

TOWN of BROOKER, FLORIDA

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORTS**

AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2023

REDDISH & WHITE
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF BROOKER, FLORIDA

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and the Town Council
Town of Brooker, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Brooker, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Brooker, Florida's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Brooker, Florida, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Brooker, Florida and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Brooker, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Brooker, Florida's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–9 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Brooker, Florida's basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance, as required by Chapter 10.550, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2024, on our consideration of the Town of Brooker, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Brooker, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Brooker, Florida's internal control over financial reporting and compliance.

Reddish & White, CPA's

Starke, Florida
January 25, 2024

Town of Brooker

Management's Discussion and Analysis For the Year Ended September 30, 2023

Within this section of the Town of Brooker's (the Town) annual financial report, the Town's management provides narrative discussion and analysis of the financial activities of the Town for the fiscal year ended September 30, 2023. Our discussion and analysis of the Town's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the Town's financial statements which begin on page 10.

Financial Highlights

- The net position of the Town increased \$936,653 (or 71%) overall as a result of this year's operations. The increase can be attributed to the receipt of the American Rescue Plan Act (ARPA) grant and the Florida Department of Transportation's Small County Outreach Program (SCOP) grant for street improvements. The net position of the governmental activities increased by \$923,944 (or 129%) while the net position of the business type activities increased by \$12,709 (or 2%).
- For the year, the Town had expenses that were \$923,944 less than the \$1,103,294 in tax and other revenues for governmental programs. This compares favorably to last year when expenditures were \$191,283 less than revenues for governmental programs. This was mainly due to the capital and operational grants received this fiscal year.
- In the Town's business-type activities, operating revenues increased \$23,507 to \$112,212. This increase is due to a small increase in water and sanitation services and the receipt of an insurance claim in the amount of \$13,781 for damages to a fire hydrant. The operating expenses increased to \$132,214, a \$32,302 increase from the prior year. This increase is primarily due to the increase in repair expenses and the repairs related to the insurance claim received.

Overview of the Financial Statements

The accompanying financial statements provide information on both the Town as a whole (government-wide) and on the major individual funds. Management's Discussion and Analysis introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements,

(2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall economic health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, and culture and recreation. The business-type activities include the water services and sanitation services.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are required to be separately reported while all others are combined into a single, aggregated presentation. Presently, the Town has only one governmental fund that

encompasses the operations of the Town's governmental operations and only one business-type fund that encompasses the Town's water and sanitation services.

Governmental funds All of the Town's basic governmental services are reported in governmental funds. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Since the government-wide focus includes the long-term view, comparisons between the two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliations to the government-wide statements to assist in understanding the differences between these two perspectives.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. Presently, the Town has one fund that qualifies as a proprietary fund – the Water Fund.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Financial Analysis of the Town as a Whole

As of September 30, 2023, and 2022, the Town's combined net position totaled \$2,262,729 and \$1,326,076, respectively. The capital assets are shown net of depreciation. The following table provides the details:

	Governmental Activities		Business-type Activities		Totals	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets:						
Current Assets	\$422,359	\$494,967	\$191,982	\$181,716	\$614,341	\$676,683
Capital Assets	1,248,215	372,837	445,348	443,932	1,693,563	816,769
Total Assets	<u>1,670,574</u>	<u>867,804</u>	<u>637,330</u>	<u>625,648</u>	<u>2,307,904</u>	<u>1,493,452</u>
Liabilities:						
Current Liabilities	28,465	149,639	16,710	17,737	45,175	167,376
Total Liabilities	<u>28,465</u>	<u>149,639</u>	<u>16,710</u>	<u>17,737</u>	<u>45,175</u>	<u>167,376</u>
Net Position:						
Invested in capital assets, net of related debt	1,248,215	372,837	445,348	443,932	1,693,563	816,769
Restricted	31,895	24,791	0	0	31,895	24,791
Unrestricted	<u>361,999</u>	<u>320,537</u>	<u>175,272</u>	<u>163,979</u>	<u>537,271</u>	<u>484,516</u>
Total net position	<u>\$ 1,642,109</u>	<u>\$ 718,165</u>	<u>\$ 620,620</u>	<u>\$ 607,911</u>	<u>\$ 2,262,729</u>	<u>\$ 1,326,076</u>

The Town continues to maintain a strong current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. A large portion of the Town's assets are classified as capital assets. The Town uses these capital assets to provide services to its citizens.

