

**CITY OF LAWTEY  
LAWTEY, FLORIDA**

**AUDITED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE YEAR ENDED  
SEPTEMBER 30, 2023**

**CITY OF LAWTEY, FLORIDA  
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# REDDISH & WHITE

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and the City Council  
City of Lawtey, 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 City of Lawtey, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Lawtey, Florida's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Lawtey, Florida, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 City of Lawtey, Florida and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–8 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2024, on our consideration of the City of Lawtey, Florida’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lawtey, Florida’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Lawtey, Florida’s internal control over financial reporting and compliance.

*Reddish & White, CPAs*

Starke, Florida  
August 7, 2024

# City of Lawtey

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

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## Overview of the Financial Statements

Within this section of the City of Lawtey's (the City) annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. Please read it in conjunction with the City's financial statements, which begin on page 9.

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

## Government-wide Financial Statements

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

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

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

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a

significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, and culture and recreation. The business-type activities include the water services, sewer services, and sanitation operation.

## **Fund Financial Statements**

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

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

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

**Proprietary Funds** The City maintains a proprietary fund. This fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses this fund to account for its water, sewer, and sanitation operations.

**Notes to the Financial Statements** The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

## Financial Highlights

- The City's net position increased by \$64,963 (or 0.1%) overall as a result of this year's operations. While the net position of the government activities increased by \$223,141 (or 12%), the net position of the business-type activities decreased by \$158,205 (or 3%).
- For the year, the City's general fund had expenses that were \$200,670 less than the \$803,613 generated in tax and other revenues for governmental programs.

## Financial Analysis of the City as a Whole

As of September 30, 2023 and 2022, the City's combined net position totaled \$7,837,877 and \$7,772,941, respectively. The capital assets are shown net of depreciation. The following table provides the details:

	Summary of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current assets	\$ 1,075,485	\$ 1,059,358	\$ 313,595	\$ 287,728	\$ 1,389,080	\$ 1,347,086
Capital assets	1,008,407	985,936	7,654,840	7,876,129	8,663,247	8,862,065
Other assets	140,358	133,867	(140,358)	(133,867)	-	-
<b>Total assets</b>	<b>2,224,250</b>	<b>2,179,161</b>	<b>7,828,077</b>	<b>8,029,990</b>	<b>10,052,327</b>	<b>10,209,151</b>
<b>Liabilities</b>						
Current liabilities	204,193	382,245	78,646	76,695	282,839	458,940
Long-term liabilities	-	-	1,931,611	1,977,270	1,931,611	1,977,270
<b>Total liabilities</b>	<b>204,193</b>	<b>382,245</b>	<b>2,010,257</b>	<b>2,053,965</b>	<b>2,214,450</b>	<b>2,436,210</b>
<b>Net position</b>						
Net Investment in capital assets	1,008,407	985,936	5,677,569	5,853,899	6,685,976	6,839,835
Restricted	-	-	129,689	120,736	129,689	120,736
Unrestricted	1,011,650	810,980	10,562	1,390	1,022,212	812,370
<b>Total net position</b>	<b>\$ 2,020,057</b>	<b>\$ 1,796,916</b>	<b>\$ 5,817,820</b>	<b>\$ 5,976,025</b>	<b>\$ 7,837,877</b>	<b>\$ 7,772,941</b>

