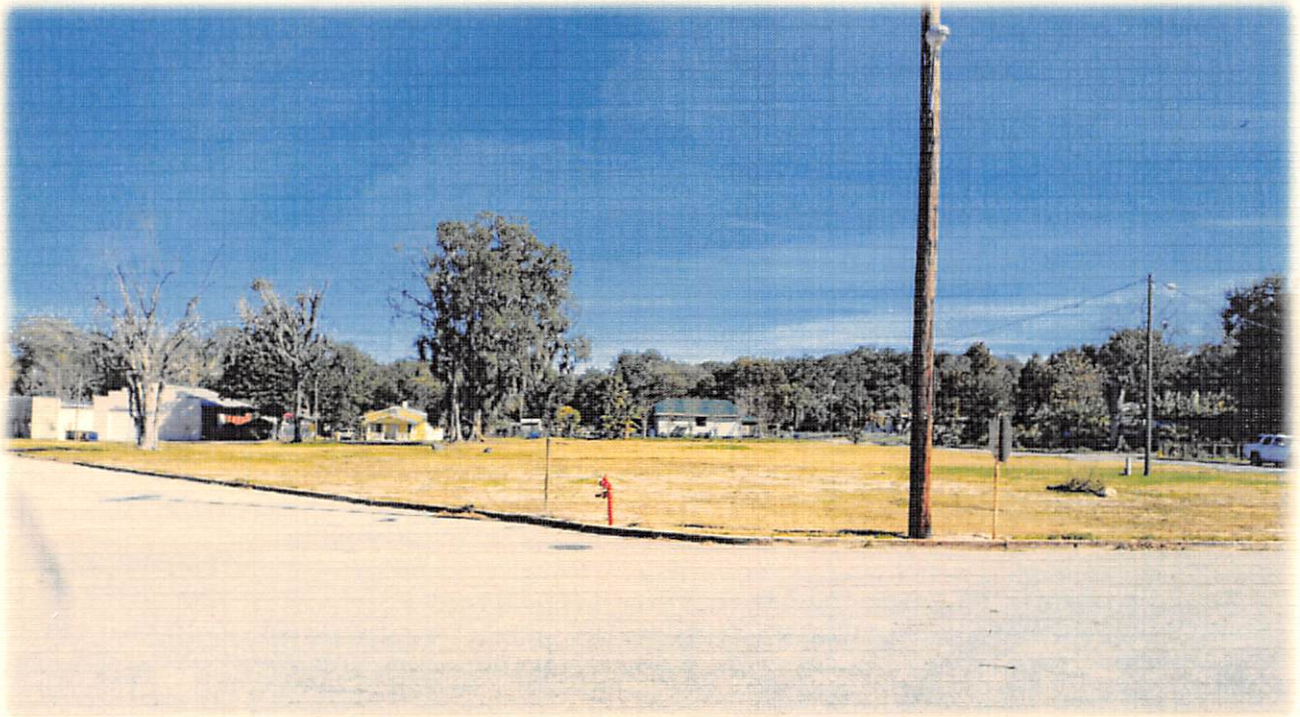


# **Comprehensive Annual Financial Report**

**City of Center Hill, Florida**



**For Fiscal Year Ending**

**September 30, 2018**

**CITY OF CENTER HILL, FLORIDA**  
**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

**Prepared by**  
**City Clerk**

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**CITY OF CENTER HILL, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2018**

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## **INTRODUCTORY SECTION**



**CITY OF CENTER HILL  
94 S VIRGINIA AVE/P.O. BOX 649  
CENTER HILL, FL 33514  
352-793-4431  
FAX 352-568-2264**

March 28, 2019

To the Honorable Mayor, and Members of  
the City Council  
City of Center Hill, Florida

The Comprehensive Annual Financial Report for the City of Center Hill, Florida, for the fiscal year ended September 30, 2018 is hereby submitted pursuant to Florida Statutes Chapter 166.241(4) and Chapter 10.500 of the Rules of the Auditor General of the State of Florida. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge, the data presented are accurate in all material aspects; the information is presented in a manner designed to fairly set forth the financial position and results of operation of the City as measured by the financial activity of its various funds; and all disclosures necessary to enable the reader to gain a maximum understanding of the City's financial affairs are included. The Comprehensive Annual Financial Report is presented in three major sections.

### **Government Structure**

The City of Center Hill is operated under Mayor-Council form of government, Policymaking and legislative authorities are vested in the City Council that consists of five members.

The City Council is responsible, among other things, for passing ordinances, adopting the budget, and making appointments for: Cemetery board, the police chief, and city engineer. In addition, the City Council has the duty of contracting with the City Attorney, and the City's Independent Auditor.

The City Clerk is responsible for carrying out the policies of the Council, overseeing the day-to-day operations.

The City of Center Hill, incorporated in 1925, is located in Central Florida.

### **Discussion on Operations of the Enterprise Fund**

Water and Sanitation fund operating revenues decreased by \$115 in fiscal year 2018. Water and Sanitation fund operating expenditures decreased by \$5,043 from \$254,303 in fiscal year 2017 to \$249,260 in fiscal year 2018.

## **Local Economic Condition & Outlook**

Center Hill is reported as being one of the fastest growing Cities next to Bushnell and Wildwood. Center Hill is strategically located close to Interstate 75 and the Florida Turnpike. Our location provides easy transportation access to both of these metropolitan areas.

## **Major Incentives**

Based on current trends and projected growth, it is anticipated that the outer parts of the City will have the most impact on the commercial sector of the City of Center Hill. As such, it will present the City with significant challenges in order to preserve adopted level of service of its current infrastructure while allowing quality development in the area; however the projected growth will also bring extra revenue that is much needed to provide the infrastructure that the City is facing in the upcoming year.

## **Accounting and Administrative Controls**

In designing the City's accounting system consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition; and
2. The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

1. The cost of the control should not exceed the benefits likely to be derived; and
2. The evaluation of costs and benefits requires estimates and judgments of management.

I believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City of Center Hill maintains budgetary controls to ensure that compliance with legal provisions contained in the annual appropriated budget approved by the City Council. Annual budgets are legally adopted for the activities of the General Fund, Special Revenue Fund (Transportation and Cemetery), and the Enterprise Fund (Water and Sanitation). Budgets are controlled at the department level by the City Clerk who is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total revenues, reserves, or expenditures of any fund must be approved by a majority vote of the City Council.

## **Cash Management**

Cash is invested in either money-market accounts or in certificates of deposit which are insured by Federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool. The criteria used for placement of the City's funds include:

1. Minimize risk to the invested capital.
2. Maintain reasonable liquidity.
3. Maximize return.

## **Risk Management**

The City of Center Hill is insured for property, auto, general and professional liability and workers compensation. The City provides health and life insurance to employees.

## **Retirement/Pension**

On November 1, 2004, the City adopted resolution 2004-08 to enter all eligible employees into the Florida Retirement System. The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the City, are required to contribute 10.92% from 10/1/17 to 6/30/18 and 11.26% from 7/1/18 to 9/30/18 of the compensation for regular members, 26.27% from 10/1/17 to 6/30/18 and 27.50% from 7/1/18 to 9/30/18 for special risk and 11.35% for retired police from 10/1/17 to 6/30/18 and 12.26% from 7/1/18 to 9/30/18. The City's contributions and accrued benefits to the System for the year ended September 30, 2018 is \$28,609.

Beginning July 1, 2011, the FRS statutory contributions changed, whereby employees were required to make a 3% contribution to the total contributions submitted. The employees' 3% contribution to the system for the year ended September 30, 2018 is \$6,177.

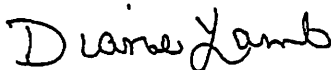
## **Other Information**

Florida Statutes require that an annual financial audit be performed by an independent certified public accountant. This year the audit was performed by Linda L. Thigpen, P.A., Certified Public Accountants.

## **Acknowledgement**

This report represents numerous hours of preparation and is made possible by the dedicated efforts of the City's Administrative Department. I would like to express my appreciation to all staff members who contribute to and maintain the records upon which this report is based. I also thank the Mayor and City Council Members for their interest and support in planning and conduction of the operations of the City in a responsible and progressive manner.

Respectfully submitted,



Diane Lamb  
City Clerk

**CITY OF CENTER HILL  
94 S VIRGINIA AVE/P.O. BOX 649  
CENTER HILL, FL 33514  
352-793-4431  
FAX 352-568-2264**

**City of Center Hill, Florida**

**City Council and Officials**

**September 30, 2018**

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**Elected Officials**

Mayor..... Jim Walts  
Chairman..... Ralph Barry, Sr.  
Vice Chairman .....Randy Newman  
Council Member .....Dana Blockyou  
Council Member ..... Jack Nash  
Council Member ..... Tonota Parker

**Administrative Officials**

City Attorney ..... Ashley Hunt  
City Clerk.....Diane Lamb

## **FINANCIAL SECTION**

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# LINDA L. THIGPEN, P.A.

Certified Public Accountants

Linda L. Thigpen, CPA

Lori G. Maddox, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of  
The City Council  
City of Center Hill, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate blended component units, and the aggregate remaining fund information of the City of Center Hill, 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 Center Hill'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.

### Auditor's 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.

### 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, the aggregate blended component units, each major fund, and the aggregate remaining fund information of the City of Center Hill, 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 and Cemetery Funds 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 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. The required supplementary information for the proportionate share of net pension liability and contributions can be seen on pages 77 through 79. 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 Center Hill's basic financial statements. The introductory section and 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.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and *were* derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 combined and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019, on our consideration of the City of Center Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Center Hill'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 Center Hill's internal control over financial reporting and compliance.

*Linda L. Thigpen P.A.*

Linda L. Thigpen, P.A.  
Certified Public Accountants  
Bushnell, Florida  
March 28, 2019

**City of Center Hill**  
**Management's Discussion and Analysis**  
**September 30, 2018**

As management of the City of Center Hill, we offer readers of Center Hill's financial statement this narrative overview and analysis as of September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iii of this report.

**Financial Highlights**

The assets of the City of Center Hill exceeded its liabilities at the close of the most recent fiscal year by \$3,596,795. Of this amount, \$858,337 may be used to meet the government's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the City of Center Hill's governmental funds reported ending fund balances of \$259,915, a decrease of \$50,021 in comparison with the prior year of \$338,748. The ending fund balance available for spending, at the government's discretion, is about 96%.

At the end of the current fiscal year, Committed Fund Balance for the General Fund was \$9,562. Total Committed Funds for all Governmental Funds was \$9,562 resulting from the adoption of Resolution No# 2012-01 to maintain a prudent level of financial resources for unexpected expenditures to equal no less than one percent of General Fund operating expenditures. The amount of \$9,562 is set by management until such time the resolution criteria is not met.

**Overview of the Financial Statements**

This management discussion and analysis is intended to serve as an introduction to the City of Center Hill's basic financial statements. The City of Center Hill's basic financial statement comprises of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statement themselves.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City of Center Hill's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City of Center Hill's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Center Hill is improving or deteriorating.

## Management's Discussion and Analysis (continued)

The statement of activities present information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Center Hill that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fee and charges. The governmental activities of the City of Center Hill include general government, public safety, physical environment, transportation, public works, and culture and recreation. The business-type activities of the City of Center Hill include a Water and Sanitation department.

The government-wide financial statements can be found on pages 10-11 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Center Hill, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Center Hill can be divided into two categories: governmental funds, and proprietary funds.

*Governmental funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Center Hill maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and special revenue funds.

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

(continued)

The City of Center Hill adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 10-21.

*Proprietary funds* — Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Center Hill uses enterprise funds to account for its water services, and sanitation services.

Propriety funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, and sanitation services, of which all are considered to be major funds of the City of Center Hill.

The basic proprietary fund financial statements can be found on pages 17-21.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statement. The notes to the financial statements can be found on pages 22-42.

### **Government-wide Financial Analysis**

The City's, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Center Hill, assets exceeded liabilities by \$3,596,795 at the close of the most recent fiscal year.

