

**TOWN OF ASTATULA, FLORIDA  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**



**TOWN COUNCIL**

*Mitchell Mack, Mayor  
Kim Kobera, Vice Mayor  
Steve Cross  
Orita Issartel  
Gayle Sikkema*

**TOWN CLERK & FINANCE OFFICER**

*Graham Wells*

**TOWN ATTORNEY**

*Heather Ramos*

**TOWN OF ASTATULA, FLORIDA  
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SEPTEMBER 30, 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Town Council, and Town Clerk,  
Town of Astatula, Florida:

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Astatula, Florida, (the Town), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The Town's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified audit opinion on the General Fund and Infrastructure Fund, and (2) qualified audit opinion on the governmental activities.

***Basis for Qualified Opinion on the Governmental Activities***

As discussed in Note (9) to the financial statements, the Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities. The amount by which this departure from accounting principles generally accepted in the United States of America on the governmental activities has not been determined.

***Qualified Opinion on the Governmental Activities***

In our opinion, except for the effects of not implementing the provisions of GASB Statement No. 75, as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Astatula, Florida as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinion on the General Fund and Infrastructure Fund***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and Infrastructure Fund of the Town of Astatula, Florida as of September 30, 2020, and the respective changes in financial position thereof, and budgetary comparison schedules for the General Fund and Infrastructure Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

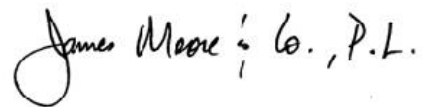
**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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's internal control over financial reporting and compliance.



Daytona Beach, Florida  
May 6, 2021

## **Management's Discussion and Analysis**

As management of the Town of Astatula, Florida (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements, which follow this section.

### **Financial Highlights**

The Town's assets exceeded its liabilities at September 30, 2020 by \$1,864,471 (net position). None of this amount is available to meet the Town's unrestricted obligations to customers and creditors, as the Town had an \$858,495 deficit in unrestricted net position. The Town's total net assets increased by \$647,712 as a result of current year operations.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also includes supplementary information that explains in more detail some of the information in the financial statements.

### **Government-Wide Financial Statements**

The government-wide financial statements of the Town provide a broad overview of the Town's finances and report information about the Town using accounting methods similar to those used by private sector companies.

The Statement of Net Position presents the Town's assets less its liabilities at year end. The difference between these assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

The government-wide financial statements can be found on pages 7 and 8 of this report.

### **Fund Financial Statements**

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. The Town has only two funds, the General Fund and Special Revenue Fund, which are both governmental fund types.

*Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these funds focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. The Town's governmental funds include the General Fund and the Infrastructure Fund, which is a special revenue fund, used to account for the proceeds of

specific revenue sources (other than special assessments, expendable trusts or for major capital projects) that are legally restricted to expenditures for specified purposes.

The basic governmental fund financial statements can be found on pages 9 through 14 of this report.

*Notes to the Financial Statements* - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 15 of this report.

*Other information* - In addition to the basic financial statements and notes, this report also presents certain required supplementary information. Schedules pertaining to the Town's participation in the Florida Retirement System defined benefit plan are on pages 28 and 29.

### **Government-Wide Financial Analysis**

In accordance with accounting principles generally accepted in the United States, the Town has implemented the provisions of Governmental Accounting Standards Board Statement Number 34, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.*" As a result, the accompanying fund financial statements are converted to the Statement of Net Position and Statement of Activities by posting adjustments for the following:

Capital assets, net of accumulated depreciation, have been added to the Statement of Net Position. In addition, capital outlay has been taken out of expenses in the Statement of Activities, and depreciation expense for all equipment has been included in expense.

The liabilities for debt have been added to the Statement of Net Position and the related expenses have been included in the Statement of Activities.

Our analysis of the government-wide financial statements of the Town begins below. The Statement of Net Position and the Statement of Activities report the net position of the Town and changes in them. Over time, increases or decreases in the Town's net position are one indicator of financial position. However, you will need to consider other non-financial factors such as changes in economic conditions, regulations and new or changed government legislation.

Assets of the Town as of September 30, 2020 and 2019, consist primarily of cash of approximately \$399,393 and \$757,247, respectively, and capital assets, net of accumulated depreciation, of approximately \$2,642,991 and \$1,154,803, respectively.

Total liabilities and deferred inflows of resources for September 30, 2020 and 2019, are \$1,671,777 and \$1,153,016, respectively, of which current liabilities of \$177,521 and \$136,451, respectively, consist primarily of accounts payable, accrued liabilities and the current portion of long-term debt. \$1,192,154 and \$941,743 are the respective net pension liabilities included in the total liabilities.

