

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2018



CITY OF PERRY

FLORIDA



CITY OF PERRY, FLORIDA

COUNCIL-MANAGER FORM OF GOVERNMENT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

CITY COUNCIL
DAVID SULLIVAN, MAYOR
ALAN HALL, VICE MAYOR
SHIRLIE HAMPTON
VENITA WOODFAULK
MIKE DEMING

CITY MANAGER
TAYLOR T. BROWN

PREPARED BY:
FINANCE DEPARTMENT

PENNY STAFFNEY
Director of Finance

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INTRODUCTORY SECTION

Letter of Transmittal
Governmental Finance Officers Association Certificate of Excellence
Organizational Chart
List of Elected Officials

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June 25, 2019

Honorable Mayor, City Council and Citizens
of the City of Perry, Florida
Perry, Florida

The Comprehensive Annual Financial Report of the City of Perry, Florida, for the fiscal year ended September 30, 2018, is submitted herewith pursuant to Section 5.12 of the City Charter, State of Florida Statutes Chapter 166.241 and Chapter 10.550 of the Rules of the Auditor General of the State of Florida. This Annual Financial Report was prepared by the Finance Department and represents the official report of the City's financial condition and results of operations to the citizens, City Council, City administrative personnel, investment firms, rating agencies and other interested parties.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data presented is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of the City's operations as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

The City Charter, Section 5.12, requires an annual audit of the books of account, financial records, and transactions of all City administrative departments by independent certified public accountants selected by the City Council. This requirement has been fulfilled and the auditor's report from the certified public accounting firm of Powell and Jones, CPAs, has been included in the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

The City was incorporated in 1903, and is located in the Big Bend area near the Gulf coast in northern Florida. Manufacturing and industry are the economical mainstays for the residents of Perry. It operates under the Council-Manager form of government. The City Council is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing members to various statutory and advisory boards, the City Manager, City Attorney, City Auditor, and City Engineer. As chief administrative officer, the City Manager is responsible for enforcement of laws and ordinances, appoints, and supervises the City's department heads.

The City provides a range of municipal services. These services include public safety (police and fire), building and maintenance of streets and sidewalks, storm water management, recreation, planning and zoning, general administrative services, inventory and four utilities (water, gas, solid waste, and sewer). The four utilities are also known as enterprise funds. These enterprise funds are used to finance and account for the acquisitions, operations, and maintenance of City facilities and services that are entirely or predominately self-supported by user charges. Operations are accounted for in such a manner to show a profit or loss on a basis comparable with industries in the private sector. For detailed information on the proprietary fund functions, see the Management's Discussion and Analysis contained in this report

FINANCIAL INFORMATION

The City's accounting records for general governmental operations and agency funds are maintained on the modified accrual basis with the revenues recorded when available and measurable and expenditures recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's proprietary funds and pension trust funds are maintained on the accrual basis.

In developing and altering the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition; and the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived; and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within this framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the department level. All purchase orders are compared to available line item amounts and necessary significant budgetary adjustments are made before issuing purchase orders.

By resolution approved by the City Council, the City Manager may transfer any appropriation balance or portion thereof from one office or department to another.

The financial reporting entity includes all the funds and account groups of the City of Perry, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The City provides a full range of municipal services normally associated with a municipality including police and fire, street construction and maintenance, and planning and zoning. Gas, water, and sewer utilities, as well as solid waste collection, parks and recreation, and inventory services are provided under an Enterprise Fund

concept with user charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debts.

In addition to these services, the City is financially accountable for the Police Officers' Retirement Trust and the Firefighters' Pension Trust, which are reported as blended component units. Blended component units, although legally separate entities are, in substance, part of the City's operations and are included as part of the City's reporting entity. This is found in Note 1 (A) to the Financial Statements lists the specific criteria used for establishing financial accountability.

The City's Trust Funds are established to account for assets held by the governmental unit in a trustee capacity or an agent for employees. In accordance with Florida law, the City's general employees participate in the Florida Retirement System Pension Plan, which presently covers all City employees except for law enforcement and fire fighters whose pension plan was covered in the paragraph above. This plan was created by the Florida Legislature and is administered by the State of Florida, Department of Management Services, Division of Retirement, and is available to the State's governmental units. The funding methods and the determinations of benefits payable are provided in various acts of the State Legislature. These acts required employers to contribute 7.92% as of July 1, 2017, of regular covered employee's gross wages. This is a multi-employer plan and actuarial information with respect to an individual participating entity is not available.

The debts held by the City are a low interest loan from the EPA for sewer related capital projects and a 5 year loan from a local bank to build a new Boys & Girls Club.

The City's cash management policy is that any cash temporarily idle during the year was invested in interest bearing accounts in local banks.

The property, plant and equipment used in governmental activities are not reported in the fund financial statements because they are not financial resources. They are, however, reported in the governmental activities column of the government-wide financial statements. The proprietary funds property, plant and equipment are reported in the fund financial statements and in the business-type activities column of the government-wide financial statements.

Overall the cost of public safety, running of utilities and expenses in general continue to increase not only in amount but in percentage of total expenditures. The millage rate, due to the State of Florida legislation, is still lower than in most previous years, and utility rates have not changed.

LOCAL ECONOMIC OUTLOOK

The City of Perry's economic climate is closely tied to various manufacturing concerns located throughout the county. Georgia Pacific is the largest employer in Taylor County. The company's plant produces a variety of high-grade cellulose products used in the manufacture of rayon, tire cord, sausage casings, filter papers, diapers and sanitary products. Superpufft Snack Foods has recently come to town and beginning to produce product. Besides the City of Perry, other major employers within the City are the Taylor County School Board, Doctors' Memorial Hospital, which provides health care services for city and county residents; also there are several aluminum fabrication shops and service type businesses, such as department stores and fast-food restaurants. Taylor County does rate as an economically challenged area, however industry continues to seek our area as well as many families and retirees seeking to buy residential property where hunting,

fishing and nature is readily accessible. Our downtown continues to renovate buildings, and shops or eateries have moved in and seem to thrive. Our City Council has several offerings, one is to entice building renovation in our downtown, and several programs to bring a business into our area. We welcome inquiries.

LONG TERM FINANCIAL PLANNING

The City of Perry's Charter Section 5.05 requires that the City Manager shall prepare and submit for the City Council's adoption a Five – Year Capital Improvements Program on an annual basis. These items may be budgeted either through current revenues or from reserves in the investment funds. Many of the projects identified in this Five-Year Plan have been carried forward from previous years' plans. The needs have been identified in earlier years; however, due to funding limitations or changes in priority ranking, their funding time frame may change.

For the 2017/18 budget year the projects that made it were the new Sewer Plant, vehicles for several departments and as always street improvements. This particular budget year the outlook was lean so capital outlay was kept to a minimum. The budget years beyond that include various street, sewer, water, flood areas, and sidewalk improvements.

The strategic revenue planning is an area the City Council has entrusted to the City Manager to tackle. This challenge is for the City Manager to streamline expenditures without decreasing services. Utility rates rarely are raised, so each budget year is a challenge. The State of Florida has enacted legislation to cap millage rates and further cut property taxes, thus decreasing tax revenue. Revenues are hard to come by so we are just holding the line at status quo. Our Council is aware some tough choices may be forthcoming in subsequent years.

MAJOR INITIATIVES

The City is working on a new sewer plant. Due to limited funding we have no other major initiatives planned for this year.

DEPARTMENT FOCUS

Each year the City selects a department for its efforts and accomplishments. In 2018, Recreation continues to be featured. We will be striving to keep our parks a centerpiece of activity for our citizens. Making the City attractive and having an active downtown is a key factor in attracting larger employers. Various apartment complexes, restaurants, and retailers are constantly being pursued to be located here and all this is a result of good planning and piecing together the needs of today while anticipating the future.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Perry for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017. This was the twenty-ninth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The timely preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express appreciation to all members of the departments who assisted and contributed to its preparation. We express appreciation to the Mayor and members of the City Council for their continued interest and support in planning and conducting the City's financial operations in a responsible and progressive manner.

Respectfully submitted,

Penny Staffney
Director of Finance

Taylor T. Brown
City Manager

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Perry
Florida**

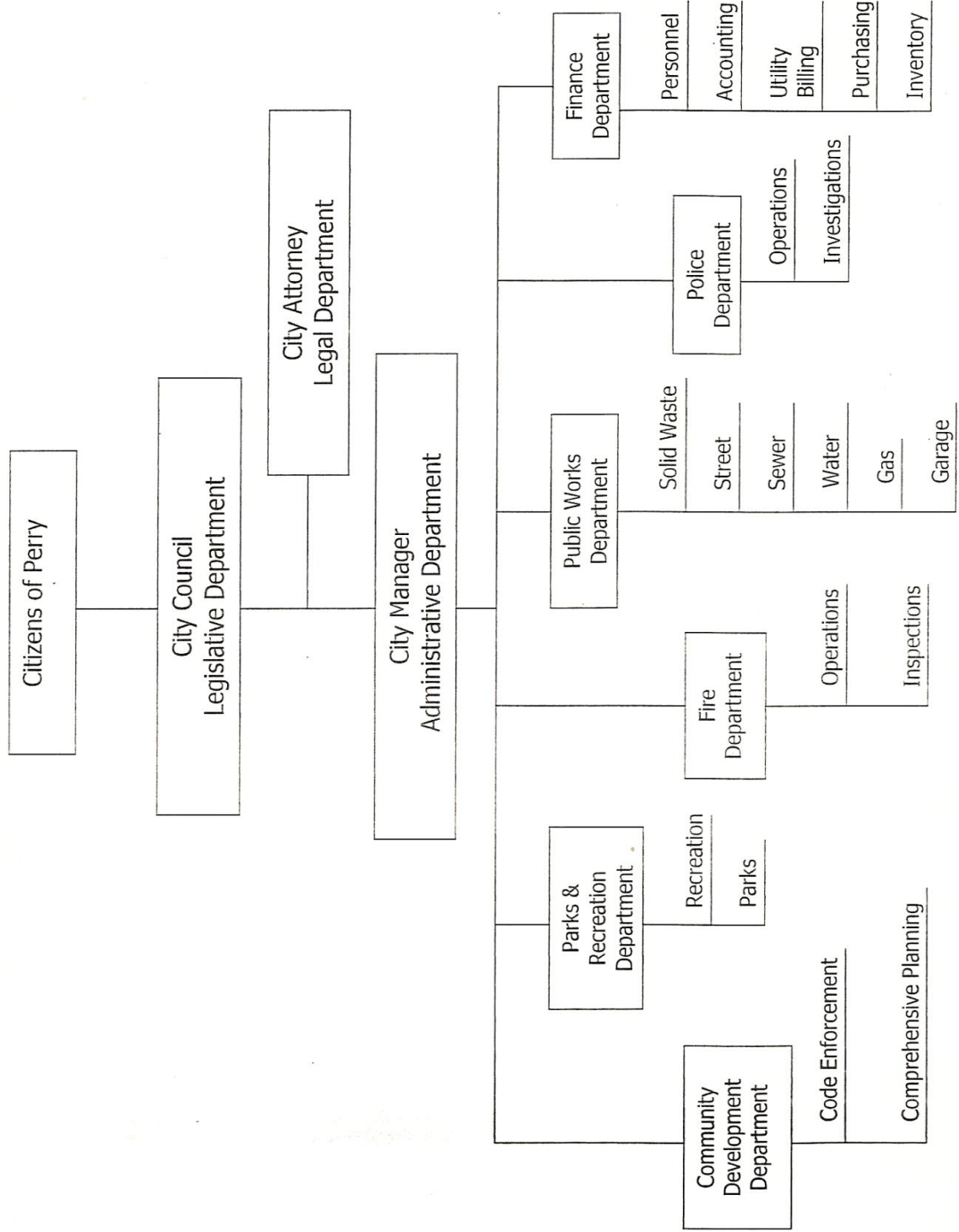
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF PERRY ORGANIZATIONAL CHART



CITY OF PERRY, FLORIDA
LISTING OF CITY OFFICIALS
as of September 30, 2018

MAYOR	DAVID SULLIVAN
VICE MAYOR/COUNCILMEMBER	ALAN HALL
COUNCILMEMBER	SHIRLIE HAMPTON
COUNCILMEMBER	VENITA WOODFAULK
COUNCILMEMBER	MIKE DEMING

APPOINTED OFFICIALS

City Manager/Dir. of Comm.Dev.	Taylor T Brown
City Attorney	Donald Curtis
Fire Chief/Command Captain	Robbie Moon
Director of Public Works	Chester V. McAfee
Personnel Technician	Stephanie Bailey
Director of Finance	Penny Staffney
Chief of Police	Jamie Cruise

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FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplemental Information
Combining Financial Statements

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Powell & Jones
Certified Public Accountants

Richard C. Powell, Jr., CPA
Marian Jones Powell, CPA

1359 S.W. Main Blvd.
Lake City, Florida 32025
386 / 755-4200
Fax: 386 / 719-5504
admin@powellandjonescpa.com

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Honorable Mayor and City Council
City of Perry
Perry, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 by 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 under 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Perry, Florida as of September 30, 2018, and the respective changes in financial position and cash flows, where applicable, for the fiscal 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, budgetary comparison information, and the pension and post-employment benefits schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Perry, Florida's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, combining financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate

directly to the underlying accounting and other records used to prepare the 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 combining 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 Perry, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Perry, Florida's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accountants
March 28, 2019

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MANAGEMENT'S DISCUSSION
AND ANALYSIS

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Management's Discussion and Analysis

This section of the City of Perry's (the City) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended 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.

FINANCIAL HIGHLIGHTS

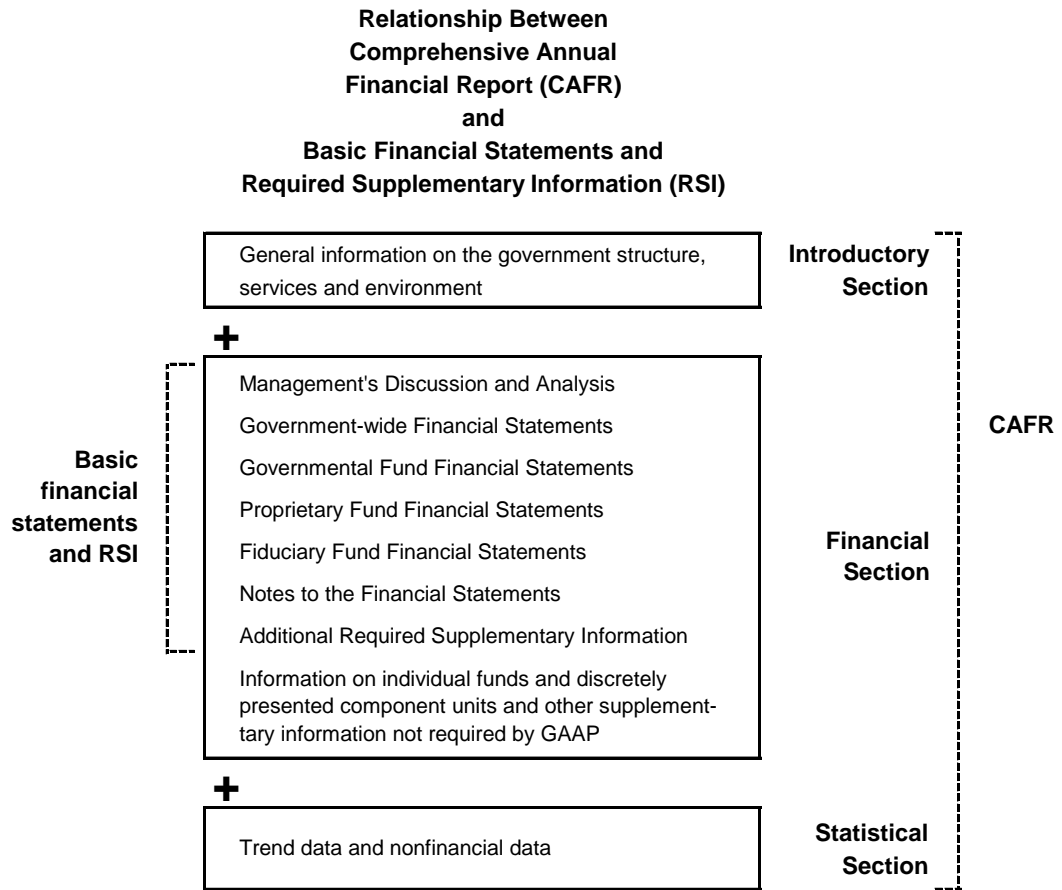
- Assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$30.3 million (net position).
- The government's total net position increased by \$1.3 million during the fiscal year.
- As of September 30, 2018, the City's governmental funds reported combined ending fund balances of \$3.3 million. Approximately 46% of this total amount, \$1.5 million, are unassigned and assigned fund balances available for spending at the government's discretion.
- At the close of the current fiscal year, unassigned fund balance for the general fund was \$854,460 or 12.8 % of total general fund expenditures of \$5.5 million.
- The total fair market value of the City's pooled investments at September 30, 2018 totaled \$730,477. The remaining cash amount of \$6,554,049 is held in two local banks insured as government funds as per the State Statute.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements consist of three components:

- (1) Government-wide financial statements
- (2) Fund financial statements, and
- (3) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.



Government-wide Financial Statements

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

The **statement of net position** presents information on all of the City's assets and deferred outflows and liabilities and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how the City'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, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, garage, fire, community development, police, and transportation. The business-type activities of the City include recreation, water, gas, solid waste, sewer, and inventory.

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, 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 can be divided into the following three categories: **governmental** funds, **proprietary** funds, and **fiduciary** 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 determining what financial resources are available in the near future to finance the City's programs.

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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). 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, utility tax revenue fund, local option gas tax fund, and community development fund, which are considered to be major funds.