By far the largest portion of the City of Center Hill's net position, 98% reflects its investment in capital assets (e.g., land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Center Hill uses these capital assets to provide services to citizens consequently; these assets are not available for future spending. Although the City of Center Hill's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City of Center Hill is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Governmental Activities** — General Governmental activities decreased the City of Center Hill's Net Position to (\$96,049) before transfers. Key elements of this decrease are as follows:

**Management's Discussion and Analysis**  
(continued)

	Governmental Activities		Business-Type Activities		Total	Total
	2017	2018	2017	2018	2017	2018
Current and other assets	\$ 313,387	\$ 262,748	\$ 39,746	\$ 40,633	\$ 353,133	\$ 303,381
Capital assets, net	3,132,100	3,075,851	867,935	815,134	4,000,035	3,890,985
Deferred Outflows	110,983	111,307	-	-	110,983	111,307
Total Assets and Deferred Outflows	3,556,470	3,449,906	907,681	855,767	4,464,151	4,305,673
Long-Term Liabilities outstanding	349,511	311,555	-	-	349,511	311,555
Other Liabilities	319,481	333,177	23,172	29,831	342,653	363,008
Deferred Inflows	29,065	34,315	-	-	29,065	34,315
Total Liabilities and Deferred Inflows	698,057	679,047	23,172	29,831	721,229	708,878
Net Position:						
Invested in capital assets, net of related debt:						
Restricted	2,748,829	2,728,896	-	-	2,748,829	2,728,896
Unrestricted	9,562	9,562	-	-	9,562	9,562
	100,023	32,401	884,509	825,936	984,532	858,337
Total Net Position	\$ 2,858,414	\$ 2,770,859	\$ 884,509	\$ 825,936	\$ 3,742,923	\$ 3,596,795

**CITY OF CENTER HILL'S CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	Total
	2017	2018	2017	2018		2018
Revenues						
Program Revenues:						
Charges for services	\$ 20,172	\$ 19,414	\$ 199,296	\$ 199,181	\$ 219,468	\$ 218,595
Operating grants & contributions	-	-	-	-	-	-
Capital grants & contributions	-	5,000	-	-	-	5,000
General revenues:						
Property taxes	131,765	105,928	-	-	131,765	105,928
Other taxes	415,346	458,872	-	-	415,346	458,872
Other Revenues	53,669	66,017	-	-	53,669	66,017
Total Revenues	620,952	655,231	199,296	199,181	820,248	854,412
Expenses:						
General government	192,833	168,173	-	-	192,833	168,173
Public safety	189,013	190,759	-	-	189,013	190,759
Physical environment	10,491	10,992	-	-	10,491	10,992
Transportation	232,215	282,329	-	-	232,215	282,329
Public Works	16,969	31,705	-	-	16,969	31,705
Culture & recreation	53,454	67,322	-	-	53,454	67,322
Water and Sanitation	-	-	254,306	249,260	254,306	249,260
Total Expenses	694,975	751,280	254,306	249,260	949,281	1,000,540
Increase (decrease) in Net Position before transfers	(74,023)	(96,049)	(55,010)	(50,079)	(129,033)	(146,128)
Transfers in (out)	876	8,494	(876)	(8,494)	-	-
Increase (decrease) in Net Position	(73,147)	(87,555)	(55,886)	(58,573)	(129,033)	(146,128)
Net Position beginning	2,931,561	2,858,414	940,395	884,509	3,871,956	3,742,923
Net Position ending	\$ 2,858,414	\$ 2,770,859	\$ 884,509	\$ 825,936	\$ 3,742,923	\$ 3,596,795

## Management's Discussion and Analysis (continued)

- Overall Governmental activities realized a decrease in net position of \$96,049, before transfers. The net position decrease is summarized below:

General Government	\$ 379,119
Public Safety	(185,650)
Physical Environment	247
Transportation	(209,920)
Public Works	(12,523)
Culture and Recreation	(67,322)
Total Decrease (Loss)	<u>\$ (96,049)</u>

The net position decrease at September 30, 2018, was more than the decrease reported at September 30, 2017, by \$22,081. The decrease is attributed to the Transportation department's increase in operating expenses and depreciation.

### **Business-type Activities**

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

As of the end of the fiscal year 2018, the City's water and sanitation reported a decrease in net position of \$50,079 before transfers. The decrease in net position is due to depreciation expense not covered by revenues in the amount of \$52,800.

### **Financial Analysis of the Government's Fund**

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

*Governmental funds* — the focus of the City of Center Hill'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 of Center Hill's financing requirements. In particular, unassigned Fund Balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Center Hill's governmental funds reported combined ending Fund Balances of \$259,915 compared to \$309,936 for the period ending September 30, 2017.

The general fund is the chief operating fund of the City of Center Hill. At the end of the current fiscal year, the total Fund Balance of the governmental funds was \$70,307 while the total Unassigned Fund Balance reached \$60,745. As a measure of the governmental fund's liquidity it may be useful to compare the total Fund Balance of \$259,915 to total fund expenditures of \$713,690. Total governmental funds current year excess expenditures over revenues are 96% of the unassigned Fund Balance.

The Fund Balance of the City of Center Hill's general fund; increased by \$126,323 before transfers, during the current fiscal year. However, of the increase, the General Fund had to subsidize the Transportation Fund to the extent of \$176,975.

*Proprietary funds* — The City of Center Hill's proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail.

## **Management's Discussion and Analysis (concluded)**

Unrestricted net position combined with Invested Net Capital Assets of the water, and sanitation fund at the end of the year amounted to \$825,936. Other factors concerning the finances of these funds have already been addressed in discussion of the City of Center Hill's business-type activities.

### **Budgetary Highlights**

Differences between the original budget and the final amended budget are briefly summarized as follows:

- Depreciation expense in the amount of \$52,800 was not budgeted in the Water Fund.
- Tax revenues budgeted did not consider revenues paid in the current year but earned in the prior year in the amount of \$18,861.

### **Capital Asset and Debt Administration and the Transportation Fund**

**Capital Assets.** The City of Center Hill's investment in capital assets, net of related debt, for its governmental and business-type activities as of September 30, 2018 amounted to \$2,728,896 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, machinery and equipment.

Capital asset events during the current fiscal year included the following:

The City's Legislative fund acquired land in the amount of \$18,858. The Police department acquired equipment in the amount of \$19,800, the Administrative Department acquired equipment in the amount of \$4,603, and the Transportation Fund acquired equipment in the amount of \$27,000.

**Long-term debt.** The city of Center Hill's total debt decreased by \$36,314. The proceeds of the debt remaining in the current fiscal year was used in the prior years to finance the hurricane shelter, infrastructure repairs and equipment purchases. (Included in the equipment purchases, was a street sweeper in the amount of \$191,930).

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

**Economic Factors.** Center Hill is reported as being one of the fastest growing Cities next to Bushnell and Wildwood. Center Hill is strategically located close to Interstate 75 and the Florida Turnpike. Our location provides easy transportation access to both of these metropolitan areas.

Based on current trends and projected growth, it is anticipated that the outer parts of the City will have the most impact on the commercial sector of the City of Center Hill. As such, it will present the City with significant challenges in order to preserve adopted level of service of its current infrastructure while allowing quality developments in the area; however, the projected growth will also bring extra revenue that is much needed to provide the improvements in infrastructure that the City is facing in the upcoming year. The Meat Packing Plant is scheduled to be up and running in the coming months that will employ around 260 people which will provide much needed tax revenue.

### **Request for Information**

This financial report is designed to provide a general overview of the City of Center Hill's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or reports for additional financial information should be addressed to the Office of the City Clerk, PO Box 649, Center Hill, FL 33514.

## **BASIC FINANCIAL STATEMENTS**



**CITY OF CENTER HILL  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and Equivalents	\$ 219,410	\$ 23,848	\$ 243,258
Receivables (net of allowance for uncollectibles)	862	16,785	17,647
Due from Other Governments	42,476	-	42,476
NONCURRENT ASSETS:			
Capital Assets (net of accumulated depreciation):			
Land	359,479	-	359,479
Building and System	688,926	801,580	1,490,506
Improvements Other Than Buildings	1,755,242	-	1,755,242
Equipment	272,204	13,554	285,758
Total Assets	<u>3,338,599</u>	<u>855,767</u>	<u>4,194,366</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - FRS-PP	97,411	-	97,411
Deferred Outflows - FRS-HIS	13,896	-	13,896
Total Deferred Outflows of Resources	<u>111,307</u>	<u>-</u>	<u>111,307</u>
<u>LIABILITIES</u>			
CURRENT LIABILITIES:			
Accounts Payable	2,833	6,502	9,335
Customer Deposits	-	23,243	23,243
Net Pension Liability - FRS PP	198,029	-	198,029
Net Pension Liability - FRS HIS	80,405	-	80,405
OTHER LIABILITIES:			
Compensated Absences	16,508	86	16,594
Notes due within one year	35,402	-	35,402
Due in more than one year	311,555	-	311,555
Total Liabilities	<u>644,732</u>	<u>29,831</u>	<u>674,563</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - FRS PP	23,482	-	23,482
Deferred Inflows - FRS HIS	10,833	-	10,833
Total Deferred Inflows of Resources	<u>34,315</u>	<u>-</u>	<u>34,315</u>
<u>NET POSITION</u>			
Invested in Capital Assets, net of related debt	2,728,896	-	2,728,896
Restricted	9,562	-	9,562
Unrestricted	32,401	825,936	858,337
Total Net Position	<u>\$ 2,770,859</u>	<u>\$ 825,936</u>	<u>\$ 3,596,795</u>

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

CITY OF CENTER HILL, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
General Government	\$ 187,030	\$ 2,741	\$ -	\$ 5,000	\$ (179,289)	\$ -	\$ (179,289)
Public Safety	190,759	5,109	-	-	(185,650)	-	(185,650)
Physical Environment	10,992	11,239	-	-	247	-	247
Transportation	282,329	-	-	-	(282,329)	-	(282,329)
Public Works	12,848	325	-	-	(12,523)	-	(12,523)
Culture and Recreation	67,322	-	-	-	(67,322)	-	(67,322)
Total Governmental Activities	751,280	19,414	-	5,000	(726,866)	-	(726,866)
Business-Type Activities:							
Water	160,780	106,389	-	-	-	(54,391)	(54,391)
Sanitation	88,480	92,792	-	-	-	4,312	4,312
Total Business-Type Activities	249,260	199,181	-	-	-	(50,079)	(50,079)
Total	\$ 1,000,540	\$ 218,595	\$ -	\$ 5,000	\$ (726,866)	\$ (50,079)	\$ (776,945)
General Revenues:							
Property Taxes					105,928	-	105,928
Sales Taxes					74,764	-	74,764
Franchise and Utility Taxes					188,559	-	188,559
Investment Income					65	-	65
State Shared Revenue					49,252	-	49,252
Other Taxes					195,549	-	195,549
Miscellaneous					16,700	-	16,700
Transfers					8,494	(8,494)	-
Total General Revenues and Transfers					639,311	(8,494)	630,817
Change in Net Position					(87,555)	(58,573)	(146,128)
Net Assets - Beginning					2,858,414	884,509	3,742,923
Net Assets - Ending					\$ 2,770,859	\$ 825,936	\$ 3,596,795

*The notes to the financial statements are an integral part to this statement.*

**CITY OF CENTER HILL, FLORIDA  
BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

<u>ASSETS</u>	<u>MAJOR FUNDS</u>			<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE FUND-CEMETERY</u>	<u>NON MAJOR FUND</u>	
ASSETS:				
Cash and Equivalents	\$ 36,989	\$ 182,421	\$ -	\$ 219,410
Accounts Receivable (net of allowance for uncollectibles)	862	-	-	862
Due from Other Governments	35,289	-	7,187	42,476
Total Assets	<u>\$ 73,140</u>	<u>\$ 182,421</u>	<u>\$ 7,187</u>	<u>\$ 262,748</u>
<u>LIABILITIES</u>				
Accounts Payable	2,833	-	-	2,833
Total Liabilities	2,833	-	-	2,833
FUND BALANCES:				
Committed	9,562	-	-	9,562
Assigned	-	182,421	7,187	189,608
Unassigned	60,745	-	-	60,745
Total Fund Balances	70,307	182,421	7,187	259,915
Total Liabilities and Fund Balances	<u>\$ 73,140</u>	<u>\$ 182,421</u>	<u>\$ 7,187</u>	

**Amounts reported for governmental activities in the Statement of Net Position  
are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Cost of capital asset \$4,273,315 less accumulated depreciation of \$1,197,464.	3,075,851
Deferred Inflow of Resources: Pension Related	(34,315)
Deferred Outflow of Resources: Pension Related	111,307
Long-term liabilities are not due and payable in the current-period and, accordingly, are not reported in the governmental funds.	
Long-term liabilities consist of:	
Compensated Absences	(16,508)
Notes Payable	(346,957)
Net Pension Liability	(278,434)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,770,859</u>

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

**CITY OF CENTER HILL, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL	SPECIAL REVENUE FUND- CEMETERY	NON-MAJOR FUND	
REVENUES:				
Taxes	\$ 430,863	\$ -	\$ -	\$ 430,863
Licenses and Permits	2,140	-	-	2,140
Intergovernmental	111,288	-	72,409	183,697
Grants	5,000	-	-	5,000
Fines and Forfeitures	6,109	-	-	6,109
Miscellaneous	16,182	11,239	-	27,421
Total Revenues	\$ 571,582	\$ 11,239	\$ 72,409	\$ 655,230
EXPENDITURES:				
Current:				
General Government	159,029	-	-	159,029
Public Safety	195,244	-	-	195,244
Recreation	39,907	-	-	39,907
Transportation	-	-	173,778	173,778
Cemetery	-	10,992	-	10,992
Community Redevelopment	2,224	-	-	2,224
Capital Outlay	43,260	-	28,358	71,618
Grants & Grants for Capitol Outlay	5,595	-	17,316	22,911
Principal	-	-	25,743	25,743
Interest	-	-	12,244	12,244
Total Expenditures	\$ 445,259	\$ 10,992	\$ 257,439	\$ 713,690
Excess (Deficiency) of Revenues Over (Under) Expenditures	126,323	247	(185,030)	(58,460)
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	185,530	185,530
Transfers (Out)	(176,975)	(60)	-	(177,035)
Total Other Financing Sources (Uses)	(176,975)	(60)	185,530	8,495
Net Change in Fund Balances	(50,652)	187	500	(49,965)
Fund Balance, Beginning of Year	120,959	182,234	6,687	309,880
Fund Balance, End of Year	\$ 70,307	\$ 182,421	\$ 7,187	\$ 259,915

