

Town of Esto
Financial Statements
September 30, 2023

Town of Esto
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To the Mayor and Town Council of
The Town of Esto, 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 Esto as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Esto'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 Esto, 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 Esto 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 Esto'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 Esto'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 Esto's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 24-25 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2023, on our consideration of the Town of Esto'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 Esto's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Esto's internal control over financial reporting and compliance.



Ferguson, Sizemore & Associates
Certified Public Accountants
Dothan, Alabama
August 21, 2024

Management's Discussion and Analysis

The Town of Esto's (the "Town") discussion and analysis is a narrative overview designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (revealing the ability to address future challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) focuses on the activities of the Town for the fiscal years ended September 30, 2023. Please consider the information in this MD&A in conjunction with the transmittal letter at the front of this report and the Town's financial statements.

Financial Highlights

The Town engaged a certified public accounting firm for the purpose of performing the Town's bookkeeping functions. This was done in order to ensure the Town's compliance with various State requirements.

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 are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (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 an overview of the Town's finances, in a manner to resemble private-sector business. In these statements, all governmental and business-type activities are consolidated into columns, which are added to a total for the Town or primary government.

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

The statement of activities presents information focused on both gross and net costs and shows how the Town's net position changed during the most recent fiscal year. This is intended to summarize and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to typically recover all or a significant portion of the cost of operation, including depreciation, through user fees and charges for services (business-type activities). The governmental activities of the Town include general government, public safety, streets and

highways, culture, and recreation. The business-type activities of the Town reflect private sector type operations (water sales).

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. This focus is on major funds, rather than (the previous model's statements prior to implementation of GASB 34 in fiscal year 2003) fund types. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental, proprietary, and fiduciary are the three categories of fund types.

The fund financial statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith. 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 financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental major fund is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows, outflows and balances of spendable resources.

The Town maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The Town maintains one proprietary fund for water services. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. While the total column on the business-type fund financial statements is the same as the business-type column on the government-wide financial statement, the governmental major funds total column requires a reconciliation because of the difference measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement. The flow of current financial resources will reflect debt proceeds and inter-fund transfers as other financial sources as well as capital expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column (in the government-wide statements).

Notes to the Financial Statements. The notes provided in this report convey additional essential information that will magnify the understanding of data in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The Town’s net position decreased by \$163,486 during the audit period. Management will continue to monitor net position because the variance is a useful indicator of the Town’s financial position.

The following table reflects the condensed Statement of Net Position compared to prior year.

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 128,709	\$ 185,586	\$ 36,517	\$ 42,806	\$ 165,226	\$ 228,392
Capital assets	904,982	988,085	1,935,161	1,999,714	2,840,143	2,987,799
Total assets	1,033,691	1,173,671	1,971,678	2,042,520	3,005,369	3,216,191
Current liabilities	4,109	43,999	12,311	21,494	16,420	65,493
Long-term liabilities	56,159	62,085	30,744	29,006	86,903	91,091
Total liabilities	60,268	106,084	43,055	50,500	103,323	156,584
Net assets:						
Investment in capital	893,642	976,745	1,904,417	1,970,708	2,798,059	2,947,453
Restricted	-	-	11,130	10,900	11,130	10,900
Unrestricted	79,781	90,842	13,076	10,412	92,857	101,254
Total net assets	\$ 973,423	\$ 1,067,587	\$ 1,928,623	\$ 1,992,020	\$ 2,902,046	\$ 3,059,607

By far the largest portion of the Town’s net position reflects the total investment in capital assets (e.g. land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to citizens. These assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay for or liquidate these liabilities. The remaining balance of *unrestricted net position* may be used to meet the government’s ongoing obligations to citizens and creditors.

Normal Impacts Affecting the Statement of Net Position

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

Spending of Non-Borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net position and increase invested in capital assets, net of debt.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase invested in capital assets, net of debt.

Reduction of Capital Assets Through Depreciation – which will reduce capital assets and invested in capital assets, net of debt.

The government’s net position decreased by \$163,486 during the current fiscal year. This increase resulted primarily from capital grants.

While the results of operations is a significant measure of the Town’s activities, the explanation of changes in unrestricted net position provides a clear measure of change in the Town’s financial position.