Proprietary Funds

Proprietary funds are generally used to account for services for which the City charges customers—either outside customers, or internal units or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. Proprietary funds are classified as one of the following two types:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

The City uses enterprise funds to account for the operations of the recreation, water, gas, solid waste, sewer, and inventory departments. All enterprise funds are considered to be major funds of the City.

Internal Service funds are used to report activities that provide supplies and services for certain City programs and activities. The City does not have any internal service funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City maintains two pension trust funds, which are reported under the fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its public safety employees.

The City adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and for the special revenue funds to demonstrate compliance with this budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, net position increased by \$1,321,595 compared to the last fiscal year.

The largest portion of the City's net position is \$28.7 million, (95%). They are the net investment in capital assets (e.g., land, buildings, machinery and equipment) used to acquire those assets that is still outstanding. The City of Perry uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. It should be noted that resources needed to repay any debt must be provided from other sources because the capital assets cannot be used to liquidate the liability.

An additional portion of the City of Perry's net position \$(1.02) million, represents resources that are unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

Statement of Net Position							
As of September 30, 2018 and 2017							
	Governmental Activities		Business- Type Activities		Total		Total % Change
	2018	2017	2018	2017	2018	2017	2017-18
Assets							
Current and other assets	\$ 3,734,325	\$ 3,665,979	\$ 4,981,185	\$ 5,305,797	\$ 8,715,510	\$ 8,971,776	-2.9%
Capital Assets	3,220,884	2,317,012	25,466,275	21,197,154	28,687,159	23,514,166	22.0%
Total Assets	<u>6,955,209</u>	<u>5,982,991</u>	<u>30,447,460</u>	<u>26,502,951</u>	<u>37,402,669</u>	<u>32,485,942</u>	15.1%
Deferred outflows	<u>1,575,044</u>	<u>1,944,495</u>	<u>307,114</u>	<u>366,304</u>	<u>1,882,158</u>	<u>2,398,113</u>	11.0%
Liabilities							
Long-term liabilities outstanding	2,426,101	2,066,139	4,162,433	1,140,063	6,588,534	3,206,202	105.5%
Other liabilities	1,398,758	1,307,231	1,429,850	635,132	2,828,608	1,942,363	45.6%
Total Liabilities	<u>3,824,859</u>	<u>3,373,370</u>	<u>5,592,283</u>	<u>1,775,195</u>	<u>9,417,142</u>	<u>5,148,565</u>	82.9%
Deferred inflows	<u>435,972</u>	<u>572,742</u>	<u>129,539</u>	<u>78,850</u>	<u>565,511</u>	<u>592,580</u>	2.9%
Net Position							
Net investment in capital assets	3,220,884	2,317,012	25,466,275	21,197,154	28,687,159	23,514,166	22.0%
Restricted	1,722,506	1,660,755	912,682	1,114,701	2,635,188	2,775,456	-5.1%
Unrestricted	(673,968)	(12,398)	(346,205)	2,703,355	(1,020,173)	2,690,957	-137.9%
Total Net Position	<u>\$ 4,269,422</u>	<u>\$ 3,965,369</u>	<u>\$ 26,032,752</u>	<u>\$ 25,015,210</u>	<u>\$ 30,302,174</u>	<u>\$ 28,980,579</u>	4.6%

The remaining balance of \$2.6 million, (9%), represents resources that are subject to external restrictions on how they may be used.

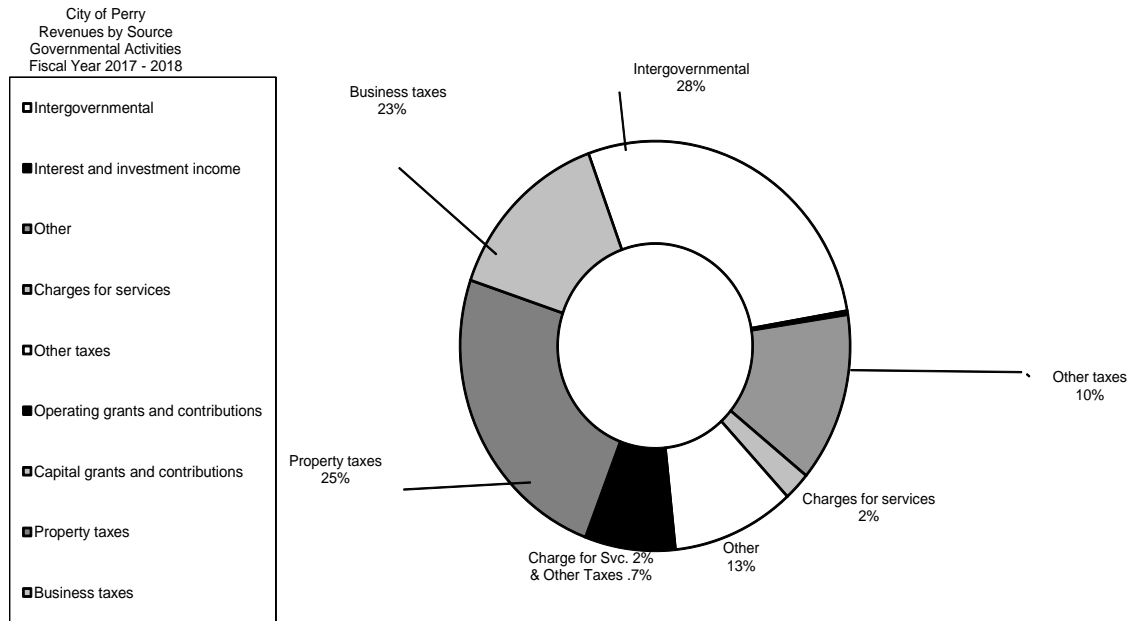
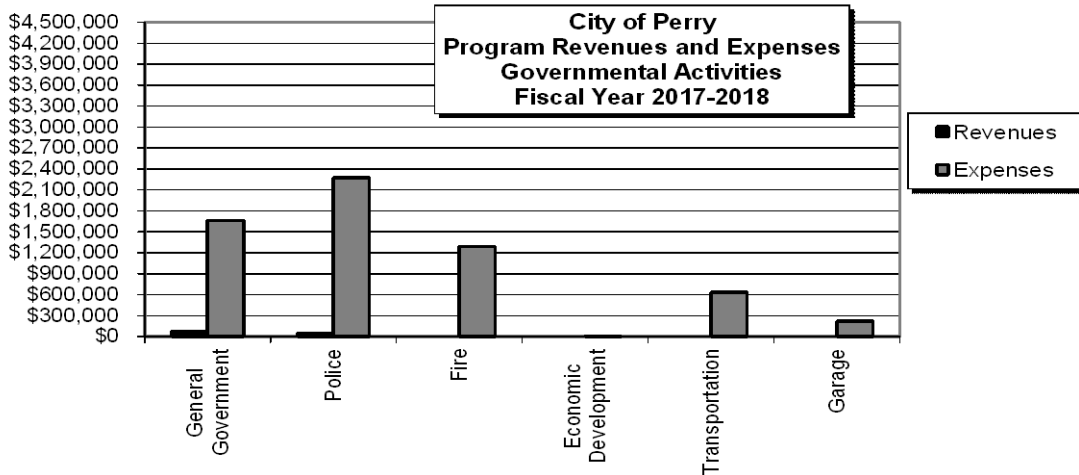
Analysis of Change in Net Position

The City's net position, overall, increased by \$ 1,321,600 during the current fiscal year. The increase in the government activities net position is 7%, due to an increase General Government revenue and business-type activities increased by 40% ; primarily from receiving significant capital grants during the year.

Statement of Changes in Net Position		Business-		Total		Total %	
Fiscal Years Ended		Governmental		Type		Change	
Sept. 30, 2018 and 2017		Activities		Activities		2017- 18	
	2018	2017	2018	2017	2018	2017	
Revenues							
Program revenues:							
Charges for services	\$ 124,760	\$ 113,370	\$ 4,864,908	\$ 4,676,386	\$ 4,989,668	\$ 4,789,756	4.2%
Operating grants and contributic	417,838	19,930	-	-	417,838	19,930	100.0%
Capital grants and contributions	-	-	2,218,396	-	2,218,396	-	0.0%
General revenues:							
Property taxes	1,360,976	1,288,878	-	-	1,360,976	1,288,878	5.6%
Business taxes	749,561	762,933	-	-	749,561	762,933	- 1.8%
Other taxes and revenues	2,165,670	2,135,884	-	-	2,165,670	2,135,884	1.4%
Interest and investment income	17,130	5,767	31,962	19,098	49,092	24,865	97.4%
Other	745,541	212,848	143,840	78,526	889,381	291,374	205.2%
Total revenues	5,581,476	4,539,610	7,259,106	4,774,010	12,840,582	9,313,620	37.9%
Expenses							
General Government	1,665,325	1,666,043	-	-	1,665,325	1,666,043	0.0%
Garage	222,032	131,261	-	-	222,032	131,261	69.2%
Public Safety	3,570,497	3,571,110	-	-	3,570,497	3,571,110	0.0%
Economic Development	10,627	22,174	-	-	10,627	22,174	- 52.1%
Transportation	638,054	487,875	-	-	638,054	487,875	30.8%
Recreation	-	-	394,725	269,342	394,725	269,342	46.6%
Water	-	-	1,010,711	1,568,486	1,010,711	1,568,486	- 35.6%
Gas	-	-	711,256	1,614,774	711,256	1,614,774	- 56.0%
Solid Waste	-	-	654,791	721,868	654,791	721,868	- 9.3%
Sewer	-	-	1,806,020	2,847,411	1,806,020	2,847,411	- 36.6%
Inventory	-	-	390,333	320,976	390,333	320,976	21.6%
Total expenses	6,106,535	5,878,463	4,967,836	7,342,857	11,074,371	13,221,320	- 16.2%
Increase (decrease) in net position before transfers	(525,059)	(1,338,853)	2,291,270	(2,568,847)	1,766,211	(3,907,700)	- 145.2%
Transfers	1,273,728	1,075,656	(1,273,728)	(1,075,656)	-	-	0.0%
Change in net position	748,669	(263,197)	1,017,542	(3,644,503)	1,766,211	(3,907,700)	- 145.2%
Prior period adjustment	(444,616)	-	-	-	(444,616)	-	
Net position at beginning of year	3,965,369	4,228,566	25,015,210	28,659,713	28,980,579	32,888,279	- 11.9%
Net position at end of year	\$ 4,269,422	\$ 3,965,369	\$ 26,032,752	\$ 25,015,210	\$ 30,302,174	\$ 28,980,579	4.6%

Governmental activities increased the City's net position by \$304,053. The Business-type activities had an increase of \$1,017,542 in the net position of the City. Key factors are as follows:

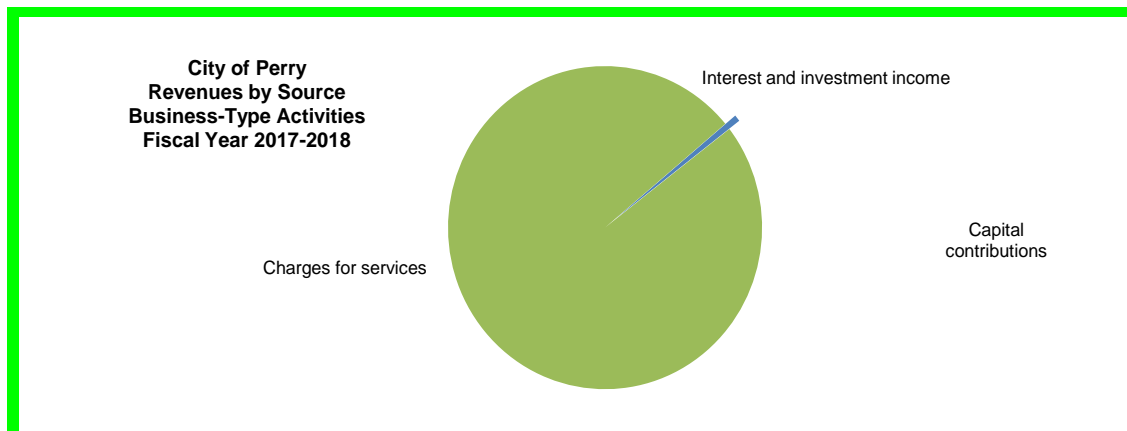
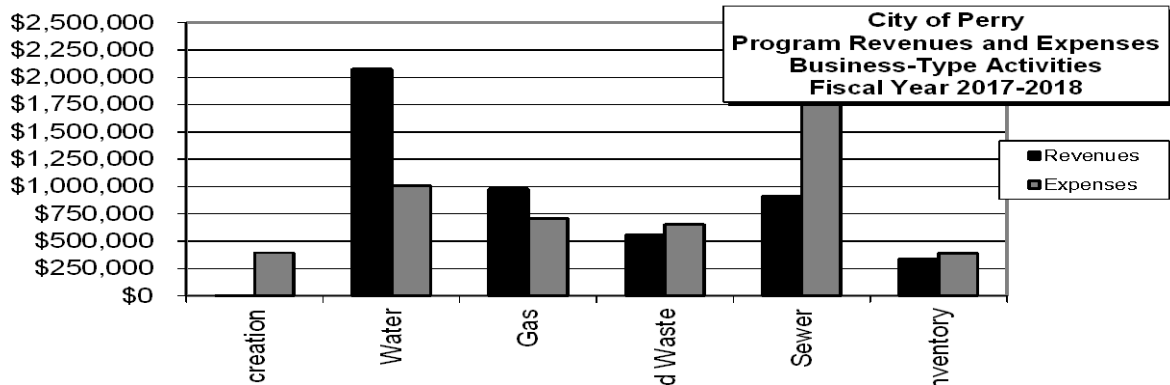
Total revenues for all of the governmental funds overall had a large increase from the previous year was due to other taxes and revenues.



The charts above illustrate the City's governmental expenses and revenues by function, and its revenues by source. As shown, General Government is the largest function in expense (27.3%), followed by Police (58.5%). General revenues such as property, business, and privilege taxes are not shown by program, but are effectively used to support program activities citywide. For governmental activities overall, without regard to program, Other taxes are the largest single source of funds (38.8%), followed by Property taxes (24.4%) and business taxes (13.4%).

Business-type activities increased the City's net position by \$1,017,542. Key factors are as follows:

Before transfers, the business-type activities reported an decrease in net position of \$2,291,270. Business-type activities generally set charges for services to cover the individual funds' operating expenses and transfers to the general fund. In the Water Revenue Fund and Gas Fund, revenue is sufficient to cover the operating expenses and the transfers. Transfers totaled \$1,273,728.



As shown in the charts above, the sewer department reported the largest amount of expense, \$1.8 million (36%), followed by the water department, \$1.0 million (20%), and the gas department, \$0.7 million (14%). Fees for water provided the largest amount of revenues \$2.1 million (41%), followed by gas \$1 million (20%) and sewer \$.9 million (18%).

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City'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. Types of governmental funds reported by the City include the General Fund and Special Revenue Funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3.3 million, an increase of \$174,569 in comparison with the prior year. This increase is primarily due to larger transfers than the previous year. Approximately 46% of this total amount, \$1,515,050 constitutes assigned and unassigned fund balances, which are available for spending at the City's discretion. (see pages 27 and 29). The remainder of the fund balance is restricted to indicate that it is not available for new spending because it is restricted for specific uses.

Revenues for governmental functions overall totaled \$5.6 million for the current fiscal year. Expenditures totaled \$6.7 million, which means that expenditures exceeded revenues before transfers by approximately \$1.1 million, or 20%.

The general fund is the chief operating fund of the City. At the close of the current fiscal year, the unassigned fund balance of the general fund was \$854,460, and total fund balance was \$947,782. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13% of total general fund expenditures of \$6.7 million, while total fund balance represents 14% of that same amount.

The fund balance of the City's general fund increased by \$423,096 during the current fiscal year. This is mainly due to increased transfers in during the year.

The utility tax fund and local option gas tax fund are special revenue sources. The utility tax is not legally restricted and may be budgeted as needed. The local option gas tax is reserved for street expenditures and the departments that maintain them.

The utility tax revenues are \$751,805, which is 13% of total governmental revenue which is used to supplement needs in other areas such as Sewer, Inventory, Solid Waste, and General funds; and the local option gas tax revenue is \$332,817 which is 6% of the total governmental revenue. The proceeds supported the street department and paving projects. Gas Tax is slightly higher than previous years.

Proprietary Funds

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

At the end of the fiscal year, the unrestricted net position for the Gas Fund was \$1.0 million, the Sewer Revenue Fund was (\$3.3) million, the Water Revenue Fund was \$1.3 million, the Solid Waste Fund was (\$105,612), the Recreation Fund was \$262,929, and the Inventory Fund was \$457,165.

The total change in net position for the enterprise funds was an increase of \$1,017,542.

Factors concerning the finances of these funds show the largest change was Gas, Water and Sewer Funds where the accounts receivables were written off. The equity in the funds remains healthy.

Fiduciary Funds

The City maintains fiduciary funds for the assets of the Police Officers' and Firefighters' Pension Funds. As of the end of the current fiscal year, the net position of the Police Officers' and Firefighters' Pension Funds totaled \$12 million, which represents an increase of \$681,671 over the prior fiscal year. This increase is primarily due to a gain in the fair value of plan investments and large benefit payouts for both Police and Fire. The note sections 3 and 4 and RSI contain additional statements, clarifications and actuarial information on these funds.

General Fund budgetary highlights

The City's final budget was unchanged from the original budget.

During the year actual revenues and other resources were over budgetary estimates by \$833,773. Actual expenditures and other uses were under than budgetary estimates by \$41,767. The total of these two factors represents a favorable variance with the budget of \$875,540. The increased revenues from miscellaneous revenues contributed to the increase, also reduced expenses from most departments were the main contributors to the favorable budget variance. The expenses reported budgeted expenditures of \$6.7 million and actual expenditures of \$6.7 million, which represents a favorable variance of \$41,767.