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

<b>Summary of Changes in Net Position</b>						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program Revenues:						
Charges for Services	\$ 7,713	\$ 10,234	\$ 393,035	\$ 364,370	\$ 400,748	\$ 374,604
Grants and Contributions	162,667	132,569	-	4,045	162,667	136,614
Fines and Foreitures	299,161	262,241	-	-	299,161	262,241
General:						
Taxes	278,636	274,407	-	-	278,636	274,407
Other State-Shared	44,778	49,811	-	-	44,778	49,811
Other	10,658	5,667	1,623	103	12,281	5,770
<b>Total Revenues</b>	<u>803,613</u>	<u>734,929</u>	<u>394,658</u>	<u>368,518</u>	<u>1,198,271</u>	<u>1,103,447</u>
Program Expenses						
General Government	95,089	88,404	-	-	95,089	88,404
Public Safety	340,475	323,440	-	-	340,475	323,440
Transportation	109,656	123,307	-	-	109,656	123,307
Culture and Recreation	35,252	34,399	-	-	35,252	34,399
Water and Waste Utility	-	-	552,863	523,898	552,863	523,898
<b>Total Expenses</b>	<u>580,472</u>	<u>569,550</u>	<u>552,863</u>	<u>523,898</u>	<u>1,133,335</u>	<u>1,093,448</u>
Excess (Deficiency)	223,141	165,379	(158,205)	(155,380)	64,936	9,999
Beginning Net Position	<u>1,796,916</u>	<u>1,631,537</u>	<u>5,976,025</u>	<u>6,131,405</u>	<u>7,772,941</u>	<u>7,762,942</u>
Ending Net Position	<u>\$ 2,020,057</u>	<u>\$ 1,796,916</u>	<u>\$ 5,817,820</u>	<u>\$ 5,976,025</u>	<u>\$ 7,837,877</u>	<u>\$ 7,772,941</u>

## Financial Analysis of the City's Funds

The general fund is reported in the fund financial statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The general fund reported ending fund balance of \$1,011,650.

The total ending fund balance of the general fund reflects an increase of \$200,670 or 25% from the prior year's ending fund balance.

The proprietary funds net position reflects a decrease of \$158,205 or 3% from the prior year's net position. This was primarily due to CDBG water distribution and fire protection grant revenue being received in prior years and no additional significant grants awarded.

## **General Fund Budgetary Highlights**

The City's actual revenues were less than budgeted revenues by approximately \$998,000. This was primarily due to the \$867,600 CDBG Drainage grant budgeted and in the initial phase.

Total actual expenditures of the City were less than budgeted expenditures by approximately \$1,167,000. This was also primarily due to the CBDG drainage grant.

## **Capital Asset and Debt Administration**

**Proprietary Fund** - The City continues to make the scheduled payments on the revenue bonds outstanding. See Note 8 to the financial statements for more information on the bonds.

## **Economic Environment and Next Year's Budgets and Rates**

The State of Florida, by Constitution, does not have a state personal income tax and, therefore, the State operates primarily using sales, gasoline, and corporate income taxes. Local governments primarily rely on property and a limited array of permitted other taxes (sales, gasoline, utilities services, etc.) and fees (franchise, traffic fines, occupational license, etc.) to finance governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments.

## **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City clerk's office at (904) 782-3454.

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# CITY OF LAWTEY

## STATEMENT OF NET POSITION SEPTEMBER 30, 2023

	GOVERNMENTAL ACTIVITES	BUSINESS-TYPE ACTIVITES	TOTAL
<b>ASSETS</b>			
Cash and Cash Equivalents - Unrestricted	\$ 946,312	\$ 147,591	\$ 1,093,903
Cash and Cash Equivalents - Restricted	-	155,251	155,251
Accounts Receivable, Net	38,123	51,323	89,446
Grant Receivable - Restricted	50,480	-	50,480
Internal Balances	40,570	(40,570)	-
Total Current Assets	<u>1,075,485</u>	<u>313,595</u>	<u>1,389,080</u>
Capital Assets	1,008,407	7,654,840	8,663,247
Other Assets			
Internal Balances, Net of Current Portion	<u>140,358</u>	<u>(140,358)</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,224,250</u></u>	<u><u>\$ 7,828,077</u></u>	<u><u>\$ 10,052,327</u></u>
<b>LIABILITIES</b>			
Accounts Payable - Unrestricted	\$ 7,354	\$ 6,155	\$ 13,509
Payroll Liabilities	2,299	-	2,299
Customer Deposits	-	26,831	26,831
Unearned Revenue	194,540	-	194,540
Bonds Payable, Current Portion	-	45,660	45,660
Total Current Liabilities	<u>204,193</u>	<u>78,646</u>	<u>282,839</u>
Bonds Payable, Non-current Portion	<u>-</u>	<u>1,931,611</u>	<u>1,931,611</u>
<b>TOTAL LIABILITIES</b>	<u>204,193</u>	<u>2,010,257</u>	<u>2,214,450</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,008,407	5,677,569	6,685,976
Restricted	-	129,689	129,689
Unrestricted	<u>1,011,650</u>	<u>10,562</u>	<u>1,022,212</u>
<b>TOTAL NET POSITION</b>	<u>2,020,057</u>	<u>5,817,820</u>	<u>7,837,877</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 2,224,250</u></u>	<u><u>\$ 7,828,077</u></u>	<u><u>\$ 10,052,327</u></u>