The following is a summary of the Town's changes in net position for the years ended September 30, 2023 and 2022:

	Governmental Activities		Business-type Activities		Totals	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Taxes	\$102,486	\$101,359	\$0	\$0	\$102,486	\$101,359
Intergovernment	48,478	47,095	0	0	48,478	47,095
Charges for services	2,543	4,173	94,181	88,359	96,724	92,532
Grants and Contributions	939,389	177,013	0	0	939,389	177,013
Miscellaneous	10,398	4,460	20,754	1,186	31,152	5,646
Total	<u>1,103,294</u>	<u>334,100</u>	<u>114,935</u>	<u>89,545</u>	<u>1,218,229</u>	<u>423,645</u>
Expenditures:						
General Government	103,951	89,382	0	0	103,951	89,382
Public Safety	5,308	14,717	0	0	5,308	14,717
Physical Environment	14,530	16,450	0	0	14,530	16,450
Transportation	14,550	12,701	0	0	14,550	12,701
Culture & Recreation	11,023	9,567	0	0	11,023	9,567
Water & Sanitation	0	0	132,214	99,912	132,214	99,912
Total	<u>149,362</u>	<u>142,817</u>	<u>132,214</u>	<u>99,912</u>	<u>281,576</u>	<u>242,729</u>
Interfund transfers	(29,988)	0	29,988	0	0	0
Change in net position	923,944	191,283	12,709	(10,367)	936,653	180,916
Net position, beginning	<u>718,165</u>	<u>526,882</u>	<u>607,911</u>	<u>618,278</u>	<u>1,326,076</u>	<u>1,145,160</u>
Net position, ending	<u>\$1,642,109</u>	<u>\$ 718,165</u>	<u>\$ 620,620</u>	<u>\$ 607,911</u>	<u>\$2,262,729</u>	<u>\$1,326,076</u>

Financial Analysis of the Town's Funds

Governmental Funds

The Town's governmental fund provides short-term information. The fund balance is a useful measure of a government's net resources available for spending. For the year ended September 30, 2023, the fund balance of the General Fund increased by \$48,566 or 14%, compared to \$128,172 or 59% increase for the prior fiscal year. The increase is mainly attributed to the ARPA and SCOP grants, along with an increase in discretionary sales tax and intergovernmental revenues.

Proprietary Funds

The Town's proprietary fund financial statements provide more detailed information than in the government-wide financial statements. For the year ended September 30, 2023, unrestricted fund balance of the Proprietary fund increased by \$11,293 to a balance of \$175,272.

General Fund Budgetary Highlights

Overall, the actual revenues were more than budgeted revenues by \$143,342 due primarily to the grant activity and discretionary sales surtax. As a result, the Town realized 115% of its budgeted revenues.

Total actual expenditures were less than budgeted expenditures by \$24,597. Overall, the Town expended 97% of its authorized budget. All departments, except general government, experienced an unfavorable budget for the fiscal year due to the purchase of capital assets with ARPA funds that were not specifically allocated to capital budget line items. The most significant budget variance was for the general government operating costs which resulted in a net \$86,139 favorable budget variance. This is due primarily to ARPA funds being used for capital asset purchases while being budgeted for operating costs.

Capital Asset and Debt Administration

Capital Assets

Capital asset additions for the year consisted of \$819,756 in construction in progress for roadway improvements, \$8,325 in construction in progress for city park building improvements, \$9,000 in buildings and improvements for painting and ceiling tile replacement, \$50,640 in general fund equipment and \$29,988 in water fund equipment for various equipment purchases and upgrades. Capital asset retirements for the year totaled \$928 of equipment.

Economic Environment and Next Year's Budgets and Rates

The Town, like most small local governments, relies on taxes and state shared revenues and limited sources of other taxes and fees to finance the governmental activities. The Town anticipates that these amounts will not decrease significantly from the prior year.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Town clerk's office at (352) 485-1022.