Capital Assets and Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of September 30, 2018, amount to \$28.7 million (net of accumulated depreciation). Capital assets include land, buildings, improvements, equipment, and infrastructure. The overall total increase in the City's capital assets (net of accumulated depreciation) for the current fiscal year was .82%, an .72% increase for governmental activities and .84% increase for business-type activities as shown in the table below.

Capital Assets, Net of Depreciation

September 30, 2018

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Land	\$ 298,161	\$ 2,271,436	\$ 2,569,597
Buildings	263,751	219,691	483,442
Improvements	1,322,073	427,668	1,749,741
Equipment	1,336,899	1,219,102	2,556,001
Infrastructure	-	21,328,378	21,328,378
Total	<u>\$ 3,220,884</u>	<u>\$ 25,466,275</u>	<u>\$ 28,687,159</u>

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See the Note 3 to the Financial Statements for further information regarding capital assets.

Debt Administration

The following table below illustrates the City's outstanding debt as of September 30, 2018:

Outstanding Debt September 30, 2018	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
SRF Pre Construction Loan	\$ -	\$ 212,303	\$ 212,303
B&GC Building	-	97,296	97,296
USDA Bond Payable	-	2,926,000	
Compensated Absences	516,331	76,210	592,541
OPEB Payable	528,643	294,029	822,672
Net Pension Liability	3,383,219	869,403	4,252,622
Total long-term liabilities	<u>\$ 4,428,193</u>	<u>\$ 4,475,241</u>	<u>\$ 5,977,434</u>

At the end of the current fiscal year, the City had total long-term obligations outstanding of approximately \$ 7.8 million. A pre-construction loan for the upcoming sewer plant is \$212,303 to develop engineering plans. A loan for the Boys and Girls Club building is \$97,296. During the current year, the City closed on a USDA bond for \$2,926,000. The GASB requires the recording of a liability balance for future retiree benefits. This OPEB liability was actuarially determined and recorded in the amount of \$822,672. The GASB requires the recording of a liability for the estimated future unfunded balances of employee pension plans. This net pension liability was actuarially

determined and recorded in the amount of \$3,207,986. The remainder consists of compensated absences in the amount of \$592,541.

Additional information on the City's long-term liabilities can be found in Note 5 to the Financial Statements.

Economic Factors and Next Year's Budget and Rates

Impact on governmental activities

Funding for the City's governmental activities comes from property and business taxes, and fees (franchise, occupational license). Some funding is also received from state-shared revenues and other intergovernmental revenues. During the 2017-2018 budget process the overall economy was looked at, and since things appeared to be sluggish we didn't want to raise any revenues for the public and was very conservative on expenditures and only necessary capital outlay was considered. Also, estimated revenues from the State may be on the low side due to decreased customer spending.

Impact on business-type activities

Revenues for the business-type activities come from user fees or service charges. The consumption of the City's utilities is impacted by local weather patterns, which are constantly changing. Due to a sluggish economy no rate increases were considered to help ease utility customer's situations.

Purchased gas represents almost 40% of the gas utility budget. A gas supply agreement was made and helps stabilize the prices for our natural gas customers.

Fiscal Year 2019's Budget and Rates

The City's operating budget for fiscal year 2019 totals \$10.7 million, \$6.7 million for the General Fund and \$4 million for the Enterprise Funds. The General Fund consists of general government activities as well as police, fire, economic development, transportation, and garage. The Enterprise Funds are expected to be self-supporting from user fees and charges for services. The Enterprise Funds consist of recreation, water, gas, sewer, solid waste, and inventory.

For the 2019 fiscal year, the millage rate is 6.0716. Ad valorem taxes provide 20% of total tax revenues for the City's General Fund.

Personnel expenditures account for 61.56% of the City's operating budget. The City had 88 full-time positions at the end of fiscal year 2018.

The City's Capital Outlay Budget totals \$1,370,689 with \$870,389 budgeted in the General Fund and \$500,300 in the Enterprise Funds. Some of the capital projects include miscellaneous items for sewer plant, several trucks and police gear. The City will be getting a grant, loan and loan forgiveness for the sewer plant. Also, the City will use capital improvement funds or unrestricted reserves. The City has a five-year plan for capital improvements for all projects through 2023 that totals \$24 million with appropriations of funding made on an annual basis.

For more information on the City's capital projects, see the City Manager's Recommended Five-Year Capital Improvements Program Report, which is published by the administrative department under a separate cover.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact:

City of Perry
Administrative Department
224 S. Jefferson Street
Perry, Florida 32347
(850) 584-7161

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BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements
Governmental Funds Financial Statements
Proprietary Funds Financial Statements
Fiduciary Funds Financial Statements
Notes to the Financial Statements

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CITY OF PERRY, FLORIDA
STATEMENT OF NET POSITION
September 30, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 1,232,668	\$ 4,329,352	\$ 5,562,020
Receivables (net of allowance for uncollectibles)	432,615	190,609	623,224
Other current assets		253,423	253,423
Due from other governments	346,536	912,682	1,259,218
Inventories	-	295,119	295,119
Restricted Assets:			
Temporarily restricted:			
Cash and cash equivalents	1,722,506	-	1,722,506
Capital Assets (net of accumulated depreciation):			
Land	298,161	2,264,256	2,562,417
Depreciable - Net	2,922,723	23,202,019	26,124,742
Total Assets	<u>6,955,209</u>	<u>31,447,460</u>	<u>38,402,669</u>
DEFERRED OUTFLOWS	<u>1,575,044</u>	<u>307,114</u>	<u>1,882,158</u>
LIABILITIES			
Accounts payable and other current liabilities	410,323	874,388	1,284,711
Unearned revenue, grants	30,117	-	30,117
Customer deposits	1,200	242,654	243,854
Payable due within one year:			
Compensated Absences-Short Term	175,301	45,249	220,550
Boy & Girl Club Building Loan	-	57,913	57,913
Boy & Girl Club Building Loan	-	39,383	39,383
SRF Loan	-	2,926,000	2,926,000
Preconstruction Loan	-	212,303	212,303
OPEB Payable	528,305	294,029	822,334
Compensated Absences-Long Term	341,030	30,961	371,991
Net Pension Liability	2,338,583	869,403	3,207,986
Total liabilities	<u>3,824,859</u>	<u>5,592,283</u>	<u>9,417,142</u>
DEFERRED INFLOWS	<u>435,972</u>	<u>129,539</u>	<u>565,511</u>
NET POSITION			
Net investment in capital assets	3,220,884	25,466,275	28,687,159
Restricted for:			
Capital Projects	-	912,682	912,682
Pay Station	5,455	-	5,455
Local Option Gas Tax	1,428,010	-	1,428,010
Law Enforcement	87,867	-	87,867
Debt Service	-	-	-
Revitalization	201,174	-	201,174
Economic Development	-	-	-
Unrestricted	(673,968)	(346,205)	(1,020,173)
Total net position	<u>\$ 4,269,422</u>	<u>\$ 26,032,752</u>	<u>\$ 30,302,174</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2018

Function/Program Activities	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 1,665,325	\$ 76,484	\$ 336,811	\$ -	\$ (1,252,030)	\$ -	\$ (1,252,030)
Transportation	638,054	-	-	-	(638,054)	-	(638,054)
Community Redevelopment	10,627	-	-	-	(10,627)	-	(10,627)
Public Safety	3,570,497	48,276	81,027	-	(3,441,194)	-	(3,441,194)
Public Works City Garage	222,032	-	-	-	(222,032)	-	(222,032)
Total Governmental Activities	6,106,535	124,760	417,838	-	(5,563,937)	-	(5,563,937)
Business-type Activities:							
Gas	711,256	977,610	-	-	-	266,354	266,354
Sewer	1,806,020	912,840	-	2,218,396	-	1,325,216	1,325,216
Water	1,010,711	2,074,705	-	-	-	1,063,994	1,063,994
Solid Waste	654,791	556,512	-	-	-	(98,279)	(98,279)
Recreation	394,725	4,143	-	-	-	(390,582)	(390,582)
Inventory	390,333	339,098	-	-	-	(51,235)	(51,235)
Total business-type activities	4,967,836	4,864,908	-	2,218,396	-	2,115,468	2,115,468
Total Primary Government	\$ 11,074,371	\$ 4,989,668	\$ 417,838	\$ 2,218,396	(5,563,937)	2,115,468	(3,448,469)
General Revenues							
Property Taxes					1,360,976	-	1,360,976
Discretionary Tax					568,829	-	568,829
Franchise Tax					560,335	-	560,335
Telecommunications Tax					234,312	-	234,312
Motor Fuel Taxes					394,147	-	394,147
Sales Tax					408,047	-	408,047
Utility Taxes					749,561	-	749,561
Interest					17,130	31,962	49,092
Miscellaneous					745,541	143,840	889,381
Transfers					1,273,728	(1,273,728)	-
Total Revenues & Transfers					6,312,606	(1,097,926)	5,214,680
Change in net position					748,669	1,017,542	1,766,211
Net Position - Beginning					3,965,369	25,015,210	28,980,579
Prior Period Adjustment					(444,616)	-	(444,616)
					-	-	-
Net Position - Ending					\$ 4,269,422	\$ 26,032,752	\$ 30,302,174

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018

	General	Community Redevelopment	Utility Tax Revenue	Local Option Gas Tax	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 579,740	\$ -	\$ 652,928	\$ -	\$ 1,232,668
Receivables (net of allowance for uncollectibles)	424,953	-	7,662	-	432,615
Due from other governments	290,207	-	-	56,329	346,536
Cash - Restricted	93,322	201,174	-	1,428,010	1,722,506
<u>Total Assets</u>	<u>1,388,222</u>	<u>201,174</u>	<u>660,590</u>	<u>1,484,339</u>	<u>3,734,325</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	123,448	-	-	-	123,448
Accrued Liabilities	286,875	-	-	-	286,875
Deposits	-	1,200	-	-	1,200
Unearned revenues	30,117	-	-	-	30,117
<u>Total Liabilities</u>	<u>440,440</u>	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>441,640</u>
Fund Balances:					
Restricted	93,322	199,974	-	1,484,339	1,777,635
Assigned	-	-	660,590	-	660,590
Unassigned	854,460	-	-	-	854,460
<u>Total Fund Balances</u>	<u>947,782</u>	<u>199,974</u>	<u>660,590</u>	<u>1,484,339</u>	<u>3,292,685</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 1,388,222</u>	<u>\$ 201,174</u>	<u>\$ 660,590</u>	<u>\$ 1,484,339</u>	<u>\$ 3,734,325</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
September 30, 2018

Fund Balances - Total governmental funds	\$3,292,685
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.	3,220,884
Net Pension Liability (Police, Fire, FRS)	(2,338,583)
Deferred outflows (Police, Fire, FRS)	1,575,044
Deferred inflows (Police, Fire, FRS)	(435,972)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	
OPEB Liability	(528,305)
Compensated absences	<u>(516,331)</u>
Net Position of governmental activities	<u><u>\$4,269,422</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF PERRY, FLORIDA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2018

	General	Community Redevelopment	Utility Tax Revenue	Local Option Gas Tax	Total Governmental Funds
<u>REVENUES</u>					
Taxes:					
Property	\$ 1,327,092	\$ 33,884	\$ -	\$ -	\$ 1,360,976
Discretionary Sales Tax	568,829	-	-	-	568,829
Franchise	560,335	-	-	-	560,335
Telecommunications	234,312	-	-	-	234,312
Licenses and permits	76,484	-	-	-	76,484
Motor Fuel	69,589	-	-	324,558	394,147
Sales Tax - 1/2 Cent	408,047	-	-	-	408,047
Utility	-	-	749,561	-	749,561
Intergovernmental	417,838	-	-	-	417,838
Fines and forfeitures	48,276	-	-	-	48,276
Interest	6,074	553	2,244	8,259	17,130
Miscellaneous	735,567	9,974	-	-	745,541
Total Revenues	4,452,443	44,411	751,805	332,817	5,581,476
<u>EXPENDITURES</u>					
Current:					
General Government	1,314,700	-	1,568	1,093	1,317,361
Garage	134,132	-	-	-	134,132
Police	2,277,927	-	-	-	2,277,927
Fire	1,127,920	-	-	-	1,127,920
Public Wk Transportation	626,643	-	-	-	626,643
Economic Development	-	10,627	-	-	10,627
Capital Outlay	1,186,025	-	-	-	1,186,025
Total Expenditures	6,667,347	10,627	1,568	1,093	6,680,635
Excess (deficiency) of revenues over (under) expenditures	(2,214,904)	33,784	750,237	331,724	(1,099,159)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	2,638,000	-	-	-	2,638,000
Transfers Out	-	-	(1,061,272)	(303,000)	(1,364,272)
Total other financing sources and uses	2,638,000	-	(1,061,272)	(303,000)	1,273,728
Net change in fund balances	423,096	33,784	(311,035)	28,724	174,569
Fund balances - beginning	524,686	166,190	971,625	1,455,615	3,118,116
Fund balances - ending	\$ 947,782	\$ 199,974	\$ 660,590	\$ 1,484,339	\$ 3,292,685

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, FLORIDA
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended September 30, 2018

Amounts reported for governmental activities in the statement of activities (page 29) are different because:

Net change in fund balances - total governmental funds (page 29)	\$	174,569
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated live and reported as depreciation expense. This is the amount by which capital outlays of \$1,186,025 was less than depreciation of \$282,183 in the current period.		903,872
Some revenues (expenses) reported in the statement of activities do not provide (require) the use of current financial resources, therefore are not reported as revenues (expenditures) in governmental funds.		
Net change in compensated absences		(170,525)
Net change in other post-employment benefits (OPEB)		17,656
Net change in deferred inflows/outflows:		(216,676)
Net change in pension liability		39,773
Change in net position of governmental activities	\$	748,669

The accompanying notes are an integral part of these financial statements

CITY OF PERRY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2018

Business-type Activities Enterprise Funds

	Gas Revenue	Sewer Revenue	Water Revenue	Solid Waste	Recreation	Inventory	Total
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 1,166,774	\$ 998,945	\$ 1,531,882	\$ 17,523	\$ 405,841	\$ 208,387	\$ 4,329,352
Accounts Receivable (Net)	18,924	39,923	119,265	12,497	-	-	190,609
Due from Other Governmental Units	-	912,682	-	-	-	-	912,682
Other Current Assets	75,645	-	72,432	96,535	-	8,811	253,423
Inventories	-	-	-	-	-	295,119	295,119
Total Current Assets	1,261,343	1,951,550	1,723,579	126,555	405,841	512,317	5,981,185
Capital Assets:							
Land	-	547,530	1,505,410	-	211,316	-	2,264,256
Buildings and System	-	77,462	6,295	10,295	851,899	100,741	1,046,692
Machinery, Equipment, and Infrastructure	1,579,243	27,490,659	8,257,450	978,017	3,358,385	63,764	41,727,518
Less Accumulated Depreciation	(1,367,954)	(10,156,013)	(5,744,124)	(856,325)	(1,357,695)	(90,080)	(19,572,191)
Total Non-Current Assets	211,289	17,959,638	4,025,031	131,987	3,063,905	74,425	25,466,275
Total Assets	1,472,632	19,911,188	5,748,610	258,542	3,469,746	586,742	31,447,460
DEFERRED OUTFLOWS	45,145	112,791	65,795	59,172	9,186	15,025	307,114
LIABILITIES							
Current Liabilities:							
Accounts Payable	-	849,454	-	-	11,947	-	861,401
Accrued Liabilities	1,697	4,602	2,647	1,613	1,165	1,263	12,987
Compensated Absences	5,866	15,526	10,551	4,347	3,644	5,315	45,249
B&GC loan Short term	-	-	-	-	57,913	-	57,913
Utility Deposits	111,464	-	130,240	950	-	-	242,654
Total Current Liabilities	119,027	869,582	143,438	6,910	74,669	6,578	1,220,204
Non-Current Liabilities:							
Compensated Absences	-	7,250	8,513	-	8,751	6,447	30,961
B&GC loan Long term	-	-	-	-	39,383	-	39,383
SRF Loan	-	2,926,000	-	-	-	-	2,926,000
Pre Construction Loan	-	212,303	-	-	-	-	212,303
OPEB Payables	39,159	88,107	58,738	97,897	338	9,790	294,029
Net Pension Liability	154,087	307,980	179,655	161,573	25,083	41,025	869,403
Total Non-Current Liabilities	193,246	3,541,640	246,906	259,470	73,555	57,262	4,372,079
Total Liabilities	312,273	4,411,222	390,344	266,380	148,224	63,840	5,592,283
DEFERRED INFLOWS	19,042	47,575	27,752	24,959	3,874	6,337	129,539
NET POSITION							
Net Investment Capital Assets	211,289	17,959,638	4,025,031	131,987	3,063,905	74,425	25,466,275
Restricted:							
Debt Service	-	-	-	-	-	-	-
Capital Projects	-	912,682	-	-	-	-	912,682
Economic Development	-	-	-	-	-	-	-
Unrestricted	975,173	(3,307,138)	1,371,278	(105,612)	262,929	457,165	(346,205)
Total Net Position	\$ 1,186,462	\$ 15,565,182	\$ 5,396,309	\$ 26,375	\$ 3,326,834	\$ 531,590	\$ 26,032,752