See accompanying notes to the financial statements.

**CITY OF LAWTEY**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FUNCTIONS / PROGRAMS	PROGRAM REVENUES				NET REVENUE (EXPENSE)
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Primary Government:					
Government Activities:					
General Government	\$ 95,089	\$ 7,713	\$ 5,912	\$ 162,667	\$ 81,203
Public Safety	340,475	299,161	-	-	(41,314)
Transportation	109,656	-	-	-	(109,656)
Culture and Recreation	35,252	-	34	-	(35,218)
Total Governmental Activities	<u>580,472</u>	<u>306,874</u>	<u>5,946</u>	<u>162,667</u>	<u>(104,985)</u>
Business-type Activities:					
Sewer System	166,780	118,565	-	-	(48,215)
Water System	348,926	248,055	-	-	(100,871)
Garbage System	37,157	26,415	-	-	(10,742)
Total Business-type Activities	<u>552,863</u>	<u>393,035</u>	<u>-</u>	<u>-</u>	<u>(159,828)</u>
Total Primary Government	<u>\$ 1,133,335</u>	<u>\$ 699,909</u>	<u>5,946</u>	<u>162,667</u>	<u>(264,813)</u>
			Primary Government		
			Governmental Activities	Business-type Activities	Total
Change in Net Position:					
Net Revenue (Expense)			<u>(104,985)</u>	<u>(159,828)</u>	<u>(264,813)</u>
General Revenues:					
Taxes:					
Property			32,808	-	32,808
Local Option Gas Tax			43,344	-	43,344
Discretionary Sales Surtax			105,708	-	105,708
Franchise Fees			40,699	-	40,699
Utility Tax			3,489	-	3,489
Half Cent Sales Tax			52,554	-	52,554
State Revenue Sharing			44,778	-	44,778
Investment Income			47	123	170
Miscellaneous			4,699	1,500	6,199
Total General Revenues			<u>328,126</u>	<u>1,623</u>	<u>329,749</u>
Change in Net Position			223,141	(158,205)	64,936
Net Position, Beginning of Year			<u>1,796,916</u>	<u>5,976,025</u>	<u>7,772,941</u>
Net Position, End of Year			<u>\$ 2,020,057</u>	<u>\$ 5,817,820</u>	<u>\$ 7,837,877</u>

See accompanying notes to the financial statements.

# CITY OF LAWTEY

## BALANCE SHEET - GOVERNMENTAL FUNDS SEPTEMBER 30, 2023

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	<u>General Fund</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 946,312
Grant Receivable	50,480
Due from Water Fund	40,570
Due from Other Governmental Units	<u>38,123</u>
Total Current Assets	1,075,485
Other Assets	
Due from Water Fund, Net of Current Portion	<u>140,358</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,215,843</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 7,354
Payroll Liabilities	2,299
Unearned Revenue	<u>194,540</u>
<b>TOTAL LIABILITIES</b>	<u>204,193</u>
<b>FUND BALANCES</b>	
Assigned	52,192
Unassigned	<u>959,458</u>
<b>TOTAL FUND BALANCES</b>	<u>1,011,650</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 1,215,843</u></u>

See accompanying notes to the financial statements.