Capital Asset and Debt Administration

Capital Assets. The Town’s investment in capital assets for its governmental and business-type activities as of year-end are given in the table below. This investment in capital assets includes land, buildings, infrastructure, water system, and equipment.

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 117,762	\$ 117,762	\$ 1,250	\$ 1,250	\$ 119,012	\$ 119,012
Buildings	418,961	418,961	-	-	418,961	418,961
Water system	-	-	2,175,388	2,175,388	2,175,388	2,175,388
Infrastructure	512,051	512,051	-	-	512,051	512,051
Equipment	683,462	683,462	622,698	617,048	1,306,160	1,300,510
	<u>\$ 1,732,236</u>	<u>\$ 1,732,236</u>	<u>\$ 2,799,336</u>	<u>\$ 2,793,686</u>	<u>\$ 4,531,572</u>	<u>\$ 4,525,922</u>

Debt Outstanding

As of fiscal year ends, the Town’s outstanding debt was as follows:

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2023	2022	2023	2022	2023	2022
Notes payable	<u>\$ 56,159</u>	<u>\$ 62,085</u>	<u>\$ 30,744</u>	<u>\$ 29,006</u>	<u>\$ 86,903</u>	<u>\$ 91,091</u>

Statement of Activities

The following schedule compares the revenues and expenses for the current and previous year.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
2023			
Revenues:			
Charges for services	\$ -	\$ 73,516	\$ 73,516
Operating grants	78,701	-	78,701
Capital grants	-	-	-
General revenue:			
Taxes	91,580	-	91,580
Interest	2,117	-	2,117
Miscellaneous	5,565	8,206	13,771
Expenses:			
Governmental activities:			
General government	135,934	-	135,934
Mayor and council	2,500	-	2,500
Public safety	18,694	-	18,694
Highways and streets	14,023	-	14,023
Cultural and recreation	-	-	-
Depreciation	83,103	70,203	153,306
Interest	2,453	804	3,257
Business-type activities:			
Water department	-	95,462	95,462
Transfers	(21,350)	21,350	-
Net change	<u>\$ (100,089)</u>	<u>\$ (63,397)</u>	<u>\$ (163,486)</u>

Business-type activities decreased the Town's net position a total of \$63,397 during the audit period.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$124,600. Of this total fund balance, 124,600 constitutes the *unassigned fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$115,694, while total fund balance was also \$115,694. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. This is very useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

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

Economic Factors

The Town relies on taxes (sales, property, gasoline, franchise, etc.) and fees (licenses, permits, etc.) for its governmental activities. The primary source of revenue is state revenue sharing. There are a

limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both state and federal governments.

In the business-type and certain governmental activities (water fees), the user pays a related fee or charge associated with the service.

The level of taxes, fees, and charges for services have a direct bearing on the Town's ability to (a) annex additional land into its corporate limits and (b) encourage development to choose to be located in the Town's jurisdiction

Financial Information Contact

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, contact the Town Clerk at 3312 2nd Avenue South, Esto, Florida.

Town of Esto
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 122,401	\$ 12,225	\$ 134,626
Accounts receivable	-	10,429	10,429
Due from other governments	6,308	-	6,308
Noncurrent restricted assets	-	13,863	13,863
Capital assets			
Land	117,762	1,250	119,012
Buildings and improvements	143,131	-	143,131
Water system	-	2,175,388	2,175,388
Improvements	275,830	-	275,830
Infrastructure	512,051	-	512,051
Machinery and equipment	683,462	622,698	1,306,160
Accumulated depreciation	(827,254)	(864,175)	(1,691,429)
Total capital assets	<u>904,982</u>	<u>1,935,161</u>	<u>2,840,143</u>
Total Assets	<u>1,033,691</u>	<u>1,971,678</u>	<u>3,005,369</u>
Liabilities			
Accounts payable and accrued expenses	2,103	603	2,706
Customer deposits	-	11,130	11,130
Payroll liabilities	929	578	1,507
Deferred grant revenue	1,077	-	1,077
Long-term liabilities			
Portion due or payable within one year			
Notes payable	6,351	11,575	17,926
Portion due or payable after one year			
Notes payable	49,808	19,169	68,977
Total Liabilities	<u>60,268</u>	<u>43,055</u>	<u>103,323</u>
Net Position			
Net investment in capital assets	893,642	1,904,417	2,798,059
Restricted for:			
Customer deposits	-	11,130	11,130
Unrestricted	79,781	13,076	92,857
Total Net Position	<u>\$ 973,423</u>	<u>\$ 1,928,623</u>	<u>\$ 2,902,046</u>

See accompanying notes and independent auditors' report.