Net position amounted to \$1,864,471 in fiscal year 2020 and \$1,216,759 in fiscal year 2019. The major component of this category is the category invested in capital assets, net of related debt, which is the Town's net investment in capital assets (original cost less accumulated depreciation, less debt), totaling \$2,561,205 in fiscal year 2020 and \$1,145,396 in fiscal year 2019. The net investment in capital assets increased due to the construction of a new community center.

While the statement of net position shows the change in financial position of net position, the statement of activities provides answers as to the nature and source of these changes.

Revenues totaled \$2,158,973 and consisted primarily of taxes, which were \$1,009,050 in 2020. In 2019, revenues totaled \$1,452,095 and consisted of \$988,152 in taxes. Other revenues for fiscal years 2020 and 2019 include intergovernmental revenue of \$824,701 and \$125,085, respectively; charges for services of \$171,406 and \$166,737, respectively; and amounts received from other sources of \$150,816 and \$160,771, respectively.

Total expenses for fiscal years 2020 and 2019 were \$1,511,261 and \$1,482,247, respectively, and consisted primarily of operating expenses of \$868,910 and \$817,599, respectively, for services and/or improvements performed by the Town. Expenses also include personal services of \$636,034 and \$608,539, respectively, which include salaries, wages and related taxes and fringe benefits paid to or on behalf of Town personnel. Capital outlay amounted to \$1,606,253 for 2020 and \$31,359 for 2019. Payments on the debt service amounted to \$33,790 in 2020 and \$24,750 in 2019.

### **Analysis of General Fund and Infrastructure Fund**

The Town has two funds, the General Fund and Infrastructure Fund, which are reported in the Fund Financial Statements. The focus of the General Fund is to provide information on near-term inflows and outflows of cash and the balance available. The unreserved fund balance serves as a measure of the resources available for spending for the next fiscal year. The General Fund had a positive fund balance of \$366,959 in 2020 and \$338,973 in 2019. The Infrastructure Fund had a negative fund balance of \$(44,013) in 2020 and positive fund balance of \$424,139 in 2019, with the decrease due to the capital investment in a new community center in 2020.

### **General Fund Budgetary Highlights**

Differences between the budget and actual results are included on page 13 of the accompanying financial statements. Some of the more significant variances are discussed below:

*Revenue* - Year-to-date general fund revenues were more than the final budget by \$57,739 for fiscal year ended 2020.

*Expenditures* - Expenditures were \$37,497 lower than budgeted in 2020.

### **Capital Assets and Long-Term Debt**

*Capital Assets* - As of September 30, 2020 and 2019, the Town had \$3,700,450 and \$2,113,870, respectively, invested in equipment, buildings, construction in progress, land and improvements. During fiscal years 2020 and 2019, \$1,606,253 and \$31,359, respectively, in equipment, improvements and buildings were acquired.

*Long-Term Debt* - At the end of the current fiscal year, the Town has \$81,786 of debt outstanding due to the police vehicle capital lease, \$150,000 in outstanding line of credit payable, and \$86,278 in accrued compensated absences. At the end of the prior year, the Town had \$9,407 due on police vehicle capital leases and \$67,087 of accrued compensated absences outstanding. The Town's full-time employees accumulate annual leave based upon length of employment.

Long-term debt also includes the net pension liability of \$1,192,154 in 2020 and \$941,743 in 2019 for the Town's participation in the Florida Retirement System, a cost-sharing multiple employer retirement plan.

For more detailed information regarding the Town's capital assets and long-term debt, please refer to the notes to the financial statements.

## **Economic Factors and Next Year's Budget and Rates**

1. The average unemployment rate for Lake County area is 5.3%. This is compared to 4.7% for the state and 6.0% for the nation.
2. Inflation nationally as indicated by the consumer price index was 1.4% at September 2020.

All these factors were considered in preparing the Town budget for the 2020-2021 year. The Town adopted the 2021 budget at its September 24, 2020 meeting. The 2021 Town's total general fund budget of \$1,147,165, included a millage rate of 7.5000.