Town of Brooker

Statement of Net Position
September 30, 2023

	GOVERNMENTAL ACTIVITES	BUSINESS-TYPE ACTIVITES	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$345,600	\$177,735	\$523,335
Cash and Cash Equivalents - Restricted	31,895	15,403	47,298
Prepaid Assets	4,463	0	4,463
Accounts Receivable, Net	1,086	7,497	8,583
Due from Other Governments	30,662	0	30,662
Internal Balances	8,653	(8,653)	0
TOTAL CURRENT ASSETS	422,359	191,982	614,341
CAPITAL ASSETS	1,248,215	445,348	1,693,563
TOTAL ASSETS	\$1,670,574	\$637,330	\$2,307,904
LIABILITIES			
Current Liabilities			
Accounts Payable	\$11,605	\$1,598	\$13,203
Advance Collections	16,860	0	16,860
Deposits	0	15,112	15,112
TOTAL CURRENT LIABILITIES	28,465	16,710	45,175
TOTAL LIABILITIES	28,465	16,710	45,175
NET POSITION			
Net Investment in Capital Assets	1,248,215	445,348	1,693,563
Restricted	31,895	0	31,895
Unrestricted	361,999	175,272	537,271
TOTAL NET POSITION	1,642,109	620,620	2,262,729
TOTAL LIABILITIES AND NET POSITION	\$1,670,574	\$637,330	\$2,307,904

See accompanying notes to the financial statements.

Town of Brooker

Statement of Activities
For the Year Ended September 30, 2023

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Government Activities:					
General Government	\$103,951	\$0	\$58,127	\$17,463	(\$28,361)
Public Safety	5,308	143	0	15,236	10,071
Physical Environment	14,530	0	0	0	(14,530)
Transportation	14,550	0	0	819,547	804,997
Culture and Recreation	11,023	2,400	0	29,015	20,392
Total Governmental Activities	<u>149,362</u>	<u>2,543</u>	<u>58,127</u>	<u>881,261</u>	<u>792,569</u>
Business-type Activities:					
Sanitation Services	26,802	19,092	0	0	(7,710)
Water Utilities	105,412	75,089	0	0	(30,323)
Total Business-type Activities	<u>132,214</u>	<u>94,181</u>	<u>0</u>	<u>0</u>	<u>(38,033)</u>
Total Primary Government	<u>281,576</u>	<u>96,724</u>	<u>58,127</u>	<u>881,261</u>	<u>754,536</u>
			<u>Primary Government</u>		
			<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Change in Net Position:					
Net Revenue (Expense)			792,569	(38,033)	754,536
General Revenues:					
Taxes:					
Property			2,853	0	2,853
Discretionary Sales Surtax			53,620	0	53,620
Utility Tax			18,826	0	18,826
Local Option Gas Tax			27,187	0	27,187
General Intergovernmental Revenue			48,478	0	48,478
Investment Income			6,475	2,723	9,198
Miscellaneous			3,924	18,031	21,955
Total general revenues			<u>161,363</u>	<u>20,754</u>	<u>182,117</u>
Interfund Transfers			(29,988)	29,988	0
Change in Net Position			923,944	12,709	936,653
Net Position, beginning of year			<u>718,165</u>	<u>607,911</u>	<u>1,326,076</u>
Net Position, end of year			<u>\$1,642,109</u>	<u>\$620,620</u>	<u>\$2,262,729</u>

See accompanying notes to the financial statements.

Town of Brooker

Balance Sheet - Governmental Fund
September 30, 2023

ASSETS

Current Assets

Cash and cash equivalents	\$345,600
Cash and cash equivalents - Restricted	31,895
Prepaid Assets	4,463
Accounts Receivable	1,086
Due from Water Fund	8,653
Due from other Governmental Units	30,662

Total Current Assets 422,359

TOTAL ASSETS \$422,359

LIABILITIES AND FUND BALANCES

LIABILITIES

Current Liabilities

Accounts payable	\$11,605
Advance Collections	16,860

Total Current Liabilities 28,465

FUND BALANCES

Non spendable	4,463
Restricted	31,895
Unassigned	357,536

TOTAL FUND BALANCES 393,894

TOTAL LIABILITIES AND FUND BALANCES \$422,359

See accompanying notes to the financial statements.

Town of Brooker

Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
September 30, 2023

Total Fund Balance - Total Governmental Funds \$393,894

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

Capital assets of \$1,544,112 net of accumulated depreciation
of \$295,897 are not financial resources and, therefore,
are not reported in the funds 1,248,215

Net Position of Governmental Activities \$1,642,109

See accompanying notes to the financial statements.