Town of Esto
Statement of Activities
September 30, 2023

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General government	\$ 219,037	\$ 5	\$ 78,701	\$ -	\$ (140,331)	\$ -	\$ (140,331)
Mayor and council	2,500	-	-	-	(2,500)	-	(2,500)
Public safety	18,694	-	-	-	(18,694)	-	(18,694)
Highways and streets	14,023	-	-	-	(14,023)	-	(14,023)
Cultural and recreation	-	-	-	-	-	-	-
Interest and fiscal charges	2,453	-	-	-	(2,453)	-	(2,453)
Total governmental activities	<u>256,707</u>	<u>5</u>	<u>78,701</u>	<u>-</u>	<u>(178,001)</u>		<u>(178,001)</u>
Business-type:							
Water	<u>166,469</u>	<u>73,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,953)</u>	<u>(92,953)</u>
Total business-type activities	<u>166,469</u>	<u>73,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,953)</u>	<u>(92,953)</u>
Total Town of Esto	<u>\$ 423,176</u>	<u>\$ 73,521</u>	<u>\$ 78,701</u>	<u>\$ -</u>	<u>(178,001)</u>	<u>(92,953)</u>	<u>(270,954)</u>
General revenues:							
Property taxes					19,302	-	19,302
Franchise and public service taxes					22,602	-	22,602
Other taxes					49,676	-	49,676
Interest income					2,117	-	2,117
Miscellaneous					5,565	8,206	13,771
Transfers					(21,350)	21,350	-
Total general revenues and transfers					<u>77,912</u>	<u>29,556</u>	<u>107,468</u>
Change in net position					(100,089)	(63,397)	(163,486)
Net position - beginning					<u>1,073,512</u>	<u>1,992,020</u>	<u>3,065,532</u>
Net position - ending					<u>\$ 973,423</u>	<u>\$ 1,928,623</u>	<u>\$ 2,902,046</u>

See accompanying notes and independent auditors' report.

**Town of Esto
Balance Sheet
September 30, 2023**

	General	Volunteer Fire Department	Capital Improvement	Recreation Center	Total
Assets					
Cash	\$ 113,358	\$ 2,652	\$ 6,391	\$ -	\$ 122,401
Due from other governments	6,308	-	-	-	6,308
Total assets	<u>\$ 119,666</u>	<u>\$ 2,652</u>	<u>\$ 6,391</u>	<u>\$ -</u>	<u>\$ 128,709</u>
Liabilities					
Accounts payable and accrued expenses	\$ 1,966	\$ 137	\$ -	\$ -	\$ 2,103
Payroll liabilities	929	-	-	-	929
Deferred grant revenue	1,077	-	-	-	1,077
Total liabilities	<u>3,972</u>	<u>137</u>	<u>-</u>	<u>-</u>	<u>4,109</u>
Fund Balances					
Assigned	-	-	-	-	-
Unassigned	115,694	2,515	6,391	-	124,600
Total Liabilities and Fund Balances	<u>\$ 119,666</u>	<u>\$ 2,652</u>	<u>\$ 6,391</u>	<u>\$ -</u>	<u>\$ 128,709</u>

See accompanying notes and independent auditors' report.

Town of Esto
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
September 30, 2023

Total Fund Balance for Governmental Funds		\$ 124,600
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:</p>		
Land	\$ 117,762	
Buildings and improvements	143,131	
Improvements	275,830	
Infrastructure	512,051	
Machinery and equipment	683,462	
Accumulated depreciation	<u>(827,254)</u>	904,982
<p>Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances as of year end are:</p>		
Note Payable	(4,045)	
Note Payable	<u>(52,114)</u>	<u>(56,159)</u>
Total Net Position of Governmental Activities		<u><u>973,423</u></u>

See accompanying notes and independent auditors' report.