*The notes to the financial statements are an integral part to this statement.*

**CITY OF CENTER HILL, FLORIDA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT**  
**OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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Amounts reported for governmental activities in the Statement of  
Net Position are different because:

Net Change in Fund Balances--Total Governmental Funds	\$ (49,965)
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The net effect of various sales, transfers and other dispositions of assets:

Governmental funds report capital outlays as expenditures. In the Statement of Activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital depreciation of \$ 126,510 exceeds capital outlay of \$70,260.	(56,250)
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Repayment of long-term debt is reported as an expenditure in governmental funds, but a reduction of long-term liabilities in the Statement of Net Position.	36,314
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Some expenses reported in the Statement of Activities do not  
require the use of current financial resources and are not  
reported as expenditures in the governmental funds:

Change in deferred inflows and outflows of resources:	
Pension Related	(4,926)

Compensated Absences Increase	(904)
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Change in Pension Liability	<u>(11,824)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (87,555)</u></u>
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*The notes to the financial statements are an integral part of this statements.*

**CITY OF CENTER HILL, FLORIDA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	2018 ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
Taxes	\$ 431,542	\$ 449,724	\$ 430,863	\$ (18,861)
Licenses and Permits	2,000	2,140	2,140	-
Intergovernmental	105,655	115,818	111,288	(4,530)
Grants	-	5,000	5,000	-
Community Redevelopment	178	-	1,586	1,586
Fines and Forfeitures	3,000	6,080	6,109	29
Miscellaneous	10,340	14,154	14,596	442
Total Revenues	<u>\$ 552,715</u>	<u>\$ 592,916</u>	<u>\$ 571,582</u>	<u>\$ (21,334)</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	152,276	157,175	159,029	(1,854)
Public Safety	181,060	196,245	195,244	1,001
Recreation	41,617	52,047	39,907	12,140
Capital Outlay	1,000	43,260	43,260	-
Community Redevelopment	-	-	2,224	(2,224)
Grants and Grants for Capitol Outlay	-	5,595	5,595	-
Total Expenditures	<u>375,953</u>	<u>454,322</u>	<u>445,259</u>	<u>9,063</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>176,762</u>	<u>138,594</u>	<u>126,323</u>	<u>(12,271)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Out)	<u>(123,573)</u>	<u>(161,134)</u>	<u>(176,975)</u>	<u>(15,841)</u>
Total Other Financing Sources (Uses)	<u>(123,573)</u>	<u>(161,134)</u>	<u>(176,975)</u>	<u>(15,841)</u>
Net Change in Fund Balance	53,189	(22,540)	(50,652)	(28,112)
Fund Balance, Beginning of Year	<u>121,015</u>	<u>121,015</u>	<u>121,015</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 174,204</u>	<u>\$ 98,475</u>	<u>\$ 70,363</u>	<u>\$ (28,112)</u>

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

**CITY OF CENTER HILL, FLORIDA  
CEMETERY FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>FINAL BUDGET</u>	<u>2018 ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:			
Charges for services:			
Cemetery Lot Fees	\$ 600	\$ 600	\$ -
Cemetery Headstones	-	-	-
Cemetery Donations	6,040	6,040	-
Interest on Cemetery CD's	<u>2,391</u>	<u>4,599</u>	<u>2,208</u>
Total Revenues	<u>9,031</u>	<u>11,239</u>	<u>2,208</u>
EXPENDITURES:			
Operating Expenses	<u>11,242</u>	<u>10,992</u>	<u>250</u>
OTHER FINANCING SOURCES (USES):			
Transfer In (Out)	<u>-</u>	<u>(60)</u>	<u>(60)</u>
Net Changes in Fund Balance	(2,211)	187	2,398
Fund Balance, Beginning of year	<u>182,234</u>	<u>182,234</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 180,023</u>	<u>\$ 182,421</u>	<u>\$ 2,398</u>

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

**CITY OF CENTER HILL, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS

	<u>WATER</u>	<u>SANITATION</u>	<u>TOTALS</u>
<b>CURRENT ASSETS:</b>			
Restricted Cash:			
Customer Deposits	\$ 23,848	\$ -	\$ 23,848
Customer Receivables	<u>8,894</u>	<u>7,891</u>	<u>16,785</u>
Total Current Assets	<u>32,742</u>	<u>7,891</u>	<u>40,633</u>
<b>NONCURRENT ASSETS:</b>			
Capital Assets:			
Utility System - Water	1,889,943	-	1,889,943
Equipment	<u>46,280</u>	<u>-</u>	<u>46,280</u>
	-	-	-
Total Capital Assets Before Depreciation	1,936,223	-	1,936,223
Less Accumulated Depreciation	<u>1,121,089</u>	<u>-</u>	<u>1,121,089</u>
Net Capital Assets	<u>815,134</u>	<u>-</u>	<u>815,134</u>
Total Noncurrent Assets	<u>815,134</u>	<u>-</u>	<u>815,134</u>
Total Assets	<u><u>\$ 847,876</u></u>	<u><u>\$ 7,891</u></u>	<u><u>\$ 855,767</u></u>

*The notes to the financial statement are an integral part of this statement.*



**CITY OF CENTER HILL, FLORIDA**  
**STATEMENT OF NET POSITION (Continued)**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2018**

**BUSINESS TYPE ACTIVITIES - ENTERPRISE FUND**

	<u>WATER</u>	<u>SANITATION</u>	<u>TOTALS</u>
<b>CURRENT LIABILITIES:</b>			
Payable from Restricted Assets:			
Customer Deposits	\$ 23,243	\$ -	\$ 23,243
Compensated Absences	86	-	86
Accounts Payable	<u>-</u>	<u>6,502</u>	<u>6,502</u>
Total Current Liabilities	<u>23,329</u>	<u>6,502</u>	<u>29,831</u>
Total Liabilities	<u>23,329</u>	<u>6,502</u>	<u>29,831</u>
<b>NET POSITION:</b>			
Invested in Capital Assets, net of related debt			
Unrestricted	<u>824,547</u>	<u>1,389</u>	<u>825,936</u>
Total Net Position	<u><u>\$ 824,547</u></u>	<u><u>\$ 1,389</u></u>	<u><u>\$ 825,936</u></u>

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

**CITY OF CENTER HILL, FLORIDA  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMEBER 30, 2018**

BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS

	<u>WATER</u>	<u>SANITATION</u>	<u>TOTALS</u>
OPERATING REVENUES:			
Charges for Services	\$ 106,389	\$ 92,792	\$ 199,181
Total Operating Revenues	<u>106,389</u>	<u>92,792</u>	<u>199,181</u>
OPERATING EXPENSES:			
Personal Services	52,993	10,436	63,429
Garbage Contract Services	13,156	78,044	91,200
Depreciation	52,800	-	52,800
Other Operating Expenses	<u>41,831</u>	<u>-</u>	<u>41,831</u>
Total Operating Expenses	<u>160,780</u>	<u>88,480</u>	<u>249,260</u>
Net Operating Income (Loss)	<u>(54,391)</u>	<u>4,312</u>	<u>(50,079)</u>
Income (Loss) Before Transfers and Contributions	(54,391)	4,312	(50,079)
TRANSFERS IN (OUT)	<u>2,161</u>	<u>(10,655)</u>	<u>(8,494)</u>
Change in Net Position	<u>(52,230)</u>	<u>(6,343)</u>	<u>(58,573)</u>
Total Net Position, Beginning of Year	<u>876,777</u>	<u>7,732</u>	<u>884,509</u>
Total Net Position, End of Year	<u><u>\$ 824,547</u></u>	<u><u>\$ 1,389</u></u>	<u><u>\$ 825,936</u></u>

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

**CITY OF CENTER HILL, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS**

	<u>WATER</u>	<u>SANITATION</u>	<u>TOTALS</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ 106,456	\$ 92,632	\$ 199,088
Cash Payments to Employees for Services	52,928	10,436	63,364
Cash Payments to Suppliers for Goods and Services	54,990	71,541	126,531
	<u>(1,462)</u>	<u>10,655</u>	<u>9,193</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers In (Out)	<u>2,161</u>	<u>(10,655)</u>	<u>(8,494)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
NET INCREASE (DECREASE) IN CASH	699	-	699
Cash at Beginning of Year	<u>23,150</u>	<u>-</u>	<u>23,150</u>
Cash at End of Year	<u><u>\$ 23,849</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,849</u></u>

*Continued on next page*

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

**CITY OF CENTER HILL, FLORIDA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS**

<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>	<u><b>WATER</b></u>	<u><b>SANITATION</b></u>	<u><b>TOTALS</b></u>
<b>CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	<u>\$ (54,391)</u>	<u>\$ 4,312</u>	<u>\$ (50,079)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	52,800	-	52,800
(Increase) Decrease in Customer Receivables	(31)	(160)	(191)
Increase (Decrease) in Prepaid Items	-	-	-
Increase (Decrease) in Accounts Payable	-	6,503	6,503
(Decrease) Increase in Compensated Absences	65	-	65
Increase (Decrease) in Customer Deposits	<u>95</u>	<u>-</u>	<u>95</u>
Total Adjustments	<u>52,929</u>	<u>6,343</u>	<u>59,272</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (1,462)</u></u>	<u><u>\$ 10,655</u></u>	<u><u>\$ 9,193</u></u>

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

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## **NOTES TO THE FINANCIAL STATEMENTS**

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 1: DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

The City of Center Hill (the "City") is a political subdivision of the State of Florida located in Sumter County. The City operates under a council form of government. The legislative branch of the City is composed of four (4) member elected Council, and an elected Mayor. The Mayor and City Council are responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Mayor. The City provides services to its residents in many areas, including public safety (police and fire), highways and streets, water, sanitation, culture and recreation, public improvements, and general administrative services.

The financial statements of the City of Center Hill, Florida have been prepared in conformity with generally accept accounting principles (GAAP) as applicable to governmental entities. Significant accounting policies are described below:

**B. Component Unit**

By Ordinance No. 08-01, the City of Center Hill, Florida, has determined that a local Community Redevelopment Agency (CRA) should be created to implement the local Community Redevelopment Plan. All duties and powers of the local CRA shall be prescribed as required under the statutory provision of Section 1633.370, Part 111 of the Florida Statutes. The component unit is blended into the primary government. There is no separate component unit reporting required.

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are 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.

Indirect expenses are allocated automatically and certain indirect costs are included in program expenses reported for individual function and activities. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) 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.

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 1: DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**D. 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 and 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Unbilled utility service receivables are estimated and recorded at year-end.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become both measurable and available.

*Measurable* means the amount of the transaction can be determined and *available* means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues available if they are collected within 30 days of year-end. Revenues that are susceptible to accrual in the governmental funds include property taxes, sales taxes, franchise fees, municipal utility taxes, and State and County shared revenues. All other revenue items are considered to be measurable and available only when the City receives cash.

Expenditures are generally recorded when a related 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.

The City reports the following major governmental funds:

General Fund - The General Fund (a major fund) is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds — The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes:

Transportation Fund — accounts for the streets of the City. The transportation fund is not a major fund.

Cemetery Fund — accounts for the proceeds from sales of cemetery lots and contributions to the City's cemetery fund, which to maintain the cemetery.

The City reports the following proprietary funds: - Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

Water Fund - This enterprise fund (a major fund) is used to account for the activities of the City's water utility operations.

Sanitation Fund - This enterprise fund (a major fund) is used to account for the City's Sanitation operations.



**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 1: DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

Proprietary funds

Proprietary funds distinguish operating revenues and expenses from non-operating 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 sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to generally use restricted resources first, and then unrestricted resources, as they are needed for their intended purposes, however, this decision is frequently made on a case-by-case basis based upon facts and circumstances. Revenues of the enterprise funds are recognized on the basis of services rendered. Billing cycles of the enterprise funds that overlap September 30, are prorated based upon meter reading dates.

Other

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

E. Implementation of Governmental Accounting Standards Board Statements -  
and Florida State Retirement System

The City adopted the following Governmental Accounting Standard Board (GASB) statements during the fiscal year ended September 30, 2018:

GASB 75 – The primary objective of this statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions.

GASB 81 – The primary objective is to improve accounting and financial reporting for irrevocable split-interest agreements.

GASB 82 – The primary purpose of the statement is to improve financial reporting by enhancing consistency in the application reporting requirements to certain pension issues.

