# City of Blountstown Blountstown, Florida

## **Financial Statements**



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### **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council City of Blountstown Blountstown, Florida

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blountstown, Florida as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Blountstown, Florida's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 auditor's 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 audit opinions.

Honorable Mayor and City Council City of Blountstown Blountstown, Florida Page Two

## **Opinions**

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, each major fund, and the aggregate remaining fund information of the City of Blountstown, Florida as of September 30, 2018, 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.

#### **Other Matters**

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4.1 through 4.9 and other 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Blountstown, Florida's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Mayor and City Council City of Blountstown Blountstown, Florida Page Three

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Change in Accounting Principle**

As described in Note 17 to the financial statements, in 2018, the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### Other Reporting Required by Government Auditing Standards

Can, Rigge & Ingram, L.L.C.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2019, on our consideration of the City of Blountstown, Florida's internal control over financial reporting and 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 effectiveness of the City of Blountstown, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Blountstown, Florida's internal control over financial reporting and compliance.

Marianna, Florida February 21, 2019



## CITY OF BLOUNTSTOWN MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Blountstown (the "City") has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the City's financial activities, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify material deviations from the financial plan (approved budget), and (e) highlight significant issues in individual funds.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements.

### FINANCIAL HIGHLIGHTS

The assets of the City of Blountstown exceeded its liabilities at September 30, 2018 by \$27,294,624 (net assets). Of this amount, \$6,752,310 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net assets increased by \$478,174 or (1.78%).

As of September 30, 2018, the City of Blountstown governmental funds reported combined ending fund balances of \$1,765,372, a decrease of \$17,614 in comparison with the prior year. Approximately 98% of this amount, or \$1,733,132, is available for spending at the City's discretion (unreserved fund balance).

Construction of a new lift station at the Pear Street location began in late 2018. Construction is expected to be completed in early 2019.

The City of Blountstown was awarded \$700,000 from FDEP for the Blountstown Wastewater Effluent Discharge Project. This money will be used for pre-design study and activities and will be used for land purchase for future spray field. In late 2017, the City contacted the land owner of another potential site and received approval to perform some preliminary geo-testing on the site, which produced favorable results. The land owner is willing to sell the property. The City is reviewing the initial list of potential sites before making a final decision on purchase. The City continues to search for funding sources for this project.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

Government-wide financial statements Fund financial statements Notes to the financial statements

In addition, this report presents certain required supplementary information, which includes management's discussion and analysis.

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements provide both short-term and long-term information about the City's overall financial condition in a manner similar to those of a private-sector business. This statement combines and consolidates governmental funds' current financial resources (short-term expendable resources) with capital assets and long-term obligations. The statements include a *statement of net position* and a *statement of activities* that are designed to provide consolidated financial information about the governmental activities of the City presented on the accrual basis of accounting.

The Statement of Net Position provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the City.

The Statement of Activities presents information showing how the City's net assets changed during the 2018 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. This statement is intended to summarize and simplify the user's analysis of cost of various governmental services. An increase or decrease in net assets is an indication of whether the City's financial health is improving or deteriorating.

Both of these financial statements present the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, and parks and recreation. The business-type activities of the City consist of the electric, natural gas, water, sanitation and sewer systems.

Over a period of time, changes in the City's net assets are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other non-financial factors, such as changes in the City's property tax base and the condition of the City's capital assets including infrastructure assets.

#### **FUND FINANCIAL STATEMENTS**

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types.

Fund financial statements are one of the components of the basic 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 City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the City's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the City's funds may be classified in the broad category of *Governmental Funds and Proprietary Funds* as discussed below.

Governmental Funds - these funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the City's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

**Proprietary Funds** – the City maintains one type of proprietary fund, which is the Enterprise Funds. These funds are used to report business-type activities in the government-wide financial statements. The City uses enterprises funds to account for the fiscal activities relating to the electric, natural gas, water, sewer, and sanitation systems in the City of Blountstown.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

This section is used to present condensed financial information from the government-wide statements that compares the current year to the prior year.

## STATEMENT OF NET POSITION

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities (governmental and business-type activities) by over \$27 million at the close of the fiscal year ended September 30, 2018. This was an increase of \$478,174 over prior year net position.

## STATEMENTS OF NET POSITION AS OF SEPTEMBER 30, 2018 AND 2017

	Governmental Activities				Business-ty	pe Act	tivities	Total				
	<b>20</b> 1	18	Restated 2017		2018	F	Restated 2017		2018		Restated 2017	
Current and other assets	\$ 1,9	<b>48,263</b> \$	1,812,121	\$	7,881,760	\$	6,654,030	\$	9,830,023	\$	8,466,151	
Non-current assets	5,8	884,816	5,812,555	_	14,684,815		15,480,343		20,569,631		21,292,898	
Total assets	7,8	33,079	7,624,676		22,566,575		22,134,373		30,399,654		29,759,049	
Deferred outflows of resources	6	660,591	616,417		441,312		411,802		1,101,903		1,028,219	
Long-term liabilities	1,9	02,486	1,854,306		1,390,852		1,312,688		3,293,338		3,166,994	
Other liabilities	1	.13,287	61,119		482,706		503,668		595,993		564,787	
Total liabilities	2,0	15,773	1,915,425		1,873,558		1,816,356		3,889,331		3,731,781	
Deferred inflows of resources	1	.90,403	143,303		127,199		95,734		317,602		239,037	
Net position: Invested in Capital assets net of related debt	5,8	84,816	5,650,967		14,625,258		15,215,785		20,510,074		20,866,752	
Restricted		32,240	31,984		-		-		32,240		31,984	
Unrestricted	3	370,438	499,414		6,381,872		5,418,300		6,752,310		5,917,714	
Total net position	\$ 6,2	. <b>87,494</b> \$	6,182,365	\$	21,007,130	\$	20,634,085	\$	27,294,624	\$	26,816,450	

A total of \$32,240 of the City's net assets are subject to external restrictions on how they may be used. The balance of unrestricted net assets \$6,752,310 may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2018, the City is able to report positive balances in all categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

### **CHANGES IN NET POSITION**

	Governmen	tal A	ctivities	 Business-ty	pe A	ctivities	To	tal	
			Restated			Restated			Restated
	2018		2017	2018		2017	2018		2017
REVENUES									
Charges for service	\$ 265,294	\$	227,354	\$ 6,412,614	\$	6,388,841	\$ 6,677,908	\$	6,616,195
Grants and contributions	20,670		7,329	51,381		937,578	72,051		944,907
Property taxes	94,171		92,162	-		-	94,171		92,162
Intergovernmental	161,114		160,252	-		-	161,114		160,252
Other taxes	464,847		457,060	-		-	464,847		457,060
Investment earnings	14,238		11,819	52,189		33,182	66,427		45,001
Miscellaneous	153,041		136,963	127,325		59,265	280,366		196,228
Transfers	 1,384,507		937,013	 (1,384,507)		(937,013)	 -		
Total Revenues	\$ 2,557,882	\$	2,029,952	\$ 5,259,002	\$	6,481,853	\$ 7,816,884	\$	8,511,805
EXPENSES									
General government	\$ 376,792	\$	418,452	\$ -	\$	-	\$ 376,792	\$	418,452
Public safety	1,367,281		1,086,075	-		-	1,367,281		1,086,075
Highways and streets	647,288		716,893	-		-	647,288		716,893
Culture and recreation	58,179		56,016	-		-	58,179		56,016
Business-type activities	-		-	4,885,957		5,273,533	4,885,957		5,273,533
Interest on long-term debt	 3,213		5,014	 -			 3,213		5,014
Total Expenses	\$ 2,452,753	\$	2,282,450	\$ 4,885,957	\$	5,273,533	\$ 7,338,710	\$	7,555,983
Net Increase (decrease)	\$ 105,129	\$	(252,498)	\$ 373,045	\$	1,208,320	\$ 478,174	\$	955,822
Net position, beginning	\$ 6,182,365	\$	6,434,863	\$ 20,634,085	\$	19,425,765	\$ 26,816,450	\$	25,860,628
Net position, ending	\$ 6,287,494	\$	6,182,365	\$ 21,007,130	\$	20,634,085	\$ 27,294,624	\$	26,816,450

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

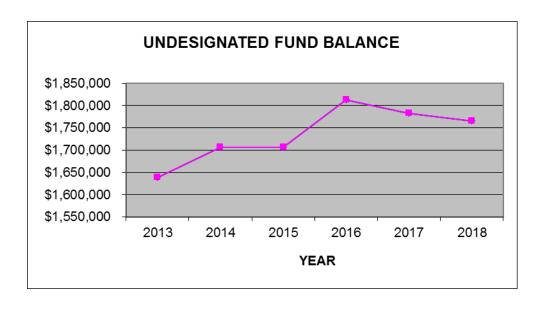
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **GOVERNMENTAL FUNDS**

The primary purpose of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources, available for spending, at the end of the fiscal year.

As of the end of fiscal year 2018, the City's governmental funds reported combined ending fund balances of \$1,765,372. Of this amount, *unreserved fund balance* is \$1,733,132, which is available for spending (depending on fund restrictions) at the City's discretion.

General Fund Unrestricted/Undesignated Fund Balance. As depicted in the following graph, the unrestricted/undesignated fund balances of the Board's General Fund (the general operating fund of the City) has decreased slightly in the current year. This decrease is in part due to capital purchases and road resurfacing.



Budget Variances in General Fund. Some budget variances occurred in General Fund during the 2018 fiscal year due to budgeted capital projects being postponed and un-received grant funds.

#### **MAJOR FUNDS**

## **GOVERNMENTAL FUNDS**

The General Fund is reported as major governmental funds.

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the General Fund.

The General Fund consists of the Administration Department, Police Department, Fire Department, Street Department, and Parks Department.

### PROPRIETARY FUNDS

There are five proprietary (business-type) funds:

Electric Department
Natural Gas Department
Water Department
Sewer Department
Sanitation Department

## **LONG-TERM DEBT**

As of September 30, 2018, the City of Blountstown had various long-term debt in both the General Fund and the Proprietary Funds.

The City is a pass through entity for a loan from the State of Florida Office of Tourism, Trade and Economic Development to the local hospital.

The City has a note with Florida Department of Transportation for the Waterline Replacement Project that was done along Highway 20.

Additional information on the City's long-term debt can be found in the Notes to the Financial Statements in this report.