Town of Brooker

Statement of Revenue, Expenditures, and Changes in Fund

Balances - Governmental Funds

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
General Revenues:				
Taxes				
Property	\$2,858	\$2,858	\$2,853	(\$5)
Discretionary Sales Surtax	43,000	43,000	53,620	10,620
Franchise and Utility Taxes	17,800	17,800	18,826	1,026
Local Option Gas Tax	30,000	30,000	27,187	(2,813)
Intergovernmental programs	38,250	38,250	48,478	10,228
Fines and Forfeitures	800	800	143	(657)
Capital Grants	738,751	738,751	881,262	142,511
Operating Grants	84,143	84,143	58,127	(26,016)
Miscellaneous	4,350	4,350	12,798	8,448
Total Revenues	<u>959,952</u>	<u>959,952</u>	<u>1,103,294</u>	<u>143,342</u>
Expenditures				
Current:				
General Government	159,451	185,719	99,580	86,139
Public Safety	4,000	2,465	4,203	(1,738)
Physical Environment	18,000	14,530	14,530	0
Transportation	18,950	11,436	12,830	(1,394)
Culture and Recreation	14,200	5,466	5,652	(186)
Capital Outlay:				
General Government	3,500	6,319	23,783	(17,464)
Public Safety	0	0	15,236	(15,236)
Transportation	738,751	823,247	819,756	3,491
Culture and Recreation	3,100	155	29,170	(29,015)
Total Expenditures	<u>959,952</u>	<u>1,049,337</u>	<u>1,024,740</u>	<u>24,597</u>
Excess of Revenues Over (Under) Expenditures	0	(89,385)	78,554	167,939
Other Financing Sources				
Transfers Out	0	0	(29,988)	(29,988)
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>(29,988)</u>	<u>(29,988)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	0	(89,385)	48,566	
Fund Balance, Beginning of Year	<u>345,328</u>	<u>345,328</u>	<u>345,328</u>	
Fund Balance, End of Year	<u>\$345,328</u>	<u>\$255,943</u>	<u>\$393,894</u>	

See accompanying notes to the financial statements.

Town of Brooker

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2023

Net change in Fund Balances - Total Governmental Funds \$48,566

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

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over the estimated useful lives and
reported as depreciation expense. This is the amount
by which net capital outlays of \$887,721 exceeded
depreciation expense of \$12,343

875,378

Change in Net Position of Governmental Activities

\$923,944

See accompanying notes to the financial statements.

Town of Brooker

Statement of Net Position - Proprietary Fund September 30, 2023

Assets

Current Assets

Cash and Cash Equivalents	\$177,735
Cash and Cash Equivalents - Restricted	15,403
Accounts Receivable, Net	7,497
Total Current Assets	<u>200,635</u>

Non-current Assets

Capital Assets, Net of Accumulated Depreciation	<u>445,348</u>
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Total Assets	<u><u>\$645,983</u></u>
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Liabilities and Net Position

Liabilities

Current Liabilities

Accounts Payable	\$1,598
Customer Deposits	15,112
Due to General Fund	8,653
Total Current Liabilities	<u>25,363</u>

Total Liabilities	<u>25,363</u>
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Net Position

Net Investment in Capital Assets	445,348
Unrestricted	175,272
Total Net Position	<u>620,620</u>

Total Liabilities and Net Position	<u><u>\$645,983</u></u>
------------------------------------	-------------------------

See accompanying notes to the financial statements.

Town of Brooker

Statement of Revenues, Expenses, and Changes in Fund
Net Position - Proprietary Fund
For The Year Ended September 30, 2023

OPERATING REVENUES	
Water Sales	\$75,089
Sanitation Services	19,092
Miscellaneous	<u>18,031</u>
TOTAL OPERATING REVENUES	<u>112,212</u>
OPERATING EXPENSES	
Personal Services	11,400
Repairs and Maintenance	31,927
Other Operating Expenses	60,315
Depreciation	<u>28,572</u>
TOTAL OPERATING EXPENSES	<u>132,214</u>
OPERATING INCOME (LOSS)	(20,002)
NON OPERATING REVENUES AND EXPENSES	
Investment Income	<u>2,723</u>
NET NON OPERATING REVENUES (EXPENSES)	<u>2,723</u>
TRANSFER FROM GENERAL FUND	29,988
NET INCREASE (DECREASE) IN FUND NET POSITION	12,709
FUND NET POSITION, BEGINNING OF YEAR	<u>607,911</u>
FUND NET POSITION, END OF YEAR	<u><u>\$620,620</u></u>

See accompanying notes to the financial statements.