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**CITY OF LAWTEY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUNDS - BUDGET TO ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES</b>				
General Revenues:				
Taxes				
Property	\$ 33,155	\$ 33,155	\$ 32,808	\$ (347)
Local Option Gas Tax	40,000	40,000	43,344	3,344
Discretionary Sales Surtax	90,000	90,000	105,708	15,708
Franchise Taxes	35,000	35,000	40,699	5,699
Utility Tax	3,000	3,000	3,489	489
Intergovernmental programs	90,000	90,000	97,332	7,332
Fines and Forfeitures	260,000	260,000	299,161	39,161
Capital Grants and Contributions	1,233,809	1,233,809	162,667	(1,071,142)
Charges for Services	5,400	5,400	7,713	2,313
Miscellaneous	11,411	11,411	10,692	(719)
<b>TOTAL REVENUES</b>	<u>1,801,775</u>	<u>1,801,775</u>	<u>803,613</u>	<u>(998,162)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	454,936	454,936	226,095	228,841
Public Safety				
Law Enforcement	278,104	278,104	280,464	(2,360)
Fire	22,000	22,000	20,582	1,418
Transportation	88,100	88,100	67,179	20,921
Culture and Recreation	12,000	12,000	8,623	3,377
Capital Outlay:				
Public Safety				
Law Enforcement	18,000	18,000	-	18,000
Fire	1,500	1,500	-	1,500
Transportation	895,602	895,602	-	895,602
<b>TOTAL EXPENDITURES</b>	<u>1,770,242</u>	<u>1,770,242</u>	<u>602,943</u>	<u>1,167,299</u>
<b>REVENUES OVER EXPENDITURES</b>	31,533	31,533	200,670	<u>\$ 169,137</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>810,980</u>	<u>810,980</u>	<u>810,980</u>	
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 842,513</u>	<u>\$ 842,513</u>	<u>\$ 1,011,650</u>	

See accompanying notes to the financial statements.

## CITY OF LAWTEY

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

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Total Fund Balance - Total Governmental Funds \$ 1,011,650

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

Capital assets of \$2,707,118 net of accumulated  
depreciation of \$1,698,711 are not financial resources  
and, therefore, are not reported in the funds.

1,008,407

Total Net Position of Governmental Activities \$ 2,020,057

See accompanying notes to the financial statements.

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## CITY OF LAWTEY

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

For The Year Ended September 30, 2023

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Net Change in Fund Balances - Total Governmental Funds	\$ 200,670
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Governmental funds report capital outlays as expenditures.  
However, in the statement of activities, the cost of those  
assets is allocated over the estimated useful lives and  
reported as depreciation expense. This is the amount  
capital outlays of \$151,831 exceeded depreciation expense  
of \$129,360

<u>22,471</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 223,141</u></u>
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See accompanying notes to the financial statements.

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# CITY OF LAWTEY

## STATEMENT OF FUND NET POSITION - PROPRIETARY FUND SEPTEMBER 30, 2023

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### ASSETS

#### Current Assets

Cash and Cash Equivalents - Unrestricted	\$	147,591
Cash and Cash Equivalents - Restricted		155,251
Accounts Receivable, net		51,323
Total Current Assets		<u>354,165</u>

#### Capital Assets, Net of

Accumulated Depreciation		<u>7,654,840</u>
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### TOTAL ASSETS

\$ 8,009,005

### LIABILITIES AND FUND NET POSITION

#### Current Liabilities

Accounts Payable - Unrestricted	\$	6,155
Due to General Fund		40,570
Customer Deposits		26,831
Water and Sewer Revenue Bond, Current Portion		45,660
Total Current Liabilities		<u>119,216</u>

#### Other Liabilities

Due to General Fund, Net of Current Portion		140,358
Water and Sewer Revenue Bond, Non-current Portion		1,931,611
Total Other Liabilities		<u>2,071,969</u>

### TOTAL LIABILITIES

2,191,185

### FUND NET POSITION

Net Investment in Capital Assets		5,677,569
Restricted		129,690
Unrestricted		10,561
TOTAL FUND NET POSITION		<u>5,817,820</u>

### TOTAL LIABILITIES AND FUND NET POSITION

\$ 8,009,005

See accompanying notes to the financial statements.