#### **CAPITAL ASSETS**

Generally, a government's largest group of assets (infrastructure – roads, bridges, traffic signals, and underground pipes not associated with a utility, etc.) are neither reported nor depreciated in governmental fund financial statements. GASB-34 requires that these assets now be valued and reported within the governmental column of the government-wide statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government elects the asset management system (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The City has elected to depreciate its infrastructure assets. Pre-retroactive reporting of infrastructure is not required by the City.

Approximately sixty-eight percent (68%) of the City's net assets reflects its investment in capital assets (e.g., land, buildings, improvements, and vehicles and equipment, net of related debt). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

This year's major capital asset additions included the following:

- Completion of the Finlay/Evans Waterline Replacement Project \$73,846
- Purchase of property adjoining City Hall for potential future City expansion \$550,000

#### SIGNIFICANT ECONOMIC FACTORS

#### TAXABLE VALUE OF PROPERTY AND MILLAGE RATES

The City has been able to maintain the same millage rate of 1.5 mils to citizens.

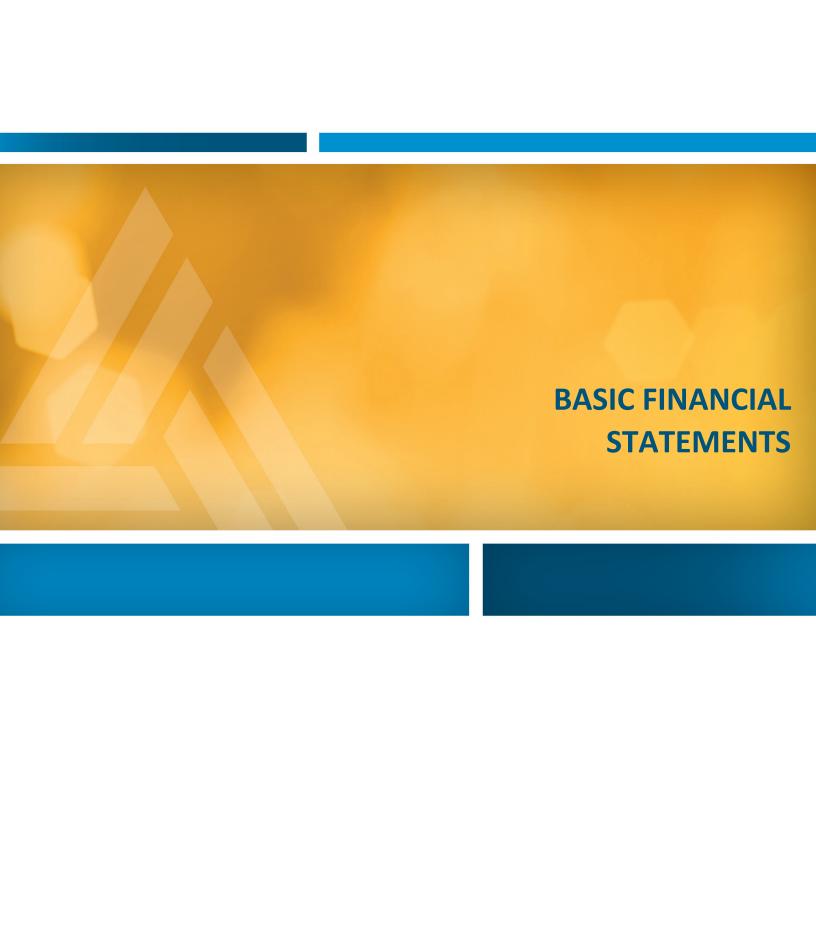
### **NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when adopting the 2018/2019 budget. The City was able to maintain the same utility rates for its customers in 2018/2019. This coupled with rising costs has made it necessary to balance budgets using reserves from prior years and continue to provide the level of service to customers as provided in the past. The City's electric supply contract with Florida Power and Light expired in April 2017. The City negotiated a new electric supply contract with Southern Power, which began May 2017 and expires in April 2022. Each year the City will review rates to determine if they need to be raised in order to offset the rising costs of electricity.

## **REQUESTS FOR INFORMATION**

This report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

TRACI S. HALL, CITY MANAGER 20591 CENTRAL AVE WEST BLOUNTSTOWN, FL 32424



## City of Blountstown, Florida Statement of Net Position

	vernmental	Business-type	
	Activities	Activities	Total
Assets			
Cash and cash equivalents	\$ 755,288	\$ 4,287,155	\$ 5,042,44
Investments	521,109	2,678,036	3,199,14
Accounts receivable, net	52,363	799,333	851,69
Accrued interest receivable	6,556	32,235	38,79
Interfund balances	419,513	(419,513)	
Due from other governments	91,591	98,954	190,54
Inventory	-	138,381	138,38
Restricted cash and cash equivalents	32,239	248,100	280,33
Note receivable	69,604	-	69,60
Other assets	-	19,079	19,07
Capital assets			
Nondepreciable	1,447,996	132,619	1,580,61
Depreciable, net	4,436,820	14,552,196	18,989,01
Total assets	7,833,079	22,566,575	30,399,65
Deferred outflows of resources			
Pensions	660,591	441,312	1,101,90
Total deferred outflows of resources	660,591	441,312	1,101,90
iabilities			
Accounts payable	98,689	221,176	319,86
Accrued expenses	14,598	13,630	28,22
Customer deposits	-	247,900	247,90
Long-term liabilities			
Due within one year			
Note payable	60,000	14,889	74,88
Accrued compensated absences	11,927	14,928	26,85
Due in more than one year			
Note payable	9,604	44,668	54,27
Pension liability	1,594,264	1,065,059	2,659,32
Accrued compensated absences	35,781	44,778	80,55
Other post-employment benefit obligation	190,910	206,530	397,44
Total liabilities	2,015,773	1,873,558	3,889,33
eferred inflows of resources			
Pensions	190,403	127,199	317,60
Total deferred inflows of resources	190,403	127,199	317,60
let position			
Invested in capital assets, net of related debt	5,884,816	14,625,258	20,510,07
Restricted for			
Law enforcement	18,874	-	18,87
Scholarship fund	10,475	-	10,47
Historic preservation	2,891	-	2,89
Unrestricted	370,438	6,381,872	6,752,31
Total net position	\$ 6,287,494	\$ 21,007,130	\$ 27,294,62

## City of Blountstown, Florida Statement of Activities

				Program Revenues						ı	rima	ary Government	
		Expenses		Charges for Services		Operating Grants and ontributions		Capital Grants and Contributions	G	overnmental Activities		Business-type Activities	Total
Functions / Programs		-											
Primary government													
Governmental activities													
General government	\$	376,792	\$	146,215	\$	-	\$	-	\$	(230,577)	\$	- \$	(230,577
Public safety		1,367,281		105,243		20,670		-		(1,241,368)		-	(1,241,368
Highways and streets		647,288		13,836		-		-		(633,452)		-	(633,452
Culture and recreation		58,179		-		-		-		(58,179)		-	(58,179)
Interest on long-term debt		3,213		-		-		-		(3,213)		-	(3,213)
Total governmental													
activities		2,452,753		265,294		20,670		-		(2,166,789)		=	(2,166,789)
Business-type activities													
Electric		2,530,704		4,377,103		-		-		-		1,846,399	1,846,399
Water		618,410		602,748		-		45,019		-		29,357	29,357
Sewer		846,025		741,087		-		6,362		-		(98,576)	(98,576)
Natural Gas		438,354		385,944		-		-		-		(52,410)	(52,410)
Sanitation		451,437		303,332		-		-		-		(148,105)	(148,105
Cemetery		1,027		2,400		-		-		-		1,373	1,373
Total business-type													
activities		4,885,957		6,412,614		-		51,381		-		1,578,038	1,578,038
Total primary government	\$	7,338,710	\$	6,677,908	\$	20,670	\$	51,381		(2,166,789)		1,578,038	(588,751)
			Gene	ral revenues									
			Taxes	:									
			Fran	chise and public	servi	ce taxes				393,462		-	393,462
			Prop	erty taxes, levie	d for	general purpose	S			94,171		-	94,171
			Loca	l option taxes						71,385		-	71,385
			State	e shared revenu	es					161,114		-	161,114
			Misc	ellaneous						153,041		127,325	280,366
			То	tal general reve	nues					873,173		127,325	1,000,498
				est earnings						14,238		52,189	66,427
			To	tal general reve	nues a	and interest				887,411		179,514	1,066,925
			Trans	fers						1,384,507		(1,384,507)	-
		,	Tot	al general rever	iues, i	nterest and tran	sfer	S		2,271,918		(1,204,993)	1,066,925
					Chan	ge in net positior	1			105,129		373,045	478,174
			Net p	osition - beginni	ng as	previously repo	ted			6,012,815		20,814,153	26,826,968
			Chang	ge in accounting	princ	iple, Note 17				169,550		(180,068)	(10,518)
			Net P	osition, beginnii	ng as i	restated				6,182,365		20,634,085	26,816,450
			Net p	osition - ending					\$	6,287,494	\$	21,007,130 \$	27,294,624

## City of Blountstown, Florida Balance Sheet Governmental Fund

## September 30, 2018

	General
Assets	
Cash and cash equivalents	\$ 755,288
Investments	521,109
Accounts receivable, net	52,363
Interest receivable	6,556
Due from other funds	419,513
Due from other governments	91,591
Restricted cash and cash equivalents	32,239
Total assets	\$ 1,878,659
Liabilities	
Accounts payable	\$ 98,689
Accrued expenses	14,598
Total liabilities	113,287
Fund balances	
Restricted for scholarship fund	10,475
Restricted for law enforcement	18,874
Restricted for historic preservation	2,891
Unassigned, reported in general fund	1,733,132
Total fund balances	1,765,372
Total liabilities and fund balances	\$ 1,878,659
Amounts reported for governmental activities in the statement	
of net position are different because:	
Total fund balances - governmental funds	\$ 1,765,372
Capital assets used in governmental activities are	
not financial resources and, therefore, are not	
reported in the funds.	5,884,816
Other long-term assets are not available to pay for	
current-period expenditures and, therefore, are	
not reported in the funds.	69,604
Long-term liabilities, including notes payable and	
compensated absences and pension liabilities	
are not due and payable in current period, and	
therefore, are not reported in the funds.	(1,902,486)
Deferred outflows and inflows of resources related	
to pensions are applicable to future periods and	
therefore, are not reported in the funds.	
Deferred outflows of resources - pensions	660,591
Deferred inflows of resources - pensions	 (190,403)
	-