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2018

Business-type Activities Proprietary Funds

	Gas Revenue	Sewer Revenue	Water Revenue	Solid Waste	Recreation	Inventory	Total
<u>Operating Revenues</u>							
Charges for Sales and Services	\$ 977,610	\$ 912,840	\$ 2,074,705	\$ 556,512	\$ 4,143	\$ 339,098	\$ 4,864,908
Miscellaneous	41,347	(14,423)	3,280	436	113,200	-	143,840
<u>Total Operating Revenues</u>	<u>1,018,957</u>	<u>898,417</u>	<u>2,077,985</u>	<u>556,948</u>	<u>117,343</u>	<u>339,098</u>	<u>5,008,748</u>
<u>Operating Expenses</u>							
Personnel Services	205,170	522,188	289,066	269,523	72,888	63,234	1,422,069
Contractual Services	25,619	26,528	179,662	521	26,036	-	258,366
Supplies and Expenses	92,644	329,772	264,625	339,251	70,174	310,929	1,407,395
Utilities	2,790	146,817	79,550	2,365	31,404	8,596	271,522
Depreciation	23,199	740,601	197,808	43,131	190,812	7,574	1,203,125
Gas Resale Contract	361,834	-	-	-	-	-	361,834
<u>Total Operating Expenses</u>	<u>711,256</u>	<u>1,765,906</u>	<u>1,010,711</u>	<u>654,791</u>	<u>391,314</u>	<u>390,333</u>	<u>4,924,311</u>
<u>Operating Income (Loss)</u>	<u>307,701</u>	<u>(867,489)</u>	<u>1,067,274</u>	<u>(97,843)</u>	<u>(273,971)</u>	<u>(51,235)</u>	<u>84,437</u>
<u>Non-Operating Revenues</u>							
<u>(Expenses)</u>							
Grants	-	2,218,396	-	-	-	-	2,218,396
Interest Revenue	7,441	5,903	10,520	92	11	7,995	31,962
Interest Expense	-	(40,114)	-	-	(3,411)	-	(43,525)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>7,441</u>	<u>2,184,185</u>	<u>10,520</u>	<u>92</u>	<u>(3,400)</u>	<u>7,995</u>	<u>2,206,833</u>
<u>Income (Loss) Before</u>							
<u>Contributions and Transfers</u>	<u>315,142</u>	<u>1,316,696</u>	<u>1,077,794</u>	<u>(97,751)</u>	<u>(277,371)</u>	<u>(43,240)</u>	<u>2,291,270</u>
<u>Transfers In/(Out)</u>	<u>(472,747)</u>	<u>-</u>	<u>(1,020,000)</u>	<u>45,272</u>	<u>100,000</u>	<u>73,747</u>	<u>(1,273,728)</u>
<u>Total Contributions & Transfers</u>	<u>(472,747)</u>	<u>-</u>	<u>(1,020,000)</u>	<u>45,272</u>	<u>100,000</u>	<u>73,747</u>	<u>(1,273,728)</u>
<u>Change in Net Position</u>	<u>(157,605)</u>	<u>1,316,696</u>	<u>57,794</u>	<u>(52,479)</u>	<u>(177,371)</u>	<u>30,507</u>	<u>1,017,542</u>
<u>Net Position - Beginning</u>	<u>1,344,067</u>	<u>14,248,486</u>	<u>5,338,515</u>	<u>78,854</u>	<u>3,504,205</u>	<u>501,083</u>	<u>25,015,210</u>
<u>Net Position - Ending</u>	<u>\$ 1,186,462</u>	<u>\$ 15,565,182</u>	<u>\$ 5,396,309</u>	<u>\$ 26,375</u>	<u>\$ 3,326,834</u>	<u>\$ 531,590</u>	<u>\$ 26,032,752</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2018

Business-type Activities Proprietary Funds

	<u>Gas Revenue</u>	<u>Sewer Revenue</u>	<u>Water Revenue</u>	<u>Solid Waste</u>	<u>Recreation</u>	<u>Inventory</u>	<u>Total</u>
<u>Increase (Decrease) in Cash & Cash Equivalents:</u>							
<u>Cash Flows from Operating Activities:</u>							
Receipts from Customers	\$ 1,030,108	\$ 910,306	\$ 2,150,178	\$ 568,655	\$ 117,343	\$ 339,098	\$ 5,115,688
Payments to Suppliers	(558,532)	302,302	(596,269)	(454,004)	(119,488)	(334,661)	(1,760,652)
Payments to Employees	(176,710)	(412,673)	(264,513)	(210,445)	(39,557)	(48,921)	(1,152,819)
<u>Net Cash Provided by (Used in) Operating Activities</u>	<u>294,866</u>	<u>799,935</u>	<u>1,289,396</u>	<u>(95,794)</u>	<u>(41,702)</u>	<u>(44,484)</u>	<u>2,202,217</u>
<u>Cash Flows from Noncapital Financing Activities:</u>							
Transfers (Out) In	(472,747)	-	(1,020,000)	45,272	100,000	73,747	(1,273,728)
<u>Net Cash Flows Provided by (Used in) Noncapital Financing Activities</u>	<u>(472,747)</u>	<u>-</u>	<u>(1,020,000)</u>	<u>45,272</u>	<u>100,000</u>	<u>73,747</u>	<u>(1,273,728)</u>
<u>Cash Flows from Capital & Related Financing Activities</u>							
Capital Contributions & Grants	-	1,305,714	-	-	-	-	1,305,714
Loan proceeds	-	5,852,000	-	-	-	-	5,852,000
Additions to Property, Plant & Equipment	(17,611)	(5,356,315)	(63,104)	(12,216)	(22,158)	(842)	(5,472,246)
Principal Paid	-	(2,940,008)	-	-	(70,121)	-	(3,010,129)
Interest Paid	-	(40,114)	-	-	(3,411)	-	(43,525)
<u>Net Cash Flows Provided by (Used in) Capital and Related Financing Activities</u>	<u>(17,611)</u>	<u>(1,178,723)</u>	<u>(63,104)</u>	<u>(12,216)</u>	<u>(95,690)</u>	<u>(842)</u>	<u>(1,368,186)</u>
<u>Cash Flows From Investing Activities:</u>							
Earnings on Investments	7,441	5,903	10,520	92	11	7,995	31,962
<u>Net Cash Flows Provided by (Used in) Investing Activities</u>	<u>7,441</u>	<u>5,903</u>	<u>10,520</u>	<u>92</u>	<u>11</u>	<u>7,995</u>	<u>31,962</u>
<u>Net Increase (Decrease) in Cash & Cash Equivalents</u>	<u>(188,051)</u>	<u>(372,885)</u>	<u>216,812</u>	<u>(62,646)</u>	<u>(37,381)</u>	<u>36,416</u>	<u>(407,735)</u>
<u>Cash & Cash Equivalents at October 1, 2017</u>	<u>1,354,825</u>	<u>1,371,830</u>	<u>1,315,070</u>	<u>80,169</u>	<u>443,222</u>	<u>171,971</u>	<u>4,737,087</u>
<u>Cash & Cash Equivalents at September 30, 2018</u>	<u>\$ 1,166,774</u>	<u>\$ 998,945</u>	<u>\$ 1,531,882</u>	<u>\$ 17,523</u>	<u>\$ 405,841</u>	<u>\$ 208,387</u>	<u>\$ 4,329,352</u>
<u>Classified As:</u>							
Current Assets	\$ 1,166,774	\$ 998,945	\$ 1,531,882	\$ 17,523	\$ 405,841	\$ 208,387	\$ 4,329,352

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2018

Reconciliation of Operating Income to Net Cash
Provided by (used in) Operating Activities

	<u>Business-type Activities Enterprise Funds</u>						Total
	Gas Revenue	Sewer Revenue	Water Revenue	Solid Waste	Recreation	Inventory	
Operating Income (Loss)	\$ 307,701	\$ (867,489)	\$ 1,067,274	\$ (97,843)	\$ (273,971)	\$ (51,235)	\$ 84,437
Adjustments not affecting cash:							
Depreciation	23,199	740,601	197,808	43,131	190,812	7,574	1,203,125
Change in assets and liabilities:							
Decrease(Increase) in Inventory	-	-	-	-	-	(9,617)	(9,617)
Decrease (increase) Accounts Receivable	6,562	11,889	62,491	11,657	-	-	92,599
Decrease (increase) Other current assets	(75,645)	-	(72,432)	(111,867)	-	(5,519)	(265,463)
Decrease (increase) in Deferred Outflows	26,867	3,328	21,500	16,634	(9,186)	47	59,190
(Decrease) Increase in Accounts Payable	-	805,419	-	-	8,126	-	813,545
(Decrease) Increase in Customer Deposits	4,589	-	9,702	50	-	-	14,341
(Decrease) Increase in Accrued Payables	202	102	(1,119)	(2,110)	1,165	107	(1,653)
(Decrease) Increase in OPEB Payable	30,508	74,394	47,330	81,711	-	8,051	241,994
(Decrease) Increase in Compensated Absences	919	3,740	(4,281)	(9,820)	12,395	1,267	4,220
(Decrease) Increase in Net Pension Liability	(33,577)	5,372	(47,838)	(35,978)	25,083	1,748	(85,190)
(Decrease) Increase in Deferred Inflows	3,541	22,579	8,961	8,641	3,874	3,093	50,689
Total Adjustments	(12,835)	1,667,424	222,122	2,049	232,269	6,751	2,117,780
<u>Net Cash Provided by (Used in) Operating Activities</u>	<u>\$ 294,866</u>	<u>\$ 799,935</u>	<u>\$ 1,289,396</u>	<u>\$ (95,794)</u>	<u>\$ (41,702)</u>	<u>\$ (44,484)</u>	<u>\$ 2,202,217</u>

CITY OF PERRY, FLORIDA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018

		Police Officers' and Firefighters' Pension Funds
<u>ASSETS</u>		
Cash and short-term investments	\$	198,683
Receivables		
Investment Income		8,896
Employer		62,464
Plan Members		4,369
<u>Total Receivables</u>		75,729
Investments at fair value		
U. S. Government obligations		-
Domestic Corporate Bonds		-
Stocks		-
Equity		7,857,925
Fixed Income		4,011,889
<u>Total investments</u>		11,869,814
TOTAL ASSETS		12,144,226
<u>LIABILITIES</u>		
Unpaid Expenses		6,674
Prepaid Contributions		36,311
TOTAL LIABILITIES		42,985
<u>Net Position restricted for pension benefits</u>	\$	12,101,241

The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, FLORIDA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Police Officers' and Firefighters' Pension Funds</u>
<u>ADDITIONS</u>	
<u>Contributions</u>	
Employer	\$ 393,069
State	93,608
Plan Member	<u>27,449</u>
<u>Total Contributions</u>	<u>514,126</u>
 <u>Investment Income</u>	
Gain from sale of investments	46,148
Interest and Dividends	413,639
Unrealized gain or loss	<u>455,818</u>
<u>Net investment income</u>	915,605
 Total additions	 <u><u>1,429,731</u></u>
 <u>DEDUCTIONS</u>	
	47,094
Investment Expense	
Benefits	633,599
Administrative Expense	56,738
Prepaid Contributions	<u>10,629</u>
Total deductions	<u>748,060</u>
<u>Net Increase</u>	<u>681,671</u>
 <u>Net Position restricted for pension benefits</u>	
<u>October 1, 2017</u>	<u>11,429,625</u>
<u>September 30, 2018</u>	<u><u>\$ 12,101,241</u></u>

The accompanying notes are an integral part of these financial statements.

Note 1 – Summary of Significant Accounting Policies

This summary of Significant Accounting Policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the City of Perry have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with the subsequent GASB pronouncements (Statements and Interpretations) constitutes GAAP for governmental units. The most significant of these accounting policies are described below.

Effective October 1, 2002, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

The City’s financial statements have been prepared in accordance with the presentation requirements of these statements. The governing body does not subscribe to mandating a minimum fund balance policy, and also allows for management’s discretion to determining the flow order of fund’s use in regard to assigned vs. unassigned use for expenditures. The same applies to restricted and unrestricted funds. Management considers which monies to be used based on the goals, both long and short term, the various funds are budgeted for.

(A) Reporting Entity

The City of Perry is a political subdivision of the State of Florida, located in Taylor County in the north central portion of the State. Perry is the county seat and the only incorporated municipality in Taylor County. The City was incorporated in 1903 and has operated since 1981 under the same charter. It is governed by an elected City Council and appointed City Manager who is governed by State Statutes, regulations and a City Charter.

The City’s major operations include police and fire protection, road and street facilities, certain social services and general administration services. In addition, the City owns and operates six major enterprise activities, a water system, a natural gas system, a sewer system and a solid waste system, a recreation department and an inventory system.

As required by GAAP, the accompanying financial statements present the City as the primary government, and its component units, entities for which the government is considered to be financially accountable. Component units are included in the reporting entity because of the significance of their operational or financial relationships with the primary government.

A primary government is financially accountable for the organizations that make up its legal entity. Financial accountability or dependence upon the City was determined based on the existence of one or more of the following criteria: the basis of budget adoption, taxing authority, outstanding debt collateralized by revenues or general obligations of the City, and the City’s legal responsibility to fund any deficits that may occur.

Blended component units, although legally separate entities are, in substance, part of the primary government's operations and, accordingly, data from these units are combined with data of the City. There were no entities that were excluded from the City's financial statements. Each blended component unit has a September 30 year-end.

Blended Component Units:

Using the criteria of GASB Statement No. 14, management determined that the police officers' and firefighters' trust funds should be blended presentations.

The Police Officers' Retirement Trust (Retirement Trust) is a defined benefit pension plan that covers substantially all full-time police officers of the City of Perry. The Retirement Trust is governed by a board comprised of two police officers, two members appointed by the City of Perry Council, and a fifth member chosen by the other four members. The police officers and City contribute their required amounts to the Retirement Trust; however, the City is legally liable to make up any unfunded pension benefit obligation. The Retirement Trust is reported as a trust fund, and separate financial statements are not prepared.

The Firefighters' Pension Trust (Pension Trust) is a defined benefit pension plan that covers substantially all full-time firefighters of the City of Perry. The Pension Trust is governed by a board comprised of two firefighters, two members appointed by the City Council, and a fifth member chosen by the other four members. The firefighters and City contribute their required amounts to the Pension Trust; however, the City is legally liable to make up any unfunded pension benefit obligation. The Pension Trust is reported as a trust fund, and separate financial statements are not prepared.

The City did not participate in any joint ventures during fiscal year 2017-18.

(B) Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities such as employee pension funds. The primary government financial statements focus on the primary government.

Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues may include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities, including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or

rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns.

(C) 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major funds:

1. Governmental Funds:
The measurement focus of the Government Funds (in the Fund Financial Statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the City:
 - a. General Fund accounts for many of the City's primary services, (Police, Fire, Transportation, Planning, etc.) and is the primary operating unit of the City.
 - b. Utility Tax Fund accounts for the receipt of the Utilities Services Taxes and annually makes a significant contribution to the General Fund.
 - c. Community Redevelopment Fund accounts for the receipts and distribution of the City's tax increment funds received from the City and Taylor County. Those revenues are restricted for use in the City's defined redevelopment area.

- d. Local Option Gas Tax Fund accounts for the receipt and disbursement of the Local Option Gas Tax revenues. These revenues are restricted to be used to support the road department and to build or repair roads in the City.

2. Proprietary Funds:

The focus of Proprietary Fund measurement is upon determination of operating income, changes in fund net position, financial position, and cash flows, which is similar to businesses.

The following is a description of the major Proprietary Funds of the City:

- a. Gas Revenue Fund accounts for the operating activities of the natural gas system owned and operated by the City.
- b. Sewer Revenue Fund accounts for the operating activities of the City's Sewer Utility system.
- c. Water Revenue Fund accounts for the operating activities of the City's Water Utility system.
- d. Solid Waste Fund accounts for the activities of the City's residential collection system.
- e. Recreation Fund accounts for the activities of the City's recreation programs.
- f. Inventory Fund accounts for the activities of the City's warehouse system.

The City also reports the following fiduciary funds:

Police and Fire Pension Trust Funds account for the activities of the police and fire retirement systems, which accumulate resources for pension benefit payments to qualified police and fire employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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. 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.

(D) Assets, liabilities, and net position or fund balance

1. Cash and Cash Equivalents:

The City has defined Cash and Cash Equivalents to include cash on hand, demand deposits, and cash with fiscal agent.

2. Investments:

All investments, including Pension Funds, are stated at fair value, which is either a quoted market price or the best available estimate.

3. Accounts Receivable:

Accounts receivable are recorded in the Governmental, Business-type and Fiduciary Funds. Where appropriate, an associated allowance for doubtful accounts has been established.

4. Inventories:

Inventory held by the Inventory Fund consists of materials and supplies. Inventories are valued at cost, which approximates market, using the first-in/first-out method.

5. Restricted Assets:

Restricted assets are liquid assets, which have been legally restricted for a certain use or have been set aside for capital projects. When the appropriate opportunities arise, the City uses these restricted assets first, when both restricted and unrestricted assets are available for expenditures.

Applicable year to year, certain proceeds of the City's enterprise funds revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The revenue bond current debt service account is used to segregate resources accumulated for debt service payments over the next twelve months. The plant expansion account is used to report resources to be used for water and wastewater expansion projects.

6. Capital Assets:

Capital assets, which include land, buildings, equipment, improvements other than buildings, intangibles and public domain infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure, are defined as assets with a cost of \$500 or more and an estimated useful life greater than one year.

Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most general capital assets.

Examples of such assets are roads, bridges, sidewalks, paved paths, utility systems, storm water drainage systems, traffic control and lighting systems. The capitalization threshold for infrastructure assets has been set at \$5,000.

Capital assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed. Interest is capitalized during the construction phase of capital assets of business type activities acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund's financial statements. These general capital assets are included in the governmental activities column of the government-wide financial statements. Capital assets used in the Enterprise Funds are accounted for in the respective funds. Depreciation on all exhaustible capital assets used in the Enterprise Funds is charged as an expense against their operations. Accumulated depreciation is reported on the respective fund's balance sheet.

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

<u>Assets</u>	<u>Years</u>
Buildings	25-40
Improvements other than Buildings	10-40
Equipment and machinery	3-10
Vehicles	3-10
Infrastructure	10-40

7. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees to specified maximums. Generally, after one year of service, employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and is included in wages and benefits payable. The General Fund typically has been used in prior years to liquidate the liability.

10. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable business-type activity or proprietary fund-type statement of net position. The debt issuance costs are expensed in the period incurred.

11. Fund Equity

In the fund equity financial statements, governmental funds report various restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

12. Deferred Inflows of resources and Deferred Outflows of resources related to pensions
Deferred Inflows of resources and Deferred Outflows of resources related to pensions that are derived from the difference between projected and actual earnings on the respective pension plan investments are amortized to pension expense over a closed five-year period. Deferred Inflows of resources and Deferred Outflows of resources related to pensions that are derived from differences between expected and actual experience with regard to economic or demographic factors (difference between expected and actual experience) in the measurement of the respective pension plan's total pension liability are amortized to pension expense over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the pension plan (active and inactive employees) determined as of the beginning of the measurement period. Contributions to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period are reported as a deferred outflow of resources related to pensions. This contribution is included as an increase in the respective pension plan fiduciary net position in the subsequent fiscal year.

Note 2 – Stewardship, Compliance and Accountability

A. BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings and workshops are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution.
4. The Council, by resolution, may provide that at any time during the fiscal year the City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office or agency. Upon written request by the City Manager, the Council may, by resolution, transfer part or all of any unencumbered appropriation balance from one department, office or agency to another.
5. The Council adopts the budget resolution for all governmental funds including special revenue funds of the City. Annual budgets are adopted on a basis consistent with GAAP. The appropriated budget is prepared by fund, function and department. The City Manager may make transfers of appropriations within a department. Expenditures may not legally exceed appropriations for each individual department.
6. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. The effect of these revisions was to reallocate funds within the budget, which did not cause an overall increase in the total budget. Appropriations, except open project appropriations, lapse at the end of the fiscal year. The City does not use the encumbrance method.

B. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The City has no material violations of finance-related legal and contractual provisions.

C. DEFICIT FUND EQUITY – FUND BALANCE OF INDIVIDUAL FUNDS

The City has no deficit fund equity

Note 3 – Detail Notes – All Funds

A. Cash and Cash Equivalents

Cash and cash equivalents consist of restricted and unrestricted cash and investments with maturities, when purchased, of ninety days or less. At year end this included deposits with the State Board of Administration's Local Government Surplus Trust Fund as discussed below.

B. Deposits and Investments

Custodial credit risk – deposits. At year-end, the book balance of the City's deposits was \$7,284,626 and the bank balance was \$7,509,629. The difference between the book balance and bank balance is due to outstanding checks and deposits in transit. The bank balance is insured by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Investments. The City's investment in Florida PRIME is administered by the Florida State Board of Administration (SBA). Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a SEC Rule 2a-7 fund. Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the State of Florida, Office of the Auditor General performs the operational audit of the activities and investments of the SBA. Throughout the year and as of September 30, 2018, Florida PRIME contained certain floating rate and adjustable rate securities that were indexed based on the prime rate and/or one- and three-month LIBOR. These floating rate and adjustable rate securities are used to hedge against interest risk and provide diversification to the portfolio. Exposure to a single issuer is limited to 5% of the portfolio's amortized cost. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The current rating for the Florida PRIME is AAAM by Standard and Poors. The weighted average of days to maturity of the Florida PRIME at September 30, 2018 is 33 days. The fair value of the City's position in the pool approximates the value of the pool shares. At September 30, 2018, the City had \$730,447 invested in Florida PRIME. Florida PRIME's most recent financial statements can be found at <https://www.sbafla.com/prime/Audits/tabid/582Default.aspx>.

Credit Risk. Investments in the Florida State Board of Administration Pools (SBA) consist of the Local Government Surplus Funds Trust (Florida PRIME). The Florida PRIME is rated by Standard and Poors. The current rating is AAAM. The Investment Manager of the Florida PRIME manages credit risk by purchasing only high quality securities, performing a

credit analysis to develop a database of issuers and securities that meet the Investment Manager's minimum standard and by regularly reviewing the portfolio's securities financial data, issuer news and developments, and ratings of the nationally recognized statistical rating organizations.

Interest Rate Risk. The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2018 was 33 days. The next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

Fair Value Measurements

In February 2015, GASB issued GASB Statement No. 72. GASB 72 applicability related to the application of fair value is limited to assets and liabilities that are currently measured at fair value and certain investments that are not currently measured at fair value.

Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the participant account balance is considered the fair value of the investment. Florida PRIME investment is exempt from the GASB 72 fair value hierarchy disclosures.

As of September 30, 2018, the City's investment in the Florida PRIME investment pool is rated AAAM by Standard & Poors.

Investment Objective

The primary investment objectives for Florida PRIME, in priority order, are safety, liquidity, and competitive returns with minimization of risks. Investment performance of Florida PRIME will be evaluated on a monthly basis against the Standard & Poors U.S. AAA & AA Rated GIP All 30 Day Net Yield Index. While there is no assurance that Florida PRIME will achieve its investment objectives, it endeavors to do so by following the investment strategies described in this Policy.

Interest Rate Risk

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

Foreign Currency Risk

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2017 through September 30, 2018.

Securities Lending

Florida PRIME did not participate in a securities lending program in the period October 1, 2016 through September 30, 2018.

Fair Value Hierarchy

Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost; therefore, participant account balances should be also reported at amortized cost.

Credit risk. Florida PRIME is managed to be competitive with the S&P Rated LGIP 30-Day Yield Index. As a money market fund, the investments are short-term, high quality money market instruments issued by financial institutions, non-financial corporations, the U. S. government and federal agencies. Money market instruments must be of the highest applicable rating of the highest quality and is the ongoing fund for participants.

The City does not have a formal policy relating to a specific investment related risk.

The investments in the Police Officers' Retirement Trust and the Firefighters' Pension Trust are held by Regions Bank, as trustee, and Salem Trust Company, as trustee, respectively, and follow an investment policy prepared by the investment advisors and authorized by the board of trustees. The general investment objective is to obtain a reasonable total rate of return commensurate with the Prudent Investor Rule and any other applicable statute. Rate of return, by definition, is equal to interest and dividend income plus realized and unrealized capital gains or losses. On an absolute basis it is expected that total return of the combined equity, fixed income, and cash portfolio will equal or exceed the actuarial earnings assumption (8%), and equal or exceed the Consumer Price Index plus 3% over a three to five year period.

The deposits held by the Police Officers' Retirement Trust at September 30, 2018 consist of the following:

	Fair Value
Cash with trustees Regions Bank	<u>\$139,009</u>

The investments held by the Police Officers' Retirement Trust at September 30, 2018 consist of the following:

	Fair Value
Other Securities	\$2,825,260
Corporate Bonds	-
Stocks	<u>5,310,719</u>
	<u>\$8,135,979</u>

The deposits held by the Firefighters' Pension Trust at September 30, 2018 consist of the following:

	Fair Value
Cash with Trustees Salem Trust	<u>\$59,674</u>

The investments held by the Firefighters' Pension Trust at September 30, 2018 consist of the following:

	<u>Fair Value</u>
U. S. Treasury Obligations	\$ -
Corporate Bonds	-
Stocks	2,547,206
Other Securities	<u>1,186,629</u>
	<u>\$3,733,835</u>

The bond ratings for Police and Fire as of 9/30/18 there were none this year.

C. Receivables

Receivables at September 30, 2018 were as follows:

	<u>Accounts</u>	<u>Intergovernmental</u>	<u>Total</u>
Governmental Activities by Fund:			
General	\$ 424,953	\$ 290,207	\$ 715,160
Community Redevelopment	-	-	-
Utility Tax	7,662	-	7,662
Gas Tax	-	56,329	56,329
	<u>\$ 432,615</u>	<u>\$ 346,536</u>	<u>\$ 779,151</u>
Business-type Activities by Fund:			
	<u>Accounts</u>	<u>Intergovernmental</u>	<u>Total</u>
Gas Revenue	\$ 18,924	\$ -	\$ 18,924
Sewer Revenue	39,923	912,682	952,605
Water Revenue	119,265	-	119,265
Solid Waste	12,497	-	12,497
Inventory	-	-	-
	<u>\$ 190,609</u>	<u>\$ 912,682</u>	<u>\$ 1,103,291</u>
Fiduciary Funds:			
Fund:	<u>Accounts</u>	<u>Interest</u>	<u>Total</u>
Police Officers' Pension	\$ 46,814	\$ 2,759	\$ 49,573
Firefighters' Pension	20,019	6,137	26,156
	<u>\$ 66,833</u>	<u>\$ 8,896</u>	<u>\$ 75,729</u>

Receivables of the governmental and enterprise funds are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are considered immaterial since the amounts are near zero.

D. 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. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City for fiscal year ended September 30, 2018 was 6.0716 mills.

The tax levy of the City is established by the City Council prior to October 1 of each year and the Taylor County Tax Collector incorporates the City millage into the total tax levy, which includes Taylor County and Taylor County School Board tax requirements.

All property is reassessed by the County according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed and are subject to interest and penalties. 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.

Delinquent taxes on real property bear interest of 18% per year. On or before June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Delinquent taxes on personal property bear interest at a maximum rate of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

Since the Taylor County Tax Collector's office acts quickly in selling tax certificates and in remitting such collections to the City, no delinquent or uncollected property taxes exist at year-end. The City Tax Calendar is as follows: Valuation Date: January 1; Levy Date: November 1; Due Date: March 31, Succeeding Year; and Lien Date: April 1, Succeeding Year.

E. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 298,161	\$ -	\$ -	\$ 298,161
Depreciable Assets:				
Buildings	1,010,419	-	-	1,010,419
Equipment	2,740,148	272,109	(90,090)	2,922,167
Improvements other than buildings	1,219,253	913,916	-	2,133,169
	<u>\$ 5,267,981</u>	<u>\$ 1,186,025</u>	<u>\$ (90,090)</u>	<u>\$ 6,363,916</u>

	Beginning Balance	Primary Government		Ending Balance
		Increases	Decreases	
Less accumulated depreciation for:				
Buildings	\$ (722,790)	\$ (23,878)	\$ -	\$ (746,668)
Equipment	(1,518,718)	(156,640)	90,090	(1,585,268)
Improvements other than buildings	(709,461)	(101,635)	-	(811,096)
Infrastructure	-	-	-	-
	<u>\$ (2,950,969)</u>	<u>\$ (282,153)</u>	<u>\$ 90,090</u>	<u>\$ (3,143,032)</u>
Governmental activities capital assets, net	<u>\$ 2,317,012</u>	<u>\$ 903,872</u>	<u>\$ -</u>	<u>\$ 3,220,884</u>
Business-type Activities Non-Depreciable Assets				
Land	\$ 2,228,510	\$ 35,746	\$ -	\$ 2,264,256
Depreciable Assets:				
Buildings	1,046,691	-	-	1,046,691
Equipment	3,393,632	160,255	(96,033)	3,457,854
Improvements other than buildings	808,862	22,159	-	831,021
Infrastructure	<u>32,184,553</u>	<u>5,254,091</u>	<u>-</u>	<u>37,438,644</u>
	<u>\$ 39,662,248</u>	<u>\$ 5,472,251</u>	<u>\$ (96,033)</u>	<u>\$ 45,038,466</u>
Less Non-Depreciable Assets				
Land	\$ 7,180		\$ -	\$ 7,180
Less accumulated depreciation for:				
Buildings	(788,642)	(38,358)	-	(827,000)
Equipment	(2,153,491)	(181,294)	96,033	(2,238,752)
Improvements other than buildings	(352,935)	(50,418)	-	(403,353)
Infrastructure	<u>(15,177,206)</u>	<u>(933,060)</u>	<u>-</u>	<u>(16,110,266)</u>
	<u>\$ (18,465,094)</u>	<u>\$ (1,203,130)</u>	<u>\$ 96,033</u>	<u>\$ (19,572,191)</u>
Business-type activities capital assets, net	<u>\$ 21,197,154</u>	<u>\$ 4,269,121</u>	<u>\$ -</u>	<u>\$ 25,466,275</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Government Activities:

General Government	\$ 116,183
Police	88,438
Fire	59,339
Garage	5,438
Street/Transportation	<u>12,755</u>

Total depreciation expense-
Governmental Activities \$282,153

Business-type Activities:

Recreation	190,812
Water	197,807
Gas	23,199
Solid Waste	43,131
Sewer	740,607
Inventory	<u>7,574</u>

Total depreciation expense-
Business-type Activities \$1,203,130

Major capital asset events during the current fiscal year included the following:

Governmental Funds:

Paving and sidewalk, Garage bought vise & impact wrench, Police got a motor, software, phone system, 2 radios, Fire got nothing, Street got mowers.

Public Works:

Sewer purchased generators, trailer, backhoe, locator, phone system and compactor, and a new sewer plant is almost complete

Recreation replaced a few features at splash pad.

Solid waste purchased garbage cans.

Gas bought specialty tools.

Water purchased land, locator kit, a shed and upgraded well pump.

Warehouse got a security system.

F. Capitalization of Interest

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date

of the borrowing until completion of the project with interest earned on invested proceeds over the same period. For fiscal year ended September 30, 2018, no interest was capitalized.

G. Interfund Transfers

Transfers are indicative of funding for capital projects or subsidies to various funds as needed to provide the budgeted level of service. Several utilities and taxes have enough revenue to generally support other funds that have virtually no revenue. This covers everything from payroll to operations to capital outlay. The Gas Tax does specifically cover the road improvements, street and garage departments.

At September 30, 2018, interfund transfers were as follows:

	<u>General</u>	<u>Gas Tax</u>	<u>Utility Tax</u>	<u>Recreation</u>	<u>Water</u>	<u>Gas</u>	<u>Inventory</u>	<u>Waste</u>	<u>Total</u>
Transfers in	\$ 2,638,000	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ 73,747	\$ 45,272	\$ 2,857,019
Transfers out	-	(303,000)	(1,061,272)	-	(1,020,000)	(472,747)	-	-	(2,857,019)
	<u>\$ 2,638,000</u>	<u>\$ (303,000)</u>	<u>\$ (1,061,272)</u>	<u>\$ 100,000</u>	<u>\$ (1,020,000)</u>	<u>\$ (472,747)</u>	<u>\$ 73,747</u>	<u>\$ 45,272</u>	<u>\$ -</u>

H. Lease Commitments

The City of Perry has no lease commitments at September 30, 2018.

Note 4 – Other Information

A. 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 for which the City carries commercial insurance.

Through Preferred Governmental Insurance Trust (PGIT) Company, insurance against losses are provided for the following types of risk:

- General and Automobile Liability
- Inland Marine/Equipment Liability
- Real and Personal Property Damage
- Public Officials Liability

During the past year, there has not been any reduction in insurance coverage from coverage in the prior year. Additionally, insurance settlements have not exceeded insurance coverage for any of the past three years.

The City’s workers’ compensation coverage is provided by Preferred Governmental Insurance Trust (PGIT). PGIT was organized pursuant to Section 624.4622 of the Florida Statutes to provide for workers’ compensation insurance coverage for PGIT Members. Each Member of PGIT must be a local governmental entity as defined by Section 163.01 (3) (b), *Florida Statutes*.

PGIT is a non-assessable trust fund and should a deficit develop in the trust fund, after excess reinsurance recoveries, whereby claims or other expenses cannot be paid, each individual Member shall assume liability for the cost of claims brought against that Member as if such Member were individually self-insured without an obligation to, or a right of contribution from, other Members. The City is not aware of any loss contingency that would have a material effect on the financial statements.

B. Single Employer Pension Plans

The City maintains two separate single employer pension plans for firefighters and police officers, which are maintained as Pension Trust Funds. Pension Trust Funds covering firefighters and police officers are contributory. Firemen and police officers contribute 1% and 2% respectively, of their gross salary to each of the trust funds. The State of Florida requires the City to contribute a minimum of 5% of firemen's and police officers' gross salaries to the firefighters' and police officers' pension trust funds. The normal entry age actuarial cost method is used for both Pension Funds. A copy of the Annual Financial Reports is available upon request.

A schedule of funding progress in accordance with the requirements of paragraph 37 of Statement No. 25 of the Governmental Accounting Standards Board is not required per paragraph 124 for plans using the aggregate actuarial cost method. The benefits and refunds of the postemployment defined benefit plan are recognized when they are due and payable in accordance with the terms of the plan. All administrative costs are financed out of the plan's assets

The aggregate actuarial cost funding method is used for the firefighters' pension plan. This actuarial cost method does not identify or separately amortize unfunded actuarial accrued liabilities. Information about funded status and funding progress is presented using the entry age actuarial cost method and that the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan. The State of Florida has established guidelines for state and local pension plan funding and requires submission to and approval of the local government's actuarial reports by a state agency at least every year. The actuarial information does an interim update every year, but only completely evaluated every three years, hence the date on the notes labeled 'Funding Policy and Annual Pension Cost'.

Firefighters' Pension

The Firefighters' Pension Trust Fund of the City of Perry, Florida, has been established to conform to the Retirement Trust Fund provisions of Chapter 175 of the Florida Statutes. This is a defined benefit pension plan, which is administered by the Firefighters' Pension Trust Fund Board of Trustees, which is made up of two firefighters, two residents of the City, who are appointed by the City Council; and a fifth member elected by the other four members, and covers substantially all full-time firemen. The fiscal year ending September 30, 2018, contributions totaling \$237,631, \$195,419 from the employer and \$6,098 from the employees were made to the Firefighters' Pension Trust Fund. The on-behalf payments of fringe benefits and salaries for the employees were recognized as revenues and expenditures during this period. Employer contributions represented 32% of covered payroll for the fiscal year ended September 30, 2018. The percentage of annual pension cost contributed was 99.88%. The State of Florida's contribution to the pension plan for the year ended amounted to \$36,114.

A firefighter may retire after completing ten or more years of creditable service as a firefighter and attains age 55, or completes 25 years of creditable service as a firefighter and attains age 52. Firefighters separating from municipal employment prior to attaining ten years of service receive no benefits, but do receive a refund of member contributions. The Trust Fund also provides death and disability benefits. The State's contribution represents a 1.85% tax on all fire insurance premiums collected within the city limits.

