Receivables, net	\$3,049	\$3,514	\$6,563
Restricted assets:			
Cash	\$41,000	\$17,547	\$58,547
Total current assets	\$356,749	\$21,061	\$377,810
Noncurrent assets:			
Capital assets, net of depreciation:			
Non-depreciable	\$10,171	\$0	\$10,171
Depreciable, net	\$143,486	\$757,645	\$901,131
Total capital assets, net	\$153,657	\$757,645	\$911,302
Total noncurrent assets	\$153,657	\$757,645	\$911,302
Total assets	\$510,406	\$778,706	\$1,289,112

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

TOWN OF WESTVILLE, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2022

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	Total <u>Activities</u>
Liabilities			
Current liabilities:			
Accounts payable	\$1,318	\$644	\$1,962
Liabilities payable from restricted assets			
Customer deposits	\$0	\$14,113	\$14,113
Accrued liabilities	\$1,017	\$0	\$1,017
Deferred revenue	\$2,750	\$0	\$2,750
Total current liabilities	<u>\$5,085</u>	<u>\$14,757</u>	<u>\$19,842</u>
Noncurrent liabilities:			
Note payable	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total noncurrent liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total liabilities	<u>\$5,085</u>	<u>\$14,757</u>	<u>\$19,842</u>
Net Position			
Investment in capital assets, net of related debt	\$153,657	\$757,645	\$911,302
Restricted	\$41,000	\$6,304	\$47,304
Unrestricted	\$310,664	\$0	\$310,664
Total net position	<u>\$505,321</u>	<u>\$763,949</u>	<u>\$1,269,270</u>
Total liabilities & net position	<u>\$510,406</u>	<u>\$778,706</u>	<u>\$1,289,112</u>

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

TOWN OF WESTVILLE, FLORIDA
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense)/ Revenue</u>	
		<u>Charges Services</u>	<u>Misc</u>	<u>Operating Grants & Contributions</u>		<u>Capital Grants & Contributions</u>
<u>General government activities:</u>						
General government	\$94,221	\$0	\$0	\$0	\$0	(\$94,221)
Public safety	\$5,221	\$0	\$0	\$90,150	\$0	\$84,929
Total governmental activities	\$99,442	\$0	\$0	\$90,150	\$0	(\$9,292)
<u>Business-type activities:</u>						
Capital grants						
Water expenses	\$85,541	\$42,707	\$0	\$0	\$0	(\$42,834)
Total business-type activities	\$85,541	\$42,707	\$0	\$0	\$0	(\$42,834)
Total	\$184,983	\$42,707	\$0	\$90,150	\$0	(\$52,126)

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

TOWN OF WESTVILLE, FLORIDA
STATEMENT OF ACTIVITIES (CONTINUED)
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

Changes in net assets:	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net (expense) revenue	<u>(\$9,292)</u>	<u>(\$42,834)</u>	<u>(\$52,126)</u>
 <u>General revenues:</u>			
Highway	\$662	\$0	\$662
Propane	\$389	\$0	\$389
Miscellaneous	\$529	\$0	\$529
Electric franchise & utility taxes	\$12,613	\$0	\$12,613
Fire safety	\$7,843	\$0	\$7,843
License	\$738	\$0	\$738
Local government 1/2 cent tax	\$13,901	\$0	\$13,901
Rents	\$10,347	\$0	\$10,347
State accounting	\$884	\$0	\$884
State gas tax	\$7,419	\$0	\$7,419
State discretionary	\$31,998	\$0	\$31,998
State revenue sharing	\$29,643	\$0	\$29,643
Total general revenues	<u>\$116,966</u>	<u>\$0</u>	<u>\$116,966</u>
 Changes in net position:	 \$107,674	 (\$42,834)	 \$64,840
Net position - beginning	<u>\$397,647</u>	<u>\$806,783</u>	<u>\$1,204,430</u>
Net position - ending	<u>\$505,321</u>	<u>\$763,949</u>	<u>\$1,269,270</u>

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

TOWN OF WESTVILLE, FLORIDA
 BALANCE SHEET - GOVERNMENTAL FUND
 SEPTEMBER 30, 2022

	<u>General Fund</u>
Assets:	
Cash, unrestricted	\$312,700
Cash, restricted	\$41,000
Accounts receivable	<u>\$3,049</u>
Total assets	<u><u>\$356,749</u></u>
Liabilities and fund balance:	
Liabilities:	
Accounts payable	\$1,318
Accrued liabilities	\$1,017
Deferred revenue	<u>\$2,750</u>
Total liabilities	\$5,085
Fund balance:	
Restricted	\$41,000
Un-Assigned	<u>\$310,664</u>
Total fund balance	<u><u>\$351,664</u></u>
Total liabilities and fund balance	<u><u>\$356,749</u></u>