# City of Blountstown, Florida Statement of Revenue, Expenditures, and Changes in Fund Balances Governmental Fund

	General
Revenues	
Property taxes, levied for general purposes	\$ 94,171
Other taxes	464,847
Intergovernmental	271,312
Licenses and permits	18,912
Fines and forfeitures	10,581
Grants and contributions	20,670
Interest	14,238
Other fees and miscellaneous	338,644
Total revenues	1,233,375
Expenditures	
Current	
General government	334,806
Public safety	1,197,695
Highways and streets	440,123
Culture and recreation	12,798
Capital outlay	
General government	389,540
Public safety	94,125
Highways and streets	103,196
Debt service	
Principal	60,000
Interest and other charges	3,213
Total expenditures	2,635,496
Excess of expenditures over revenues	(1,402,121)
Other financing sources (uses)	
Transfers in	1,867,521
Transfers out	(483,014)
Net other financing sources (uses)	1,384,507
Net change in fund balance	(17,614)
Fund balance - beginning	1,782,986
Fund balance - ending	\$ 1,765,372

## City of Blountstown, Florida

## Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities

Amounts reported for governmental activities in the statement of activities (page 6) are different because:	
Net change in fund balance - total governmental fund	\$ (17,614)
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net position	586,861
Depreciation expense on governmental capital assets is included in the governmental activities in the statement of activities.	(353,012)
Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net position.	60,000
Collection of long-term notes receivable is reported as revenue in governmental funds but as a reduction of long term notes receivable in the statement of net position.	(60,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses include:	
Other post-employment benefits Compensated absences	(24,460) 2,629
Government funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense	
Deferred outflow of resources - pensions  Deferred inflow of resources - pensions	139,525 (228,800)
Change in net position of governmental activities (page 6)	\$ 105,129

## City of Blountstown, Florida Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund

		Budgeted	ounts		Actual	Fin	iance with al Budget- Positive	
		Original		Final		Actual		legative)
Revenues								
Property taxes, levied for general purposes	\$	92,377	\$	92,377	\$	94,171	\$	1,794
Other taxes	Ų	447,599	Ą	447,599	Ţ	464,847	Ţ	17,248
Intergovernmental		258,692		258,692		271,312		12,620
Licenses and permits		11,200		11,200		18,912		7,712
Fines and forfeitures		7,000		7,000		10,581		3,581
Grants and contributions		-		7,000		20,670		20,670
Interest		2,500		2,500		14,238		11,738
Other fees and miscellaneous		219,357		219,357		338,644		119,287
Reserves		78,546		78,546		-		(78,546)
Total revenues		1,117,271		1,117,271		1,233,375		116,104
Expenditures								
Current								
General government		366,425		366,425		334,806		31,619
Public safety		1,202,294		1,202,294		1,197,695		4,599
Highways and streets		457,519		457,519		440,123		17,396
Culture and recreation		18,220		18,220		12,798		5,422
Capital outlay		457,320		843,818		586,861		256,957
Debt service								
Principal		60,000		60,000		60,000		-
Interest and other charges		3,213		3,213		3,213		-
Total expenditures		2,564,991		2,951,489		2,635,496		315,993
Excess of revenues over (under)								
expenditures		(1,447,720)		(1,834,218)		(1,402,121)		432,097
Other financing sources (uses)								
Transfers in		1,867,521		1,867,521		1,867,521		-
Transfers out		(483,014)		(483,014)		(483,014)		-
Total other financing sources (uses)		1,384,507		1,384,507		1,384,507		-
Net change in fund balances		(63,213)		(449,711)		(17,614)		432,097
Fund balances - beginning		1,782,986		1,782,986		1,782,986		-
Fund balances - ending	\$	1,719,773	\$	1,333,275	\$	1,765,372	\$	432,097

## City of Blountstown, Florida Statement of Net Position Proprietary Funds

September 30, 2018

		Business-typ	e A	ctivities / En	terpi	rise Funds	
	Electric	Water		Sewer	N	lon-major Funds	Total
Assets							
Current assets							
Cash and cash equivalents	\$ 1,705,673	\$ 391,017	\$	1,383,035	\$	807,430	\$ 4,287,155
Investments	956,380	794,235		919,141		8,280	2,678,036
Accounts receivable, net	579,677	74,926		78,285		66,445	799,333
Accrued interest receivable	6,089	10,962		15,083		101	32,235
Due from other funds		332,244		648,712		12,149	993,105
Due from other governments	15,871	-		82,945		138	98,954
Inventory	78,987	12,205		7,006		40,183	138,381
Total current assets	3,342,677	1,615,589		3,134,207		934,726	9,027,199
Noncurrent assets							
Restricted cash and cash equivalents	235,056	8,049		-		4,995	248,100
Other assets	-	-		-		19,079	19,079
Capital assets							
Nondepreciable	-	6,989		110,630		15,000	132,619
Depreciable, net	1,690,305	3,151,520		9,582,404		127,967	14,552,196
Total noncurrent assets	1,925,361	3,166,558		9,693,034		167,041	14,951,994
Total assets	5,268,038	4,782,147		12,827,241		1,101,767	23,979,193
Deferred outflows of resources							
Pensions	105,783	101,375		99,171		134,983	441,312
Total deferred outflows of resources	105,783	101,375		99,171		134,983	441,312
Liabilities							
Current liabilities							
Accounts payable	169,054	8,519		25,125		18,478	221,176
Accrued expenses	3,933	3,048		2,876		3,773	13,630
Due to other funds	336,966	542,937		532,715		-	1,412,618
Compensated absences payable	3,187	3,502		3,502		4,737	14,928
Notes payable - current	-	14,889		-		-	14,889
Liabilities payable from restricted assets							
Customer deposits	235,056	8,049				4,795	247,900
Total current liabilities	748,196	580,944		564,218		31,783	1,925,141
Noncurrent liabilities							
Accrued compensated absences	9,560	10,504		10,505		14,209	44,778
Notes payable	-	44,668		-		-	44,668
Other post-employment benefit obligations	59,128	44,915		43,131		59,356	206,530
Pension liability	255,295	244,658		239,339		325,767	1,065,059
Total noncurrent liabilities	323,983	344,745		292,975		399,332	1,361,035
Total liabilities	1,072,179	925,689		857,193		431,115	3,286,176
Deferred Inflows of resources		-		-			
Pensions	30,490	29,219		28,584		38,906	127,199
Total deferred inflows of resources	30,490	29,219		28,584		38,906	127,199
Net position							
Invested in capital assets, net of							
related debt	1,690,305	3,098,952		9,693,034		142,967	14,625,258
Unrestricted	2,580,847	829,662		2,347,601		623,762	6,381,872
Total net position	\$ 4,271,152	\$ 3,928,614	\$	12,040,635	\$	766,729	\$ 21,007,130

## City of Blountstown, Florida Statement of Revenue, Expenses and Changes in Net Position Proprietary Funds

	Business-type Activities / Enterprise Funds											
						Non-major						
	Electric			Water	Sewer	Funds		Total				
Operating revenues												
Charges for services	\$	4,377,103	\$	602,748	\$	741,087	\$	691,676	\$	6,412,614		
Total operating revenues		4,377,103		602,748		741,087		691,676		6,412,614		
Operating expenses												
Personal services		379,594		302,132		291,627		404,405		1,377,758		
Purchased energy		1,790,453		-		-		202,102		1,992,555		
Services and supplies		118,409		15,201		53,926		139,767		327,303		
Heat, light and power		23,544		20,056		54,763		1,116		99,479		
Insurance		6,766		6,460		19,245		4,018		36,489		
Repairs and maintenance		44,773		12,479		8,627		14,416		80,295		
Other operating expenses		14,701		97,701		40,710		109,995		263,107		
Depreciation / amortization		152,464		164,381		377,127		15,399		709,371		
Total operating expenses		2,530,704		618,410		846,025		891,218		4,886,357		
Net operating income (loss)		1,846,399		(15,662)		(104,938)		(199,542)		1,526,257		
Nonoperating revenues (expenses)												
Gain on the disposition of equipment		_		-		-		31,025		31,025		
Interest income		15,963		16,112		18,463		1,651		52,189		
Miscellaneous revenue		70,831		11,462		8,507		5,900		96,700		
Net nonoperating revenues (expenses)		86,794		27,574		26,970		38,576		179,914		
Income (loss) before contributions and transfers		1,933,193		11,912		(77,968)		(160,966)		1,706,171		
Capital contributions		-		45,019		6,362		-		51,381		
	,	4 705 220\				·		247.466		•		
Transfers, net	(	1,785,320)		(82,201)		235,848		247,166		(1,384,507)		
Change in net position		147,873		(25,270)		164,242		86,200		373,045		
Net position - beginning as previously reported		4,174,831		3,993,044		11,913,998		732,280		20,814,153		
Change in accounting principle, Note 17		(51,552)		(39,160)		(37,605)		(51,751)		(180,068)		
Net position - beginning as restated		4,123,279		3,953,884		11,876,393		680,529		20,634,085		
Net position - ending	\$	4,271,152	\$	3,928,614	\$	12,040,635	\$	766,729	\$	21,007,130		

## City of Blountstown, Florida Statement of Cash Flows Proprietary Funds

For the year ended September 30, 2018

	Business-type Activities / Enterprise Funds							
	Electric	Water	Sewer	Funds	Total			
Operating activities								
Receipts from customers and users	\$ 4,432,680	\$ 634,365 \$	1,037,896	\$ 687,406 \$	6,792,347			
Payments to suppliers	(2,051,328)	(160,166)	(168,324)	(476,143)	(2,855,961			
Payments to employees	(354,754)	(282,166)	(271,580)	(377,351)	(1,285,851			
Other receipts (payments)	-	-	-	(2,033)	(2,033			
Not each provided by (used for)								
Net cash provided by (used for)	2 026 500	102 022	F07 003	(100 121)	2 (40 502			
operating activities	2,026,598	192,033	597,992	(168,121)	2,648,502			
Noncapital financing activities								
Other receipts (payments)	70,831	11,462	8,507	5,900	96,700			
Transfers to/from other funds	(1,785,320)	(82,201)	235,848	247,166	(1,384,507)			
Net cash provided by (used for) noncapital								
financing activities	(1,714,489)	(70,739)	244,355	253,066	(1,287,807			
Capital and related financing activities								
Capital contributions	-	45,019	6,362	-	51,381			
Purchase of capital assets	-	(78,274)	(90,422)	(9,705)	(178,401			
Proceeds from sale of fixed assets	-	-	-	31,025	31,025			
Principal paid on debt	-	(14,889)	-	-	(14,889)			
Net cash provided by (used for) capital and								
related financing activities	-	(48,144)	(84,060)	21,320	(110,884			
Investing activities								
Purchase of investments	(11,806)	(9,804)	(11,346)	(101)	(33,057			
Interest received	13,914	14,412	16,496	1,634	46,456			
interest received	13,914	14,412	10,430	1,034	40,430			
Net cash provided by (used for) investing activities	2,108	4,608	5,150	1,533	13,399			
Net increase (decrease) in cash and cash equivalents	314,217	77,758	763,437	107,798	1,263,210			
Cash and cash equivalents - beginning	1,626,512	321,308	619,598	704,627	3,272,045			
Casii and Casii equivalents - beginning	1,020,312	321,308	019,396	704,027	3,272,043			
Cash and cash equivalents - ending	\$ 1,940,729	\$ 399,066 \$	1,383,035	\$ 812,425 \$	4,535,255			
Classified as								
Current assets - cash and cash equivalents	\$ 1,705,673	\$ 391,017 \$	1,383,035	\$ 807,430 \$	4,287,155			
Restricted assets - cash and cash equivalents	235,056	8,049	_,,	4,995	248,100			
	,	-/		-,	,_00			
	\$ 1,940,729	\$ 399,066 \$	1,383,035	\$ 812,425 \$	4,535,255			
					(Continued			