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

The components of the net pension liability of the sponsor to be reported on September 30, 2018 were as follows:

Total Pension Liability	\$4,378,707
Plan Fiduciary Net Position	<u>(3,574,952)</u>
Sponsor's Net Pension Liability	<u>\$ 803,755</u>
Plan Fiduciary Net Position as a percentage of total Pension Liability	81.64%

At September 30, 2018, the City reported a liability of \$803,755 for its Pension Plan's net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2017 and reported on September 30, 2018 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Increases	5.50%
Discount Rate	7.25%
Investment Rate of Return	7.25%

RP-2000 Table with no projection – RP-2000 Table with no projection – Sex Distinct. Disabled lives are set forward 5 years.

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 expenses 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.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50%	7.50%
International Equity	15%	8.50%
Broad Market Fixed Income	30%	2.50%
Global Fixed Income	5%	3.50%
	100%	

Discount Rate:

The discount rate used to measure the total pension liability was 7.25 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 plan members. 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.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2017	\$ 4,090,040	\$ 3,199,740	\$ 890,300
Changes for a Year:			
Service Cost	118,446	-	118,446
Interest	317,117	-	317,117
Share Plan Allocation	-	-	-
Differences between Expected and Actual Experience	(25,456)	-	(25,456)
Changes of assumptions	111,855	-	111,855
Changes of benefit terms	-	-	-
Contributions- Employer	-	192,146	(192,146)
Contributions - State	-	39,613	(39,613)
Contributions - Employee	-	6,019	(6,019)
Net Investment Income	-	387,624	(387,624)
Benefit Payments, including Refunds of Employee Contributions	(233,295)	(233,295)	-
Administrative Expense	-	(16,895)	16,895
Net Changes	288,667	375,212	(86,545)
Balances at September 30, 2018	4,378,707	3,574,952	\$ 803,755

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.25%	7.25%	8.25%
	\$ 1,273,709	\$ 803,755	\$ 410,175

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended September 30, 2018 the City will recognize a pension expense of \$228,676. On September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 113,660
Changes of assumptions	195,742	-
Net difference between projected and actual earnings on pension plan investments	29,440	-
Pension plan contributions subsequent to the measurement date	231,862	-
Total	<u>\$ 457,044</u>	<u>\$ 113,660</u>

The deferred outflows of resources related to the Pension Plan, totaling \$231,862, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2018	\$ 56,287
2019	73,398
2020	9,862
2021	(28,025)
2022	-
Thereafter	-
	<u>\$ 111,522</u>

Plan Membership as of October 1, 2017:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	12
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	12
Active Plan Members	13
	<hr/>
	37
	<hr/> <hr/>

Investments:

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
International Equity	15%
Broad Market Fixed Income	30%
Global Fixed Income	5%
	<hr/>
	100%
	<hr/> <hr/>

Concentrations:

The Plan did not hold investments in any one organization that represent 5 or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2018 the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 7.58 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program:

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Period not to exceed 60 months.

Rate of Return: At Participants election:

- 1.) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) or
- 2.) 6.5% fixed annual return

The DROP balance at September 30, 2018 is \$222,068.

Police Pension

The Police Officers' Retirement Fund was established to conform to the Retirement Trust Fund provisions of Chapter 185 of the Florida Statutes. This is a defined benefit pension plan which is administered by the Police Officers' Retirement Fund Board of Trustees, which is made up of two police officers, two residents of the City, who are appointed by the City Council and a fifth member elected by the other four members, and covers substantially all full-time police officers. The amortization periods used are closed. The fiscal year ended September 30, 2018, contributions—totaling \$235,436, \$214,135 from employer and \$21,351 from employees—were made to the Police Officers' Retirement Fund. The on-behalf payments of fringe benefits and salaries for the employees were recognized as revenues and expenditures during this period. Employer contributions represented 20.1% of covered payroll for the fiscal year ended September 30, 2018. The percentage of annual pension cost contributed was 106.46%. The State of Florida's contribution to the pension plan for year ended amounted to \$57,494.

A member police officer may retire after completing ten or more years of creditable service as a police officer and attains age 55, or completes 25 years of creditable service as a police officer and attains age 52. Police officers separating from municipal employment prior to attaining ten years of service receive no benefits, but do receive a refund of member contributions. The Trust fund also provides death and disability benefits. The State's contribution represents a 0.85% tax on all casualty insurance premiums collected within the City limits.

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

The components of the net pension liability of the sponsor to be reported on September 30, 2018 were as follows:

Total Pension Liability	\$8,283,767
Plan Fiduciary Net Position	(7,854,673)
Sponsor's Net Pension Liability	<u>\$ 429,094</u>
Plan Fiduciary Net Position as a percentage of total Pension Liability	94.82%

At September 30, 2018, the City reported a liability of \$429,094 for its Pension Plan's net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.50%
Salary Increases	5.00% - 10.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

RP-2000 Table with no projection. Disabled lives set forward 5 years.

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 expenses 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.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	50%	7.50%
International Equity	15%	8.50%
Broad Market Fixed Income	30%	2.50%
Global Fixed Income	5%	3.50%
	<u>100%</u>	

Discount Rate:

The discount rate used to measure the total pension liability was 7.75 percent.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 plan members. 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.

CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at September 30, 2017	\$ 7,607,086	\$ 7,215,528	\$ 391,558
Changes for a Year:			-
Service Cost	223,106	-	223,106.00
Interest	589,625	-	589,625.00
Change in Excess State Money	(27,217)	-	(27,217.00)
Share Plan Allocation	13,608	-	13,608.00
Differences between Expected and Actual Experience	267,370	-	267,370.00
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions- Employer	-	209,331	(209,331.00)
Contributions - State	-	52,972	(52,972.00)
Contributions - Employee	-	21,429	(21,429.00)
Contributions - Buy Back	-	-	-
Net Investment Income	-	771,054	(771,054.00)
Benefit Payments, including Refunds of Employee Contributions	(389,811)	(389,811)	-
Administrative Expense	-	(25,830)	25,830.00
Net Changes	676,681	639,145	37,536
Balances at September 30, 2018	\$ 8,283,767	\$ 7,854,673	\$ 429,094

Sensitivity of the Net Pension Liability to changes in the Discount Rate.

	Current Discount		
	1% Decrease	Rate	1% Increase
	6.75%	7.75%	8.75%
Sponsor's Net Pension Liability	\$ 1,385,163	\$ 429,094	\$ (371,327)

Pension Plan Fiduciary Net Position.

Detailed information about the pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED
INFLOWS OF RESOURCES RELATED TO PENSIONS**

For the year ended September 30, 2018 the City recognized a pension expense of \$346,439. On September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 213,896	\$ 151,504
Changes of assumptions	93,876	-
Net difference between projected and actual earnings on pension plan investments	133,650	-
Pension plan contributions subsequent to the measurement date	271,629	-
Total	<u>\$ 713,051</u>	<u>\$ 151,504</u>

The deferred outflows of resources related to the Pension Plan, totaling \$271,629, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2019	\$ 97,011
2020	140,267
2021	42,558
2022	10,082
2023	-
Thereafter	-
	<u>\$ 289,918</u>

Plan Membership as of October 1, 2017:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	15
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	7
Active Plan Members	18
	<hr/>
	40
	<hr/> <hr/>

Investments:

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	50%
International Equity	15%
Broad Market Fixed Income	30%
Global Fixed Income	5%
	<hr/>
	100%
	<hr/> <hr/>

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended September 30, 2018, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 7.78 percent.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program:

Eligibility: Satisfaction of Normal Retirement Requirements.

Participation: Not to exceed 60 months.

Rate of Return: Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs).

The DROP balance as of September 30, 2018 is \$52,110.

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C. Multiple Employer Cost Sharing Pension Plans

General Information:

Many of the City's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Florida Retirement System - Pension Plan

Plan Description:

The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided:

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly

CITY OF PERRY, FLORIDA
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for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions:

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively, were as follows: Regular—7.92% and 8.26%; Special Risk Administrative Support—34.63% and 34.98%; Special Risk—23.27% and 24.50%; Senior Management Service—22.71% and 24.06%; Elected Officers'—45.50% and 48.70%; and DROP participants—13.26% and 14.03%. These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively. The City's contributions to the Pension Plan totaled \$132,445 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

CITY OF PERRY, FLORIDA
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At September 30, 2018, the City reported a liability of \$1,351,120 for its proportionate share of the Pension Plan's 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 June 30, 2018. The City's proportionate share of the net pension liability was based on the City's 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the City's proportionate share was 0.004485714 percent, which was an increase (decrease) of (6.34%) percent from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$91,251. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 114,460	\$ 4,154
Changes in assumptions	441,480	-
Net difference between projected and actual earnings on Pension Plan investments	-	104,391
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	20,535	90,119
City Pension Plan contributions subsequent to the measurement date	40,415	-
Total	<u>\$ 616,890</u>	<u>\$ 198,664</u>

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The deferred outflows of resources related to the Pension Plan, totaling \$34,402 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year	Amount
Ending	
2019	\$ 146,380
2020	99,898
2021	13,929
2022	66,519
2023	44,479
Thereafter	6,606
	\$ 377,811

Actuarial Assumptions:

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Discount rate	7.00%

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

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

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.8%
Fixed Income	18.0%	4.4%	4.3%	4.0%
Global Equity	54.0%	7.6%	6.3%	17.0%
Real Estate	11.0%	6.6%	6.0%	11.3%
Private Equity	10.0%	10.7%	7.8%	26.5%
Strategic Investments	6.0%	6.0%	5.7%	8.6%
Total	<u>100.0%</u>			
Assumed Inflation - Mean		2.6%		1.9%

Discount Rate:

The discount rate used to measure the total pension liability was 7.00%. 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 discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate:

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.10%, 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 one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
City's proportionate share of the net pension liability	<u>\$ 2,465,851</u>	<u>\$ 1,351,120</u>	<u>\$ 425,270</u>

Pension Plan Fiduciary Net Position:

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan:

At September 30, 2018, the City had no payables to report for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2018.

CITY OF PERRY, FLORIDA
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Florida Retirement System - Health Insurance Subsidy (HIS)

Plan Description:

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. 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 Florida Department of Management Services, Division of Retirement.

Benefits Provided:

For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions:

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the HIS contribution for the period October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018 was 1.66% and 1.66%, respectively. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contribution are deposited in a separate trust fund from which payments are authorized.

HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event 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 Plan totaled \$31,489 for the fiscal year ended September 30, 2018.

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 liability of \$593,199 for its proportionate share of the HIS Plan's 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 the City's 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the City's proportionate share was 0.005604617 percent, which was an increase (decrease) of (5.55) percent from its proportionate share measured as of June 30, 2017.

CITY OF PERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$7,899. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,082	\$ 358
Changes in assumptions	65,971	62,718
Net difference between projected and actual earnings on HIS Plan investments	358	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	11,110	38,607
Town HIS Plan contributions subsequent to the measurement date	8,652	-
Total	<u>\$ 95,173</u>	<u>\$ 101,683</u>

The deferred outflows of resources related to the HIS Plan, totaling \$8,652 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year	Amount
Ending	
2019	\$ (10,589)
2020	(10,550)
2021	(7,391)
2022	(1,660)
2023	10,305
Thereafter	4,723
	<u>\$ (15,162)</u>

CITY OF PERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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%, average, including inflation
Municipal bond rate	3.87 %

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

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

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 Position Liability to Changes in the Discount Rate:

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.87%, 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 one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Town's proportionate share of the net pension liability	<u>\$ 675,619</u>	<u>\$ 593,199</u>	<u>\$ 524,497</u>

Pension Plan Fiduciary Net Position:

Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan:

At September 30, 2018, the City had no payables to report for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2018.

CITY OF PERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

C. Other Post Employment Benefits (OPEB)

The City follows GASB Cod. Sec. P50 for certain post-employment benefits provided by the City.

Plan Description:

The City provides optional post-employment benefits to all eligible individuals including lifetime medical, prescription, dental, and certain life insurance coverage. Eligible individuals include all regular employees of the City of Perry who retire from active service under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report.

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	8
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	<u>88</u>
	<u><u>96</u></u>

Funding Policy:

The numbers shown above reflect a decision not to fund the program. Therefore, the contributions made to the program are assumed to be the benefits paid to retirees and administrative expenses.

Benefits Provided

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the District are eligible to receive postemployment health care benefits. All retiree and dependent coverage is at the expense of the retiree.

Retirees must pay a monthly premium as determined by the insurance carrier. The premium varies depending on whether the retiree elects single, single plus spouse, single plus dependents, or family coverage.

Currently, the City's subsidy to OPEB benefits is unfunded. There are no separate Trust Funds or equivalent arrangements into which the City makes contributions to advance-fund the OPEB obligations, as it does for its retiree pension plans. The City's cost of the OPEB benefits, funded on a pay-as-you-go basis, was a decrease of \$22,581 for the year ended September 30, 2018.

The ultimate implicit and explicit subsidies which are provided over time are financed directly by general assets of the City, which are invested in short-term fixed income instruments according to its current investment policy. The City selected an interest discount rate of 3.64% per annum, which is the long-range expected return on such short-term fixed income instruments, to calculate the present values and costs of the OPEB. This is consistent with GASB Statement No. 45 guidelines.

Basis Accounting:

The OPEB is recorded in the government-wide financial statements, and the enterprise fund only on the accrual basis of accounting.

CITY OF PERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Annual OPEB cost and Net OPEB Obligation:

The Annual OPEB Cost is the amount that was expensed for the fiscal year. For the year ended September 30, 2018, the City recognized an OPEB expense of \$10,130. Since the City's OPEB plan is currently unfunded, the offset to that expense comes from subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the Employer Contribution and equals the total age-adjusted premiums paid by the City for coverage for the retirees and their dependents for the year (net of the retiree's own payments for the year). The cumulative difference between the Annual OPEB Cost for the year and the Employer Contribution for the year is called the Net OPEB Obligation. The Net OPEB Obligation is reflected as a liability in the statement of net position.

Total OPEB Liability

The measurement date is September 30, 2017

The measurement period of the OPEB expense was October 1, 2016 to September 30, 2017.

The reporting period is October 1, 2017 through September 30, 2018.

The City's Total OPEB Liability was measured as of September 30, 2017.

Note – The City's Total OPEB Liability for the City's ledger adjustment was measured as of September 30, 2016 using a discount rate of 3.06%. The Total OPEB Liability was "rolled-back" from September 30, 2017 at 3.06%, thus producing no experience gain or loss for the period ending September 30, 2017.

The City's total OPEB liability as of September 30, 2018 was determined by an actuarial valuation as of September 30, 2017 using September 30, 2017 as the measurement date. The actuarial assumptions used in the September 30, 2017 valuation were as follows:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	3.64%
Initial Trend Rate	8.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	56

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA.

Discount Rate:

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.64%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

CITY OF PERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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Changes in the Total OPEB Liability

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ending September 30, 2017	\$ 844,915
Chan Service Cost	
Interest	41,673
Differences Between Expected and Actual Experience	26,693
Changes of Assumptions	-
Changes of Benefit Terms	(62,236)
Contributions - Employer	-
Benefit Payments	-
Other Changes	(28,711)
Net Changes	(22,581)
Reporting Period Ending September 30, 2018	\$ 822,334

Changes of assumptions reflect a change in the discount rate from 3.06% for the fiscal year ending September 30, 2017 to 3.64% for the fiscal year ending September 30, 2018.

Sensitivity of the total OPEB liability to changes in the discount rate:

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64%) or 1-percentage-point higher (4.64%) than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability (Asset)	2.64%	3.64%	4.64%
	\$ 934,060	\$ 822,334	\$ 729,286

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates:

The following presents the Total OPEB Liability of the City, as well as what the City's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (Asset)	3.00% - 7.50%	4.00% - 8.50%	5.00% - 9.50%
	\$ 728,056	\$ 822,334	\$ 934,997

CITY OF PERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the City reported an amount of \$822,334 for its OPEB liability

For the fiscal year ended September 30, 2018, the City recognized OPEB expense of \$10,130. Under GASB 75 as it applies to plans that qualify for the Alternative Measurement Method, changes in the Total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB Expense.

Fiscal Year Ending	9/30/2018
Service Cost	\$ 41,673
Interest	26,693
Recognition of Changes in Total OPEB Liability	(62,236)
Administrative Expenses	4,000
Total OPEB Expense	\$ 10,130

Note 5 – Summary Disclosure of significant contingencies

A. Litigation.

During the ordinary course of its operation, the City is a party to various claims, legal actions and complaints. These matters are covered by the City’s Risk Management Program.

In the opinion of the City’s management and legal counsel, these matters are not anticipated to have a material financial impact on the City.

B. Federally Assisted Programs – Compliance Audits

The City participates in a number of federally assisted programs, principally, of which are the Department of Justice, Department of Housing and Urban Development, Environmental Protection Agency, and certain other State of Florida programs. These programs are subject to audit under the requirements of the OMB *Uniform Guidance* for which a separate report is issued.

The City anticipates no material adverse findings.

C. Long-term Debt

Long-term liabilities directly related to and intended to be paid from Proprietary Funds are included in the accounts of such funds. The State Revolving Fund Loan will sometime in the future have a schedule of repayment listed below, but presently it is not in the repayment phase where an amortization schedule is available. The State Revolving Loan is to relieve the cash shortage until the Wastewater grant reimburses us for the work we have paid for in previous years, specifically the spray field.

CITY OF PERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

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Description of Long-Term Debt – Summarized below are the City’s long-term debt issues, which are outstanding at September 30, 2018.

A. STATE REVOLVING FUND LOAN

State Revolving Loan

There is also a pre-construction SRF loan also originally approved in 2009 from Florida Department of Environmental Protection for \$225,566. The proceeds were used for the study to either upgrade or build a new wastewater treatment plant and evaluate the best options. The loan is collateralized by a subordinate lien on net revenues of the sewer utility fund. The interest rate is .88% and this will take 26 years to repay.