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

TOWN OF WESTVILLE, FLORIDA
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Fund balance - governmental fund \$351,664

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

Capital assets used in governmental activities are not financial resources;
therefore, they are not reported in the governmental funds: \$153,657

Net position of governmental activities per statement of net position \$505,321

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

TOWN OF WESTVILLE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>General Fund</u>
<u>Revenues:</u>	
Highway	\$662
Propane	\$389
Miscellaneous	\$529
Electric franchise & utility taxes	\$12,613
Fire safety	\$7,843
License fees	\$738
Local government 1/2 cent tax	\$13,901
State accounting	\$884
Rents	\$10,347
State grants	\$90,150
State gas	\$7,419
State discretionary	\$31,998
State revenue sharing	\$29,643
Total revenues	<u>\$207,116</u>
 <u>Expenditures:</u> (excludes depreciation)	
General government	\$69,525
Public safety	\$5,221
Capital outlay	\$7,354
Total expenditures	<u>\$82,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$125,016</u>
 Fund balance at beginning of year	 <u>\$226,648</u>
Fund balance at end of year	<u><u>\$351,664</u></u>

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

TOWN OF WESTVILLE, FLORIDA
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE
 STATEMENT OF ACTIVITIES
 FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

Excess revenues over expenditures \$125,016

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

Governmental fund reports capital outlay as expenditures
 while governmental activities report depreciation expense
 to allocate capital outlay expenditures over the life of the assets:

Plus capital assets purchases capitalized	\$7,354
Minus depreciation expense	<u>(\$24,696)</u>
Subtotal	<u>(\$17,342)</u>

Change in net position of statement of activities	<u><u>\$107,674</u></u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF WESTVILLE, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUND
SEPTEMBER 30, 2022

Business-type activities - enterprise funds - water and sewer fund

Assets:

Current assets:

Cash, restricted	\$17,547
Accounts receivable	\$3,514
Total current assets	<u>\$21,061</u>

Noncurrent assets:

Depreciable assets, net of depreciable	\$757,645
Total non-current assets	<u>\$757,645</u>

Total assets	<u>\$778,706</u>
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Liabilities:

Current liabilities:

Accounts payable	\$644
Customer deposits	\$14,113
Total current liabilities	<u>\$14,757</u>

Total liabilities	<u>\$14,757</u>
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Net position:

Invested in capital assets, net of related debt	\$757,645
Restricted for customer deposits	\$6,304
Unrestricted	\$0
Total net position	<u>\$763,949</u>

Total liabilities and net position	<u>\$778,706</u>
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The notes to the financial statements are an integral part of this statement

TOWN OF WESTVILLE, FLORIDA
 STATEMENT OF REVENUE, EXPENSES, AND CHANGES
 IN NET POSITION - PROPRIETARY FUND
 FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

Business-type activities - enterprise funds - water fund

Operating revenues:	
Charges for services	\$42,707
Operating expenses:	
Personal services	\$8,843
Operating	\$45,931
Depreciation	<u>\$30,767</u>
Total operating expenses	<u>\$85,541</u>
Operating income (loss)	(\$42,834)
Income (loss) and change in net position	(\$42,834)
Net Position at beginning of year	<u>\$806,783</u>
Net position at end of year	<u>\$763,949</u>

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

TOWN OF WESTVILLE, FLORIDA
STATEMENT OF CASH FLOW - PROPRIETY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Cash flows from operating activities:

Receipts from customers and users	\$44,013
Payments to vendors	(\$30,301)
Payment to contractors	(\$8,843)
Payment to employee	(\$14,986)
Net cash used in operating activities	<u>(\$10,117)</u>

Cash flows from non-capital and related financing activities:

Interfund borrowing/repayments	<u>\$0</u>
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Cash flows from capital and related financing activities:

Acquisitions of capital assets	(\$3,355)
Principle paid on long-term debt	\$0
Interest paid on long-term debt	\$0
Net cash used in capital and related financing activities	<u>(\$3,355)</u>

Cash flows from investing activities:

Interest income	<u>\$0</u>
Net cash provided (used) for investing activities	<u>\$0</u>