(Continued)

## City of Blountstown, Florida Statement of Cash Flows Proprietary Funds (Continued)

	Business-type Activities / Enterprise Funds								
		Electric W		Water		Sewer		lon-major Funds	Total
Reconciliation of net operating income (loss) to net									
cash provided by (used for) operating activities									
Net operating income (loss)	\$	1,846,399	\$ (	15.662)	\$ (	(104,938)	Ś	(199,542) \$	1.526.257
Adjustments to reconcile operating income (loss) to	•	_,,,	τ ,	,,	•	(== :,===,	•	(===,=,=, +	_,,
net cash provided by (used for) operating activities:									
Depreciation and amortization		152,464	1	64,381		377,127		15,399	709,371
(Increase) decrease in accounts receivable		53,032		1,667		10,494		(3,766)	61,427
(Increase) decrease in inventory		(19,118)		6,596		-		(624)	(13,146)
(Increase) decrease in due from other funds		-		(2,736)		(2,910)		-	(5,646)
(Increase) decrease in other assets		(283)		31,470		286,315		(2,033)	315,469
Increase (decrease) in accounts payable and accrued expenses		15,060		6,621		28,877		22,950	73,508
Increase (decrease) in due to other funds		(23,784)		1,216		3,027		265	(19,276)
Increase (decrease) in customer deposits		2,828		(1,520)		-		(770)	538
Net cash provided by (used for)									
operating activities	\$	2,026,598	\$ 1	92,033	\$	597,992	\$	(168,121) \$	2,648,502

#### **NOTE 1 - REPORTING ENTITY**

The City of Blountstown, Florida, (the City) is located in northwest Florida in Calhoun County. The City operates under an elected Mayor-Council and a four-member City Council, and serves approximately 3,000 residents. The City provides a full range of municipal services, including fire and police protection, public works activities, parks and recreation, and general administrative services. The City operates a water, sewer, natural gas, and electric utility. The City also operates a cemetery.

As outlined in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, the financial reporting entity consists of the primary government, and its component units, for which the primary government is considered to be financially accountable. Also included are other entities whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each potential component unit is individually evaluated using specific criteria outlined in GASB Statement No. 14 to determine whether the entity is: (a) part of the primary government; (b) a component unit which should be included in the reporting entity (blended or discretely presented); (c) an organization which should be excluded from the reporting entity entirely.

The principal criteria for classifying a potential component unit include the legal separateness of the organization, the financial accountability of the primary government for the potential component unit resulting from either the primary government's ability to impose its will on the potential component unit, or the potential component unit's fiscal dependency on the primary government. In applying the above criteria, the Blountstown Community Redevelopment Agency (the Agency) is considered a component unit and is blended in the financial statements of the City. The agency was established by City Resolution 90-4. There was no financial activity for the entity for 2018.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Commencing in the reporting year ended September 30, 2004, the City implemented GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments. Significant City accounting policies are described below.

## **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## Government-wide and Fund Financial Statements, continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental fund:

**General Fund** - The general fund is the City's primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by the General Fund.

The City reports the following major proprietary funds:

**Electric Fund** - Accounts for the purchase and distribution of electric services.

Water Fund - Accounts for costs for collection, treatment and distribution of water services.

**Sewer Fund** - Accounts for costs to provide wastewater and sanitary sewer services.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 City 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 are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for water, sewer, natural gas, and electricity service. Operating expenses of the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **Enterprise Activities**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

## **Budgets and Budgetary Accounting**

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the City's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. All budget changes that affect the total of a fund's budget must be approved by the City Commission.

The budgetary information presented for the general fund is prepared on the modified accrual basis. Unexpended items at year-end must be reappropriated in the subsequent year.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## **Cash and Cash Equivalents**

Cash and equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less. This includes cash in banks and balances in the State Board of Administration Investment Pool.

### **Investments**

Investments consist of those deposits made locally in commercial banks with a maturity dates greater than three months of the date acquired by the government.

### Receivables

Customer accounts receivable are recorded in the enterprise funds at their net realizable value, reduced by an allowance for uncollectible accounts, where applicable. The allowance at September 30, 2018 was \$8,000.

## **Due From (To) Other Funds**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

### **Inventories**

Inventory items of materials and supplies, which are not significant in amount, are considered expenditures when purchased in the governmental funds. Inventory in the proprietary funds consists of utility supplies held for consumption or capital improvements and are valued at the lower of cost or net realizable value using the first-in, first-out (FIFO) method.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, storm water system, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Property, plant, and equipment with initial, individual costs that exceed \$500 and estimated useful lives of over one year are recorded as capital assets. Roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets effective October 1, 2003. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required by the City.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Assets	Years
Buildings	50
Improvements other than buildings	20-35
Machinery and equipment	5-15
Infrastructure	15-25

Major outlays for capital assets and improvements are capitalized as projects are constructed. For assets constructed with governmental fund resources, interest during construction is not capitalized.

## **Compensated Absences**

The City maintains a policy that permits employees to accumulate earned but unused vacation and sick pay benefits that will be paid to employees upon separation from City service if certain criteria are met. These benefits, plus their related tax and retirement costs are classified as compensated absences. Employees may be paid for unused vacation hours accrued up to a maximum amount. Payment of unused sick leave, upon termination, is also provided for up to varying amounts.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## Compensated Absences, continued

Both the current and long-term portion of compensated absences are accrued and reported in the government-wide financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is made. Proprietary fund types accrue sick leave and vacation benefits in the period they are earned. Compensated absences liability is based on current rates of pay. This is accounted for pursuant to GASB Statement No. 16, Accounting for Compensated Absences.

## **Property Taxes**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills for general operations. The City's millage rate for the year ended September 30, 2018, was 1.5 mills.

The tax levy of the City is established by the City Commission prior to October 1 of each year.

Property tax revenue is recognized when taxes are received by the City. Because any delinquent taxes collected after September 30 would not be material, delinquent taxes due are not accrued at year end.

All taxes become payable on November 1, of each year, or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. Taxes paid in March are without discount.

Property taxes are collected by the Calhoun County Tax Collector. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes and for enforcement of collection of real property taxes by the sale of interest-bearing tax certificates.

## **Fund Balance Reporting and Governmental Fund-Type Definitions**

The City adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Type Definitions (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 11.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

#### **Use of Restricted Assets**

Restricted assets consist of cash which is required by resolution or contractual obligation to be set aside for specific purposes and is therefore unavailable for general operating purposes. When both restricted and unrestricted (unassigned) net assets are available, restricted assets are applied first. When both assigned and unassigned net assets are available, assigned net assets are applied first.

#### **Encumbrances**

Encumbrances represent commitments in the form of purchase orders which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances do not represent expenditures or liabilities. The City does not record encumbrances outstanding at year end.

### **Subsequent Events**

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

### **Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

### **Deferred Inflows of Resources**

A deferred inflow of resources represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that future time.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## **New Accounting Standards Adopted**

In fiscal year 2018, the City adopted four new statements of financial accounting standards issued by the GASB:

- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)
- GASB Statement No. 81, Irrevocable Split-Interest Agreements (GASB 81)
- GASB Statement No. 85, Omnibus 2017 (GASB 85)
- GASB Statement No. 86, Certain Debt Extinguishment Issues (GASB 86)

GASB 75 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for OPEB that is provided to employees of state and local governmental employers through OPEB Plans that are administered through trusts or equivalent arrangements meeting certain criteria. GASB 75 also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditure. It replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurement by Agent Employers and Agent Employers and Agent Multiple-Employer Plans. For defined benefit OPEB plans, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to period of employee service. Note disclosure and required supplementary information are addressed. The adoption of this statement resulted in a restatement of the City's 2017 government-wide financial statements net position in the amount of (\$10,518) to reflect the reporting of the net OPEB liability. Changes in this liability from year to year will largely be reflected on the statement of activities, though certain amounts will be deferred and amortized over varying periods.

GASB 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources as the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the City's financial statements as a result of the implementation of GASB 81.

GASB 85 addresses practice issues that were identified during the implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The adoption of GASB 85 had no impact on the City's current accounting practices nor its financial reporting.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **New Accounting Standards Adopted (continued)**

GASB 86 establishes standards of accounting and financial reporting requirements, for in-substance defeasance of debt transactions in which cash and other monetary assets acquired with only existing resources – that is, resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of future repayment of outstanding debt. There was no material impact on the City's financial statements as a result of the implementation of GASB 86.