Town of Brooker

Statement of Cash Flows - Proprietary Fund For The Year Ended September 30, 2023

Cash Flows From Operating Activities	
Receipts from Customers	\$112,601
Payments to Suppliers of Goods and Services	(93,869)
Payments to Employees	(11,400)
Net Cash Provided by (Used By) Operating Activities	<u>7,332</u>
Cash Flows from Investing Activities	
Interest received	<u>2,723</u>
Net Cash Provided by (Used by) Investing Activities	<u>2,723</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,055
Cash and Cash Equivalents, Beginning of Year	<u>183,083</u>
Cash and Cash Equivalents, End of Year	<u><u>\$193,138</u></u>
Reconciliation of Net Operating Income (Loss) to Net Cash	
Provided by (Used by) Operating Activities	
Operating Income (Loss)	(\$20,002)
Adjustments to reconcile operating loss to net cash provided by	
Operating Activities:	
Depreciation expense	28,572
Change in assets and liabilities	
Accounts Receivable, Net	(211)
Accounts Payable	(1,627)
Customer Deposits	600
	<u>\$7,332</u>
Reconciliation to Balance Sheet:	
Cash and Cash Equivalents	\$177,735
Cash and Cash Equivalents - Restricted	15,403
	<u><u>\$193,138</u></u>

See accompanying notes to the financial statements.

TOWN OF BROOKER

Notes to the Financial Statements
For the Year Ended September 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The Town of Brooker (the “Town”) was incorporated as a municipality established under the laws of the State of Florida. The Town was established by Chapter 6329, Laws of Florida, Special Acts in 1911. The Town operates under a Mayor-Council form of government and provides services to its citizens including public safety, sanitation, streets and other general governmental activities. In addition, the Town owns and operates a water system.

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 (Statements and Interpretations). The more significant accounting policies used by the Town are discussed below.

Financial Reporting Entity

The Town’s basic financial statements include the accounts of all Town operations. As defined by GASB, component units are legally separate entities that are included in the Town’s reporting entity because of the significance of their operating or financial relationships with the Town. Based on the aforementioned criteria, the Town has no component units.

Basis of Presentation

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and the fund financial statements categorize primary activities as either governmental or business type. The Town’s police protection, recreation and culture, transportation, economic development, fire department and general government services are classified as governmental activities. The Town’s water and sanitation services are classified as business-type activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements – Government-wide Statements

In the government-wide Statement of Net Position, both the governmental and business-type activities are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts – net investment in capital assets, restricted net position, and unrestricted net position. The Town first utilizes restricted resources to finance qualifying expenditures.

The government-wide Statement of Activities reports both gross and net cost of each of the Town's functions (public safety, general government, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, general government, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general government revenues.

The Town does not allocate indirect costs. The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are required to be presented for governmental and proprietary activities. These statements are required to present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. The Town currently has only one governmental fund and one enterprise fund for reporting purposes.

General Fund

The General Fund is the general operating fund of the Town. This fund is used to account for all financial resources, not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund

The Enterprise Fund (Water Fund) is used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund level financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both 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 be used to pay liabilities of the current period.

The Town considers taxes and licenses as available if collected within 60 days after the year-end. Expenditures are recorded when the related fund liability is incurred. The revenues susceptible to accrual are taxes, franchise fees, and intergovernmental revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business-type activities and the proprietary fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases and decreases in fund net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing deliverable goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's water funds are charges to customers for sales of water and for sanitation services. Operating expenses for the enterprise fund include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Deposits and Investments

For purposes of the statement of cash flows, highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The cash balances consist of checking accounts.

All monies collected by the Town are required to be deposited in accordance with the laws of the State of Florida. Section 218.415 (17), Florida Statutes, authorizes the Town to invest in the Local Government Surplus Funds Trust, direct obligations of the United States Government, obligations unconditionally guaranteed by the United States Government, time deposits and savings accounts of Florida Qualified Depositories, obligations of Federal Farm Credit Banks, and obligations of the Federal National Mortgage Association.