Net increase (decrease) in cash and cash equivalents (\$13,472)

Cash and cash equivalents, beginning of year \$31,019

Cash and cash equivalents, end of year \$17,547

Cash and cash equivalents displayed as

Unrestricted cash	\$6,372
Restricted cash	\$11,175
Cash and cash equivalents, end of year	<u><u>\$17,547</u></u>

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

TOWN OF WESTVILLE, FLORIDA
RECONCILIATION OF OPERATING LOSS TO NET CASH
FROM OPERATING ACTIVITIES – PROPRIETY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Operating loss	(\$42,834)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	\$30,767
(Increase) decrease in assets:	
Accounts receivable	\$406
Increase (decrease) in liabilities:	
Accounts payable	\$644
Customer deposits	\$900
Net cash used in operating activities	<u><u>(\$10,117)</u></u>

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Town

The Town of Westville was created May 21, 1970 by an act of the Florida Legislature (House Bill 4295). The Town operates under a Mayor-Council form of government and provides services authorized by the act, including public safety, recreation, and general administrative services. The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies used by the Town are discussed below.

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. No potential component units were identified.

BASIC FINANCIAL STATEMENTS: GOVERNMENT-WIDE STATEMENTS

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's general and proprietary funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's fire protection, parks and recreation, street, gas, and general administration services are classified as governmental activities.

In the government-wide Statement of Net Position, both governmental and business-type activities are presented on a consolidated basis, and are reported in full accrual, economic resource measurement basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The Town's net position is reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first uses restricted resources to finance qualifying activities. The government-wide Statement of Net Position reports as restricted net assets those resources that are restricted by legislation.

The government-wide Statement of Activities reports both gross and net cost of each of the Town's functions and business-type activities: general government, fire, etc. The functions are also supported by general government revenues (Local Taxes, State Revenue Sharing, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and capital grants. Program revenues must be directly associated with the function or business-type activity. The capital grants reflect capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (Electric Franchise or Utility taxes, Communication Services taxes, etc.). The Town does not allocate indirect costs. This government-wide focus is more on the sustainability of the Town as

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

an entity and the change in the Town’s net assets resulting from current year activities.

BASIC FINANCIAL STATEMENTS: FUND FINANCIAL STATEMENTS

Governmental

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of current financial measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for un-matured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Taxes, reimbursements for incidents, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current period. All other revenue items are considered measurable and available only when cash is received by the Town. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that includes assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The focus of the governmental funds’ measurement is upon determination of financial position and changes in financial position, rather than upon net income. The Town has one major governmental funds:

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

Proprietary Funds are used to account for the enterprise activities such as selling water utility services to customers. The focus of proprietary funds is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to private sector business. Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating revenues and expenses result from providing and delivering services in connection with the principal ongoing operation of the fund. Operating expenses include all costs associated with providing these services, including depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Contributions to capital arise from contributions of resources restricted to capital acquisition and construction. The following is a description of the Town’s enterprise fund.

Water Fund: The water fund is used to account for user charges and expenses associated with providing water services.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities. The Town determined that all funds met the criteria of a major fund.

Fund Balances

The following is a description of the Town’s various fund balance accounts:

Non-spendable fund balance includes amounts that are not in spendable form or are required to be maintained intact.

Restricted fund balance includes amounts restricted by creditor, grantors, contributors, laws, or regulations of other governments, constitutional provisions, or enabling legislation.

Committed fund balance can be used only for specific purposes as imposed by formal action of the Town council. There are no committed funds at the end of this fiscal year.

Assigned fund balance includes resources that are intended to be used for specific purposes yet are neither restricted nor committed. These are resources that have been set aside for a specific purpose by the Town council. There are no assigned funds as of the end of this fiscal year.

Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in other classifications. Unassigned amounts are available for any purpose.

Restricted – This component of net position consists of constraints placed on net positions imposed by creditors (such as through debt covenants), reserve for repayment of water bonds, contributors, customer water deposits, impact fees, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.” Restricted resources are only used for their specific designation and with approval from the Town council. Committed and Assigned funds are used for their specific designation. If the Town does not have sufficient funds allocated to committed or assigned funds to cover the full cost of expenditures, then unassigned funds would be used to cover the remaining portion of the expense. In the event expenditures exceed available restricted funds, then expenditures will be funded out of restricted funds to the extent of the restricted fund balance, and the remainder will be funded by the

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

unrestricted fund balance. The Town considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in unrestricted fund balance classification could be used.