Town of Esto
Statement of Revenues, Expenditures, and Change in Fund Balance
September 30, 2023

	General	Volunteer Fire Department	Capital Improvement	Recreation Center	Total
Revenues					
Taxes	\$ 91,580	\$ -	\$ -	\$ -	\$ 91,580
Charges for services	-	-	-	-	-
Grants	36,210	-	-	-	36,210
Interest income	2,117	-	-	-	2,117
Intergovernmental revenue	31,241	11,250	-	-	42,491
Miscellaneous income	5,065	500	-	-	5,565
	<u>166,213</u>	<u>11,750</u>	<u>-</u>	<u>-</u>	<u>177,963</u>
Expenditures					
Current:					
General government	98,488	-	37,441	-	135,929
Mayor and council	2,500	-	-	-	2,500
Public safety	-	18,694	-	-	18,694
Highways and streets	14,023	-	-	-	14,023
Cultural and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal payments	6,271	-	-	-	6,271
Interest and fiscal charges	2,453	-	-	-	2,453
	<u>123,735</u>	<u>18,694</u>	<u>37,441</u>	<u>-</u>	<u>179,870</u>
Excess of Expenditures Over Revenues	42,478	(6,944)	(37,441)	-	(1,907)
Other Financing Sources					
Proceeds from long-term debt	-	-	-	-	-
Proceeds from short-term debt	-	-	-	-	-
Transfers	(31,167)	7,871	1,946	-	(21,350)
Total other financing sources	<u>(31,167)</u>	<u>7,871</u>	<u>1,946</u>	<u>-</u>	<u>(21,350)</u>
Net Change in Fund Balance	11,311	927	(35,495)	-	(23,257)
Fund Balance - Beginning	104,383	1,588	41,886	-	147,857
Fund Balance - Ending	<u>\$ 115,694</u>	<u>\$ 2,515</u>	<u>\$ 6,391</u>	<u>\$ -</u>	<u>\$ 124,600</u>

See accompanying notes and independent auditors' report.

Town of Esto
Reconciliation of the Governmental Fund Statement of Revenues
Expenditures, and Change in Fund Balance to the Statement of Activities
September 30, 2023

Net Changes in Fund Balances - Total Governmental Funds	\$ (23,257)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These differences are reflected as follows:</p>	
Depreciation expense	(83,103)
Capital outlay	-
<p>Repayment of long-term debt principal is an expenditure in the governmental funds but reduces the liability in the statement of net position, and loan proceeds are treated as revenue in the governmental funds but increases the liability in the statement of net position, as reflected as follows:</p>	
Proceeds from short-term and long-term debt	-
Principal payments	6,271
	6,271
Change in Net Position	\$ (100,089)

See accompanying notes and independent auditors' report.

Town of Esto
Statement of Net Position - Proprietary Fund
September 30, 2023

Assets	
Current Assets	
Cash	\$ 12,225
Accounts receivable	10,429
Grant receivable	-
Total Current Assets	<u>22,654</u>
Non-Current Assets	
Restricted cash	13,863
Capital assets	
Land	1,250
Water system	2,175,388
Machinery and equipment	622,698
Accumulated depreciation	<u>(864,175)</u>
Total Non-Current Assets	<u>1,949,024</u>
Total Assets	<u>1,971,678</u>
Liabilities	
Current Liabilities	
Accounts payable	603
Payroll liabilities	578
Current portion of long-term debt	<u>11,575</u>
Total Current Liabilities	<u>12,756</u>
Noncurrent Liabilities	
Notes payable, less current portion	19,169
Customer deposits	<u>11,130</u>
Total Non-Current Liabilities	<u>30,299</u>
Total Liabilities	43,055
Net Position	
Net investment in capital assets	1,904,417
Restricted for:	
Customer deposits	11,130
Unrestricted	<u>13,076</u>
Total Net Position	<u>\$ 1,928,623</u>

See accompanying notes and independent auditors' report.

Town of Esto
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund
September 30, 2023

Operating Revenues	
Charges for services	\$ 73,516
Other income	8,206
	<u>81,722</u>
Operating Expenses	
Chemicals	555
Fuel	3,008
Insurance	7,811
Lab testing	1,480
Miscellaneous	1,431
Office expenses	2,925
Payroll taxes	4,597
Postage	781
Professional fees	620
Repairs and maintenance	15,206
Salaries	41,946
Small tools and supplies	-
Utility service expense	8,552
Water operator	6,550
Depreciation	70,203
Total Operating Expenses	<u>165,665</u>
Operating Loss	(83,943)
Non-Operating Revenue (Expense)	
Grant revenue	-
Interest expense	(804)
	<u>(804)</u>
Total Non-Operating Revenue (Expense)	(804)
Income before transfers	(84,747)
Transfers	<u>21,350</u>
Change in Net Position	(63,397)
Net Position - Beginning	<u>1,992,020</u>
Net Position - Ending	<u><u>\$ 1,928,623</u></u>

See accompanying notes and independent auditors' report.