#### **Recently Issued But Not Yet Effective**

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the County upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB		Effective
Statement No.	GASB Accounting Standard	Fiscal Year
83	Certain Asset Retirement Obligations	2019
84	Fiduciary Activities	2020
87	Leases	2021
88	Certain Disclosures Related to Debt, including Direct	
	Borrowings and Direct Placements	2019
89	Accounting for Interest Cost Incurred before the End	
	of a Construction Period	2021
90	Majority Equity Interest an amendment of GASB	
	Statements No. 14 and No. 61	2020

#### **NOTE 3 - CASH AND INVESTMENTS**

At September 30, 2018, the carrying amount of the City's cash and cash equivalents and restricted cash was \$5,322,782 and the bank balance was \$5,353,650. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the City to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the City to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

The City invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool. At September 30, 2018, the net realizable value and the carrying value of these funds was \$31,432. The funds are carried as a cash equivalent on the balance sheet at September 30, 2018 (See Note 2 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

The State of Florida's Local Government Investment Pool is administered by the Florida State Board of Administration (SBA), which provides regulatory oversight. The powers and duties of the SBA are defined in Florida Statute 218.409. In addition, Chapter 19-7 of the Florida Administrative Code identifies the rules and regulations governing the administration of the State Pool. These rules provide guidance and establish the general operating procedures for the administration of the pool. The SBA provides regulatory oversight for the Florida PRIME Fund. As a pool participant, the City owns a share of the respective pool, not the underlying securities.

The Florida PRIME Fund is an external investment pool that has adopted operating procedures consistent with the requirements of GASB Statement No. 79 to measure its investments at amortized cost. Therefore, the City's investment in PRIME is at amortized cost.

#### **Credit Risk**

The credit risk of certain investments, such as investment pools managed by other governments, cannot be categorized as to credit risk because the City investments are not evidenced by specific, identifiable investment securities.

As of September 30, 2018, the City's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAm.

#### NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

#### **Interest Rate Risk**

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2018, is 33 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2018, is 72 days.

#### **Custodial Credit Risk**

At September 30, 2018, the City did not hold any deposits or investments that were considered to have custodial risk.

#### **Concentration of Credit Risk**

At September 30, 2018, the City did not hold any investments that were considered to have concentration of credit risk.

#### **Foreign Currency Risk**

At September 30, 2018, the City did not hold any investments that were considered to have foreign currency risk.

#### **Fair Value Measurement and Application**

Governmental entities are required to record investments at fair value unless an exception applies and disclose the fair value measurement and hierarchy. Paragraph 69 of GASB 72 lists several investments that should be measured as described in GASB Statement 31 which includes investments in nonparticipating interest-earning investment contracts (certificates of deposit) and money market investments that have a maturity at the time of purchase of one year or less. At September 30, 2018, the City's investments consisted of non-negotiable certificates of deposits which are recorded at cost and are excluded from fair value measurement.

All City depositories are banks or savings institutions designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to ensure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All City cash consists of checking accounts and interest-bearing time deposits in a local bank.

For the purposes of the statement of cash flows, the City considers cash and cash equivalents to include cash and cash equivalents and restricted cash.

#### **NOTE 4 - RECEIVABLES**

Receivables at September 30, 2018 consist primarily of charges to utility customers for water, sewer, gas, electric and sanitation services provided by the City. The City grants credit to customers, substantially all of whom are local residents.

			Bu	siness-type	
	Gene	eral Fund Activities			Total
Utility charges-billed	\$	-	\$	570,634	\$ 570,634
Utility charges-unbilled		-		236,699	236,699
Other		52,363		-	52,363
Less allowance for bad debts		-		(8,000)	(8,000)
Accounts receivable total	\$	52,363	\$	799,333	\$ 851,696

In March 2006, the City entered into an agreement with the State of Florida, Office of Tourism, Trade, and Economic Development to borrow \$600,000. These funds would be used as a loan to the Calhoun-Liberty Hospital Association, Inc. (the Hospital) for working capital purposes. These funds were secured by the assignment of the City's interest in the accounts receivable of the Hospital and by the assignment of interest in the mortgage on the property of the Hospital held by the City. The note payable was amended in January 2013. The revised note is payable in quarterly installments of principal plus interest of 3% beginning January 2014. The ending balance is \$69,604 at September 30, 2018.

#### **NOTE 5 - INTERFUND TRANSFERS**

Interfund transfers at September 30, 2018, consisted of the following:

TRANSFERS OUT	General		Sewer	Natural Gas		;	Sanitation	TOTAL		
General	\$	- \$	235,848	\$	101,330	\$	145,836	\$	483,014	
Electric		1,785,320	-		-		-		1,785,320	
Water		82,201	-		-		-		82,201	
	\$	1,867,521 \$	235,848	\$	101,330	\$	145,836	\$	2,350,535	

#### **NOTE 5 - INTERFUND TRANSFERS (CONTINUED)**

The City's transfers include transfers to (a) other funds based on budgetary requirements and (b) funds that are required by statute or budgetary authority to expend revenues from another fund that by statute or budgetary authority must collect revenues.

Balances due to/from other funds at September 30, 2018 are as follows:

		nterfund	Interfund
	Re	ceivables	Payables
General fund	\$	419,513	\$ -
Business-type funds			
Electric		-	336,966
Water		332,244	542,937
Sewer		648,712	532,715
Natural Gas		543	-
Sanitation		10,259	-
Cemetery		1,347	-
Total	\$	1,412,618	\$ 1,412,618

The balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made. Amounts are generally repaid during the next fiscal year.

**NOTE 6 - CAPITAL ASSETS** 

Capital asset activity for the year ended September 30, 2018, was as follows:

			GINNING BALANCE		INCREASES	DECREAS	SES	ENDING BALANCE
Governmental activities:								
Capital assets, not being								
depreciated:								
Land		\$	1,131,704	\$	311,292	\$	- \$	1,442,996
Construction in progress			-		5,000		-	5,000
<del>-</del>								
Total capital assets, not			1 121 701		246 202			4 447 000
being depreciated			1,131,704		316,292		-	1,447,996
Capital assets, being								
depreciated:								
Buildings			600,061		60,023		-	660,084
Machinery and equipment			7,056,526		210,546	(98	8,756)	7,168,316
								_
Total capital assets,			7.656.507		270 560	101	256)	7 020 400
being depreciated			7,656,587		270,569	(98	8,756)	7,828,400
Less: accumulated								
depreciation for:								
Buildings			322,514		13,785		_	336,299
Machinery and equipment			2,814,810		339,227	(98	8,756)	3,055,281
, , ,					,	,	, ,	, ,
Total accumulated								
depreciation			3,137,324		353,012	(98	8,756)	3,391,580
Total as attal assets								
Total capital assets,			4 540 262		(02.442)			4 426 020
being depreciated, net			4,519,263		(82,443)		-	4,436,820
Governmental activities								
capital assets, net		\$	5,650,967	\$	233,849	\$	- \$	5,884,816
Depreciation/amortization	expense	was	charged t	0	governmental	activities	of the	primary
government as follows:								
Governmental activities								20.250
General government							\$	29,250
Public safety								88,023
Highways and streets								192,616
Culture and recreation								43,123
Total depreciation expens	e-governm	ental	activities				\$	353,012
	<u> </u>						г	-,-

### **NOTE 6 - CAPITAL ASSETS (CONTINUED)**

	BEGINNING BALANCE			INCREASES	DECREASES	ENDING BALANCE	
Business-type activities:							
Capital assets, not being							
depreciated:							
Land	\$	51,723	\$	-	\$ - \$	51,723	
Construction in progress		86,505		25,862	(31,471)	80,896	
Total capital assets, not							
being depreciated		138,228		25,862	(31,471)	132,619	
		,		,	, , ,	<u> </u>	
Capital assets, being							
depreciated:							
Utility systems		24,197,022		101,268	-	24,298,290	
Other property, plant							
and equipment		2,612,618		82,634	(157,495)	2,537,757	
Total capital assets,		26 000 640		100.000	(457.405)	26 026 047	
being depreciated		26,809,640		183,902	(157,495)	26,836,047	
Less: accumulated							
depreciation for:							
Utility systems		9,538,855		588,417	(107)	10,127,165	
Other property, plant		-,,		,	( - /	-, ,	
and equipment		2,193,227		120,954	(157,495)	2,156,686	
Total accumulated							
depreciation		11,732,082		709,371	(157,602)	12,283,851	
Total control							
Total capital assets,		45.077.550		(F2F 460)	407	44.553.466	
being depreciated, net		15,077,558		(525,469)	107	14,552,196	
Utility capital assets, net	\$	15,215,786	\$	(499,607)	\$ (31,364) \$	14,684,815	

Depreciation/amortization expense was charged to business-type activities of the primary government as follows:

<b>Business-ty</b>	pe activities
--------------------	---------------

Cemetery fund	1,027
	•
Sanitation fund	1,578
Natural gas fund	12,794
Sewer fund	377,127
Water fund	164,381
Electric fund	\$ 152,464
••	

#### **NOTE 7 - LONG-TERM DEBT AND BONDS PAYABLE**

Long-term debt activity for the year ended September 30, 2018, was as follows:

		GINNING BALANCE					DUE WITHIN ONE YEAR		
Governmental activities:									
Compensated absences Notes payable	\$	50,337 129,604	\$	36,258 -	\$ 38,887 60,000	\$	47,708 69,604	\$	11,927 60,000
		179,941		36,258	98,887		117,312		71,927
<b>Business-type activities:</b> Compensated									
absences		50,802		35,053	26,149		59,706		14,928
Notes payable		74,446		-	14,889		59,557		14,889
	•	125,248		35,053	41,038		119,263		29,817
Total	\$	305,189	\$	71,311	\$ 139,925	\$	236,575	\$	101,744

Debt service requirements on long-term debt at September 30, 2018 are as follows:

	GOVERNMENTAL ACTIVITIES									
FISCAL YEAR ENDING	NOTES PAYABLE									
SEPTEMBER 30,	PRINCIPAL		INTEREST							
2019	\$	60,000	\$	141						
2020		9,604		72						
Total	٠,	cocoa	4	242						

#### **BUSINESS-TYPE ACTIVITES NOTES PAYABLE FISCAL YEAR ENDING** SEPTEMBER 30, **PRINCIPAL** INTEREST \$ 14,889 \$ 2019 2020 14,889 2021 14,889 14,890 2022 59,557 Total

#### NOTE 7 - LONG-TERM DEBT AND BONDS PAYABLE (CONTINUED)

#### **Governmental Activities**

#### Note payable

State of Florida, Office of Tourism, Trade and Development, payable in quarterly installments of \$12,000 through January 2015 then \$15,000 through October 2019, plus interest at 3.00%, used as working capital for Calhoun-

Liberty Hospital Association, Inc. and collateralized by real estate.	\$ 69,604
Total notes payable	\$ 69,604

In March 2006, the City entered into an agreement with the State of Florida, Office of Tourism, Trade, and Economic Development to borrow \$600,000. These funds would be used as a loan to the Calhoun-Liberty Hospital Association, Inc. (the Hospital) for working capital purposes. These funds were collateralized by the assignment of the City's interest in the accounts receivable of the Hospital and by the assignment of interest in the mortgage on the property of the Hospital held by the City. The note payable was amended in January 2013. The revised note is payable in quarterly installments of \$15,000 principal plus interest of 3%.