*Requests for Information* - This financial report is designed to provide a general overview of the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the:

Clerk of the Town of Astatula  
25009 County Road 561  
Astatula, Florida 34705  
Telephone: (352) 742-1100



**TOWN OF ASTATULA, FLORIDA**  
**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
**SEPTEMBER 30, 2020**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 399,393
Receivables	22,263
Due from other governments	48,623
Inventories	1,117
Capital assets:	
Nondepreciable	246,682
Depreciable, net	2,396,309
Total assets	<u>\$ 3,114,387</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>\$ 421,861</u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 145,141
Accrued payroll and employee benefits	936
Unearned revenue	2,373
Noncurrent liabilities:	
Due within one year:	
Capital leases	29,071
Compensated absences	86,278
Due in more than one year:	
Line of credit payable	150,000
Capital leases	52,715
Net pension liability	1,192,154
Total liabilities	<u>\$ 1,658,668</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u>\$ 13,109</u>
 <b>NET POSITION</b>	
Net investment in capital assets	\$ 2,561,205
Restricted for:	
Transportation	128,414
Capital improvements	33,347
Unrestricted	(858,495)
Total net position	<u>\$ 1,864,471</u>

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



**TOWN OF ASTATULA, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020**

	<u>General</u>	<u>Infrastructure</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 377,475	\$ 21,918	\$ 399,393
Receivables	22,263	-	22,263
Due from other governments	30,201	18,422	48,623
Inventories	1,117	-	1,117
<b>Total Assets</b>	<u>\$ 431,056</u>	<u>\$ 40,340</u>	<u>\$ 471,396</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 61,724	\$ 84,353	\$ 146,077
Unearned revenue	2,373	-	2,373
<b>Total liabilities</b>	<u>64,097</u>	<u>84,353</u>	<u>148,450</u>
<b>FUND BALANCES</b>			
Restricted for:			
Transportation	128,414	-	128,414
Capital improvements	33,347	-	33,347
Committed to:			
Mitigation	7,500	-	7,500
Unassigned	196,581	(44,013)	152,568
<b>Total fund balances</b>	<u>366,959</u>	<u>(44,013)</u>	<u>322,946</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 431,056</u>	<u>\$ 40,340</u>	<u>\$ 471,396</u>

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

**TOWN OF ASTATULA, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020**

<b>Fund balances - total governmental funds</b>		\$ 322,946
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	3,700,450	
Less: Accumulated depreciation	<u>(1,057,459)</u>	2,642,991
On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the Town's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(1,192,154)	
Deferred outflows related to pensions	421,861	
Deferred inflows related to pensions	<u>(13,109)</u>	(783,402)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:		
Capital leases payable	(81,786)	
Compensated absences	<u>(86,278)</u>	(318,064)
<b>Net position of governmental activities</b>		<u><u>\$ 1,864,471</u></u>

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

**TOWN OF ASTATULA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>General</u>	<u>Infrastructure</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$ 831,623	\$ 177,427	\$ 1,009,050
Licenses and permits	65,600	-	65,600
Intergovernmental	124,701	700,000	824,701
Charges for services	171,406	-	171,406
Fines and forfeitures	5,469	-	5,469
Impact fees	49,273	-	49,273
Interest revenues	10	-	10
Miscellaneous	30,464	-	30,464
Total revenues	<u>1,278,546</u>	<u>877,427</u>	<u>2,155,973</u>
<b>Expenditures</b>			
Current:			
General government	306,368	2,526	308,894
Public safety	629,196	-	629,196
Parks and recreation	21,515	29,474	50,989
Physical environment	219,869	-	219,869
Capital outlay	76,612	1,529,641	1,606,253
Debt service			
Principal	-	27,473	27,473
Interest and fiscal charges	-	6,317	6,317
Total expenditures	<u>1,253,560</u>	<u>1,595,431</u>	<u>2,848,991</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>24,986</u>	<u>(718,004)</u>	<u>(693,018)</u>
<b>Other financing sources (uses)</b>			
Proceeds from sale of capital assets	3,000	-	3,000
Issuance of debt	-	249,852	249,852
Total other financing sources (uses)	<u>3,000</u>	<u>249,852</u>	<u>252,852</u>
<b>Net change in fund balances</b>	<u>27,986</u>	<u>(468,152)</u>	<u>(440,166)</u>
<b>Fund balances, beginning of year</b>	338,973	424,139	763,112
<b>Fund balances, end of year</b>	<u>\$ 366,959</u>	<u>\$ (44,013)</u>	<u>\$ 322,946</u>

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

**TOWN OF ASTATULA, FLORIDA  
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, 2020**

<b>Net change in fund balances - total governmental funds</b>	\$ (440,166)
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	1,606,253
Depreciation expense	(118,065)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Proceeds from issuance of long-term debt and capital leases	(249,852)
Principal repayment of long-term debt and capital leases	27,473
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the Statement of Activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the Statement of Activities are amounts required to be amortized.	
Change in net pension liability and deferred inflows/outflows related to pensions	(158,740)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:	
Change in compensated absences liability	(19,191)
<b>Change in net position of governmental activities</b>	<b>\$ 647,712</b>