GASB 85 – The statement addresses various miscellaneous accounting issues relating to blending component units.

GASB 86 – The statement establishes rules for accounting for transactions in which cash and other monetary assets, acquired with only existing resources, are placed in an irrevocable trust for the sole purpose of extinguishing debt.

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 1: DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

1. GASB Statement No. 68 - Accounting and Financial Reporting For Pensions

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employees through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

This Statement requires the liability of employers and non-employer contributing entities to employees for defined benefits (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position.

Actuarial valuations of the total pension liability are required to be performed at least every two years, with more frequent valuations encouraged. If a valuation is not performed as of the measurement date, the total pension liability is required to be based on update procedures to roll forward amounts from an earlier actuarial valuation (performed as of a date no more than 30 months and 1 day prior to the employer's most recent year-end).

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1: DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**2. GASB Statement No. 68 — Accounting and Financial Reporting For Pensions (Continued)**

Florida State Retirement System

The Florida Retirement System (FRS) Pension Plan was created in Chapter 121, Florida Statutes. All full-time employees of the City may participate in the Florida State Retirement System (the System). This System was created by the Florida Legislature and is a cost-sharing, multiple-employer defined-benefit, and public retirement plan available to governmental units within the state of Florida. The System issued a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315, or by calling (850) 488-5706.

All full-time employees of the City are eligible to participate in the System. Special risk employees who retire at or after age 55, with six years of creditable service; and all other employees who retire at or after age 55, with six years of creditable service; are entitled to a retirement benefit, payable monthly for life, equal to the product of: 1) average monthly compensation in the highest five years of creditable service; 2) creditable service during the appropriate period; and 3) the appropriate benefit percentage. Benefits fully vest on reaching six years of service. Vested employees may retire after six years of creditable service and receive reduced retirement benefits. The System also provides death benefits, disability benefits, and annual cost-of-living adjustments. Benefits are established by Florida Statute. Beginning in 2011, the state mandated a 3% contribution to the plan by the employees. As of 9/30/18, the City has six employees that participate in the Florida Retirement System.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the City, are required to contribute 10.92% from 10/01/17 to 6/30/18, and 11.26% from 7/1/18 to 9/30/18, of compensation for regular members, 26.27% from 10/1/17 to 6/30/18 and 27.50% from 7/1/18 to 9/30/18 for special risk and 11.35% for retired police from 10/1/17 to 6/30/18 and 12.26% from 7/1/18 to 9/30/18. The City's contributions and accrued benefits to the System for the year ended September 30, 2018 is \$28,609. In addition, employees that are not participating in the DROP Program are required to contribute 3% of their gross salary.

The City contributed 100% of the required contributions to the System for the years ended September 30, 2018, 2017, 2016, 2015, and 2014 are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$28,609
2017	\$ 25,678
2016	\$ 24,105
2015	\$ 23,488
2014	\$ 25,309

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—*At September 30, 2018, the City reported a net pension liability of \$198,029 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liability was based on projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the City's proportionate share was

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1. DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**1. GASB Statement No. 68 --- Accounting and Financial Reporting for Pensions (Continued)**

0.000657671%, which was a decrease of 0.000032268 from its proportionate share measured as of June 30, 2018.

*Pension Expenses and Deferred Outflow of Resources and Deferred Inflow of Resources* – For the year ended September 30, 2018, the City recognized a Pension Expense of \$16,750. On September 30, 2018, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	<b>Deferred Outflow Resources</b>	<b>Deferred Inflow Resources</b>
Differences between Expected and Actual Experience	\$ 16,782	\$ (609)
Change in Assumptions	64,727	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(15,305)
Changes in Proportion and Differences between City Contributions and Proportionate Share of Contributions	14,609	(7,568)
City Contributions Subsequent to Measurement Date	5,317	-
<b>Total</b>	<b>\$ 101,435</b>	<b>\$ (23,482)</b>

The Deferred Outflows of Resources related to pensions totaling \$5,317 resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year</b>	<b>Total Inflows/ Outflows</b>
2019	11,350
2020	11,350
2021	11,350
2022	11,350
2023	11,350
Subsequent years	15,886
<b>Total</b>	<b>\$ 72,636</b>

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 1: DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

1. GASB Statement No. 68 — Accounting and Financial Reporting for Pensions (Continued)

**Actuarial Assumptions**

The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increases	3.25% Including Inflation
Investment Rate of Return	7.00%, Net Pension Plan Investment Expense Including Inflation

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. Actual future investment return experience for the FRS Pension Plan is not affected by the assumption used in the actuarial valuation. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The actuarial assumptions that determine the total pension liability as of June 30, 2018, were based on the results of an actuarial experience study for the period of July 1, 2008 – June 30, 2013.

Valuation Date	July 1, 2017	July 1, 2018
Measurement Date	June 30, 2017	June 30, 2018
Inflation	2.60%	2.60%
Salary increases including inflation	3.25%	3.25%
Mortality	Generational RP-2000 with Projection Scale BB; details in valuation report	Generational RP-2000 with Projection Scale BB; details in valuation report
Actuarial cost method	Individual Entry Age	Individual Entry Age

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table for the FRS Pension Trust Fund covering the Pension and Health Insurance Subsidy plans:

**CITY OF CENTER HILL, FLORIDA  
NOTE TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1: DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**1: GASB Statement No. 68 – Accounting and Financial Reporting for Pensions (continued)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Annual Arithmetic Return</b>	<b>Compound Annual (Geometric) Return</b>	<b>Standard Deviation</b>
Cash	1%	2.9%	2.9%	1.8%
Fixed Income	18%	4.4%	4.3%	4.0%
Global Equity	54%	7.6%	6.3%	17.0%
Real Estate	11%	6.6%	6.0%	11.3%
Private Equity	10%	10.7%	7.8%	26.5%
Strategic Investments	6%	6.0%	5.7%	8.6%
<b>Total</b>	<b>100%</b>			

*Discount Rate* - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate* - The following presents the City's proportionate share of the net pension liability calculated using a discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate - 7.00%</b>	<b>1% Increase 8.00%</b>
City's Proportionate Share of the Net Pension Liability	\$ 172,285	\$ 198,029	\$ 219,812

*FRS Pension Plan Fiduciary Net Position* – Detailed information about the pension plan's fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report.

The total pension liability for the FRS was determined by the plan's actuary and reported in the plan's valuation dated July 1, 2018. The City's net position to determine the net pension liability was determined on the same basis used by the plan.

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 1: DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

1. GASB Statement No. 68 — Accounting and Financial Reporting For Pensions (continued)

The HIS actuarial valuation was prepared as of July 1, 2018, and the update procedures were to determine liabilities as of July 1, 2018. The City's net position used by the actuary to determine the net pension liability was determined on the same basis used by the plan.

The combined FRS Regular and HIS Pension Liability of Deferred Inflows and Outflows are listed below:

Deferred Outflows of Resources	\$ 111,307
Net Pension Liability	(278,434)
Deferred Inflows of Resources	<u>(34,315)</u>
Net Pension Liability and Inflows over Outflows of Resources	<u>\$ (201,442)</u>

**Health Insurance Subsidy (HIS) Defined Benefit Pension Plan**

*Plan Description-* The HIS Pension Plan (HIS Plan) is a defined benefit pension plan established to provide a monthly subsidy payment to retired members of any state-administered retirement system in order to assist such retired members in paying the costs of health insurance. Persons are eligible for health insurance subsidy payments who are retired under a state-administered retirement system, or a beneficiary who is a spouse or financial dependent entitled to receive benefits under a state-administrated retirement system, except those individuals who are pension recipients under Sections 121.40, 237.08(18)(a) and 250.22, Florida Statutes, or recipients of health insurance coverage under Section 110.1232, Florida Statutes, or any other special pension or relief act are not eligible for such pension payments. A person is deemed retired from a state-administered retirement system when he or she terminates employment with all employers participating in the Florida Retirement System and:

For a member of the FRS investment plan, the participant meets the age or service requirements to qualify for normal retirement per Section 121.021(29), Florida Statutes and meets the definition of retiree in Section 121.4501(2), Florida Statutes.

For a member of the FRS defined benefit pension plan, or any employee who maintains creditable service under the pension plan and the investment plan, the member begins drawing retirement benefits from the pension plan.

The HIS Program uses a pay-as-you-go funding structure and the current statutory program contribution rate is 1.66% of employer payroll. The most recently conducted full valuation estimated that if actual future experience matches the valuation's assumption, including 3.25% annual growth in employer payroll, the current statutory rate will be sufficient to provide complete pay-as-you-go funding of program benefits over the five-year period commencing June 30, 2018. Alternatively, if zero employer payroll growth occurred over that period the full valuation estimated that a 1.8% of payroll employer contribution rate would be necessary for complete pay-as-you-go program funding in the 2023-2024 plan year.

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1: DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**1. GASB Statement No. 68 — Accounting and Financial Reporting for Pensions (continued)**

Any person retiring on or after July 1, 2001, as a member of the FRS, including a member of the investment plan, must satisfy the vesting requirements for his or her membership class under the pension plan as administered under Chapter 121, Florida Statutes. Any person retiring due to disability must qualify for a regular or in-line-of-duty disability benefit per provisions under Chapter 112, Florida Statutes. Additionally, participants in the Senior Management Service Optional Annuity Program and the State City System Optional Retirement Program are not eligible to receive benefits from the HIS plan.

*Benefits Provided-* The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Department of Management Services, Division of Retirement. For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of credible service completed at the time of retirements multiplied by \$5. The payments are at least \$30 but no more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

*Contributions-* The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2018, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The state contributing 100 percent of its statutorily required contributions for the current and preceding three years. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS defined-benefit pension plan are reported as a total with the pension plan contributions listed above.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-* At September 30, 2018, the City reported a net pension liability of \$80,406 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liability was based on projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the City's proportionate share was 0.000759690%, which was a decrease of 0.00030367 from its proportionate share measured as of June 30, 2017.

For the year ended September 30, 2018, the City recognized pension expense as listed above. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:



**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1: DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**1. GASB Statement No. 68 – Accounting and Financial Reporting for Pensions (continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 1,231	\$ -
Change in Assumptions	8,942	(8,501)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	49	
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	4,856	(3,426)
City Contributions Subsequent to Measure Date	1,078	-
<b>Total</b>	<b>\$ 16,156</b>	<b>\$ (11,927)</b>

The deferred outflows or resources related to pensions totaling \$1,078 resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>June 30,</u>	<u>Inflows/Outflows</u>
2019	525
2020	525
2021	525
2022	525
2023	525
Thereafter	526
<b>Total</b>	<b>\$ 3,151</b>

*Actuarial Assumptions* – The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary Increase	3.25% Average, Including Inflation
Investment Rate of Return	7.00% Net Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

**CITY OF CENTER HILL, FLORIDA**  
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**Note 1: DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**1. GASB Statement No. 68 --- Accounting and Financial Reporting for Pensions (concluded)**

*Discount Rate* – The discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

*Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 3.58%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-higher (4.87%) than the current rate:

*Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (concluded)*

	1 % Decrease 2.87%	Current Discount Rate - 3.87%	1% Increase 4.87%
City's Proportionate Share of the			
Net Pension Liability	\$ 82,352	\$ 80,406	\$ 78,951

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan's fiduciary net position is available in the separately issued FRS Comparative Annual Financial Report.

**Combined Deferred Outflows and Inflows of Regular and HIS Defined Pension Plan**

	Outflow of Resources	Inflow of Resources
Differences between Expected and Actual Experience	\$ 18,013	\$ (609)
Change in Assumptions	73,669	(8,501)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	49	(15,305)
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	19,465	(10,994)
City Contributions Subsequent to Measure Date	6,395	-
<b>Total</b>	<b>\$ 117,591</b>	<b>\$ (35,409)</b>

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (concluded)*

**F. Receivables**

Water and sanitation operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered after the last billing date and up to September 30, 2018 is estimated and accrued at year-end.

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 1: DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**G. Capital Assets**

Capital assets; which include property, plant and equipment, and infrastructure assets (roads, sidewalks, drainage systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life of more than two years.

In the case of the initial capitalization of general infrastructure assets, the City chose to include such items beginning October 1, 2003, the year of implementation of GASB Statement No. 34. As the City constructs or acquires additional capital assets, including infrastructure assets, they are capitalized and reported at historical cost. Donated capital assets are recorded at their estimated fair value on the date donated.

Interest incurred during construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the year ended September 30, 2018.

Depreciation is provided using the straight-line method over the estimated useful lives of the various classes of depreciable assets as follows:

Buildings	25 to 30 Years
Improvements other than Buildings	10 to 30 Years
Water and Sewer Systems	10 to 50 Years
Infrastructure	30 Years
Equipment	5 to 10 Years

**H. Compensated Absences**

The City accrues accumulated compensated absences (unpaid vacation, sick and comp benefits) when incurred in the government-wide and proprietary fund financial statements.