#### **Business-Type Activities**

#### Note payable

State of Florida, Department of Transportation, payable in annual	
installments of \$14,889, unsecured, non-interest bearing	\$ 59,557
	_
Total notes payable	59,557
Total business-type activities	\$ 59,557

Records kept for compensated absences relate only to hours earned, used, and available.

#### NOTE 8 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY

#### **Defined Benefit Plans**

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

#### **Benefits Provided**

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive 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.

#### **Contributions**

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer's contribution rates as of September 30, 2018, were as follows:

	FRS	HIS
Florida Retirement System:		
Regular	6.60%	1.66%
Senior Management Service Class	22.40%	1.66%
Special Risk	22.84%	1.66%
DROP	12.37%	1.66%

The employer's contributions for the year ended September 30, 2018, were \$203,066 to the FRS and \$30,341 to the HIS.

#### **Pension Liabilities and Pension Expense**

In its financial statements for the year ended September 30, 2018, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2018. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net Pension Liability at June 30, 2018	\$ 2,078,246 \$	581,077
Proportion at:		
Current measurement date	0.0069%	0.0055%
Prior measurement date	0.0066%	0.0052%
Pension expense (benefit)	\$ 338,263 \$	43,389

#### **Deferred Outflows/Inflows of Resources Related to Pensions**

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS				HIS			
	Deferred Deferred			Deferred		eferred		
	C	Dutflows	Inflows		C	Outflows		Inflows
Description	of	Resources	of	Resources	of	Resources	of I	Resources
Differences between expected and actual experience	\$	176,059	\$	(6,390)	\$	8,896	\$	(986)
Changes of assumptions		679,070		-		64,623		(61,436)
Net difference between projected and actual earnings on								
pension plan investments		-		(160,570)		351		-
Changes in proportion and differences between employer								
contributions and proportionate share of contributions		82,755		(72,976)		26,260		(15,244)
City contributions subsequent to								
the measurement date		55,754		-		8,135		-
Total	\$	993,638	\$	(239,936)	\$	108,265	\$	(77,666)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	FRS	HIS		
2019	\$ 243,347 \$	8,051		
2020	178,992	8,166		
2021	39,822	7,157		
2022	130,835	3,689		
2023	88,088	(5,497)		
Thereafter	16,861	895		
Total	\$ 697,945 \$	22,461		

#### **Actuarial Assumptions**

The total pension liability for each of the defined benefit plans was measured as of June 30, 2018. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2018. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2018, rolled-forward using standard actuarial procedures. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.00%	N/A
Discount rate	7.00%	3.87%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2018 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2018:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.1% to 7.0%, and the member mortality assumption was updated.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.58% to 3.87%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

NOTE 8 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

			Compound	
		Annual	Annual	
	Target	Arithmetic	(Geometric)	Standard
Asset Class	Allocation (1)	Return *	Return	Deviation
Cash	1.0%	2.9%	2.9%	1.8%
Fixed Income	18.0%	4.4%	4.3%	4.0%
Global Equity	54.0%	7.6%	6.3%	17.0%
Real Estate (Property)	11.0%	6.6%	6.0%	11.3%
Private Equity	10.0%	10.7%	7.8%	26.5%
Strategic Investments	6.0%	6.0%	5.7%	8.6%
Total	100.00%			

Note: (1) As outlined in the Pension Plan's investment policy

#### **Discount Rate**

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.00%. FRS' 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 the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.58% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

#### Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS Net Pension Liability				
	Current				
	1% Decrease Discount Rate 1% Increase				
	(6.00%) (7.00%) (8.00%)				
Governmental Employer's proportionate					
share of the net pension liability	\$ 2,273,835 \$ 1,245,908 \$ 392,155				
Business-Type Employer's proportionate					
share of the net pension liability	\$ 1,519,051 \$ 832,338 \$ 261,981				

<sup>\*</sup> Includes assumed rate of inflation of 2.60%

#### **Sensitivity Analysis (Continued)**

		HIS Net Pension Liability				
			(	Current		
	_,,	1% Decrease (2.87%)		Discount Rate (3.87%)		6 Increase (4.87%)
Governmental Employer's proportionate share of the net pension liability	\$	396,757	\$	348,356	\$	308,011
Business-Type Employer's proportionate share of the net pension liability	\$	265,056	\$	232,721	\$	205,768

#### **Pension Plans' Fiduciary Net Position**

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

#### **Defined Contribution Plan**

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. There were no required employer contributions made to the plan during the year ended September 30, 2018.

#### **NOTE 9 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others; and natural disasters for which the City carries commercial insurance. Insurance against losses is provided for the following types of risk:

- Workers' compensation and employer's liability
- General and automobile liability
- Real and personal property damage
- Public officials' liability
- Accidental death and dismemberment

The City's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to-date of the City's experience for this type of risk.

#### **NOTE 10 - GRANTS**

The City participates in several state and federal grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for, or including, the year ended September 30, 2018, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the City's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined, although the City expects such amounts, if any, to be immaterial.

#### **NOTE 11 - FUND BALANCE**

#### **Reserved Fund Balance**

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. Spendable fund balances are classified based on a hierarchy of the City's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2018, the City reports net assets as restricted, assigned and unassigned. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the City's intent to use the resources for a specific purpose. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

Reservations of fund balance show amounts that are not appropriated for expenditure or are legally restricted for specific uses. The purpose for each is indicated as follows:

Fund Purpose		Amou	nt
General Fund	Police education	\$ 18,	874
General Fund	Scholarship fund	10,	475
General Fund	Historic preservation	2,8	891
Total restricted fund balance		\$ 32,	240

#### **NOTE 12 - COMMITMENTS AND CONTINGENCIES**

Various claims and lawsuits are pending against the City. In the opinion of legal counsel, the potential unrecorded liability on all claims and lawsuits will not be significant to the City's financial position.

#### **NOTE 13 - MAJOR SUPPLIER**

Florida Gas Utilities (FGU) acts as the agent for the City on all natural gas purchases. Purchases totaled \$202,102 for the year ended September 30, 2018. The City has placed a deposit totaling \$19,079 with FGU to satisfy the credit requirements of the supplier.

All electricity sold by the City was purchased from Florida Power & Light. Purchases totaled \$1,790,453 for the year ended September 30, 2018.

#### **NOTE 14 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

<u>Plan Description</u> – The City has implemented Governmental Accounting Standards Board Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for retiree health insurance.

The City of Blountstown Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan which provides Other Postemployment Benefits (OPEB) to eligible retirees and their eligible dependents. Pursuant to the provisions of Section 112.0801, the Florida Statutes, employees who retire from the City and eligible dependents, may continue to participate in the group health insurance plan. Retirees and their eligible dependents shall be offered the same health insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The Plan does not issue a publicly available financial report.

Eligibility for participation in the Plan is limited to full-time employees of the City, if the criteria have been met to qualify for retirement benefits. See Note 8.

<u>Benefits Provided</u> - The City provides post-employment healthcare to its retirees. Health benefits are provided through the City's healthcare provider. The benefit levels are the same as those afforded to active employees. Health benefits include inpatient and outpatient medical services and prescriptions.

<u>Membership</u> – At September 30, 2018, there were no terminated employees entitled to benefits by not yet receiving them. The membership of the Plan consisted of:

Active employees	34
Retirees and beneficiaries currently receiving benefits	2
Total Membership	36
Participating employers	1

#### NOTE 14 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

<u>Contributions and Funding Policy</u> - A qualifying trust or agency fund has not been authorized by the City. The City negotiates the premium rates with Capital Health Plan. The required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs, which for fiscal year 2018 was \$1,467. The chart below shows the cost of the monthly retiree premiums as of the valuation date:

Coverage	Capital Health 10/01/2017- 12/31/2017	Capital Health 01/01/2018- 09/30/2018
Retiree	\$ 489.11	\$ 510.41
Retiree & Spouse	\$ 1,027.13	\$ 1,071.86
Retiree & Children	\$ 855.94	\$ 893.22
Family	\$ 1,467.33	\$ 1,531.23

**Net OPEB Liability** - At September 30, 2018, the City reported a liability of \$397,440 for the net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and was determined by an actuarial valuation as of October 1, 2016. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation date. For the year ended September 30, 2018, the City recognized OPEB expense of \$50,921. At September 30, 2018, the City reported no deferred outflows of resources or deferred inflows of resources related to OPEB. The following shows the changes in the City's net OPEB liability:

	Increases (Decreases) Plan					
	To	tal OPEB	<b>Fiduciary Net</b>		N	let OPEB
	ı	Liability	Pension		Liability	
		(a)	(	b)		(a)+(b)
Balance at October 1, 2017	\$	346,518	\$	-	\$	346,518
Service cost		48,361		-		48,361
Interest cost		13,055		-		13,055
Difference between expected and actual experience		-		-		-
Employer contributions		-		-		-
Employee contributions		-		-		-
Net investment income		-		-		-
Changes in assumptions		-		-		-
Benefit payments		(10,494)		-		(10,494)
Administrative expense		-		-		-
Other charges		-		-		-
Net Change		50,922		-		50,922
Balance at September 30, 2018	\$	397,440	\$	-	\$	397,440

#### NOTE 14 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

<u>Actuarial Methods and Assumptions</u> – The total OPEB liability in the October 1, 2016, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Cost of Living Increases: Increase in accordance with the healthcare cost trend rates

Projected annual salaries increase 3.00% per annum

Healthcare cost trend rate 8.00% initial year reduced 0.5% each year

until reaching ultimate trend rate of 5.00%

T Mortality RP-2000 Combined Mortality Table for general employees

and RP-2000 Blue Collar Mortality Table for public safety

employees, both using scale BB

*Discount Rate* – The discount rate used to measure the total OPEB liability was 3.35%. The discount rate is based on the 20-year municipal bond index as provided by the Asset Consulting Group.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate -

The following presents the City's proportionate share of the net OPEB liability using a discount rate that is 1 percent lower (2.35%) or 1 percent point higher (4.35%) than the current discount rate:

	1% Decrease			ent Discount	1% increase			
		(2.35%)	Ra	ite (3.35%)	(4.35%)			
						_		
Net OPEB Liability	\$	441,062	\$	397,440	\$	359,133		

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate- The following presents the City's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are 1 percent lower (4.00%) or 1 percent point higher (6.00%) than the current healthcare cost trend rates:

	19	% Decrease (7.00%		ent Discount ite (8.00%	1% increase (9.00%			
	decreasing to 4.00%)			creasing to 5.00%)	decreasing to 6.00%)			
Net OPEB Liability	\$	343,120	\$	397,440	\$	463,817		

#### **NOTE 15 – OPERATING LEASES**

The City leases equipment under operating lease terms. The rental expense under operating leases for the year ended September 30, 2018 was \$54,475. The minimum future lease payments under operating lease as of September 30, 2018 and for each year until expiration are:

Years ending September 30,	
2019	\$ 24,475
2020	24,475
Total minimum future lease payments	\$ 48,950

#### **NOTE 16 – SUBSEQUENT EVENTS**

In 2018, the City was awarded an FDOT SCOP Grant in the amount of \$138,121 for Pennington Avenue Drainage Improvements and Resurfacing. Grant agreements were executed in late 2018 and the engineers have begun surveying. This project is expected to go out for bid in the summer of 2019.