B. USDA BOND PAYABLE

On September 13, 2018, the City closed on a loan from the U.S. Department of Agriculture in the amount of \$2,296,000 for the purpose of providing long-term financing for the wastewater treatment plant. The loan calls for payments of principal and interest yearly beginning September 13, 2021. The loan requires that a reserve account be established that will accumulate 1/10 of the maximum annual debt payment until the equivalent of one annual payment has been deposited, and thereafter as necessary to maintain the account. The maximum reserve is \$125,087. The following is a schedule of payments that will be made under the loan agreement:

CITY OF PERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Year	Beginning Balance	Interest	Principal	Ending Balance	Total Payment
1	\$ 2,926,000.00	\$ 80,465.00	\$ -	\$ 2,926,000.00	\$ 80,465.00
2	2,926,000.00	80,465.00	-	2,926,000.00	80,465.00
3	2,926,000.00	80,465.00	45,000.00	2,881,000.00	125,465.00
4	2,881,000.00	79,227.50	46,000.00	2,835,000.00	125,227.50
5	2,835,000.00	77,962.50	47,000.00	2,788,000.00	124,962.50
6	2,788,000.00	76,670.00	48,000.00	2,740,000.00	124,670.00
7	2,740,000.00	75,350.00	50,000.00	2,690,000.00	125,350.00
8	2,690,000.00	73,975.00	51,000.00	2,639,000.00	124,975.00
9	2,639,000.00	72,572.50	53,000.00	2,586,000.00	125,572.50
10	2,586,000.00	71,115.00	54,000.00	2,532,000.00	125,115.00
11	2,532,000.00	69,630.00	55,000.00	2,477,000.00	124,630.00
12	2,477,000.00	68,117.50	57,000.00	2,420,000.00	125,117.50
13	2,420,000.00	66,550.00	59,000.00	2,361,000.00	125,550.00
14	2,361,000.00	64,927.50	60,000.00	2,301,000.00	124,927.50
15	2,301,000.00	63,277.50	62,000.00	2,239,000.00	125,277.50
16	2,239,000.00	61,572.50	64,000.00	2,175,000.00	125,572.50
17	2,175,000.00	59,812.50	65,000.00	2,110,000.00	124,812.50
18	2,110,000.00	58,025.00	67,000.00	2,043,000.00	125,025.00
19	2,043,000.00	56,182.50	69,000.00	1,974,000.00	125,182.50
20	1,974,000.00	54,285.00	71,000.00	1,903,000.00	125,285.00
21	1,903,000.00	52,332.50	73,000.00	1,830,000.00	125,332.50
22	1,830,000.00	50,325.00	75,000.00	1,755,000.00	126,325.00
23	1,755,000.00	48,262.50	77,000.00	1,678,000.00	125,262.50
24	1,678,000.00	46,145.00	79,000.00	1,599,000.00	125,145.00
25	1,599,000.00	43,972.50	81,000.00	1,518,000.00	124,972.50
26	1,518,000.00	41,745.00	83,000.00	1,435,000.00	124,745.00
27	1,435,000.00	39,462.50	86,000.00	1,349,000.00	125,482.50
28	1,349,000.00	37,097.50	88,000.00	1,261,000.00	125,097.50
29	1,261,000.00	34,677.50	90,000.00	1,171,000.00	124,677.50
30	1,171,000.00	32,202.50	93,000.00	1,078,000.00	125,202.50
31	1,078,000.00	29,645.00	95,000.00	983,000.00	124,545.00
32	983,000.00	27,032.50	98,000.00	885,000.00	125,032.50
33	885,000.00	24,337.50	101,000.00	784,000.00	125,337.50
34	784,000.00	21,560.00	104,000.00	680,000.00	125,560.00
35	680,000.00	18,700.00	106,000.00	574,000.00	124,700.00
36	574,000.00	15,785.00	109,000.00	465,000.00	124,785.00
37	465,000.00	12,787.50	112,000.00	353,000.00	124,787.50
38	353,000.00	9,707.50	115,000.00	238,000.00	124,707.50
39	238,000.00	6,545.00	119,000.00	119,000.00	125,545.00
40	119,000.00	3,272.50	119,000.00	-	122,272.50
		<u>\$ 1,986,242.50</u>	<u>\$ 2,926,000.00</u>		

C. BOYS AND GIRLS CLUB BUILDING LOAN

The City obtained a loan from Citizens Bank in the amount of \$279,473, for the construction of a building to be used by the Boys and Girls Club in Perry. The loan is being repaid in monthly installments of \$4,961 including interest at 2.45%. The loan is being paid from rental payments by the Boys and Girls Club and it is the intent of the City to donate the building to the Organization once the loan is repaid. The following is a schedule of payments to be made under the loan:

Fiscal Year Ended September	Principal	Interest	Total
2019	\$ 57,913	\$ 1,619	\$ 59,532
2020	39,383	646	40,029
	<u>\$ 97,296</u>	<u>\$ 2,265</u>	<u>\$ 99,561</u>

CITY OF PERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Changes in long-term liabilities:

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 345,806	\$ 314,265	\$ 143,740	\$ 516,331	\$ 175,301
OPEB Payable	101,345	441,814	14,854	528,305	-
Net Pension Liability	2,378,356	-	39,773	2,338,583	-
Governmental Activities Total	\$ 2,825,507	\$ 756,079	\$ 198,367	\$ 3,383,219	\$ 175,301
Long-term Liabilities					
Business-type Activities:					
Boy & Girl club building loan	\$ 167,417	\$ -	\$ 70,121	\$ 97,296	\$ 57,913
SRF Pre Construction Loan	225,566	-	13,263	212,303	-
USDA bond payable	-	2,926,000	-	2,926,000	-
Compensated Absences	71,990	35,071	30,851	76,210	45,249
OPEB Payable	51,945	242,084	-	294,029	-
Net Pension Liability	954,593	209,646	294,836	869,403	-
Business-type Activities Total	\$ 1,471,511	\$ 3,412,801	\$ 409,071	\$ 4,475,241	\$ 103,162

Note 6 – Fund Balances of Governmental Funds

As of September 30, 2018, fund balances of the governmental funds are classified as follows:

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under current practices, the assignment of fund balances is approved by the City Council as a component of the budgetary approval process.

Unassigned – all other spendable amounts.

Fund	Restricted	Assigned	Unassigned
General			
Law enforcement	\$ 87,867	\$ -	\$ -
Other	5,455	-	854,460
Community redevelopment	199,974	-	-
Utility Tax Revenue Reserves	-	660,590	-
Local Option Gas Tax Transportation	148,339	-	-
	<u>\$ 441,635</u>	<u>\$ 660,590</u>	<u>\$ 854,460</u>

CITY OF PERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

Note 7 – Restricted Net Position of Proprietary Fund

As of September 30, 2018, restricted net position in proprietary funds are as follows:

Restricted for:	
Debt Service	\$ -
Capital Projects	912,682
Economic Development	-
	<u>\$ 912,682</u>

Note 8 – Prior Period Adjustment

The prior period net position of the governmental activities was adjusted in the current year to recognize the other post-employment benefits (OPEB) liability that has not been reported in prior years. The adjustment was a decrease to the net position and an increase in the OPEB liability as follows:

	Beginning Balance	Adjustment	Adjustment Balance
Net Position	\$3,965,969	\$(446,616)	\$3,519,353
OPEB Liability	\$ 101,345	446,616	\$ 545,961

CITY OF PERRY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2018

REQUIRED SUPPLEMENTAL INFORMATION

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Budgetary Comparison Schedule-Utility Tax Revenue Fund
Budgetary Comparison Schedule-Local Option Gas Tax Fund
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Schedules of Contributions and Investment Returns - Firefighters' Pension
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Schedule of Changes in Police Officers' Net Pension Liability and Related Ratios
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Schedule of Proportionate Share of Net Pension Liability – FRS
Schedule of Contributions to FRS and HIS – Last 10 Fiscal Years
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Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Notes to RSI for Total OPEB Liability and Related Ratios

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CITY OF PERRY, FLORIDA
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 1,372,569	\$ 1,372,569	\$ 1,327,092	\$ (45,477)
Discretionary Sales Tax	523,419	523,419	568,829	45,410
Franchise	540,000	540,000	560,335	20,335
Telecommunications	239,795	239,795	234,312	(5,483)
Licenses & permits	81,140	81,140	76,484	(4,656)
Motor Fuel	101,529	101,529	69,589	(31,940)
Sales Tax - 1/2 Cent	381,693	381,693	408,047	26,354
Intergovernmental	345,355	345,355	417,838	72,483
Fines & Forfeitures	19,170	19,170	48,276	29,106
Interest	1,600	1,600	6,074	4,474
Miscellaneous	12,400	12,400	735,567	723,167
Total Revenues	<u>3,618,670</u>	<u>3,618,670</u>	<u>4,452,443</u>	<u>833,773</u>
EXPENDITURES				
Current:				
Legislative (Council)	74,285	74,285	75,739	(1,454)
Administration	649,298	649,298	588,915	60,383
Finance	417,246	417,246	436,141	(18,895)
Comprehensive Planning	66,152	66,152	67,078	(926)
Garage	139,498	139,498	134,132	5,366
Police	2,243,430	2,243,430	2,277,927	(34,497)
Fire	1,167,846	1,167,846	1,127,920	39,926
Protective Inspections	164,073	164,073	146,824	17,249
Transportation (Street)	557,401	557,401	626,643	(69,242)
Capital Outlay	1,229,885	1,229,885	1,186,028	43,857
Total Expenditures	<u>6,709,114</u>	<u>6,709,114</u>	<u>6,667,347</u>	<u>41,767</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,090,444)</u>	<u>(3,090,444)</u>	<u>(2,214,904)</u>	<u>875,540</u>
OTHER FINANCING SOURCES - USES				
Transfers In	2,274,459	2,274,459	2,638,000	(303,631)
Total other financing sources & uses	<u>2,274,459</u>	<u>2,274,459</u>	<u>2,638,000</u>	<u>(303,631)</u>
Net change in fund balances	(815,985)	(815,985)	423,096	1,239,081
Fund balances - beginning	(1,151,231)	(191,851)	524,686	-
Fund balances - ending	<u>\$ (1,967,216)</u>	<u>\$ (1,007,836)</u>	<u>\$ 947,782</u>	<u>\$ 1,239,081</u>

CITY OF PERRY, FLORIDA
 Budgetary Comparison Schedule
 Community Redevelopment Fund
 For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
County	\$ 19,332	\$ 19,332	\$ 18,365	\$ (967)
City	16,335	16,335	15,519	(816)
Depot Rental	6,500	6,500	9,973	3,473
Interest	200	200	554	354
Total Revenues	<u>42,367</u>	<u>42,367</u>	<u>44,411</u>	<u>2,044</u>
EXPENDITURES				
Current:				
Expenses	\$ 4,000	\$ 4,000	\$ 605	\$ 3,395
DREAM Grant	\$ 38,367	\$ 38,367	\$ 6,797	
Capital Outlay	-	-	3,225	\$ (3,225)
Total Expenditures	<u>42,367</u>	<u>42,367</u>	<u>10,627</u>	<u>31,740</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>33,784</u>	<u>33,784</u>
OTHER FINANCING SOURCES-USES				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources & uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	33,784	33,784
Fund balances-beginning	<u>136,041</u>	<u>136,041</u>	<u>166,190</u>	
Fund balances-ending	<u>\$ 136,041</u>	<u>\$ 136,041</u>	<u>\$ 199,974</u>	<u>\$ 33,784</u>

CITY OF PERRY, FLORIDA
 Budgetary Comparison Schedule
 Utility Tax Revenue Fund
 For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Electric	\$ 633,000	\$ 633,000	\$ 623,478	\$ (9,522)
Water	80,000	80,000	37,783	(42,217)
Propane/Natural Gas	75,000	75,000	86,282	11,282
Fines & Forfeitures	1,850	1,850	2,018	168
Interest	450	450	2,244	1,794
Total Revenues	<u>790,300</u>	<u>790,300</u>	<u>751,805</u>	<u>(38,495)</u>
EXPENDITURES				
Current:				
Total Expenditures	<u>1,400</u>	<u>1,400</u>	<u>1,568</u>	<u>(168)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>788,900</u>	<u>788,900</u>	<u>750,237</u>	<u>(38,663)</u>
OTHER FINANCING SOURCES-USES				
Transfers In	-	-	-	-
Transfers Out	<u>(788,900)</u>	<u>(788,900)</u>	<u>(1,061,272)</u>	<u>(272,372)</u>
Total other financing sources & uses	<u>(788,900)</u>	<u>(788,900)</u>	<u>(1,061,272)</u>	<u>(272,372)</u>
Net change in fund balances	-	-	(311,035)	(311,035)
Fund balances-beginning	<u>826,291</u>	<u>826,291</u>	<u>971,625</u>	<u>145,334</u>
Fund balances-ending	<u>\$ 826,291</u>	<u>\$ 826,291</u>	<u>\$ 660,590</u>	<u>\$ (165,701)</u>

CITY OF PERRY, FLORIDA
 Budgetary Comparison Schedule
 Local Option Gas Tax Fund
 For the Fiscal Year Ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Motor Fuel	\$ 307,200	\$ 307,200	\$ 324,558	\$ 17,358
Interest	1,600	1,600	8,259	6,659
Total Revenues	<u>308,800</u>	<u>308,800</u>	<u>332,817</u>	<u>24,017</u>
EXPENDITURES				
Current:				
Miscellaneous	-	-	1,093	(1,093)
Total Expenditures	-	-	1,093	(1,093)
Excess (deficiency) of revenues over (under) expenditures	<u>308,800</u>	<u>308,800</u>	<u>331,724</u>	<u>22,924</u>
OTHER FINANCING SOURCES-USES				
Transfers In	-	-	-	-
Transfers Out	(308,000)	(308,000)	(303,000)	5,000
Total other financing sources & uses	<u>(308,000)</u>	<u>(308,000)</u>	<u>(303,000)</u>	<u>5,000</u>
Net change in fund balances	800	800	28,724	27,924
Fund balances - beginning	1,340,535	1,355,271	1,455,615	100,344
Fund balances - ending	<u>\$ 1,341,335</u>	<u>\$ 1,356,071</u>	<u>\$ 1,484,339</u>	<u>\$ 128,268</u>

CITY OF PERRY, FLORIDA
Notes to Required Supplementary Information on Budgetary Comparison Schedules
For the Fiscal Year Ended September 30, 2018

Budgetary Accounting

The annual operating budgets of governmental funds are prepared and presented in accordance with GAAP.

Budget Requirements

Increases in budget appropriations were properly approved by the City Council.

For the year ended September 30, 2018, there were no changes to appropriations in any of the the governmental funds.

**SCHEDULE OF CHANGES IN FIREFIGHTERS' PENSION FUND
NET PENSION LIABILITY AND RELATED RATIOS**

Last 10 Fiscal Years

Reporting Period Ending Measurement Date	9/30/2019 9/30/2018	9/30/2018 9/30/2017	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014
Total Pension Liability					
Service Cost	\$ 128,341	\$ 118,446	\$ 102,147	\$ 68,009	\$ 76,529
Interest	329,241	317,117	309,146	302,674	293,950
Share Plan Allocation	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	(37,464)	(25,456)	(189,134)	(79,654)	-
Changes of Assumptions	112,233	111,855	223,700	-	-
Benefit Payments, Including Refunds of Employee Contributions	(234,324)	(233,295)	(236,004)	(252,512)	(253,304)
Net Change in Total Pension Liability	298,027	288,667	209,855	38,517	117,175
Total Pension Liability - Beginning	4,378,707	4,090,040	3,880,185	3,841,668	3,724,493
Total Pension Liability - Ending	\$ 4,676,734	\$ 4,378,707	\$ 4,090,040	\$ 3,880,185	\$ 3,841,668
Plan Fiduciary Net Position					
Contributions - Employer	\$ 195,748	\$ 192,146	\$ 281,438	\$ 176,554	\$ 202,954
Contributions - State	36,114	39,613	38,522	49,773	51,276
Contributions - Employee	6,098	6,019	5,703	4,115	3,852
Net Investment Income	267,505	387,624	158,924	(32,885)	304,425
Benefit Payments, Including Refunds of Employee Contributions	(234,324)	(233,295)	(236,004)	(252,512)	(253,304)
Administrative Expense	(28,303)	(16,895)	(16,976)	(15,607)	(7,967)
Net Change in Plan Fiduciary Net Position	242,838	375,212	231,607	(70,562)	301,236
Plan Fiduciary Net Position - Beginning	3,574,952	3,199,740	2,968,133	3,038,695	2,737,459
Plan Fiduciary Net Position - Ending	\$ 3,817,790	\$ 3,574,952	\$ 3,199,740	\$ 2,968,133	\$ 3,038,695
Net Pension Liability - Ending (a) - (b)	\$ 858,944	\$ 803,755	\$ 890,300	\$ 912,052	\$ 802,973
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.63%	81.64%	78.23%	76.49%	79.10%
Covered Employee Payroll	\$ 610,905	\$ 601,947	\$ 570,338	\$ 468,196	\$ 385,197
Net Position Liability as a Percentage of Covered Employee Payroll	140.60%	133.53%	156.10%	194.80%	208.46%

*GASB 68 requires information for 10 years. However until a full 10 year trend is completed only those years for which information is available is presented.