Compensated absence liabilities are generally not reported in the governmental fund financial statements, as these liabilities would not normally be liquidated with expendable available financial resources.

The policy for payment of sick leave is upon voluntary termination of the employee, 50% of the accumulated hours would be paid (85% for long-term employees with twenty or more years of full-time service) not to exceed 1,040 hours. The City accrues and records 100% of unpaid vacation pay up to a maximum of 240 hours and 50% or 85%, as applicable, of unpaid sick pay at the employee's current pay rate. The balance of compensated absences at September 30, 2018 was \$16,594. The amount by fund is \$939, \$9,749 for the Administration and Police Department of the General Fund, and \$5,820 for the Transportation Fund, and \$86 for the Water Fund.

**I. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**J. Use of Estimates**

The City policy for estimates is using a measurement basis and application in the presentation and presenting in the financial statements. Estimates are judgements and are not precise. The City estimates depreciation and bad debts.

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 1: DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**K. Deferred Outflows/Inflows of Resources**

The City follows GASB 65 where a Deferred Outflow of resources – a consumption of net assets that is applicable to a future period and Deferred Inflow of resources – an acquisition of net assets that is applicable to a future reporting period.

**L. Fund Balance**

**Implementation of GASB 54**

The Governmental Accounting Standards Board (GASB) has promulgated Statement No. 54, entitled *Fund Balance Reporting and Governmental Fund Type Definitions*. This standard makes two major changes to the accounting for governmental funds. It is effective for all fiscal periods beginning after June 15, 2010. The statement is designed to do two things. First, it clarifies the definition of what activities are to be reported within different types of governmental funds (general fund, special revenue fund type, capital project fund type, debt service fund type, and permanent fund type). No changes were required by the City based on this standard clarification.

Second, it provides clearer fund balance definitions that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds as follows:

**Non-spendable Fund Balance** — represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** — represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

**Committed Fund Balance** — represents amounts that can only be used for specific purposes imposed by a formal action of the City's highest level of decision-making authority, the City Council. Committed resources cannot be used for any other purpose unless the City Council removes or changes the specified use by the same type of action previously used to commit those amounts, either by resolution or by ordinance.

During the period ended September 30, 2011, the City adopted resolution No# 2012-01 to maintain a prudent level of financial resources for unexpected expenditures equal to no less than one percent of General Fund operating expenditures or \$9,562 for measureable events.

**Assigned Fund Balance** — represents amounts the City intends to use for specific purposes as expressed by the City Council or an official delegated the authority to assign amounts. This is the residual classification for all governmental funds other than the general fund. The City Clerk has been granted the ability to assign amounts to a specific purpose as part of the annual budget ordinance.

**Unassigned Fund Balance** — represents the residual classification for the general fund or deficit balances in other funds.

Amounts are considered to have been spent when expenditure is incurred for purposes for which unrestricted (Enterprise Funds) and committed, assigned and unassigned (General Fund and Special Revenue Funds) amounts are available.

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 1: DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(concluded)**

	General Fund	Special Revenue Fund	Enterprise Funds	Total
<b>Fund balances:</b>				
<b>Committed</b>	\$ 9,562	\$	\$	\$ 9,562
<b>Assigned</b>	-	189,608	-	189,608
<b>Unassigned</b>	60,745	-	-	60,745
<b>Unrestricted</b>	-	-	825,936	825,936
<b>Total Fund Balances</b>	<u>\$ 70,307</u>	<u>\$ 189,608</u>	<u>\$ 825,936</u>	<u>\$ 1,085,851</u>

**NOTE 2: BUDGETS AND BUDGETARY ACCOUNTING**

The following procedures are used in establishing budgetary data reflected in the financial statements:

1. The City Clerk is responsible for preparing a proposed operating budget for the upcoming year prior to September 30 that included estimated revenues, proposed expenditures and other financing sources and uses.
2. Public hearings are held to obtain taxpayer comments and suggestions. The budget is enacted through passage of a resolution.
3. The City Clerk is authorized to transfer budgeted amounts within any department, but may not revise total department expenditures without the approval of the City Council. The budgetary data presented is in agreement with the originally adopted budget as amended by the City Council.
4. Formal budgetary integration is employed as a management control device during the year for substantially all funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. Total budgeted fund expenditures within the governmental type funds may not be exceeded legally. Appropriations lapse at the end of the year encumbrance accounting for commitments are not used.

**NOTE 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash Deposits

At September 30, 2018, the carrying amount of the City's cash deposits was \$241,118 and the bank balance was \$269,733. All cash deposits were held in qualified public depositories and were covered by Federal Depository Insurance (FDIC) or by the Florida Security of Public Deposits Act (the Act); Chapter 280 of the Florida Statutes. The Act established a multiple financial institution collateral pool with the ability to assess member institutions to satisfy the claims of governmental entities if any member financial institution fails. The ability to assess provides protection, which is similar to depository insurance.

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS**  
**(concluded)**

**Investments**

Florida Statutes authorize the investment of funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the U.S. Government and certain instruments guaranteed by the U.S. Government. The City has invested in those institutions and instruments permitted under the provisions of Florida Statutes, Section 218.415(16). As such interest-bearing time deposits and savings accounts are in qualified public depositories, as defined by Section 280.02, Florida Statutes.

**Fair Value Measurement**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

**Interest Rate Risk**

Interest rate risk is the risk that changing interest rates will adversely affect the fair value of an investment. The City maintains cash equivalents and other short-term instruments as changing interest rates have limited impact on investments.

At September 30, 2018, the City had \$20,706 in Certificate of Deposits, \$10,045 in money market funds and \$145,660 in a brokerage account from its Cemetery Fund.

**Note 4: RECEIVABLES**

	General Fund	Water Fund	Sanitation Fund	Total Customer Receivable
Customer Receivable	\$ -	\$ 8,895	\$ 7,891	\$ 16,786
Other Receivables	<u>861</u>	<u>-</u>	<u>-</u>	<u>861</u>
Net Receivables	<u>\$ 861</u>	<u>\$ 8,895</u>	<u>\$ 7,891</u>	<u>\$ 17,647</u>

Receivables are shown net of allowances for uncollectable which amounted to \$420.00

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**Note 5: CAPITAL ASSETS**

	<u>9/30/2017</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Disposals</u>	<u>9/30/2018</u>
<b>Governmental Activities:</b>				
Land (not being depreciated)	\$ 340,621	\$ 18,858	\$ -	\$ 359,479
Capital Assets being depreciated:				
Buildings	966,855	-	-	966,855
Improvements	593,849	-	-	593,849
Infrastructure	1,586,067	-	-	1,586,067
Equipment	319,709	24,402	-	344,111
Transportation Equipment	<u>395,953</u>	<u>27,000</u>	<u>-</u>	<u>422,953</u>
Total Accumulated Depreciation	1,070,954	126,510	-	1,197,464
<b>Total Capital Assets net of depreciation</b>	<u><u>\$ 3,132,100</u></u>	<u><u>\$ (56,250)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,075,850</u></u>
<b>Business-Type Activities</b>				
Capital assets being depreciated:				
Water System	\$ 1,889,940	\$ -	\$ -	\$ 1,889,940
Equipment	<u>46,281</u>	<u>-</u>	<u>-</u>	<u>46,281</u>
	<u>\$ 1,936,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,936,221</u>
Less Accumulated Depreciation for:				
Water System	1,037,187	51,188	-	1,088,375
Equipment	<u>31,100</u>	<u>1,612</u>	<u>-</u>	<u>32,712</u>
Total Accumulated Depreciation	<u>1,068,287</u>	<u>52,800</u>	<u>-</u>	<u>1,121,087</u>
Total Assets being Depreciated, Net	<u>867,934</u>	<u>52,800</u>	<u>-</u>	<u>815,134</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u><u>\$ 867,934</u></u>	<u><u>\$ 52,800</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 815,134</u></u>

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 5: CAPITAL ASSETS**  
**(continued)**

Depreciation expense was charged to functions/programs in the Statement of Activities:

Governmental Activities:	
General Government	\$ 3,055
Public Safety	4,761
Legislation	418
Public Works	1,697
Recreation	37,986
Transportation	78,593
Total Depreciation Expense	
Governmental Activities	<u>\$ 126,510</u>
Business-type-Activities:	
Water	\$ 52,800
Total Depreciation Expense	
Business-type Activities	<u>\$ 52,800</u>

**NOTE 6: LONG-TERM DEBT**

**GENERAL FUND**

On February 27, 2007 the City, by resolution No. 2007-02, entered into a Certificate of obligation with Sun Trust Bank in the amount of \$500,000 to finance road re-pavement and cost overage for the construction of hurricane shelter. The City has pledged its obligation of payments out of the City's utilities and franchise taxes.

On March 1, 2017, the City, by resolution No. R2017-04, approved financing from Branch Banking & Trust Company (BB&T) to pay the remaining loan balance in the amount of \$188,414 to Sun Trust Bank, wire funds in the amount of \$191,930 to purchase a street sweeper for the Transportation department and deposit funds in the amount of \$20,656 in the City's General Checking account for operating expenses, or a Note payable to BB&T in the amount of \$401,000. The City obligation pledge to SunTrust Bank for the City's Utility and Franchise income was released by SunTrust Bank on March 1, 2017. BB&T's Promissory Note contains a Collateral security agreement for the following:

- A. A Mortgage dated March 1, 2017, to Lender on real property located in SUMTER county, State of Florida,
- B. Equipment and general intangibles described in Commercial Security Agreement dated March 1, 2017.

The balance of the obligation at September 30, 2018 was \$346,957. The obligation at September 30, 2017, was \$383,271 or a decrease of \$36,314 as of September 30, 2018. The schedule of remaining annual debt service requirements for the note is as follows:



**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 6: LONG-TERM DEBT**  
**(continued)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
9/30/2019	35,402	14,062	49,464
9/30/2020	36,937	12,526	49,463
9/30/2021	38,537	10,927	49,464
9/30/2022	40,207	9,257	49,464
9/30/2023	41,950	7,514	49,464
9/30/2024	43,768	5,696	49,464
9/30/2025	45,665	3,799	49,464
9/30/2026	47,644	1,819	49,463
Thereafter	16,847	152	16,999
	<u>\$ 346,957</u>	<u>\$ 65,752</u>	<u>\$ 412,709</u>

**NOTE 7: 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 County Property Appraiser and County 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. The millage operating rate assessed and adopted by resolution 17.10 by the City for the fiscal year ended 2018 was 4.2968 mills.

The tax levy of the City is established by the City Council prior to October 1 of each year and the Sumter County Property Appraiser incorporates the City millages into the total tax levy, which includes County and the County School Board tax requirements.

All property is reassessed according to its fair market value January 1 of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if it meets all of the appropriate requirements of the Florida Statutes.

Taxes are assessed on November 1 of each year or as soon as thereafter as the assessment roll is certified and delivered to the County Tax Collector. Unpaid 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. The taxes paid in March are without discount.

On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or any lower rate bid by the

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 7: PROPERTY TAXES**  
(continued)

buyer. The certificate holder may make application for a tax deed on any unredeemed tax certificates after a period of two years. The County holds unsold certificates.

Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of property, or by the five-year statute of limitations.

**NOTE 8: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City transfers risk of loss through the purchase of commercial insurance. Insurance against losses are 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 Disability

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. There have been no significant reductions in insurance coverage during fiscal year 2018. Settled claims have not exceeded the commercial excess coverage's.

**NOTE 9: BUDGETARY BASIS OF ACCOUNTING**

The City Council adopts budget resolutions for the General Fund, Transportation Fund, and Water and Sanitation Enterprise Funds. The budget for the Water Enterprise Fund is adopted on an accounting basis other than in accordance with generally accepted accounting principles. Adjustments necessary to convert the results of the Enterprise Fund operations for the year ended September 30, 2018, on the GAAP basis to the budget basis are as follows:

Net Income (Loss) GAAP Basis - Water Department	\$ (52,230)
Increase Due to Depreciation	52,800
Decrease Due to Capital Acquisitions	-
Excess Expenses Over Revenues, Budget Basis	<u>\$ 570</u>

**CITY OF CENTER HILL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 10: CLAIMS AND OTHER LIABILITIES**

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

The City follows the practice of recording liabilities resulting from claims and legal action only when they become fixed or determinable in amount.

As to date, Florida Grande Motor Coach (presently in bankruptcy) is indebted to the City in the amount of \$11,597. The City has been informed by the bankruptcy attorney that the claim would be paid in full. However, payment may be delayed until the final lots are sold, subject to unsecured creditors. The amount of this accounts receivable was deemed uncollectable at September 30, 2009.

**NOTE 11: SUBSEQUENT EVENTS**

Management has determined that there were no subsequent events, through the date of the audit report of March 22, 2019, that would have a material effect on the financial statements at September 30, 2018.

**NOTE 12: CONTINGENCIES AND COMMITMENT GRANTS**

Amounts received or receivable from grantor agencies are subject to audits and adjustment by grantor agencies. If any expenditure is disallowed as a result of these audits, the claims for reimbursement to the grantor agency would not be significant.