BASIS OF ACCOUNTING

Basis of accounting refers to the point that revenues and expenditures/expenses are recognized in the accounts and reported in financial statements. It relates to the timing of measurements made regardless of the measurement focus applied.

Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual, and when they are measurable and available. Measurable means the amount of the transaction is known or can be reasonably estimated. Available means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, as under accrual accounting. The exception to this general rule is that principal and interest on general obligations long-term debt, are recorded only when payment is due.

FINANCIAL STATEMENT AMOUNTS

Cash, Deposits, and Investments

The Town is authorized to invest in financial instruments as established in Section 218.415, Florida Statutes. The Town maintains deposits with "Qualified Public Depositories" as defined in Chapter 280 Florida Statutes. The Town has an investment policy that places the highest priority on the safety of principal and liquidity of funds.

Interest Rate Risk

Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town maintains specific bank accounts for specific activities. The Town has no long or short term investments because they prioritize liquidity.

Concentration of Credit Risk

As mentioned above, the Town limits investments to bank accounts that are insured by the Federal Deposit Insurance Corporation.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that the Town will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The Town has no formal policy for custodial risk.

Investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as unspent proceeds. Capital assets, which include property and equipment are reported in the government-wide financial statements but are not recorded in the governmental fund financial statements. Capital assets are defined by the Town as assets with an initial/individual cost of more than \$1,000. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

Building and improvements	40 years
Improvements other than buildings	10 to 40 years
Machinery and equipment	5 to 10 years
Infrastructure	25 to 40 years

Governmental Accounting Standards Board (GASB) statement number 34 requires the Town to report and depreciate new infrastructure assets. Infrastructure assets include road, drainage systems, water systems, etc.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long Term Obligations

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. The Town has no long or short term debt.

Budgets and Budgetary accounting

The Town adopts a formal budget prior to October 1 each fiscal year. A Budgetary Comparison Schedule is included in the required supplementary information (other than MD&A).

Estimates

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

New Accounting Pronouncement

During the fiscal year ended, September 30, 2022, the Town implemented a new accounting standard issued by the Governmental Accounting Standards Board. Statement No. 87, Leases, establishes a single model for lease accounting based on a foundational principle that leases are financing the right-to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources. The standard was adopted as of October 1, 2021. Since the only leases for the Town is short term, GASB 87 does not require restatement of prior year or a change in the current year's presentation of leases.

Subsequent Events

The Town has evaluated events and transactions that occurred between September 30, 2022 and November 14, 2023, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE B – DEPOSITS AND INVESTMENTS

The Town has a written policy for deposits or investing surplus funds. Regarding the investment of surplus funds, the Florida State Statutes were followed. There are several restricted bank accounts in which the funds are restricted for specific purposes. Water customer deposits funds are restricted for payment of unpaid water bills.

NOTE C – BUDGETARY ACCOUNTING AND LEGAL COMPLIANCE

Budgetary data reflected in the financial statements are established by the following town procedure: The Council develops and submits the Town’s proposed expenditures and revenue to the full Council for consideration.

Proposed budgets are advertised by a newspaper of general circulation and public hearings are conducted during September for the purpose of hearing requests and complaints from the public. In the event the final budget has not been adopted by October 1, the beginning of the fiscal year, Florida Statutes provide for expenditures based on the adopted tentative budget. The final budget is adopted by resolution. Any subsequent amendment must be enacted in the same manner as the original budget.

Expenditures may not exceed budgeted appropriations at the fund level. The Town clerk is authorized to transfer budgeted amounts within departments of a fund. Any revision that alters the total expenditures of any fund or department must be approved by the Town Council. The General Fund Statement of Revenues & Expenditures – Budget and Actual presents comparisons of legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on a budgetary basis often differ from those used to present financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

NOTE D – CASH

Cash at end of fiscal year consists of the following:

<u>General Fund Cash:</u>	<u>Total Cash</u>	<u>Restricted</u>	<u>Un-Restricted</u>
Operating	\$312,700	\$0	\$312,700
Fire Department	\$9,173	\$9,173	\$0
Auxiliary	\$605	\$605	\$0
Grants	\$1,063	\$1,063	\$0
Reserve	\$2,705	\$2,705	\$0
Sinking	\$27,204	\$27,204	\$0
Cash on hand	\$200	\$200	\$0
Petty cash fire department	\$50	\$50	\$0
General Fund Cash totals	<u>\$353,700</u>	<u>\$41,000</u>	<u>\$312,700</u>
<u>Water Fund Cash:</u>			
Water Operating	\$17,547	\$17,547	\$0
Water Fund Cash totals	<u>\$17,547</u>	<u>\$17,547</u>	<u>\$0</u>
<u>Total Cash: General Fund & Water Fund</u>	<u>\$371,247</u>	<u>\$58,547</u>	<u>\$312,700</u>