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

**TOWN OF ASTATULA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes	\$ 828,086	\$ 828,086	\$ 831,623	\$ 3,537
Licenses and permits	46,620	46,620	65,600	18,980
Intergovernmental	132,700	132,700	124,701	(7,999)
Charges for services	167,686	167,686	171,406	3,720
Fines and forfeitures	6,240	6,240	5,469	(771)
Impact fees	35,195	35,195	49,273	14,078
Interest revenues	100	100	10	(90)
Miscellaneous	4,180	4,180	30,464	26,284
Total revenues	<u>1,220,807</u>	<u>1,220,807</u>	<u>1,278,546</u>	<u>57,739</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative	13,455	13,455	11,529	1,926
Executive	228,686	228,686	216,931	11,755
Administration	24,500	24,500	20,838	3,662
Legal	23,500	23,500	21,052	2,448
Grants & special projects	10,000	10,000	7,876	2,124
Contingency and other	(17,569)	(17,569)	28,142	(45,711)
Public Safety:				
Police	584,720	596,220	587,844	8,376
Fire	21,457	59,707	69,262	(9,555)
Code enforcement	28,300	28,300	28,585	(285)
Parks and recreation	18,753	20,753	28,283	(7,530)
Physical environment	299,005	303,505	233,218	70,287
Total expenditures	<u>1,234,807</u>	<u>1,291,057</u>	<u>1,253,560</u>	<u>37,497</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(14,000)</u>	<u>(70,250)</u>	<u>24,986</u>	<u>95,236</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	3,000	3,000
<b>Net change in fund balances</b>	<u>(14,000)</u>	<u>(70,250)</u>	<u>27,986</u>	<u>98,236</u>
<b>Fund balances, beginning of year</b>	338,973	338,973	338,973	-
<b>Fund balances, end of year</b>	<u>\$ 324,973</u>	<u>\$ 268,723</u>	<u>\$ 366,959</u>	<u>\$ 98,236</u>

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

**TOWN OF ASTATULA, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - INFRASTRUCTURE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes	\$ 186,000	\$ 186,000	\$ 177,427	\$ (8,573)
Intergovernmental	-	700,000	700,000	-
Total revenues	<u>186,000</u>	<u>886,000</u>	<u>877,427</u>	<u>(8,573)</u>
<b>Expenditures</b>				
Current:				
General Government:				
Executive	7,500	2,550	2,526	24
Contingency and other	-	7,500	2,410	5,090
Public Safety:				
Police	40,650	45,800	133,642	(87,842)
Parks and recreation	350,000	1,450,000	1,456,853	(6,853)
Physical environment	7,500	11,000	-	11,000
Total expenditures	<u>405,650</u>	<u>1,516,850</u>	<u>1,595,431</u>	<u>(78,581)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(219,650)</u>	<u>(630,850)</u>	<u>(718,004)</u>	<u>(87,154)</u>
<b>Other financing sources (uses)</b>				
Issuance of debt	-	350,000	249,852	(100,148)
<b>Net change in fund balances</b>	<u>(219,650)</u>	<u>(280,850)</u>	<u>(468,152)</u>	<u>(187,302)</u>
<b>Fund balances, beginning of year</b>	424,139	424,139	424,139	-
<b>Fund balances, end of year</b>	<u>\$ 204,489</u>	<u>\$ 143,289</u>	<u>\$ (44,013)</u>	<u>\$ (187,302)</u>

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



**TOWN OF ASTATULA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**(1) Summary of Significant Accounting Policies:**

The financial statements of the Town of Astatula, Florida (the Town), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies:

(a) **Reporting entity**—The Town is a municipal corporation created by the Laws of Florida, located in Lake County. The Town was created by House Bill 480 in 1927. The legislative branch of the Town is composed of an elected five-member Town Council consisting of the Mayor and four council members. The Town Council is governed by the Town Charter and by state and local laws and regulations. The Town Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed Town Clerk.

The accompanying financial statements present the financial position and results of operations of the applicable funds governed by the Town Council of the Town, the reporting entity of government for which the Town Council is considered to be financially accountable. In evaluating the Town as a reporting entity, management has addressed all potential component units that may or may not fall within the Town's oversight and control, and thus, be included in the Town's financial statements. No such entities or component units have been identified.