**NOTE 13: INTER-FUND TRANSFERS**

Major Funds	Inter-Fund Transfers In	Inter- Fund Transfers Out
General Fund	\$ -	\$ 176,975
Cemetery Fund	-	60
Water, Utility Fund	2,161	-
Sanitation Fund	-	10,655
Transportation Fund	185,529	-
Total Inter-Fund Transfers	<u>\$ 187,690</u>	<u>\$ 187,690</u>

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## **FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS**

## **GENERAL FUND**

This fund accounts for all revenues and expenditures which are not accounted for in all other funds. It is the largest and most important accounting activity. It receives a great variety of general revenues and finances a wide range of programs. Most of the City's operation is financed from this fund.

**CITY OF CENTER HILL, FLORIDA  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
Cash and Equivalents	\$ 36,989	\$ 95,018
Accounts Receivable	862	1,352
Pre-paid Liabilities	-	-
Due from Other Governments:		
Florida	<u>35,289</u>	<u>28,096</u>
Total Assets	<u>\$ 73,140</u>	<u>\$ 124,466</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>		
<b>LIABILITIES:</b>		
Accounts Payable	<u>\$ 2,833</u>	<u>\$ 3,451</u>
Total Liabilities	<u>2,833</u>	<u>3,451</u>
<b>FUND BALANCE:</b>		
Committed	9,562	9,562
Unassigned	<u>60,745</u>	<u>111,453</u>
Total Fund Balance	<u>70,307</u>	<u>121,015</u>
Total Liabilities and Fund Balance	<u>\$ 73,140</u>	<u>\$ 124,466</u>

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

**CITY OF CENTER HILL, FLORIDA  
GENERAL FUND  
STATEMENTS OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**With comparative actual amounts for the year ended September 30, 2017**

	FINAL BUDGET	2018 ACTUAL	VARIANCE WITH FINAL BUDGET	2017 ACTUAL
<b>REVENUES:</b>				
Taxes	\$ 449,724	\$ 430,863	\$ (18,861)	\$ 422,873
Licenses and Permits	2,140	2,140	-	1,075
Intergovernmental	115,818	111,288	(4,530)	100,116
Grant Revenue	5,000	5,000	-	-
Community Redevelopment	-	1,586	1,586	178
Fines and Forfeitures	6,080	6,109	29	3,845
Miscellaneous	14,154	14,596	442	11,184
<b>Total Revenues</b>	<b>\$ 592,916</b>	<b>\$ 571,582</b>	<b>\$ (21,334)</b>	<b>\$ 539,271</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	157,175	159,029	(1,854)	173,447
Public Safety	196,245	195,244	1,001	183,115
Recreation	52,047	39,907	12,140	37,292
Capital Outlay	43,260	43,260	-	74,611
Community Redevelopment	-	2,224	(2,224)	175
Grants and Grants for Capital Outlay	5,595	5,595	-	-
<b>Total Expenditures</b>	<b>454,322</b>	<b>445,259</b>	<b>9,063</b>	<b>468,640</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	138,594	126,323	(12,271)	70,631
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds of L.T. Cap. Related Debt	-	-	-	20,656
Operating Transfers In	10,650		(10,650)	876
Operating Transfers (Out)	(171,784)	(176,975)	(5,191)	(129,258)
<b>Total Other Financing Sources (Uses)</b>	<b>(161,134)</b>	<b>(176,975)</b>	<b>(15,841)</b>	<b>(107,726)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(22,540)	(50,652)	(28,112)	(37,095)
Fund Balance, Beginning of Year	120,959	120,959	-	158,054
Fund Balance, End of Year	\$ 98,419	\$ 70,307	\$ (28,112)	\$ 120,959

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



**CITY OF CENTER HILL, FLORIDA  
GENERAL FUND  
SCHEDULE OF REVENUES COMPARED TO BUDGET  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**With comparative actual amounts for the year ended September 30, 2017**

	FINAL BUDGET	2018 ACTUAL	VARIANCE WITH FINAL BUDGET	2017 ACTUAL
<b>TAXES:</b>				
Ad Valorem Taxes	\$ 106,261	\$ 105,928	\$ (333)	\$ 114,405
Ad Valorem Property Acquisitions	-	-	-	17,360
Local Government Infrastructure Surtax	144,501	136,376	(8,125)	118,683
Franchise Fees:				
Electric	88,880	83,040	(5,840)	70,741
Utility Taxes:				
Electric	63,518	58,960	(4,558)	55,143
Gas	1,026	1,036	10	1,853
Communications Services Tax	45,538	45,523	(15)	44,688
<b>Total Taxes</b>	<b>\$ 449,724</b>	<b>\$ 430,863</b>	<b>\$ (18,861)</b>	<b>\$ 422,873</b>
<b>LICENSES AND PERMITS:</b>				
Occupational Licenses	2,140	2,140	-	1,075
Building Permits	-	-	-	-
<b>Total Licenses and Permits</b>	<b>2,140</b>	<b>2,140</b>	<b>-</b>	<b>1,075</b>
<b>INTERGOVERNMENTAL:</b>				
Grants - CDBG	5,000	5,000	-	-
Community Redevelopment Grant	-	1,586	1,586	178
State Revenue Sharing	35,485	36,015	530	30,394
Mobile Home Licenses	509	411	(98)	470
Alcoholic Beverage Licenses	-	98	98	-
1/2 Cent Tax	79,824	74,764	(5,060)	69,252
<b>Total Intergovernmental</b>	<b>\$ 120,818</b>	<b>\$ 117,874</b>	<b>\$ (2,944)</b>	<b>\$ 100,294</b>

*The notes to the financial statements are an integral part of this statement*

**CITY OF CENTER HILL, FLORIDA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES COMPARED TO BUDGET (Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**With comparative actual amounts for the year ended September 30, 2017**

	FINAL BUDGET	2018 ACTUAL	VARIANCE WITH FINAL BUDGET	2017 ACTUAL
<b>FINES AND FORFEITURES:</b>				
Forfeitures	\$ 5,060	\$ 5,089	\$ 29	\$ 3,155
Police Dept Revenue - other	1,020	1,020	-	690
Total Fines and Forfeitures	6,080	6,109	29	3,845
<b>MISCELLANEOUS:</b>				
Development Review Fees	-	-	-	-
Interest Earnings	89	64	(25)	73
Mowing Fees	-	325	325	495
Miscellaneous Revenues	14,065	14,207	142	10,616
Total Miscellaneous	14,154	14,596	442	11,184
Total Revenues	<u>\$ 592,916</u>	<u>\$ 571,582</u>	<u>\$ (21,334)</u>	<u>\$ 539,271</u>

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

**CITY OF CENTER HILL, FLORIDA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**With comparative actual amounts for the year ended September 30, 2017**

	FINAL BUDGET	2018 ACTUAL	VARIANCE WITH FINAL BUDGET	2017 ACTUAL
<b>GENERAL GOVERNMENT:</b>				
Legislative:				
Personal Services	\$ 16,521	\$ 16,521	-	\$ 17,526
Operating Expenses	18,786	17,786	1,000	25,497
Capital Outlay	-	-	-	63,461
Total Legislative	35,307	34,307	1,000	106,484
<b>CITY CLERK:</b>				
Personal Services	76,956	79,671	(2,715)	71,032
Operating Expenses	44,912	45,051	(139)	59,392
Capital Outlay	4,603	4,603	-	-
Community Redevelopment	-	2,224	(2,224)	175
Grants & Grant Capital Outlay	5,595	5,595	-	-
Total City Clerk	132,066	137,144	(5,078)	130,599
Total General Government	167,373	171,451	(4,078)	237,083
<b>PUBLIC SAFETY:</b>				
Police Department:				
Personal Services	149,230	149,230	-	139,420
Operating Expenses	34,864	34,863	1	28,396
Capital Outlay	19,800	19,800	-	11,150
Total Police Department	203,894	203,893	1	178,966
Building Inspection and Maintenance:				
Operating Expenses	12,151	11,151	1,000	15,299
Capital Outlay	18,857	18,857	-	-
Total Building Inspections	31,008	30,008	1,000	15,299
Total Public Safety	\$ 234,902	\$ 233,901	\$ 1,001	\$ 194,265

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

**CITY OF CENTER HILL, FLORIDA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**  
**With comparative actual amounts for the year ended September 30, 2017**

	<u>FINAL BUDGET</u>	<u>2018 ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>	<u>2017 ACTUAL</u>
<b>CULTURAL AND RECREATION:</b>				
Parks and Recreation:				
Operating Expenses	\$ 25,151	\$ 24,308	\$ 843	\$ 21,730
Capital Outlay	-	-	-	-
Debt	<u>26,896</u>	<u>15,599</u>	<u>11,297</u>	<u>15,562</u>
Total Parks and Recreation	<u>52,047</u>	<u>39,907</u>	<u>12,140</u>	<u>37,292</u>
 Total Expenditures	 <u><u>\$ 454,322</u></u>	 <u><u>\$ 445,259</u></u>	 <u><u>\$ 9,063</u></u>	 <u><u>\$ 468,640</u></u>

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

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## **SPECIAL REVENUE FUNDS-CEMETERY AND TRANSPORTATION**

Special Revenue Funds account for revenues from specific taxes or other earmarked revenue sources which, by law are designated to finance particular functions or activities of government.

**CITY OF CENTER HILL, FLORIDA  
CEMETERY FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2018 AND 2017**

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	<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Cash / Investments		\$ 182,421	\$ 182,234
Total Assets		<u>\$ 182,421</u>	<u>\$ 182,234</u>

FUND BALANCE

Fund Balance:

Assigned	\$ 182,421	\$ 182,234
Total Fund Balance	<u>\$ 182,421</u>	<u>\$ 182,234</u>

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

**CITY OF CENTER HILL, FLORIDA**  
**CEMETERY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	2018 ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Cemetery Lot Fees	\$ 1,450	\$ 600	\$ 600	\$ -
Cemetery Headstone	1,000	-	-	-
Cemetery Donations	4,730	6,040	6,040	-
Interest on Cemetery CD's	4,730	2,391	4,599	2,208
		-		
Total Revenues	11,910	9,031	11,239	2,208
EXPENDITURES:				
Operating Expenses	11,910	11,242	10,992	250
Total Expenditures	11,910	11,242	10,992	250
Excess (Deficiency) of Revenue Over (Under) Expenditures	-	(2,211)	247	2,458
OTHER FINANCING SOURCES (USES):				
Transfer In (Out)	-	-	(60)	(60)
Net Change in Fund Balance	-	(2,211)	187	2,398
Fund Balance, Beginning of Year	182,234	182,234	182,234	-
Fund Balance, End of Year	\$ 182,234	\$ 180,023	\$ 182,421	\$ 2,398

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



**CITY OF CENTER HILL, FLORIDA  
TRANSPORTATION FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2018 AND 2017**

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<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Due from Other Governments	\$ 7,187	\$ 6,687
Total Current Assets	<u>\$ 7,187</u>	<u>\$ 6,687</u>
<u>FUND BALANCE</u>		
Fund Balance, Assigned	\$ 7,187	\$ 6,687
Total Liabilities and Fund Balance	<u>\$ 7,187</u>	<u>\$ 6,687</u>

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

**CITY OF CENTER HILL, FLORIDA**  
**TRANSPORTATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	2018 ACTUAL	VARIANCE WITH FINAL BUDGET
<b>REVENUES:</b>				
Intergovernmental	\$ 63,816	\$ 72,583	\$ 72,409	\$ (174)
Total Revenues	63,816	72,583	72,409	(174)
<b>EXPENDITURES:</b>				
Current:				
Transportation	142,857	173,977	173,778	199
Grants - FEMA	-	15,136	17,316	(2,180)
Capital Outlay	20,000	28,358	28,358	-
Debt Service:				
Principal	16,196	18,271	25,743	(7,472)
Interest	8,536	8,625	12,244	(3,619)
Total Expenditures	187,589	244,367	257,439	(13,072)
Excess (Deficiency) of Revenue Over (Under) Expenditures	(123,773)	(171,784)	(185,030)	(13,246)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In (Out)	123,773	171,784	185,530	13,746
Total Other Financing Sources (Uses)	123,773	171,784	185,530	13,746
Net Change in Fund Balance	-	-	500	500
Fund Balance, Beginning of Year	6,687	6,687	6,687	-
Fund Balance, End of Year	\$ 6,687	\$ 6,687	\$ 7,187	\$ 500

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

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## **ENTERPRISE FUNDS**

Water Fund – to account for the provision of water and sanitation services to the residents to the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance financing and related debt service, and billing and collection.