All cash deposits of the Town are covered by Federal depository insurance or by collateral held by the Town's custodial bank which is pledged to a state trust fund that provides security in accordance with the Florida Security for Deposits Act, Chapter 280, for amounts held in excess of the FDIC coverage. The Florida Security for Public Deposits Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

The Town has not adopted a formal deposit and investment policy that limits the Town's allowable deposits and investments. However, the Town limits its investments to time certificates of deposit with maturities ranging from three months to one year.

During the year the Town's General Fund expended \$29,988 on fixed assets for the Water Fund. This constitutes a non-cash transaction for the water fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

Receivables are recorded at their estimated net realizable value. Accordingly, they have been adjusted for all known doubtful accounts.

Interfund Receivables and Payables

Interfund receivables and payables, if any, are the result of the Town, through its General Fund, providing administrative support to the enterprise funds.

Capital Assets

Property, plant, and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at their estimated fair market value at the time received. Infrastructure (public domain) assets consisting of roads, bridges, curbs and gutters, streets, and sidewalks, drainage systems, and lighting systems have not been recorded prior to the current fiscal year. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$200 and an estimated useful life in excess of one year.

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

Asset	Years
Buildings	15 – 40
Improvements	10 – 50
Equipment	5 – 10

Fund Equity Classifications

Government-wide and Proprietary Fund Statements

Equity is classified as net position and displayed in 3 components:

Net Investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. As of September 30, 2023, restricted net position in the governmental activities consisted of \$31,895 for transportation related expenditures, due to enabling legislation.

Unrestricted net position – consist of all other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

The Town’s policy is to consider restricted resources as expended whenever both restricted and unrestricted resources are available.

Fund Financial Statements

Fund balances are required to be broken down into the following categories:

Nonspendable fund balance – this classification represents amounts for inventory, prepaid expenses, property held for resale and long term notes receivable. The nonspendable fund balance at September 30, 2023 was \$4,463.

Restricted fund balance – this classification represents amounts restricted to specific purposes that are either *externally imposed by creditors, grantors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation*. This definition is the same as the definition of restricted net position used in government-wide financial reporting.

Committed fund balance – this classification represents amounts restricted for specific purposes by formal action of the government’s highest level of decision-making authority (the approval of an ordinance by the Town’s council).

Assigned fund balance – this classification represents amounts constrained by the government’s intent to be used for specific purposes, but are neither restricted or committed (the approval of a resolution by the Town’s council or a majority vote of the Town’s council).

Unassigned fund balance – This classification represents amounts that do not belong in any of the previous classifications, that is, the residual classification of the general fund.

NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

The Town has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through January 25, 2024, the date the financial statements were available to be issued.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

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

- In June, the Town Clerk submits to the Town Council a proposed operating budget, for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted in July and August to obtain taxpayer comments.
- In September, the final budget is legally enacted through passage of an ordinance.
- The Town Council must approve any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund.
- The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.
- Appropriations lapse at year-end.
- The fund total is considered the legal level of control.

The effects of budget amendments have been applied to the “final “budgetary data.

NOTE 3 – PROPERTY TAXES

The Bradford County Tax Collector bills and collects property taxes for the Town. Town property tax revenues are recognized when levied, to the extent that they result in current receivables. Current year revenues recognized are those collected within 60 days after the year-end.

Details of the City's property tax calendar are presented below:

Lien Date January 1

Levy Date November 1

Installment Payments:

1st Installment No later than June 30

2nd Installment No later than September 30

3rd Installment No later than December 31

4th Installment No later than March 31

Regular Payments:

Discount Periods November – February

No Discount Period March

Delinquent Date April

NOTE 4 – COMMITMENTS AND CONTINGENCIES

During the fiscal year ended September 30, 2009, the Town entered into a water maintenance contract. Under the terms of the contract, the Town agrees to pay a third party for maintenance services on the Town's water tank. Terms of the contract stipulate the annual payment for future years is \$9,033. In year 8 of the contract and each third anniversary thereafter, the annual fee shall be adjusted to reflect current cost of service but no more than 5% per annum. During the year ended September 30, 2023, the Town incurred \$11,130 in fees pursuant to this contract.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state 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(s) cannot be determined at this time although the Town expects amounts, if any, to be immaterial.