(b) **Government-wide and fund financial statements**—The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide statement of net position, the governmental activities are presented on a consolidated basis and are reflected, on a full accrual, economic resource basis, which incorporates long term assets and receivables as well as long term debt and obligations. The Town has no business-type activities.

The government-wide statement of activities reflects both the gross and net costs per functional category (public safety, public works, etc.), which are otherwise being supported by general government revenues (property, sales taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. The program revenues must be directly associated with the function. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). This 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 fund financial statements emphasize the major funds.

**TOWN OF ASTATULA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

(1) **Summary of Significant Accounting Policies:** (Continued)

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the Town's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following the Governmental Funds – Balance Sheet and the Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

As a general rule, the effect of interfund Town activities has been eliminated from the government-wide financial statements.

(c) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pensions, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

(d) **Financial statement presentation**—The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

**TOWN OF ASTATULA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

(1) **Summary of Significant Accounting Policies:** (Continued)

The Town reports the following major governmental funds:

The *General Fund* accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Town are financed through revenues received by the General Fund.

The *Infrastructure Fund* is a special revenue fund which accounts for the financial resources related to the development and maintenance of the Town's infrastructure management system.

(e) **Budgets and budgetary accounting**—Annual budgets for all governmental funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The Town uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- i. Prior to September 1st, the Town Clerk submits a preliminary budget to the Town Council for the ensuing fiscal year.
- ii. Budget workshop sessions are scheduled by the Town Council, as needed.
- iii. A general summary of the budget and notice of public hearing is published in a local newspaper.
- iv. Prior to October 1<sup>st</sup>, the budget is legally enacted through passage of a resolution.
- v. The Town Council, by ordinance, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Council.
- vi. The Town Clerk may make transfers within a department as long as the total budget for the department is not increased. Transfers of appropriations between departments require the approval of the Council. The Town's Ordinance establishes the level at which expenditures may not exceed appropriations at the fund level.
- vii. Every appropriation lapses at the close of the fiscal year.

The budgets for governmental funds that were either adopted or amended during the year by the Town Council were prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The general and infrastructure funds have legally adopted budgets.

(f) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

**TOWN OF ASTATULA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Deposits and investments**—The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value, where applicable. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

(h) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. There was no allowance for uncollectible accounts as of September 30, 2020. All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

(i) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town.

Capital assets are defined by the Town as assets with an initial individual cost of \$1,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations and easements or other intangible rights of use, are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Buildings and Improvements	7 – 40 years
Equipment	3 – 20 years
Infrastructure	7 – 40 years
Vehicles	5 – 10 years

**TOWN OF ASTATULA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Compensated absences**—It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and a portion of sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(k) **Long-term obligations**—In the government-wide financial statements, long-term debt obligations are reported as liabilities in the statement of net position. Debt issuance costs are expensed when paid.

(l) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (8).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category consisted of deferred inflows of resources related to pensions, as discussed further in Note (8).

(m) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

*Nonspendable* – amounts not available to be spent or not in spendable form, such as inventory and prepaid items.

*Restricted* – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

*Committed* – amounts the Town intends to use for a specific purpose as expressed at the highest level of decision making authority by the Town Council.

*Assigned* – amounts the Town intends to use for a specific purpose. Intent can be expressed by Town Council or by an official or body which the Council delegates authority.

*Unassigned* – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

For spendable resources, is the Town’s policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unassigned.

**TOWN OF ASTATULA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

(1) **Summary of Significant Accounting Policies:** (Continued)

(n) **Property taxes**—Property tax revenues are recognized when levied, to the extent that they result in current receivables. Details of the property tax calendar are presented below:

Lien date	January 1
Levy date	October 1
Discount periods	November – February
No discount period	March
Delinquent date	April 1

(o) **Net position flow assumption**—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Town’s policy to consider restricted net position to have been used before unrestricted net position is applied.

(2) **Reconciliation of Government-Wide and Fund Financial Statement:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Deposits and Investments:**

The Town, for accounting and investment purposes, maintains noninterest-bearing banking accounts for substantially all Town funds. Additional accounts are held for various other purposes, or to segregate cash balances for amounts which are restricted or held on behalf of others. State statutes authorize the Town to invest excess funds in time deposits, or obligations of the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

As of September 30, 2020, all Town deposits were covered by private bank acquired insurance, Securities Investor Protection Corporation (SIPC) insurance, private broker/dealer acquired insurance, Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act). The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125% may be required if deemed necessary.