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## CITY OF LAWTEY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND  
NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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OPERATING REVENUES	
Water Fees	\$ 248,055
Sewer Fees	118,565
Garbage Fees	<u>26,415</u>
TOTAL OPERATING REVENUES	<u>393,035</u>
OPERATING EXPENSES	
Personal Services	104,501
Depreciation	251,915
Utilities	25,526
Materials, Supplies, and Other Operating Expenses	<u>105,949</u>
TOTAL OPERATING EXPENSES	<u>487,891</u>
OPERATING LOSS	(94,856)
NON-OPERATING REVENUES AND EXPENSES	
Interest Expense	(64,972)
Other Income	1,500
Investment Income	<u>123</u>
TOTAL NON-OPERATING REVENUES AND EXPENSES	<u>(63,349)</u>
NET DECREASE IN FUND NET POSITION	(158,205)
FUND NET POSITION, BEGINNING OF YEAR	<u>5,976,025</u>
FUND NET POSITION, END OF YEAR	<u>\$ 5,817,820</u>

See accompanying notes to the financial statements.

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# CITY OF LAWTEY

## PROPRIETARY FUND STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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### CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 377,611
Payments to Suppliers of Goods and Services	(130,294)
Payments to Employees	(104,501)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>142,816</u>

### CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers from General Fund	<u>40,570</u>
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### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments for Capitalized Expenses	(30,626)
Interest payments on Revenue Bonds and Capital Lease	(64,972)
Principal Payments on Revenue Bonds	(44,959)
Proceeds from Sale of Capital Asset	1,500
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(139,057)</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received	<u>123</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS	44,452
---	--------

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>258,390</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 302,842</u>
--	-------------------

Unrestricted Cash and Cash Equivalents	\$ 147,591
Restricted Cash and Cash Equivalents	155,251
Total Cash and Cash Equivalents	<u>\$ 302,842</u>

### RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Loss	\$ (94,856)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation Expense	251,915
Change in Current Assets and Current Liabilities	
Accounts Receivable, Net	(15,494)
Accounts Payable	1,181
Customer Deposits	70
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 142,816</u>

See accompanying notes to the financial statements.

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# **CITY OF LAWTEY**

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

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## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **General Statement**

The City of Lawtey, Florida (the “City”) was established by chapter 6329, Laws of Florida, Special Acts in 1911. The City operates under a Mayor-Council form of government and provides services to its citizens including public safety, sanitation, streets, and other general governmental activities. In addition, the City owns and operates a water and sewer system.

The City’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

### **Financial Reporting Entity**

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

### **Basis of Presentation**

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

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Basic Financial Statements – Government-wide Statements**

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

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

The net costs (by function or business-type activity) are normally covered by general government revenues. The City does not allocate indirect costs. The government-wide focus is on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

### **Basic Financial Statements - Fund Financial Statements**

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

### **General Fund**

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

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Enterprise Fund**

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

The government-wide statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

### **Measurement Focus and Basis of Accounting**

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

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

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

Governmental fund level financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

recognized when susceptible to accrual (when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

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

### **Cash and Cash Equivalents**

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

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

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

### **Receivables**

Receivables are recorded at their net realizable value. Accordingly, they have been adjusted for all known doubtful accounts. As of September 30, 2023, the Water Fund receivable is net of \$1,000 allowance.

### **Compensated Absences**

The City Council has a policy requiring all vacation to be used by the employee's anniversary date. Sick leave can be carried forward. Upon separation of service, an employee is paid 25% of unused sick leave. No material liability for compensated absences exists at September 30, 2023.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Capital Assets

Property, plant, and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at their estimated fair market value at the time received. Capital assets are defined by the City as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

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

Asset	Years
Buildings, improvements, and infrastructure	10 - 30
Equipment and vehicles	3 - 15

### Fund Equity Classifications

#### Government-wide and Proprietary Fund Statements

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

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

**Restricted net position** – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. As of September 30, 2023, the restricted net position totaling \$129,689 consists of \$118,787 constrained for the revenue bond sinking fund and \$10,902 constrained for water and sewer construction.