July 2019, the Town was awarded a Small County Outreach Program (SCOP) grant from the Florida Department of Transportation (FDOT). The funds will be used for street improvements throughout the Town with an estimated project cost of \$809,000. During 2023, the agreement was amended to provide an estimated additional funds of \$302,000 to cover any shortfalls due to construction inflationary factors. As of September 30, 2023, related expenditures totaled \$912,456, of which \$19,345 will not be reimbursed, and reimbursements received totaled \$873,105. A receivable for the remaining balance of \$20,006 has been recognized.

NOTE 4 – COMMITMENTS AND CONTINGENCIES (concluded)

In October 2021, the Town was awarded \$168,287 in fiscal recovery funds under the American Rescue Plan Act (ARPA) grant from the State of Florida Division of Emergency Management. Funds may be used for eligible expenses under the ARPA Coronavirus State and Local Fiscal Recovery Funds through December 31, 2024. As of September 30, 2023, expenditures allocated to the grant totaled \$151,427.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$142,471	\$0	\$0	\$142,471
Construction in Progress	92,700	828,081	0	920,781
Total	<u>235,171</u>	<u>828,081</u>	<u>0</u>	<u>1,063,252</u>
Capital assets being depreciated:				
Buildings and Improvements	306,775	9,000	0	315,775
Machinery and Equipment	63,780	50,640	(928)	113,492
Infrastructure	51,593	0	0	51,593
Total	<u>422,148</u>	<u>59,640</u>	<u>(928)</u>	<u>480,860</u>
Less accumulated depreciation:				
Buildings and Improvements	(210,077)	(6,599)	0	(216,676)
Machinery and Equipment	(45,170)	(4,024)	928	(48,266)
Infrastructure	(29,235)	(1,720)	0	(30,955)
Total	<u>(284,482)</u>	<u>(12,343)</u>	<u>928</u>	<u>(295,897)</u>
Total capital assets being depreciated, net	<u>137,666</u>	<u>(12,343)</u>	<u>0</u>	<u>184,963</u>
Governmental activities capital assets, net	<u>\$372,837</u>	<u>\$815,738</u>	<u>\$0</u>	<u>\$1,248,215</u>

NOTE 5 – CAPITAL ASSETS (concluded)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Enterprise Activities:				
Plant and Improvements	\$951,013	\$29,988	\$0	\$981,001
Less accumulated depreciation:				
Plant and Improvements	(507,081)	(28,572)	0	(535,653)
Total capital assets being depreciated, net	<u>\$443,932</u>	<u>\$1,416</u>	<u>\$0</u>	<u>\$445,348</u>

For the year ended September 30, 2023, depreciation expense was charged to functions/programs of the primary government as follows:

General Government	\$4,303
Public Safety	1,104
Transportation	1,720
Culture and Recreation	5,216
Total	<u>\$12,343</u>

NOTE 6 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries insurance. Insurance against losses are provided for the following types of risk: (1) workers compensation and employer liability, (2) general liability and automotive liability, (3) real and personal property damage, and (4) automobile physical damage. The Town's coverage for workers compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to date of the Town's experience for this type of risk. Commercial insurance has also been purchased by the Town to cover the risks of loss due to employee errors or omissions and for health insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

**ADDITIONAL ELEMENTS OF REPORT REQUIRED
BY THE RULES OF THE AUDITOR GENERAL AND
THE *GOVERNMENT AUDITING STANDARDS***

Town of Brooker

Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended September 30, 2023

<u>GRANT / PROGRAM TITLE</u>	<u>CSFA#</u>	<u>PROGRAM / AWARD GRANT OR LOAN AMOUNT</u>	<u>EXPENDITURES OR LOAN BALANCE</u>
<u>FLORIDA DEPARTMENT OF TRANSPORTATION</u>			
Small County Outreach Program	55.009	\$1,111,874	\$815,411
			<hr/> <hr/> <u>\$815,411</u>

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance includes the state financial assistance activity of the Town of Brooker, Florida and is presented on the accrual basis of accounting.

REDDISH & WHITE

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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 the Honorable Mayor and Town Council
Town of Brooker, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Brooker, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Brooker, Florida's basic financial statements, and have issued our report thereon dated January 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Brooker, Florida's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Brooker, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Brooker, 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 material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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.