All of the Town’s deposits are held with public depositories and as of September 30, 2020, the Town’s deposits and investments were not subject to any substantial interest rate, credit, or concentration risks.

**TOWN OF ASTATULA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**(4) Capital Assets:**

Capital asset activity for the fiscal year ended September 30, 2020, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 206,588	\$ -	\$ -	\$ 206,588
Construction in progress	40,094	-	-	40,094
Total capital assets, not being depreciated	<u>246,682</u>	<u>-</u>	<u>-</u>	<u>246,682</u>
Capital assets, being depreciated –				
Buildings and improvements	417,366	1,427,379	-	1,844,745
Equipment	645,271	159,740	(19,673)	785,338
Infrastructure	804,551	19,134	-	823,685
Total capital assets, being depreciated	1,867,188	1,606,253	(19,673)	3,453,768
Less: accumulated depreciation	(959,067)	(118,065)	19,673	(1,057,459)
Total capital assets, being depreciated, net	<u>908,121</u>	<u>1,488,188</u>	<u>-</u>	<u>2,396,309</u>
Governmental activities capital assets, net	<u>\$ 1,154,803</u>	<u>\$ 1,488,188</u>	<u>\$ -</u>	<u>\$ 2,642,991</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 16,153
Public safety	52,665
Transportation	23,394
Culture and recreation	21,516
Physical environment	4,337
Total depreciation expense - governmental activities	<u>\$ 118,065</u>

**(5) Capital Leases:**

The Town has entered into certain lease agreements as a lessee for financing the acquisition of certain vehicles. The lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

Asset:	
Equipment	\$ 99,852
Accumulated depreciation	(19,970)
Net book value	<u>\$ 79,882</u>

The future minimum lease obligations and the net present value of these minimum lease payments were as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 29,071	\$ 4,720	\$ 33,790
2022	25,619	3,029	28,647
2023	27,096	1,551	28,647
	<u>\$ 81,786</u>	<u>\$ 9,300</u>	<u>\$ 91,085</u>

**TOWN OF ASTATULA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**(6) Long-Term Liabilities:**

For the fiscal year ended September 30, 2020, a summary of the long-term liability transactions for the Town is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Line of credit	\$ -	\$ 150,000	\$ -	\$ 150,000	\$ -
Capital leases	9,407	99,852	(27,473)	81,786	29,071
Compensated absences	67,087	30,216	(11,025)	86,278	86,278
Total long-term liabilities	<u>\$ 76,494</u>	<u>\$ 280,068</u>	<u>\$ (38,498)</u>	<u>\$ 318,064</u>	<u>\$ 115,349</u>

During the year ended September 30, 2019, the Town executed two unsecured lines of credit totaling \$350,000. On September 22, 2020, the Town made a \$150,000 draw on one line of credit, at an interest rate of 5.0%. Interest is payable monthly with principal due on maturity date of September 12, 2024.

**(7) Interfund Loans, Advances, Fees and Transfers:**

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. During the year ended September 30, 2020, there were no interfund receivables and payables.

During the year ended September 30, 2020, there were no interfund transfers.

**(8) Florida Retirement System:**

**Plan Description and Administration**

The Town participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Town's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Town are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.



**TOWN OF ASTATULA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

(8) **Florida Retirement System:** (Continued)

**Benefits Provided and Employees Covered**

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**Financial Statements**

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site ([www.myfloridacfo.com](http://www.myfloridacfo.com)). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services  
Division of Retirement, Research and Education Services  
P.O. Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll free at 877-377-1737

**TOWN OF ASTATULA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

(8) **Florida Retirement System:** (Continued)

**Contributions**

The Town participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2020, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2020	After June 30, 2020
Regular Class	8.47%	10.00%
DROP from FRS	14.60%	16.98%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll.

For the plan year ended June 30, 2020, actual contributions made for Town employees participating in FRS and HIS were as follows:

Town Contributions – FRS	\$	79,505
Town Contributions – HIS		7,316
Employee Contributions – FRS		13,222

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2020, the Town reported a liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 1,037,139
HIS	155,015
Total	\$ 1,192,154

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2020 and June 30, 2019, the Town's proportionate share of the FRS and HIS net pension liabilities were as follows: ,

Plan	2020	2019
FRS	0.002392898%	0.002331442%
HIS	0.001269588%	0.001240749%

For the plan year ended June 30, 2020, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	230,371
HIS		15,992
Total	\$	246,363

**TOWN OF ASTATULA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

(8) **Florida Retirement System:** (Continued)