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

The City's policy is to first apply restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted resources are available.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

### **Fund Financial Statements**

GASB statement No. 54 requires fund balance classifications in the following hierarchy:

**Nonspendable fund balance** – this classification represents amounts for inventory, prepaid expenses, property held for resale and long-term notes receivable.

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

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

**Assigned fund balance** – this classification represents amounts constrained by the government's intent to be used for specific purposes but are neither restricted or committed (the approval of a resolution by the City's council or a majority vote of the City's council). As of September 30, 2023, the assigned fund balance totaling \$52,192 consists of amounts assigned for: (1) fire department \$3,221, (2) police department of \$27,836, and (3) recreation and culture of \$21,135.

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

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

### **Use of Estimates**

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

## **NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING**

There were no budget amendments during the year. The City follows the procedures below in establishing the budgetary data reflected in the financial statements:

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

## **NOTE 3 – ECONOMIC DEPENDENCY**

During the year ended September 30, 2023, the Water Fund recognized approximately 38% of its revenue from one customer, the Lawtey Correctional Institute.

## **NOTE 4 – PROPERTY TAXES**

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

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

Lien Date	January 1
Levy Date	November 1
Installation Payments:	
1 <sup>st</sup> Installment	No later than June 30
2 <sup>nd</sup> Installment	No later than September 30
3 <sup>rd</sup> Installment	No later than December 31
4 <sup>th</sup> Installment	No later than March 31

#### NOTE 4 – PROPERTY TAXES (concluded)

Regular Payments:  
Discount Periods  
No Discount Period  
Delinquent Date

November – February  
March  
April 1

#### NOTE 5 – CAPITAL ASSETS

Capital asset activity for governmental activities the year ended September 30, 2023, is as follows:

	9/30/22	Increases	Decreases	9/30/23
Capital Assets Not Depreciated:				
Land	\$ 35,834	\$ -	\$ -	\$ 35,834
Construction in Progress	30,690	19,790	-	50,480
Total	66,524	19,790	-	86,314
Capital Assets Depreciated:				
Buildings	167,915	-	-	167,915
Building Improvements	261,700	52,682	-	314,382
Infrastructure	795,465	-	-	795,465
Vehicles and Equipment	1,263,683	79,359	-	1,343,042
Total	2,488,763	132,041	-	2,620,804
Less Accumulated Depreciation:				
Buildings	(167,915)	-	-	(167,915)
Building Improvements	(180,981)	(13,340)	-	(194,321)
Infrastructure	(175,919)	(53,031)	-	(228,950)
Vehicles and Equipment	(1,044,536)	(62,989)	-	(1,107,525)
Total	(1,569,351)	(129,360)	-	(1,698,711)
Total Capital Assets being Depreciated, net	919,412	2,681	-	922,093
Capital Assets, Net	\$ 985,936	\$ 22,471	\$ -	\$ 1,008,407

**NOTE 5 – CAPITAL ASSETS (concluded)**

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

Governmental activities:

General Government	\$ 1,034
Public Safety	
Law Enforcement	24,167
Fire Department	32,484
Culture and Recreation	9,408
Transportation	<u>62,267</u>
 Total	 <u>\$ 129,360</u>

Capital asset activity for the enterprise fund for the year ended September 30, 2023, is as follows:

	<u>9/30/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>9/30/23</u>
Capital Assets Not Depreciated:				
Land	<u>\$ 1,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,051</u>
Capital Assets Depreciated:				
Sewer Plant	7,995,475	-	-	7,995,475
Water Plant	2,216,964	7,527	-	2,224,491
Machinery and Equipment	<u>89,788</u>	<u>23,099</u>	<u>-</u>	<u>112,887</u>
Total	<u>10,302,227</u>	<u>30,626</u>	<u>-</u>	<u>10,332,853</u>
Less Accumulated Depreciation:				
Sewer Plant	(1,647,091)	(199,887)	-	(1,846,978)
Water Plant	(711,651)	(46,826)	-	(758,477)
Machinery and Equipment	<u>(68,407)</u>	<u>(5,202)</u>	<u>-</u>	<u>(73,609)</u>
Total	<u>(2,427,149)</u>	<u>(251,915)</u>	<u>-</u>	<u>(2,679,064)</u>
Total Capital Assets being Depreciated, net	<u>7,875,078</u>	<u>(221,289)</u>	<u>-</u>	<u>7,653,789</u>
Capital Assets, Net	<u>\$ 7,876,129</u>	<u>\$ (221,289)</u>	<u>\$ -</u>	<u>\$ 7,654,840</u>