TOWN OF WESTVILLE, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE E – CAPITAL ASSETS

Governmental activity depreciation expense was charged to functions/programs as follows:

Governmental Activities:

Buildings	\$11,025
Equipment	\$7,259
Furniture & Fixtures	\$471
Improvements	\$1,282
Recreation	\$4,659
Total Depreciation Expense	\$24,696

Capital asset activity for the year was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$10,171	\$0	\$0	\$10,171
Total capital assets, not being depreciated	\$10,171	\$0	\$0	\$10,171
Capital assets, being depreciated:				
Buildings	\$441,000	\$0	\$0	\$441,000
Improvements	\$116,050	\$4,580	\$0	\$120,630
Equipment	\$505,324	\$0	\$0	\$505,324
Office Furniture and Fixtures	\$0	\$2,774	\$0	\$2,774
Recreational Park	\$93,182	\$0	\$0	\$93,182
Total capital assets, being depreciated	\$1,155,556	\$7,354	\$0	\$1,162,910
Total Cost of Capital Assets	\$1,165,727	\$7,354	\$0	\$1,173,081
<u>Less accumulated depreciation:</u>				
Buildings	\$403,425	\$11,025	\$0	\$414,450
Improvements	\$111,840	\$1,282	\$0	\$113,122
Equipment	\$460,536	\$7,259	\$0	\$467,795
Office Furniture and Fixtures	\$0	\$471	\$0	\$471
Recreational Park	\$18,927	\$4,659	\$0	\$23,586
Total accumulated depreciation	\$994,728	\$24,696	\$0	\$1,019,424
Total capital assets, being depreciated, net	\$160,828	(\$17,342)	\$0	\$143,486
Total capital assets, net	\$170,999	(\$17,342)	\$0	\$153,657

TOWN OF WESTVILLE, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE E – CAPITAL ASSETS (CONTINUED)

Business type activity depreciation expense was charged to functions/programs as follows:

Business Type Activities:

Buildings	\$0
Equipment	\$1,423
Improvements	\$0
Water System	\$29,344
Total Depreciation Expense	<u>\$30,767</u>

Capital asset activity for the year was as follows:

Business-type activities (Water and Sewer Fund):

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$0	\$0	\$0	\$0
Total capital assets, not being depreciated	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Capital assets, being depreciated:				
Buildings	\$4,696	\$0	\$0	\$4,696
Equipment	\$24,104	\$3,355	\$0	\$27,459
Improvements	\$5,525	\$0	\$0	\$5,525
Water System	\$1,791,601	\$0	\$0	\$1,791,601
Total capital assets, being depreciated	<u>\$1,825,926</u>	<u>\$3,355</u>	<u>\$0</u>	<u>\$1,829,281</u>
Total Cost of Capital Assets	<u>\$1,825,926</u>	<u>\$3,355</u>	<u>\$0</u>	<u>\$1,829,281</u>
<u>Less accumulated depreciation:</u>				
Buildings	\$4,696	\$0	\$0	\$4,696
Equipment	\$20,532	\$1,423	\$0	\$21,955
Improvements	\$5,525	\$0	\$0	\$5,525
Water System	\$1,010,116	\$29,344	\$0	\$1,039,460
Total accumulated depreciation	<u>\$1,040,869</u>	<u>\$30,767</u>	<u>\$0</u>	<u>\$1,071,636</u>
Total capital assets, being depreciated, net	<u>\$785,057</u>	<u>(\$27,412)</u>	<u>\$0</u>	<u>\$757,645</u>
Total capital assets, net	<u>\$785,057</u>	<u>(\$27,412)</u>	<u>\$0</u>	<u>\$757,645</u>

NOTE F – LONG TERM DEBT

The Town has no long or short term debt.

NOTE G – GRANT REVENUE AND EXPENDITURES

The Town received grant revenue for one grant in FY 2022. The State of Florida disbursed grant fund of \$90,150 to the Town in 2022. The Town did not apply for the funds due to the process put in place by the State of Florida to disburse American Rescue Plan Act funds. The funds do not require a match and are intended to address health and safety of residents. The Town had not spent any of the funds as of September 30, 2022 and is exploring how best to use the funds.