**CITY OF CENTER HILL, FLORIDA**  
**WATER UTILITY FUND**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018 AND 2017**

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS:</b>		
Restricted Cash:		
Customer Deposits	\$ 23,848	\$ 23,150
Accounts Receivable-Customers	<u>8,894</u>	<u>8,864</u>
Total Current Assets	<u>32,742</u>	<u>32,014</u>
<b>NONCURRENT ASSETS:</b>		
<b>CAPITAL ASSETS</b>		
Water Utility System	1,889,943	1,889,943
Equipment	<u>46,280</u>	<u>46,280</u>
Total Non Current Assets	1,936,223	1,936,223
Less Accumulated Depreciation	<u>1,121,089</u>	<u>(1,068,288)</u>
Total Capital Assets	<u>815,134</u>	<u>867,935</u>
Total Noncurrent Assets	<u>815,134</u>	<u>867,935</u>
Total Assets	<u><u>\$ 847,876</u></u>	<u><u>\$ 899,949</u></u>

*The notes to the financial statement are an integral part of this statement.*

**CITY OF CENTER HILL, FLORIDA**  
**WATER UTILITY FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION (Continued)**  
**SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<u>LIABILITIES</u>		
<b>CURRENT LIABILITIES:</b>		
Payable From Restricted Assets:		
Customer Deposits	\$ 23,243	\$ 23,150
Compensated Absences	<u>86</u>	<u>22</u>
Total Current Liabilities	<u>23,329</u>	<u>23,172</u>
<b>NONCURRENT LIABILITIES:</b>		
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>23,329</u>	<u>23,172</u>
<u>NET POSITION</u>		
Invested in Capital Assets, net of related debt		
Unrestricted	<u>824,547</u>	<u>876,777</u>
Total Net Position	<u>\$ 824,547</u>	<u>\$ 876,777</u>

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

**CITY OF CENTER HILL, FLORIDA**  
**SANITATION UTILITY FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2018 AND 2017**

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<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Customer Accounts Receivable	\$ 7,891	\$ 7,732
Prepaid Expenses	<u>-</u>	<u>-</u>
 Total Current Assets	 <u>7,891</u>	 <u>7,732</u>
 Total Assets	 <u>\$ 7,891</u>	 <u>\$ 7,732</u>
 <u>LIABILITIES</u>		
CURRENT LIABILITIES:		
Accounts Payable	<u>6,502</u>	<u>-</u>
 Total Current Liabilities	 <u>6,502</u>	 <u>-</u>
 Total Liabilities	 <u>\$ 6,502</u>	 <u>\$ -</u>

*The notes to the financial statement are an integral part of this statement.*

**CITY OF CENTER HILL, FLORIDA**  
**SANITATION UTILITY FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION (Continued)**  
**SEPTEMBER 30, 2018 AND 2017**

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	<u>2018</u>	<u>2017</u>
<u>NET POSITION</u>		
Unrestricted	<u>\$ 1,389</u>	<u>\$ 7,732</u>
Total Net Position	<u><u>\$ 1,389</u></u>	<u><u>\$ 7,732</u></u>

*The notes to the financial statement are an integral part of this statement.*



**CITY OF CENTER HILL, FLORIDA  
WATER UTILITY FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	2018	2017
<b>OPERATING REVENUES:</b>		
Charges for Services	\$ 106,389	\$ 106,874
Total Operating Revenues	<u>106,389</u>	<u>106,874</u>
<b>OPERATING EXPENSES:</b>		
Personal Services	52,993	50,396
Contract Services	13,156	10,735
Utilities	5,053	5,602
Operating Supplies	9,841	7,691
Professional Services	16,273	21,797
Repairs and Maintenance	2,859	6,911
Depreciation	52,800	53,007
Insurance	4,385	3,717
Other Current Charges	<u>3,420</u>	<u>3,254</u>
Total Operating Expenses	<u>160,780</u>	<u>163,110</u>
Net Operating Income (Loss)	<u>(54,391)</u>	<u>(56,236)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest Expense	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>
Income (Loss) Before Transfers and Contributions	(54,391)	(56,236)
<b>TRANSFERS IN (OUT)</b>	<u>2,161</u>	<u>354</u>
Change in Net Position	(52,230)	(55,882)
Total Net Position, Beginning of Year	<u>876,777</u>	<u>932,659</u>
Total Net Position End of Year	<u><u>\$ 824,547</u></u>	<u><u>\$ 876,777</u></u>

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

**CITY OF CENTER HILL, FLORIDA**  
**SANITATION UTILITY FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES:		
Sanitation Revenue	<u>\$ 92,792</u>	<u>\$ 92,422</u>
Total Operating Revenues	<u>92,792</u>	<u>92,422</u>
OPERATING EXPENSES:		
Personal Services	10,436	13,049
Sanitation Contract Services	<u>78,044</u>	<u>78,144</u>
Total Operating Expenses	<u>88,480</u>	<u>91,193</u>
Net Operating Income	<u>4,312</u>	<u>1,229</u>
Income Before Transfers	<u>4,312</u>	<u>1,229</u>
TRANSFERS IN (OUT)	<u>(10,655)</u>	<u>(1,229)</u>
Change in Net Position	<u>(6,343)</u>	<u>-</u>
Total Net Position, Beginning of Year	<u>7,732</u>	<u>7,732</u>
Total Net Position, End of Year	<u><u>\$ 1,389</u></u>	<u><u>\$ 7,732</u></u>

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

**CITY OF CENTER HILL, FLORIDA**  
**WATER UTILITY FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 106,456	\$ 110,097
Cash Payments to Employees for Services	52,928	50,396
Cash Payments to Suppliers for Goods and Services	<u>54,990</u>	<u>59,706</u>
Net Cash Provided by Operating Activities	<u>(1,462)</u>	<u>(5)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfer In (Out)	<u>2,161</u>	<u>354</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal Repayments- Note	-	-
Acquisition and Construction of Capital Assets	-	-
Interest Paid on Note	<u>-</u>	<u>-</u>
Net Cash Provided by (Used By) Capital and Related Financing Activities	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>699</b>	<b>349</b>
Cash at Beginning of Year	<u>23,150</u>	<u>22,801</u>
Cash at End of Year	<u><u>\$ 23,849</u></u>	<u><u>\$ 23,150</u></u>

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

**CITY OF CENTER HILL, FLORIDA**  
**WATER UTILITY FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss)	<u>(54,391)</u>	<u>(56,236)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	52,800	53,008
(Increase) Decrease in Accounts Receivable	(31)	468
Increase (Decrease) in Accounts Payable		
Increase (Decrease) in Accrued Vacation Payable	65	-
Increase (Decrease) in Customer Deposits	<u>95</u>	<u>2,755</u>
Total Adjustments	<u>52,929</u>	<u>56,231</u>
Net Cash Provided by Operating Activities	<u>\$ (1,462)</u>	<u>\$ (5)</u>

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

**CITY OF CENTER HILL, FLORIDA**  
**SANITATION UTILITY FUND**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received From Customers	\$ 92,632	\$ 92,422
Cash Payments to Employees for Services	10,436	13,049
Cash Payments to Suppliers for Goods and Services	<u>71,541</u>	<u>78,144</u>
Net Cash Provided (Used) by Operating Activities	<u>10,655</u>	<u>1,229</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers In (out)	<u>(10,655)</u>	<u>(1,229)</u>
NET INCREASE (DECREASE) IN CASH	-	-
Cash at Beginning of Year	<u>-</u>	<u>-</u>
Cash at End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**CITY OF CENTER HILL, FLORIDA**  
**SANITATION UTILITY FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	<u>\$ (6,343)</u>	<u>\$ 1,229</u>
Adjustments to Reconcile Operating Loss to Net Cash provided by Operating activities:		
Increase (Decrease) in Prepaid Items		-
Increase (Decrease) in Accounts Payable	6,503	-
(Increase) Decrease in Accounts Receivable	<u>(160)</u>	<u>-</u>
Total Adjustments	<u>6,343</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u><u>\$ -</u></u>	<u><u>\$ 1,229</u></u>

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

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## **SCHEDULE OF BUDGETARY COMPLIANCE**

The City Council adopted budget resolutions for the General Fund, the Special Revenue Fund and Enterprise Fund. The budget for the Enterprise Fund is adopted on an accounting basis other than in accordance with generally accepted accounting principles (GAAP). The schedule in this section is presented to report legal with the City's budget resolutions.



**CITY OF CENTER HILL, FLORIDA**  
**WATER UTILITY FUND**  
**SCHEDULE OF REVENUE AND EXPENSES - BUDGET AND ACTUAL**  
**(BASIS OTHER THAN GAAP)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>FINAL BUDGET</u>	<u>2018 ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OPERATING REVENUES:			
User Charges - Water	\$ 107,170	\$ 105,579	\$ (1,591)
Connection Fee - Water	<u>810</u>	<u>810</u>	<u>-</u>
 TOTAL OPERATING REVENUES	 <u>107,980</u>	 <u>106,389</u>	 <u>(1,591)</u>
OPERATING EXPENSES:			
Personal Services	52,993	52,993	-
Contract Services	13,156	13,156	-
Insurance	4,385	4,385	-
Materials & Supplies	9,841	9,841	-
Repairs & Maintenance	2,859	2,859	-
Utilities	5,053	5,053	-
Postage	3,024	3,024	-
Miscellaneous	396	396	-
Professional Services	<u>16,273</u>	<u>16,273</u>	<u>-</u>
 TOTAL OPERATING EXPENSES	 <u>107,980</u>	 <u>107,980</u>	 <u>-</u>
 OPERATING INCOME (LOSS)	 <u>-</u>	 <u>(1,591)</u>	 <u>(1,591)</u>
NON-OPERATING (EXPENSES)			
Principal Paid on Debt	-	-	-
Interest Expense	-	-	-
Capital Asset Purchases	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL NON- OPERATING (EXPENSE)	 <u>-</u>	 <u>-</u>	 <u>-</u>
 INCOME (LOSS) BEFORE OPERATING TRANSFERS	 <u>-</u>	 <u>2,161</u>	 <u>2,161</u>
 OPERATING TRANSFERS IN (OUT), NET	 <u>-</u>	 <u>2,161</u>	 <u>2,161</u>
 NET INCOME (LOSS)	 <u>\$ -</u>	 <u>\$ 570</u>	 <u>\$ 570</u>

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

**CITY OF CENTER HILL, FLORIDA**  
**SANITATION UTILITY FUND**  
**SCHEDULE OF REVENUE AND EXPENSES - BUDGET AND ACTUAL**  
**(BASIS OTHER THAN GAAP)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	FINAL BUDGET	2018 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
OPERATING REVENUES:			
Charges - Sanitation	\$ 92,632	\$ 92,792	\$ 160
TOTAL OPERATING REVENUES	<u>92,632</u>	<u>92,792</u>	<u>160</u>
OPERATING EXPENSES:			
Personal Services	10,437	10,436	1
Contract Services	<u>71,540</u>	<u>78,044</u>	<u>(6,504)</u>
TOTAL OPERATING EXPENSES	<u>81,977</u>	<u>88,480</u>	<u>(6,503)</u>
OPERATING INCOME (LOSS)	<u>10,655</u>	<u>4,312</u>	<u>(6,343)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>10,655</u>	<u>4,312</u>	<u>(6,343)</u>
OPERATING TRANSFERS IN (OUT), NET	<u>(10,650)</u>	<u>(10,655)</u>	<u>(5)</u>
NET INCOME (LOSS)	<u>\$ 5</u>	<u>\$ (6,343)</u>	<u>\$ (6,338)</u>

*The notes to the financial statements are an integral part to this financial statement.*

**CITY OF CENTER HILL, FLORIDA**  
**CAPITAL ASSETS USED IN THE OPERATION**  
**OF GOVERNMENTAL ACTIVITIES**

**CITY OF CENTER HILL, FLORIDA**  
**COMPARATIVE SCHEDULE OF CAPITAL ASSETS**  
**USED IN GOVERNMENTAL ACTIVITIES - BY SOURCE**  
**SEPTEMBER 30, 2018 AND 2017**

	CEMETERY FUND	TRANSPORTATION FUND	GENERAL FUND	2018	2017
<b>CAPITAL ASSETS:</b>					
Land	\$ 18,905	\$ -	\$ 340,574	\$ 359,479	\$ 340,622
Buildings	-	-	966,855	966,855	966,855
Improvements Other Than Buildings	-	-	593,849	593,849	593,849
Furniture and Equipment	-	529,277	237,787	767,064	715,662
Infrastructure	-	1,586,067	-	1,586,067	1,586,066
<b>Total Capital Assets</b>	<b>\$ 18,905</b>	<b>\$ 2,115,344</b>	<b>\$ 2,139,065</b>	<b>4,273,314</b>	<b>\$ 4,203,054</b>
<b>INVESTMENTS IN CAPITAL ASSETS FROM:</b>					
Federal Grants	\$ -	\$ -	\$ 1,192,899	\$ 1,192,899	\$ 1,192,899
State of Florida Grants	-	1,586,067	493,330	2,079,397	2,079,396
General Fund Revenues	18,905	-	452,836	471,741	428,481
Transportation Fund Revenues	-	529,277	-	529,277	502,278
<b>Total Investment in Capital Assets</b>	<b>\$ 18,905</b>	<b>\$ 2,115,344</b>	<b>\$ 2,139,065</b>	<b>\$ 4,273,314</b>	<b>\$ 4,203,054</b>