**NOTE 6 – INTERFUND BALANCES**

The interfund balance is due primarily to operating costs and prior year expenditures related to the completed construction in the Water Fund paid for by the General Fund.

**NOTE 7 – RISK MANAGEMENT**

The City purchased insurance to limit exposure of the following risks: theft of, damage to and destruction of assets; natural disasters and injuries to employees. Commercial insurance has also been purchased by the City to cover the risks of loss due to employee errors or omissions and for health insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

**NOTE 8 – LONG-TERM OBLIGATIONS**

Following is a summary of changes in long-term obligations for the year ended September 30, 2023:

	<u>9/30/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>9/30/23</u>	<u>Due Within One Year</u>
<b>Business-Type Activities</b>					
Revenue Bonds #92-01	\$ 635,000	\$ -	\$ (18,000)	\$ 617,000	\$ 18,000
Revenue Bonds #92-03	1,323,010	-	(25,709)	1,297,301	26,380
Revenue Bonds #92-06	<u>64,220</u>	<u>-</u>	<u>(1,250)</u>	<u>62,970</u>	<u>1,280</u>
Long-Term Liabilities	<u>\$ 2,022,230</u>	<u>\$ -</u>	<u>\$ (44,959)</u>	<u>\$ 1,977,271</u>	<u>\$ 45,660</u>

**Business-type Activities**

**Revenue Bonds Payable**

During the year ended September 30, 2006, the City issued a water and sewer revenue bond, series 2002, payable to the United States of America through the United States Department of Agriculture (USDA). The bond was issued to finance part of the cost of acquiring and constructing additions, extensions and improvements to the combined water and sewer system. This bond and the related interest are payable solely from and secured by a prior lien upon and a pledge of the net revenues derived from the operation of the system. The bond is payable in annual installments including interest at 4.5% per annum on September 1 of every year. Final payment is due in 2044.

## NOTE 8 – LONG TERM OBLIGATIONS (concluded)

During the year ended September 30, 2016, the City issued two water and sewer revenue bonds, series 2015, payable to the United States of America through the United States Department of Agriculture (USDA). The bonds were issued to finance part of the cost of acquiring and constructing additions, extensions and improvements to the sewer system. These bonds and the related interest are payable solely from and secured by a prior lien upon and a pledge of the net revenues derived from the operation of the system. The bond is payable in annual installments including interest at 2.625% per annum on September 1 of every year. Final payment is due in 2055.

The following summarizes the scheduled payments for the next 5 years and thereafter as of September 30, 2023:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 45,660	\$ 63,472	\$ 109,132
2025	47,381	61,936	109,317
2026	49,130	60,336	109,466
2027	50,890	58,671	109,561
2028	52,680	56,942	109,622
2029-2033	290,950	256,445	547,395
2034-2038	343,870	202,848	546,718
2039-2043	408,000	138,562	546,562
2044-2048	288,740	74,082	362,822
2049-2053	278,600	38,249	316,849
2054-2055	121,370	4,792	126,162
	<u>\$ 1,977,271</u>	<u>\$ 1,016,335</u>	<u>\$ 2,993,606</u>

## NOTE 9 – COMMITMENTS AND SUBSEQUENT EVENTS

The City has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through August 7, 2024 the date the financial statements were available to be issued and has included the following information.

In January 2020, the City was awarded \$867,600 from the Florida Department of Economic Opportunity (DEO), Community Development Block Grant – Disaster Recovery (CDBG – Disaster Recovery). The funds will be used for infrastructure improvements, including citywide culvert replacement and drainage.