NOTE H – RISK MANAGEMENT

The Town of Westville, Florida is exposed to various risks of loss related to tort, theft, damage to and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. The Town purchases insurance through commercial carriers and participates in the Florida Municipal Insurance Trust which is a public entity risk pool. The Town maintains minimal insurance deductibles for insurance policies from its carrier. There has been no significant reduction in insurance coverage from the prior fiscal year. Insurance coverage has been sufficient to cover all claims made in the past three years.

NOTE I – RENTAL REVENUE

The Town receives rental revenue into the General Fund by renting Town facilities. The Country Store is rented on a month-to-month basis to a local church for \$375 a month. The Town Hall is rented by citizens of the Town as requested for \$75 per function. A section of the Town Hall is rented to Holmes County Emergency Medical Service for \$1,375 per quarter. Total rental income received by the Town for FY 2022 is \$10,347.

NOTE J – FINANCIAL CONDITION

The Town continues to pursue new sources of revenue and ways to reduce expenditures in all funds.

Governmental Fund

Excluding depreciation, capital outlay, and grant income, revenue exceed expenditure by \$42,220. For the FY, depreciation is \$24,696, capital outlay is \$7,354, and grants received is \$90,150.

Proprietary Fund

Excluding depreciation and capital outlay, expenditures exceeded revenues by \$8,712. For the FY, depreciation is \$30,767, capital outlay is \$3,355. There were no grants for the proprietary fund in FY 2022.

NOTE K – BUDGET VARIANCES

The Town's original budget was not updated for new information that became available during the year. Grant funding received from the State of Florida during FY 2022 caused the Governmental Fund Budget to Actual Comparison to have a significant favorable variance of \$130,370. Unadjusted budgeted expenditure caused the Proprietary Fund Budget to Actual Comparison to have unfavorable variance of \$12,068 and expenditures exceeded budgeted amount by \$10,275.

NOTE L – DEFERRED REVENUE

The Town received two advanced payments from Holmes County for the use of Town facilities in connection to emergency medical services (EMS). Holmes County erroneously overpaid the Town for two quarters (\$1,375 per quarter). The Town recognized the over payment of \$2,750 as deferred revenue.

NOTE M – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 14, 2023, the date these financial statements were available to be issued. No subsequent events would materially affect these financial statements. However, there are subsequent events that warrant recognition or disclosure.

- The Town consulted with an outside contractor to assist with updating the utility software with corrected deposits and amounts due.
- The Town consulted with an outside contractor to file an insurance claim related to damage to the Town Hall roof. The Town collected \$50,375.19 from Florida Municipal Insurance Trust on February 1, 2023.

**REQUIRED SUPPLEMENTARY INFORMATION
(Other than MD&A)**

TOWN OF WESTVILLE, FLORIDA
 GOVERNMENTAL FUND STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL
 FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

<u>Revenues:</u>	<u>Original/Final</u>	<u>Actual</u>
Highway	\$800	\$662
Propane	\$0	\$389
Miscellaneous	\$1,000	\$529
Electric franchise & utility taxes	\$9,400	\$12,613
Fire safety	\$5,000	\$7,843
Insurance	\$10,000	\$0
License	\$1,500	\$738
Local government 1/2 cent tax	\$8,000	\$13,901
Rents	\$5,000	\$10,347
State accounting	\$1,200	\$884
State gas tax	\$7,000	\$7,419
State discretionary	\$19,000	\$31,998
Grants	\$0	\$90,150
State revenue sharing	\$17,200	\$29,643
Total revenues	<u>\$85,100</u>	<u>\$207,116</u>
<u>Expenditures:</u>		
General expenses	\$27,900	\$38,254
Payroll	\$38,400	\$31,271
Fire department	\$16,800	\$5,221
Total expenditures	<u>\$83,100</u>	<u>\$74,746</u>
Excess (deficiency) of revenues over (under) expenditures	\$2,000	\$132,370

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

TOWN OF WESTVILLE, FLORIDA
 PROPRIETARY FUND: STATEMENT OF REVENUES AND EXPENSES
 BUDGET AND ACTUAL
 FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