Reddish & White, CPA's

Starke, Florida
January 25, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550 RULES OF THE AUDITOR GENERAL

To the Honorable Mayor and Town Council
Town of Brooker, Florida

Report on Compliance for Each Major State Project

We have audited the Town of Brooker, Florida's compliance with the types of compliance requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of the Town of Brooker, Florida's major state projects for the fiscal year ended September 30, 2023. The Town of Brooker, Florida's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its state projects applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Brooker, Florida's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Town of Brooker, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the Town of Brooker, Florida's compliance.

Opinion on Each Major State Project

In our opinion, the Town of Brooker, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the fiscal year ended September 30, 2023.

Report on Internal Control Over Compliance

Management of the Town of Brooker, Florida is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Brooker, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with the Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Brooker, Florida's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Reddish & White, CPA's

Starke, Florida
January 25, 2024

TOWN OF BROOKER

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

Section I. Summary of Auditor's Results

1. The auditors' report expresses an unmodified opinion on the Town of Brooker, Florida's basic financial statements prepared in accordance with Generally Accepted Account Principles (GAAP).
2. No internal control material weaknesses were identified.
3. No internal control significant deficiencies were identified.
4. No instance of noncompliance material to the financial statements of the Town of Brooker, Florida was identified.
5. No internal control material weaknesses were identified during the audit of the major state project awards.
6. No internal control significant deficiencies were identified during the audit of the major state project awards.
7. The auditor's report on compliance with requirements that could have a direct and material effect on each major state project for the Town of Brooker, Florida expresses an unmodified opinion.
8. Our audit identified no findings required to be reported related to state projects in accordance with Chapter 10.557 Rules of the Auditor General.
9. The program tested as a major program was CFSA No. 55.009, Florida Department of Transportation's (FDOT) Small County Outreach Program (SCOP).
10. The threshold for distinguishing Type A and Type B programs was \$750,000 for major state projects.

Section II. Findings Related to the Financial Statements which are required to be Reported in Accordance with *Government Auditing Standards*

There were no new findings or questioned costs.

TOWN OF BROOKER

Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2023

Section III. Findings and Questioned Costs – Major State Project Audits

There were no new findings or questioned costs.

Section IV. Status of Prior Year Findings

There were no findings from prior years.

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to State projects (Sections 10.557(3)(e)5, Rules of the Auditor General).

REDDISH & WHITE

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

To the Honorable Mayor and Town Council
Town of Brooker, Florida

We have examined the Town of Brooker, Florida's compliance with the requirements of Section 218.415, Florida Statutes during the fiscal year ended September 30, 2023. Management is responsible for Town of Brooker, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Town of Brooker, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about Town of Brooker, Florida's compliance with those requirements and performing such other procedures as we consider 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 Town of Brooker, Florida's compliance with specified requirements.

In our opinion, Town of Brooker, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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

Reddish & White, CPA's

Starke, Florida
January 25, 2024

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Town Council
Town of Brooker, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Brooker, Florida, as of and for the fiscal year ended September 30, 2023, and have issued our report, thereon dated January 25, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 Rules of the Auditor General. Disclosures in those reports, which are dated January 25, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and no recommendations made in the preceding financial audit report.

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. The Town of Brooker, Florida was established by chapter 6329, Laws of Florida, Special Acts in 1911. There were no component units related to the Town of Brooker, Florida.

Financial Condition and Management

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

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

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

Special District Component Units

Section 10.554(1)(i)5.d, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The Town of Brooker, Florida did not have any component units for the fiscal year.

Additional Matters

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

Purpose of This Letter

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

Reddish & White, CPA's

Starke, Florida
January 25, 2024

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

January 25, 2024

To the Honorable Mayor and Town Council
Town of Brooker
Brooker, Florida

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Brooker, Florida for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 3, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Brooker, Florida are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2023. We noted no transactions entered into by the Town of Brooker, Florida 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. The most sensitive estimates affecting the Town of Brooker's financial statements are:

Management's estimate of the useful lives of the fixed assets is based on historical data. We evaluated the key factors and assumptions used to develop the useful lives of the fixed assets in determining that is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, which were primarily to convert your accounting records from the cash basis to the accrual basis.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 January 25, 2024.

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 Town of Brooker, Florida'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 Town of Brooker, Florida'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 Matters

We applied certain limited procedures to the Management Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Schedule of Expenditures of State Financial Assistance, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Very truly yours,

Reddish & White, CPA's