## **NOTE 9 – COMMITMENTS AND SUBSEQUENT EVENTS** (concluded)

In August 2021, the City signed a contract for administrative services for the CDBG – Disaster Recovery project. As of September 30, 2023, the remaining commitment for administrative services is \$49,875.

In November 2021, the City signed a contract for engineering services for the CDBG – Disaster Recovery project. As of September 30, 2023, the remaining commitment for engineering services is \$39,530.

The City was awarded \$600,000 in Neighborhood Revitalization Funds under the Department of Economic Opportunity to be used on meter replacement. Subsequent to September 30, 2023, two contracts for the project have been entered into for administrative services with a commitment of \$39,000 and for engineering services with a commitment of \$78,800.

In August 2021, the City was awarded \$363,119 in Fiscal Recovery Funds under the American Rescue Plan Act. As of September 30, 2023, \$168,579 has been expended and \$194,540 remains.

In 2022, the City was awarded the Small Community Outreach Program (SCOP), Department of Transportation (DOT) Grant in the amount of \$710,800 for Grove Street improvements and reconstruction between Lake Street and Washington Street. As of September 30, 2023, no amounts have been spent.

In 2022, the City was awarded the Florida Department of Economic Opportunity (DEO) Grant in the amount of \$300,000 for the water system improvements design. As of September 30, 2023, no amounts have been spent.

In 2022, the City was awarded the Suwannee River Water Management Grant in the amount of \$410,000 to be used towards water line improvements construction. As of September 30, 2023, no amounts have been spent.

In 2022, the City was awarded the State Revolving Fund Loan for purposes of obtaining a Florida Department of Environmental Protection (DEP) Grant in the amount of \$75,800 for the water system improvement design. The DEP has advised the City to apply for a loan through the state's revolving fund that will be subsequently forgiven. As of September 30, 2023, no amounts have been spent.

## **NOTE 10 – CONTINGENCIES**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor(s) cannot be determined at this time although the City expects amounts, if any, to be immaterial.

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**Additional Elements Required by the Rules of the Auditor  
General, *Government Auditing Standards***

# REDDISH & WHITE

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 307 • 134 East Call Street • Starke, Florida 32091

Phone (904) 964-7555 • Fax (904) 964-3887

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

To the Honorable Mayor and City Council  
City of Lawtey, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of City of Lawtey, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City of Lawtey, Florida's basic financial statements and have issued our report thereon dated August 7, 2024.

### **Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*Reddish & White, CPA's*

Starke, Florida  
August 7, 2024

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## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and City Council  
City of Lawtey, Florida

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

We have audited the financial statements of the City of Lawtey, Florida, as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated August 7, 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; 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 on 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 and schedule, which are dated August 7, 2024, should be considered in conjunction with this management letter.

## **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. The audit findings in the preceding financial reports have been corrected.

## **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 City of Lawtey, Florida was established by Chapter 6329, Laws of Florida, Special Acts in 1911. There were no component units related to the City of Lawtey, Florida.

## **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 communicate the results of our determination as to whether or not the City of Lawtey, Florida met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City of Lawtey, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

## **Special District Component Units**

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

## **Additional Matters**

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

## **Purpose of this Letter**

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

*Reddish & White, CPA's*

Starke, Florida  
August 7, 2024

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## INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

To the Honorable Mayor and City Council  
City of Lawtey, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about City of Lawtey, Florida's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on City of Lawtey, Florida's compliance with specified requirements.

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

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

*Reddish & White, CPA's*

Starke, Florida  
August 7, 2024

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## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

August 7, 2024

To the Honorable Mayor and Town Council  
City of Lawtey  
Lawtey, Florida

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of City of Lawtey for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 3, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Lawtey are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2023. We noted no transactions entered into by City of Lawtey during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the City of Lawtey's financial statements are:

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

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

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, which were primarily to convert your accounting records from the cash basis to the accrual basis.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 7, 2024.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City of Lawtey's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City of Lawtey's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### Restriction on Use

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

Very truly yours,

*Reddish & White, CPA's*