Town of Esto
Statement of Cash Flows - Proprietary Fund
September 30, 2023

Cash Flows From Operating Activities	
Receipts from customers	\$ 70,624
Other income	8,206
Payments to suppliers/vendors	(54,641)
Payments to employees	(48,496)
Net Cash Used by Operating Activities	<u>(24,307)</u>
Cash Flows From Capital and Related Financing Activities	
Intergovernmental revenues	-
Intergovernmental grant revenue	-
Principal payments on long-term debt	-
Interest payments on long-term debt	(804)
Acquisitions of capital assets	(5,650)
Net Cash Used by Non-Capital Financing Activities	<u>(6,454)</u>
Cash Flows From Non-Capital Financing Activities	
Intergovernmental revenues	-
Transfers	21,350
Net Cash Provided by Non-Capital Financing Activities	<u>21,350</u>
Net Change in Cash and Cash Equivalents	(9,411)
Beginning Balance	<u>21,636</u>
Ending Balance	<u>\$ 12,225</u>
Reconciliation of Operating Loss to Net Cash	
Used by Operating Activities:	
Operating Loss	\$ (83,943)
<i>Adjustments to Reconcile Operating Loss to Net Cash</i>	
<i>Provided by Operating Activities:</i>	
Depreciation expense	70,203
Change in Assets and Liabilities:	
Accounts receivable	(921)
Noncurrent restricted assets	(2,201)
Accounts payable	(6,200)
Payroll liabilities	(1,475)
Customer deposits	230
Net Cash Used By Operating Activities:	<u>\$ (24,307)</u>

See accompanying notes and independent auditors' report.

Town of Esto
Notes to Financial Statements
September 30, 2023

Note A – Summary of Significant Accounting Policies

The Town of Esto (the “Town”) was incorporated in 1963 under the provisions of the State of Florida. The Town operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, street maintenance, water and sewer services, public improvements, and general administrative services.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

Financial Reporting Entity – Basis of Presentation

The accompanying financial statements present the activities of the Town.

Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities display information about the primary government (the Town). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town’s funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investments earnings, result from non-exchange transactions or ancillary activities.

Town of Esto
Notes to Financial Statements
September 30, 2023

The Town reports the following major governmental fund:

General Fund: This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Measurement Focus, Basis of Accounting & Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, if the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, excise taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and proprietary funds of the Town follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Assets, Liabilities and Net Assets or Equity

Cash and Cash Equivalents

The Town considers cash and cash equivalents in proprietary funds to be cash on hand, certificates of deposit, and demand deposits.

Town of Esto
Notes to Financial Statements
September 30, 2023

Capital Assets and Depreciation

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Some of the Town's general infrastructure, namely roads and bridges, are not reflected in the accompanying financial statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	10-50
Equipment	5-20
Improvements	25-50
Water system	40-50

Compensated Absences

It is the Town's policy to permit employees to accumulate a limited amount of earned but unused vacation leave, which will be paid to employees upon separation from the Town's service. In governmental and proprietary funds, the cost of vacation leave is recognized when earned.

Town of Esto
Notes to Financial Statements
September 30, 2023

Note B – Capital Assets

	Balance Beginning Of Year	Increases	Decreases	Balance End of Year
Governmental Activities				
Non-Depreciated Assets:				
Land	\$ 117,762	\$ -	\$ -	\$ 117,762
Depreciated Assets:				
Buildings	143,131	-	-	143,131
Infrastructure	512,051	-	-	512,051
Improvements	275,830	-	-	275,830
Equipment	683,462	-	-	683,462
	<u>1,614,474</u>	<u>-</u>	<u>-</u>	<u>1,614,474</u>
Accumulated Depreciation				
Buildings	70,538	4,858	-	75,396
Infrastructure	130,951	27,832	-	158,783
Improvements	180,929	7,802	-	188,731
Equipment	361,733	42,611	-	404,344
	<u>744,151</u>	<u>83,103</u>	<u>-</u>	<u>827,254</u>
Net Depreciated Assets	870,323	(83,103)	-	787,220
Total - Governmental Assets	<u>\$ 988,085</u>	<u>\$ (83,103)</u>	<u>\$ -</u>	<u>\$ 904,982</u>