*Deferred outflows/inflows related to pensions:*

At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,693	\$ -	\$ 6,341	\$ (120)
Changes of assumptions	187,751	-	16,668	(9,013)
Net difference between projected and actual investment earnings	61,751	-	124	-
Change in Town's proportionate share	59,931	-	26,520	(3,378)
Contributions subsequent to measurement date	21,088	(598)	1,994	-
	<u>\$ 370,214</u>	<u>\$ (598)</u>	<u>\$ 51,647</u>	<u>\$ (12,511)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2021	\$ 86,347
2022	116,462
2023	96,667
2024	62,441
2025	20,659
Thereafter	3,093
Total	<u>\$ 385,669</u>

*Actuarial assumptions:*

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.80%. This rate decreased from the prior year rate, which was 6.90%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.50%. Mortality assumptions for both plans were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

**TOWN OF ASTATULA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

(8) **Florida Retirement System:** (Continued)

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2020, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.2%
Fixed income	19.0%	3.0%
Global equities	54.2%	8.0%
Real estate	10.3%	6.4%
Private equity	11.1%	10.8%
Strategic investments	4.4%	5.5%
Total	<u>100.0%</u>	

*Sensitivity of the net pension liability to changes in the discount rate:*

The following presents the proportionate shares of the FRS and HIS net pension liability of the Town calculated using the current discount rates, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.80%	\$ 1,656,102	\$ 1,037,139	\$ 520,138
HIS	2.21%	179,190	155,015	135,227

(9) **Other Post-Employment Benefits (OPEB):**

Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*; was issued June 2015 and was effective for the year ending September 30, 2018. The Town did not implement GASB 75, and did not record any net OPEB obligation in previous years. Therefore, there was no impact on beginning net position in the governmental activities.

**TOWN OF ASTATULA, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

(10) **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 commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The Town is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the Town's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the Town.

(11) **Commitments and Contingencies:**

The Town is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2020. The outcomes of established claims are included in these financial statements. In the opinion of the Town's legal counsel, no legal proceedings are pending or threatened against the Town which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

During the year ended September 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Town as of September 30, 2020, management believes that a material impact on the Town's financial position and results of future operations is reasonably possible.

(12) **Fund Deficits:**

At September 30, 2020, the infrastructure fund had a deficit fund balance of (\$44,013), due to advance capital improvement activities. This deficit is expected to be recovered by future infrastructure surtax revenues.

(13) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Town's financial statements:

- (a) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2019.
- (b) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

**TOWN OF ASTATULA, FLORIDA**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

	<b>As of the Plan Year Ended June 30,</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Florida Retirement System (FRS)</b>							
Proportion of the net pension liability	0.002392898%	0.002331442%	0.002162630%	0.002105403%	0.001927551%	0.001674748%	0.001755311%
Proportionate share of the net pension liability	\$ 1,037,117	\$ 802,916	\$ 651,395	\$ 622,764	\$ 486,708	\$ 216,316	\$ 107,100
Covered payroll	440,725	415,046	357,718	327,344	286,890	276,670	209,967
Proportionate share of the net pension liability as a percentage of covered payroll	235.32%	193.45%	182.10%	190.25%	169.65%	78.19%	51.01%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
<b>Health Insurance Subsidy Program (HIS)</b>							
Proportion of the net pension liability	0.001269588%	0.001240749%	0.001094982%	0.000943934%	0.001179170%	0.000938246%	0.000981547%
Proportionate share of the net pension liability	\$ 155,015	\$ 138,827	\$ 115,894	\$ 101,508	\$ 99,089	\$ 95,686	\$ 91,777
Covered payroll	440,725	415,046	357,718	327,344	286,890	276,670	209,967
Proportionate share of the net pension liability as a percentage of covered payroll	35.17%	33.45%	32.40%	31.01%	34.54%	34.58%	43.71%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

**TOWN OF ASTATULA, FLORIDA  
SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS  
(UNAUDITED)**

	<b>As of the Plan Year Ended June 30,</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Florida Retirement System (FRS)</b>							
Contractually required contribution	\$ 79,505	\$ 72,292	\$ 61,633	\$ 54,809	\$ 47,006	\$ 40,832	\$ 38,449
Contributions in relation to the contractually required contribution	79,505	72,292	61,633	54,809	47,006	40,832	38,449
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 440,725	\$ 415,046	\$ 357,718	\$ 327,344	\$ 286,890	\$ 276,670	\$ 209,967
Contributions as a percentage of covered payroll	18.04%	17.42%	17.23%	16.74%	16.38%	14.76%	18.31%
<b>Health Insurance Subsidy Program (HIS)</b>							
Contractually required contribution	\$ 7,316	\$ 6,890	\$ 5,938	\$ 5,024	\$ 4,358	\$ 3,587	\$ 3,362
Contributions in relation to the contractually required contribution	7,316	6,890	5,938	5,024	4,358	3,587	3,362
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 440,725	\$ 415,046	\$ 357,718	\$ 327,344	\$ 286,890	\$ 276,670	\$ 209,967
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.53%	1.52%	1.30%	1.60%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