Subsequent to year end, the City sustained damages to property, equipment and infrastructure as a result of Hurricane Michael. The total loss sustained is still unknown. While the City is insured, there will be uninsured losses particularly related to infrastructure. The City is seeking assistance from disaster related federal and state agencies, including the Federal Emergency Management Agency (FEMA).

#### **NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLE**

The City restated the beginning net position of the governmental activities and the proprietary activities as follows to implement provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

	Governmental			Proprietary
		Activities		Activities
Net position - beginning of the year, as previously reported	\$	6,012,815	\$	20,814,153
Restatement:				
Net OPEB liability		169,550		(180,068)
Net position - beginning of the year, as restated	\$	6,182,365	\$	20,634,085



### City of Blountstown, Florida Combining Statement of Net Position Nonmajor Proprietary Funds

September 30, 2018

	В	usine	ss-type A	Activit	ies /	' Enterpris	e Fu	ınds
	Natura	Gas	Sanita	tion	C	emetery		Total
Assets								
Current assets								
Cash and cash equivalents		,404	\$ 50	4,817	\$	108,209	\$	807,430
Investments		,280		-		-		8,280
Accounts receivable, net	29	,179	3.	7,266		-		66,445
Accrued interest receivable		101		-		-		101
Due from other funds		543	10	0,259		1,347		12,149
Due from other governments		138		-		-		138
Inventory	40	,183		-				40,183
Total current assets	272	,828	55	2,342		109,556		934,726
Noncurrent assets								
Restricted cash and cash equivalents	4	,795		200		-		4,995
Other assets	19	,079		-		-		19,079
Capital assets								
Nondepreciable		-		-		15,000		15,000
Depreciable, net	116	,450	9	9,286		2,231		127,967
Total noncurrent assets	140	,324		9,486		17,231		167,041
Total assets	413	,152	56	1,828		126,787		1,101,767
Deferred outflows of resources			_					
Pensions Total deferred outflows of resources		,910 ,910		1,073 1,073				134,983 134,983
<b>Liabilities</b> Current liabilities								
Accounts payable		,374		0,104		-		18,478
Accrued expenses		,637		2,136		-		3,773
Compensated absences payable	1	,587		3,150		-		4,737
Liabilities payable from restricted assets								
Customer deposits	4	,795		_		-		4,795
Total current liabilities	16	,393	1	5,390		-		31,783
Noncurrent liabilities								
Accrued compensated absences	4	,759	9	9,450		-		14,209
Other post-employment obligations	25	,383	3	3,973		-		59,356
Pension liability	154	,241	17	1,526		-		325,767
Total noncurrent liabilities	184	,383	21	1,949		-		399,332
Total liabilities	200	,776	23	0,339		-		431,115
Defermed before of accounts								
Deferred Inflows of resources	4.0	424	2.	. 405				20.000
Pensions		,421		0,485				38,906
Total deferred inflows of resources	18	,421	20	0,485				38,906
Net position	110	450		206		17 224		142.067
Invested in capital assets, net of related debt		,450		9,286		17,231		142,967
Unrestricted	141	,415	37.	2,791		109,556		623,762
Total net position	\$ 257	,865	\$ 38:	2,077	\$	126,787	\$	766,729

### City of Blountstown, Florida Combining Statement of Revenues, Expenses, and Changes in Net Position Nonmajor Proprietary Funds

For the year ended September 30, 2018

	Business-type Activities / Enterprise Funds								
	Natural Gas	Sanitation	Cemetery		Total				
Operating revenues									
Charges for services	\$ 385,944	\$ 303,332	\$ 2,400	\$	691,676				
Total operating revenues	385,944	303,332	2,400		691,676				
Operating expenses									
Personal services	170,547	233,858	-		404,405				
Purchased energy	202,102	-	-		202,102				
Services and supplies	22,549	117,218	-		139,767				
Heat, light and power	1,116	-	-		1,116				
Insurance	4,018	-	-		4,018				
Repairs and maintenance	1,291	13,125	-		14,416				
Other operating expenses	24,337	85,658	-		109,995				
Depreciation	12,794	1,578	1,027		15,399				
Total operating expenses	438,754	451,437	1,027		891,218				
Net operating income (loss)	(52,810)	(148,105)	1,373		(199,542)				
Nonoperating revenues (expenses)									
Gain on the disposition of equipment	-	31,025	-		31,025				
Interest income	651	787	213		1,651				
Miscellaneous revenue	5,900	-	-		5,900				
Total nonoperating revenues (expenses)	6,551	31,812	213		38,576				
Income (loss) before contributions									
and transfers	(46,259)	(116,293)	1,586		(160,966)				
Transfers, net	101,330	145,836	_		247,166				
Change in net position	55,071	29,543	1,586		86,200				
Net position - beginning as previously reported	224,925	382,154	125,201		732,280				
Change in accounting principle, Note 17	(22,131)	(29,620)	-		(51,751)				
Net position, beginning as restated	202,794	352,534	125,201		680,529				
Net position - ending	\$ 257,865	\$ 382,077	\$ 126,787	\$	766,729				

### City of Blountstown, Florida Combining Statement of Cash Flows Nonmajor Proprietary Funds

For the year ended September 30, 2018

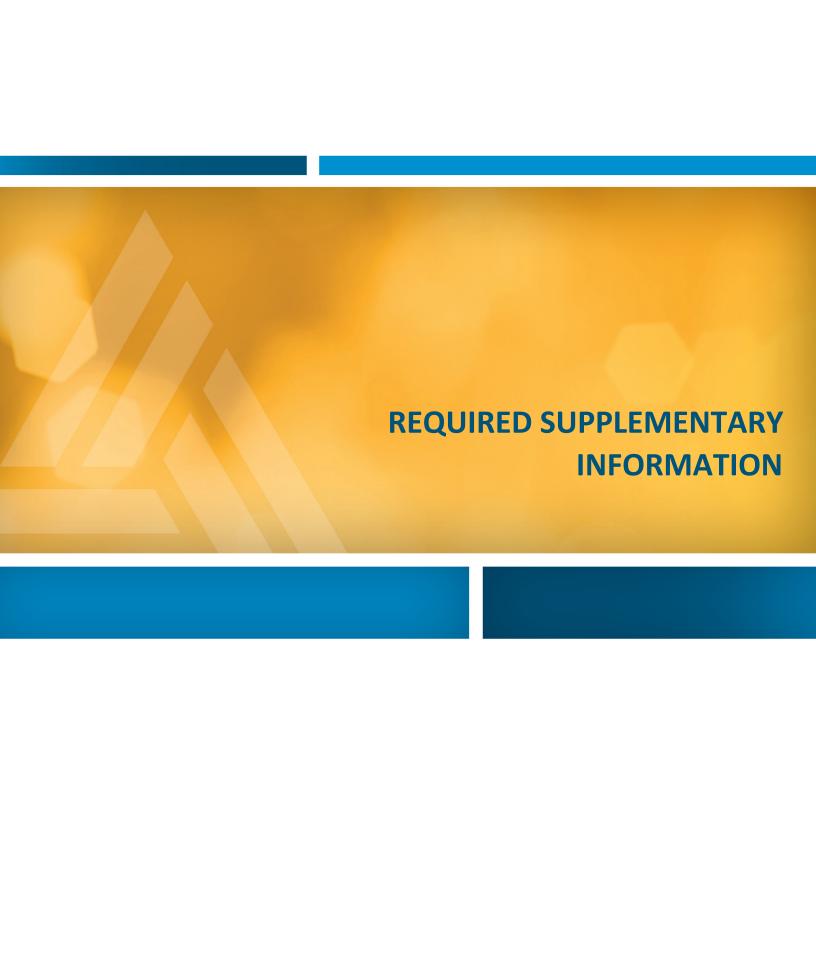
		Busines	ss-t	ype Activit	ies /	/ Enterpris	e Fu	ınds
	Na	atural Gas	S	anitation	С	emetery		Total
Operating activities								
Receipts from customers and users	\$	380,856	\$	304,150	\$	2,400	\$	687,406
Payments to suppliers		(259,718)		(216,425)		-		(476,143)
Payments to employees		(159,222)		(218,129)		-		(377,351)
Other receipts (payments)		(2,033)		-		-		(2,033)
Net cash (used for) provided by operating activities		(40,117)		(130,404)		2,400		(168,121)
Noncapital financing activities								
Miscellaneous revenue and contributions		5,900		-		-		5,900
Transfers from other funds		101,330		145,836		-		247,166
Net cash provided by noncapital								
financing activities		107,230		145,836		-		253,066
Capital and related financing activities								
Purchase of capital assets		-		(9,705)		-		(9,705)
Proceeds from sale of fixed assets		-		31,025		-		31,025
Net cash provided by capital and related								
financing activities		-		21,320		-		21,320
Investing activities								
Purchase of investments		(101)		-		-		(101)
Interest received		634		787		213		1,634
Net cash provided by investing activities		533		787		213		1,533
Net (decrease) increase in cash and cash equivalents		67,646		37,539		2,613		107,798
Cash and cash equivalents - beginning		131,553		467,478		105,596		704,627
Cash and cash equivalents - ending	\$	199,199	\$	505,017	\$	108,209	\$	812,425
Classified as				_		_		
Current assets - cash and cash equivalents	\$	194,404	\$	504,817	\$	108,209	\$	807,430
Restricted assets - cash and cash equivalents	Υ	4,795	7	200	7	-	7	4,995
	\$	199,199	\$	505,017	\$	108,209	\$	812,425
	7		7	,	7	,		Continued)