	Balance Beginning Of Year	Increases	Decreases	Balance End of Year
Business-Type Activities				
Non-Depreciated Assets:				
Land	\$ 1,250	\$ -	\$ -	\$ 1,250
Construction in progress	-	-	-	-
Depreciated Assets:				
Water system	2,175,388	-	-	2,175,388
Equipment	617,048	5,650	-	622,698
	<u>2,792,436</u>	<u>5,650</u>	<u>-</u>	<u>2,798,086</u>
Accumulated Depreciation				
Water system	740,462	46,497	-	786,959
Equipment	53,510	23,706	-	77,216
	<u>793,972</u>	<u>70,203</u>	<u>-</u>	<u>864,175</u>
Net Depreciated Assets	1,998,464	(64,553)	-	1,933,911
Total - Business-Type Assets	<u>\$ 1,999,714</u>	<u>\$ (64,553)</u>	<u>\$ -</u>	<u>\$ 1,935,161</u>

Town of Esto
Notes to Financial Statements
September 30, 2023

Depreciation expense was charged to functions as follows:

General government	\$ 83,103
Water fund	\$ 70,203

Depreciation expense charged to separately identifiable business-type activities is evident on the face of the fund financial statements, and therefore is not included here.

Note C – Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note D – Long Term Obligations

The Town’s governmental activities had two outstanding obligations at year-end.

The “Tractor” lease bears interest at 2.99%. The lease is payable in 84 monthly payments of \$354 and is due December 15, 2024. The balance remaining on this lease at year-end was \$4,045.

The “Land” note, with Peoples Bank of Graceville, bears interest at 4.25%. The note is payable in 120 monthly installments of \$373 and is due November 15, 2039. The balance of this note at year-end was \$52,114. The note is secured by real property.

Maturities of these obligations are as follows:

Fiscal Year Ending	Tractor Lease		Land Note	
	Principal	Interest	Principal	Interest
2024	\$ 4,045	\$ 203	\$ 2,306	\$ 2,170
2025	-	-	2,406	2,070
2026	-	-	2,510	1,966
Thereafter	-	-	44,892	14,391
	\$ 4,045	\$ 203	\$ 52,114	\$ 20,597

The Town’s business-type activity had two loans at year-end.

The “Well Rehab” note, with the National Rural Water Association, bears interest at 3.00%. The note is payable in 120 monthly payments of \$471 and is due April 1, 2028. The balance of this note at year-end was \$24,161.

Town of Esto
Notes to Financial Statements
September 30, 2023

Maturities of this obligation is as follows:

Fiscal Year Ending	Well Rehab	
	Principal	Interest
2024	\$ 4,992	\$ 657
2025	5,144	505
2026	5,301	348
2027	5,462	187
2028	3,262	33
	\$ 24,161	\$ 1,730

The “Line Replacement Planning Note” note, with WSP USA, Inc., is an unsecured loan used for the costs of engineering relative to water line replacements and bears no interest. The note is payable in 24 monthly payments of \$658 and is due July 15, 2024. The balance of this note at year-end was \$6,583.

Maturities of this obligation is as follows:

Fiscal Year Ending	Well Rehab	
	Principal	Interest
2024	\$ 6,583	\$ -
2025	-	-
2026	-	-
2027	-	-
2028	-	-
	\$ 6,583	\$ -

Note E – Subsequent Events

In preparing these financial statements, the Town’s management has evaluated events and transactions for potential recognition or disclosure through August 21, 2024, the date the financial statements were available to be issued.