Business-type activities - enterprise funds - water fund

<u>Revenues:</u>	<u>Original/Final</u>	<u>Actual</u>
Charges for services	\$48,000	\$42,707
Total operating revenue	\$48,000	\$42,707
<u>Expenses:</u>		
Services	\$6,500	\$8,843
Materials	\$8,500	\$5,826
Repair and maintenance	\$8,500	\$19,500
Utilities	\$6,500	\$9,529
Other	\$14,500	\$11,077
Total operating expenses	\$44,500	\$54,775
Excess (deficiency) of revenues over (under) expenditures	<u>\$3,500</u>	<u>(\$12,068)</u>

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

COMPLIANCE SECTION

EDWARD E CHAPMAN
CERTIFIED PUBLIC ACCOUNTANT
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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To:
Town Council
Town of Westville
Westville, Florida

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of Town of Westville (“the Town”), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued my report thereon dated November 14, 2023.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town’s internal control over financial reporting to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, I do not express an opinion on the effectiveness of the Town’s internal control.

My consideration of the 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 my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. I consider findings 2022-02 & 2022-03 as material weaknesses. 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. I consider finding 2022-04 to be

a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Westville's financial statements are free of material misstatement, I 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 test of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying *Management Letter, Financial Condition and Management* section.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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, and accordingly, this communication is not suitable for any other purpose.

Edward E Chapman JR.

Edward E Chapman
Certified Public Accountant
Springville, Alabama
November 14, 2023

**EDWARD E CHAPMAN
CERTIFIED PUBLIC ACCOUNTANT**

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MANAGEMENT LETTER

To the Board of Commissioners
Town of Westville
Westville, Florida

Report on the Financial Statements

I have audited the financial statements of the Town of Westville, as of and for the fiscal year ended September 30, 2022, and have issued my report thereon dated November 14, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Chapter 10.550 Rules of the Florida Auditor General. Disclosures in those reports and schedule, which are dated November 14, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The last audit of the Town of Westville was in FY 2019. There was 2 audit findings in the FY 2019 audit. In my FY 2022 audit, I have found that the Town had corrected 1 of 2 FY 2019 findings listed below.

Finding, 2019-01, Board Meeting Minutes

Although the monthly Board Meeting Minutes were completed, there was no evidence of approval and the documents reviewed during the meeting were not present or attached.

Recommendation: is to have at least two members approve the minutes by signature. Also, any reports reviewed during the meetings should accompany the minutes.

Status of Finding 2019-01: I my FY 2022 I obtained and reviewed the board meeting minutes for all relevant months and noted that the minutes were approved and there was sufficient supporting documentation retained. Finding 2019-01 is closed.

Finding, 2019-02, Compliance with FL Section 218.415 (Public Deposit Identification and Acknowledgment forms)

The Town did not have the Florida Deposit Identification and Acknowledgment forms for each bank account as of September 30, 2022.

Recommendation: is for the Town to complete and maintain on file the Florida Deposit Identification and Acknowledgment forms for each bank account.

Status of Finding 2019-02: I requested but could not obtain evidence that the Town maintained copies of the Florida Deposit Identification and Acknowledgment forms for each bank account.

Finding 2019-02 remains open.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Town of Westville has no component units.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that I apply appropriate procedures and communicate the results of my determination as to whether or not the Town of Westville has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that the Town of Westville did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, I applied financial condition assessment procedures for the Town of Westville. It is management's responsibility to monitor the Town of Westville's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by the same. I performed this assessment as of the fiscal year end and I did not find any deteriorating conditions.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that I communicate any recommendations to improve financial management. In connection with my FY 2022 audit, I have four audit findings or recommendations.

Finding 2022-01, Compliance with FL Section 218.32 (Submission of Annual Financial Report and Audit)

The Town did not submit the Annual Financial Report or Audit to the Florida Auditor General as required by Florida Statute Section 218.32 in a timely manner. The delay in filing was due to the auditors schedule and unforeseen issues encountered in the audit schedule.

Recommendation: The Town should engage a Certified Public Accountant for the next audit as soon as possible. Documents should be orderly and key personnel available.

Finding 2022-02, Newly approved water rates were not updated in the utility software (MATERIAL WEAKNESS)

The Town did not update water rates in the utility software as approved by the Council on January 4, 2022 by amendment of Ordinance 2-87. This caused the Town to underbill customers for eight months of the twelve months included in these audited financial statements. Seven of fifteen water billings tested to not calculate to the newly approved rates. The Council did not detect the underbilling until I communicate the issue to the Council.

Recommendation: The Town should obtain assistance with updating the rates in the utility software. The Town should test the calculations on a suitable number of billings until they are sure the utility software is calculating all monthly billings correctly.