(Continued)

### City of Blountstown, Florida Combining Statement of Cash Flows Nonmajor Proprietary Funds (Continued)

For the year ended September 30, 2018

	Business-type Activities / Enterprise Funds							
	Na	tural Gas	S	anitation	С	Cemetery		Total
Reconciliation of net operating income (loss) to net cash								
provided by (used for) operating activities								
Net operating income (loss)	\$	(52,810)	\$	(148,105)	\$	1,373	\$	(199,542)
Adjustments to reconcile operating income (loss)								
to net cash provided by (used for) operating activities:								
Depreciation		12,794		1,578		1,027		15,399
(Increase) decrease in accounts receivable		(4,583)		817		-		(3,766)
(Increase) decrease in inventory		-		(624)		-		(624)
(Increase) decrease in other assets		(2,033)		-		-		(2,033)
Increase (decrease) in accounts payable and accrued expenses		7,020		15,930		-		22,950
Increase (decrease) in due to other funds		265		-		-		265
Increase (decrease) in customer deposits		(770)		-		-		(770)
Net cash provided by (used for)								
operating activities	\$	(40,117)	\$	(130,404)	\$	2,400	\$	(168,121)



### City of Blountstown, Florida Schedule of Proportional Share of Net Pension Liability Florida Retirement System (Last 6 fiscal years)

	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.0069%	0.0066%	0.0069%	0.0063%	0.0066%	0.0075%
City's proportionate share of the net pension liability (asset) \$	2,078,246 \$	1,958,667 \$	1,730,343 \$	814,493 \$	400,297 \$	1,293,409
City's covered - employee payroll \$	1,793,156 \$	1,724,556 \$	1,684,229 \$	1,667,828 \$	1,642,014 \$	1,652,709
City's proportionate share of the net pension liability (asset) as a percentage of its own covered - employee payroll	115.90%	113.58%	102.74%	48.84%	24.38%	78.26%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%	N/A

Note: Data was unavailable prior to 2013

#### Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30<sup>th</sup> of the current fiscal year.

### City of Blountstown, Florida Schedule of Contributions Florida Retirement System (Last 6 fiscal years)

	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 196,638 \$	172,380 \$	167,117 \$	153,744 \$	143,706 \$	101,109
Contributions in relation to the contractually required contribution	(196,638)	(172,380)	(167,117)	(153,744)	(143,706)	(101,109)
Contribution deficiency (excess)	\$ - \$	- \$	- \$	- \$	- \$	-
City's covered-employee payroll	\$ 1,793,156 \$	1,724,556 \$	1,684,229 \$	1,667,828 \$	1,642,014 \$	1,652,709
Contributions as a percentage of covered-employee payroll	10.97%	10.00%	9.92%	9.22%	8.75%	6.12%

#### Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30<sup>th</sup> of the current fiscal year.

### City of Blountstown, Florida Schedule of Proportional Share of Net Pension Liability Health Insurance Subsidy (Last 6 fiscal years)

	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.5500%	0.0052%	0.0053%	0.0053%	0.0054%	0.0055%
City's proportionate share of the net pension liability (asset) \$	581,077 \$	556,620 \$	621,907 \$	541,496 \$	501,438 \$	479,463
City's covered - employee payroll \$	1,793,156 \$	1,724,556 \$	1,684,229 \$	1,667,828 \$	1,642,014 \$	1,652,709
City's proportionate share of the net pension liability (asset) as a percentage of its own covered - employee payroll	32.41%	32.28%	36.93%	32.47%	30.54%	29.01%
HIS Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%	N/A

Note: Data was unavailable prior to 2013

#### Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30<sup>th</sup> of the current fiscal year.

### City of Blountstown, Florida Schedule of Contributions Health Insurance Subsidy (Last 6 fiscal years)

	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 29,773 \$	27,550 \$	27,351 \$	20,297 \$	18,371 \$	18,040
Contributions in relation to the contractually required contribution	(29,773)	(27,550)	(27,351)	(20,297)	(18,371)	(18,040)
Contribution deficiency (excess)	\$ - \$	- \$	- \$	- \$	- \$	-
City's covered-employee payroll	\$ 1,793,156 \$	1,724,556 \$	1,684,229 \$	1,667,828 \$	1,642,014 \$	1,652,709
Contributions as a percentage of covered-employee payroll	1.66%	1.60%	1.62%	1.22%	1.12%	1.09%

#### Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30<sup>th</sup> of the current fiscal year.

### City of Blountstown, Florida Schedule of City's Proportionate Share of Net OPEB Liability (1 Fiscal Year)

	2018
City's portion of the net OPEB liability	100.00%
City's proportionate share of the net OPEB liability	\$ 397,440

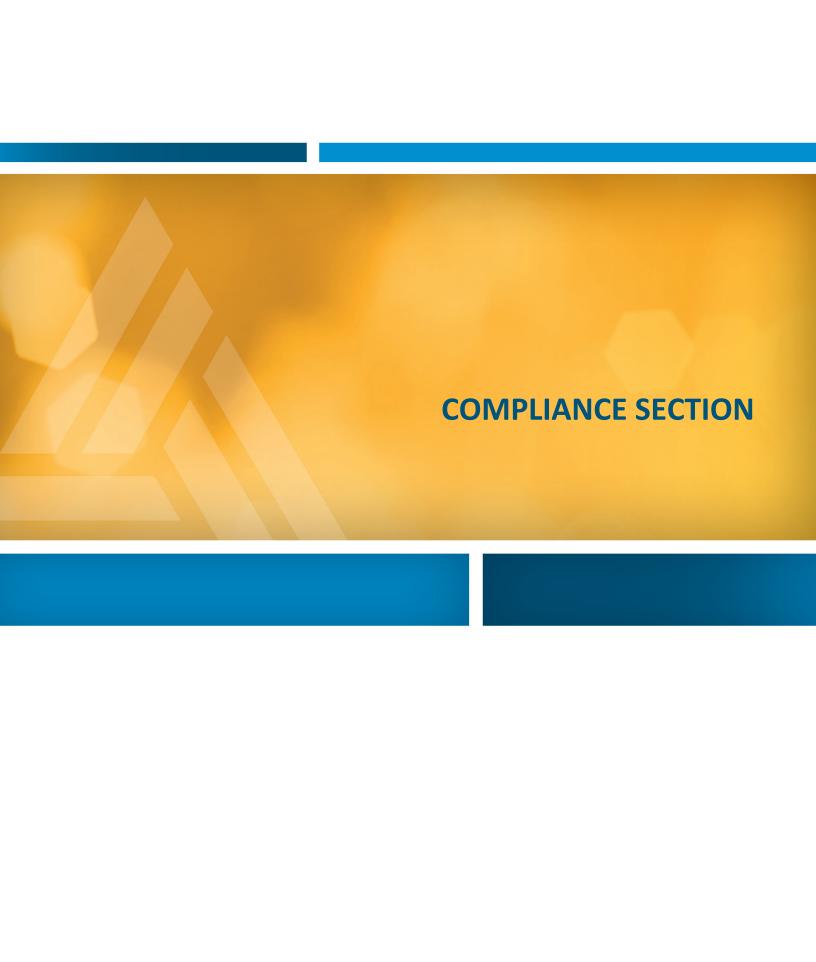
#### Notes to schedule:

Contributions to the OPEB plan are not based on a measure of pay, therefore, no measure of payroll is presented.

Changes of benefit terms – In the October 1, 2016 actuarial valuation, there were no changes of benefit terms.

*Changes of assumptions* – In the October 1, 2016 actuarial valuation, there were no changes of assumptions.

Fiscal year 2018 is the year of implementation. Therefore, only one year is presented.





#### **INDEPENDENT AUDITORS' MANAGEMENT LETTER**

Carr, Riggs & Ingram, LLC 4267 Lafayette Street Marianna, FL 32446

Mailing Address: P.O. Box 1606 Marianna, FL 32447

(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

Honorable Mayor and City Council City of Blountstown Blountstown, Florida

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

We have audited the financial statements of the City of Blountstown, Florida (the "City"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated February 21, 2019.

#### **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 the *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 Auditors' 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 February 21, 2019, 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 significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report as noted under the heading Prior Year Findings and Recommendations.

#### 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 the management letter, unless disclosed in the notes to the financial statements. The information is disclosed in the notes to the financial statements.

Honorable Mayor and City Council City of Blountstown Blountstown, Florida

#### **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has 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 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 for the City. It is management's responsibility to monitor the City'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 communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

#### 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have 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, the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marianna. Florida

Can, Rigge & Ingram, L.L.C.

February 21, 2019



# 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

Carr, Riggs & Ingram, LLC 4267 Lafayette Street Marianna, FL 32446

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(850) 526-3207 (850) 526-5322 (fax) www.cricpa.com

Honorable Mayor and City Council City of Blountstown Blountstown, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blountstown, Florida (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Blountstown, Florida's basic financial statements and have issued our report thereon dated February 21, 2019.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor and City Council City of Blountstown Blountstown, Florida

#### **Prior Year Findings and Recommendations**

#### **DEFICIENCY OVER FINANCIAL REPORTING, FINDING 2007-01 - RESOLVED**

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The City relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The City has a capable individual providing bookkeeping services; however, the City does not have an individual on staff with accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles.

EFFECT: The fact the City does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a material weakness under professional standards.

RECOMMENDATION: We understand the cost-benefit of hiring someone with this expertise is not practical, therefore, we recommend the City continue to request outside assistance in recording more complex transactions.

STATUS: This matter was resolved in the current year.

#### **Current year Findings and Recommendations**

There are no current year findings and recommendations.

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

As part of obtaining reasonable assurance about whether the City of Blountstown, Florida's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Honorable Mayor and City Council City of Blountstown Blountstown, Florida

Can, Rigge & Ingram, L.L.C.

#### **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 City'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.

Marianna, Florida

February 21, 2019



Carr, Riggs & Ingram, LLC 4267 Lafayette Street Marianna, FL 32446

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## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES

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Honorable Mayor and City Council City of Blountstown Blountstown, Florida

We have examined City of Blountstown, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for City of Blountstown, Florida's compliance with those requirements. Our responsibility is to express an opinion on City of Blountstown, 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City of Blountstown, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City of Blountstown, Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on City of Blountstown, Florida's compliance with specified requirements.

In our opinion, City of Blountstown, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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

Marianna, Florida February 21, 2019

Can, Rigge & Ingram, L.L.C.

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