Town of Esto
Budgetary Comparison Schedule - Governmental Funds
For the Year Ended September 30, 2023

	General Fund		
	Budget	Actual	Variance
Revenues			
Taxes	\$ 82,024	\$ 91,580	\$ 9,556
Charges for services	7,464	-	(7,464)
Grants	37,287	36,210	(1,077)
Interest income	-	2,117	2,117
Intergovernmental revenue	38,507	31,241	(7,266)
Miscellaneous income	-	5,065	5,065
Total Revenues	<u>165,282</u>	<u>166,213</u>	<u>931</u>
Expenditures			
General government	135,888	98,488	37,400
Mayor and council	-	2,500	(2,500)
Public safety	20,670	-	20,670
Highways and street	-	14,023	(14,023)
Principal payments	8,724	6,271	2,453
Interest expense	-	2,453	(2,453)
	<u>165,282</u>	<u>123,735</u>	<u>41,547</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>-</u>	<u>42,478</u>	<u>42,478</u>
Other Financing Sources (Uses)			
Operating transfers	-	(31,167)	(31,167)
	<u>-</u>	<u>(31,167)</u>	<u>(31,167)</u>
Excess of Expenditures over Revenues and Other Financing Uses	-	11,311	11,311
Net Position - Beginning of Year	<u>104,383</u>	<u>104,383</u>	<u>-</u>
Net Position - End of Year	<u>\$ 104,383</u>	<u>\$ 115,694</u>	<u>\$ 11,311</u>

See accompanying notes and independent auditors' report.

Town of Esto
Budgetary Comparison Schedule - Proprietary Funds
For the Year Ended September 30, 2023

	Proprietary Fund		
	Budget	Actual	Variance
Revenues			
Charges for services	\$ 77,083	\$ 73,516	\$ (3,567)
Miscellaneous income	12,148	8,206	(3,942)
Total Revenues	<u>89,231</u>	<u>81,722</u>	<u>(7,509)</u>
Expenditures			
Salaries and benefits	-	53,713	(53,713)
Services and supplies	77,083	41,749	35,334
Debt service	12,148	-	12,148
Depreciation	-	70,203	(70,203)
	<u>89,231</u>	<u>165,665</u>	<u>(76,434)</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(83,943)</u>	<u>(83,943)</u>
Other Financing Sources (Uses)			
Interest expense	-	(804)	(804)
Operating transfers	-	21,350	21,350
	<u>-</u>	<u>20,546</u>	<u>20,546</u>
Excess of Expenditures over Revenues and Other Financing Uses	<u>-</u>	<u>(63,397)</u>	<u>(63,397)</u>
Net Position - Beginning of Year	<u>1,992,020</u>	<u>1,992,020</u>	<u>-</u>
Net Position - End of Year	<u>\$ 1,992,020</u>	<u>\$ 1,928,623</u>	<u>\$ (63,397)</u>

See accompanying notes and independent auditors' report.



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Mayor and Town Council of
The Town of Esto, 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, each major fund, and the aggregate remaining fund information of the Town of Esto, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Esto's basic financial statements, and have issued our report thereon dated August 21, 2024.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Esto's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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.



Ferguson, Sizemore & Associates
Certified Public Accountants
Dothan, Alabama
August 21, 2024



**Independent Accountants' Report on Compliance with Section 218.415,
Florida Statutes, *Local Government Investment Policies***

To the Honorable Mayor and Council of
The Town of Esto, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied with Section 218.415, Florida Statutes in all material respects. 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 risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Town of Esto complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023.

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

A handwritten signature in cursive script that reads 'Ferguson, Sizemore & Associates'.

Ferguson, Sizemore & Associates
Certified Public Accountants
Dothan, Alabama
August 21, 2024



Independent Auditors' Management Letter

To the Honorable Council President and Council of
The Town of Esto, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Esto, Florida, as of and for the year ended September 30, 2023, and have issued our report thereon dated August 21, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 21, 2024, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information:

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 significant findings and recommendations made in the preceding annual financial audit report. There were no prior audit findings.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting practices, and internal control. In connection with our audit, we do not feel any such communication with management is necessary, nor has any such communication with management been made.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that

would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that came to the attention of, the auditor. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)6., 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 Esto, Florida was established by an incorporating charter under the Florida Statutes. The Town of Esto, Florida has no component units.
- Section 10.554(1)(i)7.a, Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity 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 Esto, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b, Rules of the Auditor General, requires that we determine whether the annual financial report for the Town of Esto, Florida for the fiscal year ended September 30, 2023, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2023. In connection with our audit, we determined that these two reports were in agreement.
- Section 10.554(1)(i)7.c and 10.556(7), Rules of the Auditor General, requires that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter is intended solely for the information of the Town of Esto, Florida and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



Ferguson, Sizemore & Associates
Certified Public Accountants
Dothan, Alabama
August 21, 2024