Finding 2022-03, The Town lacks expertise to fully utilize the utility software (MATERIAL WEAKNESS)

The Town does not have the expertise to fully utilize the utility software. This caused the customer deposits, water revenue, and water revenue receivable amounts displayed on reports generate from the utility software to be unreliable. I could not obtain enough evidence to confirm that deposit, revenue, or accounts receivable related to the proprietary fund is not materially misstated.

Recommendation: The Town should obtain assistance and training to ensure they understand the functionality of the utility software. The Town should also review current data within the software to ensure that customer deposits and amounts due are correct.

Finding 2022-05, The original budget adopted by the council was not revised as new information became available. (SIGNIFICANT DEFICIENCY)

The Town adopted a timely original budget, but as additional revenue was received and expenditure incurred the Town did not revise the original budget. This caused the Town to not budget to the detail required by Annual Financial Report (AFR) in the governmental fund. This also cause expenditures to exceed budgeted amounts in the proprietary fund.

Recommendation: The Town should revise the budget as new information becomes available.

Additional Matters

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

Purpose of this letter

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

Edward E Chapman Jr.

Edward E Chapman
Certified Public Accountant
Springville, Alabama
November 14, 2023

**EDWARD E CHAPMAN
CERTIFIED PUBLIC ACCOUNTANT**

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**INDEPENDENT ACCOUNTANT'S REPORT ON EXAMINATION OF COMPLIANCE
REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR
GENERAL**

To:
Town Council
Town of Westville
Westville, Florida

I have examined the Town of Westville's (the Town) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022.

Management is responsible for the Town's compliance with those requirements. My responsibility is to express an opinion on the Town's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

My examination does not provide a legal determination on the Town's compliance with specified requirements.

In my opinion, the Town of Westville did not comply, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

Edward E Chapman JR.

Edward E Chapman
Certified Public Accountant
Springville, Alabama
November 14, 2023

Town of Westville

PO Box 123
Westville, FL 32464
Phone (850) 548-5858

November 14, 2023

Memorandum for: Edward E Chapman, Certified Public Accountant
7224 US Hwy 11, Springville, AL. 35146

Subject: Managements response to the FY2022 audit findings

Finding 2022-01, Compliance with FL Section 218.32 (Submission of Annual Financial Report and Audit)

The Town did not timely submit the Annual Financial Report (AFR) to the Florida Auditor General as required by Florida Statute. The AFR is required to be submitted within nine month of the closed of the year (06/30/2023). The delay in filing was due to the auditor's schedule and unforeseen issues encountered in the audit schedule.

Town's response to audit finding 2022-01: The Town will engage a Certified Public Accountant for the next audit as soon as possible. Documents will be maintained in an orderly manner and key personnel will be made available in a timely manner.

Finding 2022-02, Newly approved water rates were not updated in the utility software (MATERIAL WEAKNESS)

The Town did not update water rates in the utility software as approved by the Council on January 4, 2022 by amendment of Ordinance 2-87. This caused the Town to underbill customers for eight months of the twelve months included in these audited financial statements. Seven of fifteen water billings tested do not calculate to the newly approved rates.

Town's response to audit finding 2022-02: The Town will obtain assistance with updating the rates in the utility software. The Town will test the calculations on a suitable number of billings until we are sure the utility software is calculating all monthly billings correctly.

Finding 2022-03, The Town lacks expertise to fully utilize the utility software (MATERIAL WEAKNESS)

The Town does not have the expertise to fully utilize the utility software. This caused many of the customer deposits and amounts due from customers in the utility software to not match actual customer balances. The reports generated from the utility software does not accurately reflect many customer deposits and amounts due.

Town's response to audit finding 2022-03: The Town will obtain assistance and training to ensure we understand the functionality of the utility software. The Town has already started a project that will ensure that customer deposits and amounts due are correct.

Finding 2022-04, The original budget adopted by the council was not revised as new information became available. (SIGNIFICANT DEFIEIENCY)

The Town adopted a timely original budget, but as additional revenue was received, and expenditure incurred the Town did not revise the original budget. This caused the Town to not budget to the detail required by Annual Financial Report (AFR) in the governmental fund. This also cause expenditures to exceed budgeted amounts in the proprietary fund.

Town's response to audit finding 2022-04: The Town will revise and adopt the budget as new information becomes available.

Signed: *Sam Berger*

Title: *Council member*

Date: *11-7-23*