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

**CITY OF CENTER HILL, FLORIDA**  
**SCHEDULE OF CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES**  
**BY FUNCTION AND ACTIVITY**  
**SEPTEMBER 30, 2018**

<u>FUNCTION AND ACTIVITY</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>IMPROVEMENTS OTHER THAN BUILDINGS</u>	<u>FURNITURE AND EQUIPMENT</u>	<u>INFRA- STRUCTURE</u>	<u>TOTAL</u>
<b>GENERAL GOVERNMENT:</b>						
Legislative	\$ 160,375	\$ -	\$ -	\$ 6,272	\$ -	\$ 166,647
City Clerk	897	9,340	16,775	37,113	-	64,125
Total General Government	161,272	9,340	16,775	43,385	-	230,772
<b>PUBLIC SAFETY:</b>						
Disaster and Relief	9,992	924,072	8,300	2,857	-	945,221
Police	-	-	11,861	129,049	-	140,910
Building Inspections	-	-	-	-	-	-
Total Public Safety	9,992	924,072	20,161	131,906	-	1,086,131
<b>PHYSICAL ENVIROMENT:</b>						
Cemetery	18,905	-	-	-	-	18,905
<b>PUBLIC WORKS:</b>						
Transportation	-	-	-	529,277	1,586,067	2,115,344
Maintenance	-	33,443	-	62,157	-	95,600
Total Public Works	-	33,443	-	591,434	1,586,067	2,210,944
<b>CULTURE AND RECREATION:</b>						
Parks and Recreation	169,310	-	556,913	339	-	726,562
Total Capital Assets	\$ 359,479	\$ 966,855	\$ 593,849	\$ 767,064	\$ 1,586,067	\$ 4,273,314

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

**CITY OF CENTER HILL, FLORIDA**  
**SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES**  
**BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

FUNCTION AND ACTIVITY	BALANCE 9/30/2017	TRANSFERS/ ADDITIONS	TRANSFERS/ DISPOSALS	BALANCE 9/30/2018
<b>GENERAL GOVERNMENT:</b>				
Legislative	\$ 147,790	18,857	\$ -	\$ 166,647
City Clerk	59,522	4,603	-	64,125
<b>Total General Government</b>	<u>207,312</u>	<u>23,460</u>	<u>-</u>	<u>230,772</u>
<b>PUBLIC SAFETY:</b>				
Disaster and Relief	945,221	-	-	945,221
Police	121,110	19,800	-	140,910
Building Inspections	-	-	-	-
<b>Total Public Safety</b>	<u>1,066,331</u>	<u>19,800</u>	<u>-</u>	<u>1,086,131</u>
<b>PHYSICAL ENVIRONMENT:</b>				
Cemetery	18,905	-	-	18,905
<b>PUBLIC WORKS:</b>				
Maintenance	95,599	-	-	95,599
Transportation	2,088,345	27,000	-	2,115,345
<b>Total Public Works</b>	<u>2,183,944</u>	<u>27,000</u>	<u>-</u>	<u>2,210,944</u>
<b>CULTURE AND RECREATION:</b>				
Parks and Recreation	726,562	-	-	726,562
<b>Total Capital Assets</b>	<u>\$ 4,203,054</u>	<u>\$ 70,260</u>	<u>\$ -</u>	<u>\$ 4,273,314</u>

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

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## **COMPLIANCE SECTION**



# LINDA L. THIGPEN, P.A.

Certified Public Accountants

Linda L. Thigpen, CPA

Lori G. Maddox, CPA

## **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***

### **Independent Auditor's Report**

Honorable Mayor and Members of  
the City Council  
City of Center Hill, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The City of Center Hill, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Center Hill's basic financial statements, and have issued our report thereon dated March 28, 2019.

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

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

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

**2015-04 — PROPRIETARY FUND FINANCIAL STATEMENT PRESENTATION AND PROFIT INCENTIVE — Significant deficiency.**

**Condition:** Depreciation Expenses is not presented or used in the City's Proprietary Fund Financial Statements.

**Criteria:** Depreciation or estimated depreciation should be recorded in the City's financial statements to be fairly stated and in accordance with United States generally accepted accounting principles.

**Cause:** The City does not use Generally Accepted Accounting Principles for Proprietary Funds. Thus, Council members and other readers of the financial statements may not be aware of the cost allocation of capital assets.

**Effect:** Enterprise Funds are designed to be profitable. After including the depreciation expense in the current and prior audits, the Water Fund had realized losses. The cost of capital assets should be recovered through revenues generated by the City.

**Recommendation:** The City should develop a budget to encompass recovering the cost of capital assets.

**Response:** By Resolution 18-02 and 18-03, the City approved an increase in commercial and residential water and garbage rates commencing October 1, 2018. The City will also be doing a rate study to see if further rate increases are necessary to make the Water Enterprise Fund profitable in coming years.

**2015-03 — PAYROLL TAX COMPLIANCE AND FINANCIAL STATEMENT LIABILITIES — Significant deficiency**

**Condition:** As part of our audit procedures we found that the City was not in compliance with Federal Payroll Tax guidelines.

**Criteria:** The City's payroll tax liability and expenditures should be in conformance with Federal tax guidelines.

**Cause:** The City's payroll tax setup in its accounting software was not properly staged.

**Effect:** Taxable and Nontaxable payroll items were computed incorrectly for both the employer and employee for both Federal and FICA withholding. Payroll tax returns such as 941 and W-2's were not correctly stated.

**Recommendation:** Although the amount is not material, amended payroll tax returns should be prepared.

**Response:** The City did fix the issue that cause the payroll items to be computed incorrectly, but because the amount is not material the City will not amend payroll tax returns.

**2017-01- EMPLOYEE HEALTH INSURANCE REIMBURSEMENT FEDERAL PAYROLL TAX COMPLIANCE – Significant deficiency.**

**Condition:** As a part of our audit procedures, we found that the City was not in compliance with Federal Payroll tax guidelines under IRS Notice 2015-17.

**Criteria:** The City's reimbursement of an employee's individual health insurance premiums, as covered under the Affordable Care Act's market reforms, should have been included in the employee's wages.

**Cause:** The City did not take action to comply with the Affordable Care Act for the years ended 2016 and 2017. The reimbursements for individual Health insurance premiums were instead paid directly to the employee rather than part of taxable wages. The City may be subject to an excise tax for non-compliance.

**Recommendation:** The 2016 and 2017 calendar year payroll tax returns should be amended to include the taxable health insurance reimbursements in the amount of \$6,300 for the 2016 and \$8,000 for the 2017 calendar years, then ended.

**Response:** The City did fix this issue by amending the 2017 tax return; however, 2016 was not amended due to taxes already being processed in early 2017 by the City and employee for 2016.

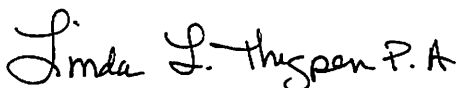
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Center Hill'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*.

### **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 of Center Hill'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.



Linda L. Thigpen, P.A.  
Certified Public Accountants  
Bushnell, Florida  
March 28, 2019

# **LINDA L. THIGPEN, PA**

## **Certified Public Accountants**

**Linda L. Thigpen, CPA**

**Lori G. Maddox, CPA**

### **INDEPENDENT AUDITORS MANAGEMENT LETTER REQUIRED BY**

#### **CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL**

Honorable Mayor and Members  
Of the City Council  
City of Center Hill, Florida

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

We have audited the financial statement of the City of Center Hill, Florida, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 28, 2019.

#### **Auditor's Responsibility**

We concluded our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States: *(if applicable)* the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200*, Uniform Administrative Requirement, *Cost Principles*, and Audit Requirements for Federal Awards (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

#### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; *(if applicable)* Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; *(if applicable)* Schedule of Findings and Questioned Costs; and Independent Accountant's Report(s) 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 March 28, 2019, should be considered in conjunction with this management letter.

#### **Current and Prior Audit findings**

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

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Center Hill was incorporated in 1925 by Senate Bill No. 603 under Article VIII, Section 2 of the Constitution of Florida. The City's discretely presented component unit, the City of Center Hill, Florida Community Redevelopment Agency, was created by City Ordinance No. 08-03 as authorized by Part III of Chapter 163, Florida Statutes.

**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 of Center Hill 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 of Center Hill did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b., and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City of Center Hill. It is management's responsibility to monitor the City of Center Hill'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 recommendation to improve financial management. In connection with our audit, we did not have any such recommendations.

**Special District Component Units**

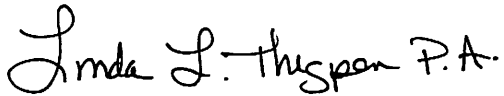
Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within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

**Additional Matters**

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

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Florida Small Cities Community Development Block Grant Program, the Council Members and applicable management, and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Linda L. Thigpen P.A." The signature is written in a cursive, flowing style.

Linda L. Thigpen, P.A.  
Certified Public Accountants  
March 28, 2019

# LINDA L. THIGPEN, PA

Certified Public Accountants

Linda L. Thigpen, CPA

Lori G. Maddox, CPA

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

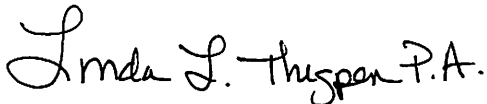
To the City Council Members and City Clerk  
The City of Center Hill

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

In our opinion, The City 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 The City and the Auditor General, State of Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.



Linda L. Thigpen P.A.  
Certified Public Accountants  
March 28, 2019

## **REQUIRED SUPPLEMENTARY INFORMATION**

The Proportionate Share of Net Pension Liability and Contributions under the following supplementary schedules present trend information regarding retirement plans for the City's Florida Retirement System. This information is necessary for a fair presentation in conformity with Governmental Accounting Standards.



**CITY OF CENTER HILL, FLORIDA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION**  
**LIABILITY**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN (1)**

	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.000657671%	0.000625404%	0.000647347%	0.00062460413%
City's Proportionate Share of the Net Pension Liability	\$ 198,094	\$ 184,990	\$ 163,456	\$ 77,900
City's Covered Payroll	\$ 258,378	\$ 249,273	\$ 239,207	\$ 263,909
City's Proportionate Share of the Net Pension Liability as a percentage of City's Covered Payroll	77.00%	74.21%	68.33%	29.52%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%

**Schedule of City Contributions - Florida Retirement System Pension Plan (1)**

	2018	2017	2016	2015
Contractually Required Contribution	\$ 18,743	\$ 16,281	\$ 15,787	\$ 14,704
Contributions in Relation to the Contractually Required Contribution	\$ 18,743	\$ 16,281	\$ 16,281	\$ 14,704
Contribution Deficiency (Excess)	-	-	-	-
City's Covered Payroll	\$ 258,378	\$ 249,273	\$ 239,207	\$ 263,909
Contributions as a Percentage of City's Covered Payroll	7.25%	6.53%	6.81%	5.57%

**Notes:**

- 1) The City implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015, including restatement as of June 30, 2014.  
Information for prior years is not available.

**CITY OF CENTER HILL, FLORIDA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION**  
**LIABILITY**  
**FLORIDA HEALTH INSURANCE SUBSIDY PENSION PLAN (1)**

	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.000759690%	0.000763360%	0.00077585769%	0.00079106317%
City's Proportionate Share of the Net Pension Liability	\$ 80,406	\$ 81,622	\$ 90,423	\$ 80,676
City's Covered- Employee Payroll	\$ 258,378	\$ 249,273	\$ 239,207	\$ 263,909
City's Proportionate Share of the Net Pension Liability as a percentage of its Covered- Employee Payroll	31.12%	32.74%	37.80%	30.57%
Plan Fiduciary Net Pension as a percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.50%

**Schedule of City Contributions - Florida Health Insurance Subsidy Pension Plan (1)**

	2018	2017	2016	2015
Contractually Required Contribution	\$ 3,977	\$ 4,040	\$ 3,977	\$ 3,024
Contributions in Relation to the Contractually Required Contributions	\$ 3,977	\$ 4,040	\$ 3,977	\$ 3,024
Contribution Deficiency (Excess)	-	-	-	-
City's Covered-Employees Payroll	\$ 258,378	\$ 249,273	\$ 239,207	\$ 263,909
Contributions as a Percentage of covered-Employees Payroll	1.54%	1.62%	1.66%	1.15%

**Notes:**

1) The City implemented GASB Statement No. 68 for the fiscal year ended June 30, 2015, including a restatement as of June 30, 2014. Information for prior years is not available.

**2) Actuarial Methods and Assumption**

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial

**CITY OF CENTER HILL, FLORIDA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE PENSION**  
**LIABILITY**  
**FLORIDA HEALTH INSURANCE SUBSIDY PENSION PLAN (1)**

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assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.00%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2018:

- FRS: The long-term expected rate of return was decreased from 7.10% to 7.00%, and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was increased from 3.58% to 3.87%.

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