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

To the Honorable Mayor, Town Council, and Town Clerk,  
Town of Astatula, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Town of Astatula, Florida, (the Town) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 6, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit, we considered the Town'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that are not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

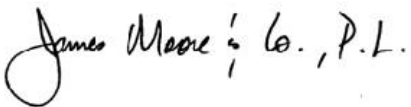


### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town'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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida  
May 6, 2021

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED  
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA  
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor, Town Council, and Town Clerk,  
Town of Astatula, Florida:

**Report on the Financial Statements**

We have audited the financial statements of the Town of Astatula, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated May 6, 2021.

As discussed in Note (9) to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities has not been determined.

**Auditors' Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; 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 May 6, 2021, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires us to determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No findings and recommendations existed in the preceding annual 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 legal authority for the primary government of the reporting entity is disclosed in Note 1 of the basic financial statements.

## **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and report the results of our determination as to whether or not the Town 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 did not meet any of the 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. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had the following recommendations:

**2020-001 New Debt and Budgetary Compliance:** We noted the Town's acquired two vehicles during the year via capital lease, resulting in the recording of other financing sources and additional capital outlay expenditures for the purchase of the vehicle. As a result of the audit adjustment to record these additional items, infrastructure fund expenditures exceeded the final budget. We recommend all debt activity be recorded in the general ledger in accordance with generally accepted accounting principles, and such activity be considered as part of any necessary budget amendments.

## **Additional Matters**

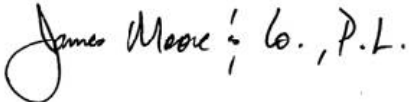
Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the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

## **Management's Response to Findings**

The Town's response to the findings identified in our audit are described starting on page 36. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this 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 State granting agencies, the Town Council, management, and others within the Town and is not intended to be and should not be used by anyone other than these specified parties.



Daytona Beach, Florida  
May 6, 2021

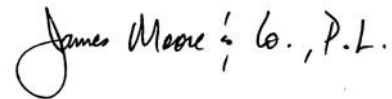
## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, Town Council, and Town Clerk,  
Town of Astatula, Florida

We have examined the Town of Astatula, Florida's (the Town) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020. 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, *Local Government Investment Policies*, for the year ended September 30, 2020, in all material respects. An examination involves performing procedures to obtain evidence about the Town's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, the Town of Astatula, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.



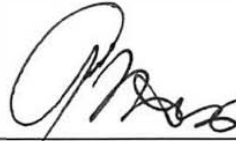
Daytona Beach, Florida  
May 6, 2021

**IMPACT FEE AFFIDAVIT**

BEFORE ME, the undersigned authority, personally appeared Graham Wells, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the Town of Astatula which is a local governmental entity of the State of Florida;
2. The governing body of the Town of Astatula adopted Ordinance No. 2007-B and Ordinance 2020-11 implementing an impact fee; and
3. The Town of Astatula has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.


FURTHER AFFIANT SAYETH NAUGHT.



Graham Wells - Town Clerk & Finance Officer

STATE OF FLORIDA  
COUNTY OF LAKE

SWORN TO AND SUBSCRIBED before me this 6<sup>th</sup> day of May, 2021.

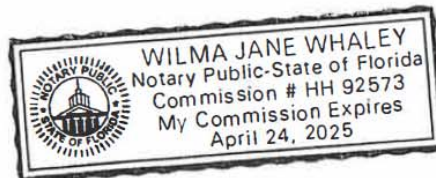


NOTARY PUBLIC  
Print Name Wilma Jane Whaley

Personally known  or produced identification \_\_\_\_\_

Type of identification produced: known

My Commission Expires:  
4-24-2025



## MANAGEMENT RESPONSE

Management notes the following plans regarding any findings and other recommendations reported in the current year audit:

### **2020-001 New Debt and Budgetary Compliance**

The Town agrees with this comment, and will ensure future debt issuances are properly identified and recorded in the Town's accounting system, and corresponding budget amendments, if necessary, will be brought to the Town Council.