SCHEDULE OF CONTRIBUTIONS FOR FIREFIGHTERS' PENSION FUND

Last 10 Fiscal Years

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 232,144	\$ 231,148	\$ 319,960	\$ 226,327	\$ 254,230
Contributions in Relation to the Actuarially Determined Contribution	231,862	231,759	319,960	226,327	254,230
	<u>\$ 282</u>	<u>\$ (611)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 610,905	\$ 601,947	\$ 570,338	\$ 468,196	\$ 385,197
Contributions as a Percentage of					
Covered Employee Payroll	37.95%	38.50%	56.10%	48.34%	66.00%

SCHEDULE OF FIREFIGHTERS' PENSION FUND INVESTMENT RETURNS

Last 10 Fiscal Years

	9/30/2018	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Annual Money-Weighted Rate of Return					
Net of Investment Expense	7.58%	12.29%	5.40%	-1.10%	11.19%

*GASB 68 requires information for 10 years. However until a full 10 year trend is completed only those years for which information is available is presented.

Notes to RSI for Firefighters' Pension

Valuation Date: 10/01/2017

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

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
 Amortization Method: Level dollar, closed.
 Remaining Amortization Period: 20 Years (as of 10/01/2017).
 Mortality: RP-2000 Generational. Annuitant White Collar with no setback, no projection scale.
 Interest Rate: 7.50% per year, compounded annually, net of investment-related expenses. This assumption is in line with the national average utilized for public pension programs, and reasonable based on the target asset allocation.
 Retirement Age: Earlier of age 55 and 10 years of service or 25 years of service, regardless of age. Also any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
 Early Retirement: Commencing with the earliest Early Retirement Age (50), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
 Disability Rates: See table below.
 Termination Rates: See table below.
 Salary Increase: 5.5% per year until the assumed retirement age.
 Payroll Growth: None.
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.0%	0.03%
30	5.0%	0.04%
40	2.6%	0.07%
50	0.8%	0.18%

**SCHEDULE OF CHANGES IN POLICE OFFICERS' PENSION FUND
NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years**

Reporting Period Ending Measurement Date	9/30/2019 9/30/2018	9/30/2018 9/30/2017	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014
Total Pension Liability					
Service Cost	\$ 201,904	\$ 223,106	\$ 201,527	\$ 211,890	\$ 205,037
Interest	642,122	589,625	592,602	582,837	559,230
Change in Excess State Money	-	(27,217)	-	-	-
Share Plan Allocation	-	13,608	-	-	-
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	(14,909)	267,370	(286,364)	(20,807)	-
Changes of Assumptions	-	-	187,750	-	-
Contributions - Buy Back	-	-	5,729	-	-
Benefit Payments, Including Refunds of Employee Contributions	(400,461)	(389,811)	(654,738)	(628,255)	(323,810)
Net Change in Total Pension Liability	428,656	676,681	46,506	145,665	440,457
Total Pension Liability - Beginning	8,283,767	7,607,086	7,560,580	7,414,915	6,974,458
Total Pension Liability - Ending	<u>\$ 8,712,423</u>	<u>\$ 8,283,767</u>	<u>\$ 7,607,086</u>	<u>\$ 7,560,580</u>	<u>\$ 7,414,915</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 214,135	\$ 209,331	\$ 392,928	\$ 363,840	\$ 365,109
Contributions - State	57,494	52,972	40,967	52,719	50,821
Contributions - Employee	21,351	21,429	20,961	18,978	18,363
Contributions - Buy Back	-	-	5,729	-	-
Net Investment Income	601,006	771,054	392,453	(55,592)	739,095
Benefit Payments, Including Refunds of Employee Contributions	(400,461)	(389,811)	(654,738)	(628,255)	(323,810)
Administrative Expense	(28,436)	(25,830)	(30,495)	(26,275)	(14,392)
Net Change in Plan Fiduciary Net Position	465,089	639,145	167,805	(274,585)	835,186
Plan Fiduciary Net Position - Beginning	7,854,673	7,215,528	7,047,723	7,322,308	6,487,122
Plan Fiduciary Net Position - Ending	<u>\$ 8,319,762</u>	<u>\$ 7,854,673</u>	<u>\$ 7,215,528</u>	<u>\$ 7,047,723</u>	<u>\$ 7,322,308</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 392,661</u>	<u>\$ 429,094</u>	<u>\$ 391,558</u>	<u>\$ 512,857</u>	<u>\$ 92,607</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.49%	94.82%	94.85%	93.22%	98.75%
Covered Employee Payroll	\$ 1,067,547	\$ 1,071,441	\$ 1,048,055	\$ 975,095	\$ 918,167
Net Position Liability as a Percentage of Covered Employee Payroll	36.78%	40.05%	37.36%	52.60%	10.09%

*GASB 68 requires information for 10 years. However until a full 10 year trend is completed only those years for which information is available is presented.

SCHEDULE OF CONTRIBUTIONS FOR POLICE OFFICERS' PENSION FUND
Last 10 Fiscal Years

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 255,143	\$ 252,860	\$ 433,895	\$ 416,559	\$ 415,930
Contributions in Relation to the Actuarially Determined Contribution	271,629	262,303	433,895	416,559	415,930
	<u>\$ 526,772</u>	<u>\$ (9,443)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 1,067,547	\$ 1,071,441	\$ 1,048,055	\$ 975,095	\$ 918,167
Contributions as a Percentage of					
Covered Employee Payroll	25.44%	24.48%	41.40%	42.72%	45.30%

SCHEDULE OF POLICE OFFICERS' PENSION FUND INVESTMENT RETURNS
Last 10 Fiscal Years

	09/30/2018	09/30/2017	09/30/2016	09/30/2015	09/30/2014
Annual Money-Weighted Rate of Return					
Net of Investment Expense	7.78%	10.84%	5.63%	-0.77%	11.32%

*GASB 68 requires information for 10 years. However until a full 10 year trend is completed only those years for which information is available is presented.

Notes to RSI for Police Officers' Pension

Valuation Date: 10/01/2017
 Presentation: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
 Amortization Method: Level Percentage of Payroll, Closed.
 Remaining Amortization Period: 20 Years (as of 10/01/2017).
 Mortality: RP-2000 Table with no projection (Disabled lives set forward 5 years).
 Interest Rate: 7.75% per year, compounded annually, net of investment expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.
 Retirement Age: Earlier of age 55 and 10 years of service or 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.
 Early Retirement: It is assumed that members who are eligible for Early Retirement (age 50) will retire at the rate of 5.00% per year..
 Disability Rates: See table below.
 Termination Rates: See table below.
 Salary Increase: 10.0% increase in the first year and 5.0% thereafter.
 Payroll Growth: None
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Termination and Disability Rate Table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	6.0%	0.03%
30	5.0%	0.04%
40	2.6%	0.07%
50	0.8%	0.18%

CITY OF PERRY, FLORIDA
SCHEDULE OF PROPOROTINATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS*

	2018	2017	2016	2015	2014
City's proportion of the FRS net pension liability (asset)	0.004485714%	0.004789156%	0.004770012%	0.005339440%	0.005372006%
City's proportionate share of the FRS net pension liability (asset)	\$ 1,351,120	\$ 1,416,600	\$ 1,204,432	\$ 689,660	\$ 327,771
City's proportion of the HIS net pension liability (asset)	0.005604617%	0.005934001%	0.005796838%	0.005914848%	0.005999943%
City's proportionate share of the HIS net pension liability (asset)	593,199	634,491	675,597	603,221	561,009
City's proportionate share of the total net pension liability (asset)	\$ 1,944,319	\$ 2,051,091	\$ 1,880,029	\$ 1,292,881	\$ 888,780
City's covered-employee payroll	\$ 1,935,700	\$ 1,875,622	\$ 1,901,125	\$ 1,741,507	\$ 1,714,990
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	100.45%	109.36%	98.89%	74.24%	51.82%
Plan fiduciary net position as a percentage of the total pension liability	79.86%	79.30%	79.30%	86.53%	90.67%

Note 1) The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System

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

CITY OF PERRY, FLORIDA
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS*

	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 170,822	\$ 131,395	\$ 125,987	\$ 128,376	\$ 121,575
Contractually required HIS contribution	40,613	33,097	32,180	22,654	21,454
Total Contractually Required Contributions	<u>211,435</u>	<u>164,492</u>	<u>158,167</u>	<u>151,030</u>	<u>143,029</u>
Contributions in relation to the contractually required contribution	(211,435)	(164,492)	(158,167)	(151,030)	(143,029)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 1,935,700	\$ 1,875,622	\$ 1,901,125	\$ 1,741,507	\$ 1,714,990
Contributions as a percentage of covered-employee payroll	10.92%	8.77%	8.32%	8.67%	8.34%

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
THE CITY OF PERRY'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY AND REQUIRED CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
For the Fiscal Year Ended September 30, 2018**

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2018, are shown below:

	FRS	HIS
Total pension liability	191,317,399	\$10,816,576
Plan fiduciary net position	(161,196,881)	(232,463)
	\$30,120,518	\$10,584,113
 Plan fiduciary net position as a percentage of the total pension liability	84.26 %	2.15%

The total pension liability for the FRS was determined by the plan's actuary and reported in the plan's valuation dated June 30, 2018. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2018. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's fiscal years ending June 30, 2013, through June 30, 2017, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2018, in addition to contributions from employers, the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

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. 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 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 is funded on a pay-as-you-go basis, 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 (refer to the valuation reports for more information – See Additional Financial and Actuarial Information).

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 bonds rate used to determine total pension liability was increased from 3.58% to 3.87%.

CITY OF PERRY, FLORIDA
SCHEDULE OF CHANGES IN THE
TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Fiscal Year Ended September 30, 2018

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Reporting Period Ending	9/30/2018
Measurement Date	<u>9/30/2017</u>
Total OPEB Liability	
Service Cost	\$ 41,673
Interest	26,693
Changes of benefit terms	-
Differences between Expected and Actural Experience	-
Changes of Assumptions	(62,236)
Benefit Payments	<u>(28,711)</u>
Net Change in Total OPEB Liability	(22,581)
Total OPEB Liability - Beginning	<u>844,915</u>
Total OPEB Liability - Ending	<u><u>\$ 822,334</u></u>
Covered Employee Payroll*	\$ 3,718,287
Total OPEB Liability as a percentage of Covered Employee Payroll	22.12%

*FY 2018 Covered Payroll projected based on actual FY 2017 Covered Payroll

GASB 75 requires information for 10 years. However, until full 10 year trend has been compiled, only those years for which information is available has been presented.

Notes to the RSI for Total OPEB Liability and Related Ratios

Changes of assumptions.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2018	3.64%
Fiscal Year Ending September 30, 2017	3.06%

Per Capita Annual Claims Costs Per Participant (Age-adjusted Premium)

<u>Program</u>	<u>Pre-65 Cost</u>
Medical Insurance	\$13,290

Blended Annual Premium Amounts

<u>Program</u>	<u>Employee Contribution</u>	<u>Spouse Contribution</u>
Medical Insurance	\$9,457	\$8,114

Member Statistical Data

	<u>9/30/2017</u>
Number of Active Participants	88
Average Current Age	46.3
Average Age at Employment	37.1
Average Past Service	9.2
Covered Payroll*	\$ 3,718,287
Average Salary	42,253
Number of Inactives Receiving Benefits	
Retirees, Beneficiaries and Disabled Members	8
Covered Spouses	<u>2</u>
Total	10
Average Current Age of Retirees	61.8

*FY 2018 Covered Payroll projected based on actual FY 2017 Covered Payroll

Actuarial Assumptions and Funding Methods

Valuation Date	9/30/2017										
Measurement Date	9/30/2017										
Fiscal Year End	9/30/2018										
Actuarial Value of Assets	Market Value										
Mortality Rate	RP-2000 Combined Health Mortality Table projected to the valuation date using Scale AA.										
Discount Rate as of 9/30/2017	3.64%.										
Discount Rate as of 9/30/2016	3.04%										
Retirement Rates	100% at Normal Retirement Eligibility										
Inflation	2.50% per year.										
Salary Increase Rate	2.50% per year.										
Marital Status	100% assumed married, with male spouses 3 years older than female spouses.										
Health Care Participation	25% participation assumed, with 50% electing spouse coverage.										
Health Care Inflation	Initial rate of 8.50% in fiscal 2018, grading down to the ultimate trend rate of 4.00% in fiscal 2073										
Termination Rates	Selected rates for various ages listed below:										
	% Remaining Employed										
	<table border="1"> <thead> <tr> <th style="text-align: left;">Age</th> <th style="text-align: left;">Until Assumed Retirement Age</th> </tr> </thead> <tbody> <tr> <td>20</td> <td>29.60%</td> </tr> <tr> <td>30</td> <td>59.30%</td> </tr> <tr> <td>40</td> <td>84.10%</td> </tr> <tr> <td>50</td> <td>100.00%</td> </tr> </tbody> </table>	Age	Until Assumed Retirement Age	20	29.60%	30	59.30%	40	84.10%	50	100.00%
Age	Until Assumed Retirement Age										
20	29.60%										
30	59.30%										
40	84.10%										
50	100.00%										
Disability Rates	None Assumed										
Funding Method	Entry Age Cost Method (Level % of Pay)										

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OTHER INFORMATION

Combining Statement of Fiduciary Net Position
Combining Statement of Changes in Fiduciary Net Position
Statement of Fiduciary Net Position – Firefighters’ Pension
Statement of Changes in Fiduciary Net Position – Firefighters’ Pension
Final Components of Pension Expense – Firefighters’ Pension
Statement of Fiduciary Net Position – Police Officers’ Pension
Statement of Changes in Statement of Fiduciary Net Position – Police Officers’ Pension
Final Components of Pension Expense – Police Officers’ Pension

CITY OF PERRY, FLORIDA
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 September 30, 2018

	Police Officers' Pension Fund	Firefighters' Pension Fund	Total
<u>ASSETS</u>			
Cash and short-term investments	\$ 139,009	\$ 59,674	\$ 198,683
Receivables			
Accrued Interest	6,137	2,759	8,896
Employer	39,541	22,923	62,464
Plan Member	3,895	474	4,369
<u>Total Receivables</u>	<u>49,573</u>	<u>26,156</u>	<u>75,729</u>
Investments at fair value			
U. S. Government obligations	-	-	-
Domestic Corporate Bonds	2,825,260	1,186,629	4,011,889
Stocks	5,310,719	2,547,206	7,857,925
Other Securities	-	-	-
<u>Total investments</u>	<u>8,135,979</u>	<u>3,733,835</u>	<u>11,869,814</u>
Total Assets	<u>8,324,561</u>	<u>3,819,665</u>	<u>12,144,226</u>
<u>LIABILITIES</u>			
DROP payable	-	-	-
Prepaid City Contributions	35,372	939	36,311
Unpaid Expenses	4,799	1,875	6,674
Total Liabilities	<u>40,171</u>	<u>2,814</u>	<u>42,985</u>
<u>Net Position restricted for pension benefits</u>	<u>\$ 8,284,390</u>	<u>\$ 3,816,851</u>	<u>\$ 12,101,241</u>

CITY OF PERRY, FLORIDA
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 For the Fiscal Year Ended September 30, 2018

	Police Pension	Fire Pension	Total
<u>ADDITIONS</u>			
Contributions			
Employer	\$ 197,650	\$ 195,419	\$ 393,069
State	57,494	36,114	93,608
Buyback	-	-	-
Plan Member	21,351	6,098	27,449
<u>Total Contributions</u>	<u>276,495</u>	<u>237,631</u>	<u>514,126</u>
<u>Investment Income</u>			
Gain from sale of investments	11,446	34,702	46,148
Unrealized gain or loss	327,785	128,033	455,818
Interest and Dividends	287,869	125,770	413,639
<u>Total investment income</u>	<u>627,100</u>	<u>288,505</u>	<u>915,605</u>
Total Additions	<u>903,595</u>	<u>526,136</u>	<u>1,429,731</u>
<u>DEDUCTIONS</u>			
Benefits	400,461	233,138	633,599
Prepaid Contributions	9,443	1,186	10,629
DROP Plan Payments	-	-	-
Investment Expense	26,094	21,000	47,094
Administrative Expense	28,436	28,302	56,738
Total deductions	<u>464,434</u>	<u>283,626</u>	<u>748,060</u>
<u>Net Increase</u>	<u>439,161</u>	<u>242,510</u>	<u>681,671</u>
<u>Net Position restricted for pension benefits</u>			
<u>October 1, 2017</u>	<u>7,845,229</u>	<u>3,574,341</u>	<u>11,419,570</u>
<u>September 30, 2018</u>	<u>\$ 8,284,390</u>	<u>\$ 3,816,851</u>	<u>\$ 12,101,241</u>

CITY OF PERRY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018

	<u>Firefighters' Pension Fund</u>
<u>ASSETS</u>	
Cash and short-term investments	<u>\$59,674</u>
Receivables	
Investment Income	2,759
Employer	22,923
Plan Members	<u>474</u>
<u>Total Receivables</u>	<u>26,156</u>
Investments at fair value	
U. S. Government obligations	-
Domestic Corporate Bonds	-
Stocks	-
Equity	2,547,206
Fixed Income	<u>1,186,629</u>
<u>Total investments</u>	<u>3,733,835</u>
TOTAL ASSETS	<u><u>3,819,665</u></u>
 <u>LIABILITIES</u>	
Prepaid Contributions	939
Unpaid Expenses	<u>1,875</u>
TOTAL LIABILITIES	<u>2,814</u>
 <u>Net Position restricted for pension benefits</u>	 <u><u>\$3,816,851</u></u>

CITY OF PERRY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Firefighters' Pension Fund</u>
<u>ADDITIONS</u>	
Contributions	
Employer	\$195,419
State	36,114
Plan Member	6,098
<u>Total Contributions</u>	<u>237,631</u>
<u>Investment Income</u>	
Gain from Sale of investments	34,702
Interest and Dividends	125,770
Unrealized Gain or Loss	128,033
<u>Net investment income</u>	<u>288,505</u>
Total additions	<u>526,136</u>
<u>DEDUCTIONS</u>	
Investment Expense	21,000
Benefits	233,138
Administrative Expense	28,302
Refunds of Member Contributions	1,186
Total deductions	<u>283,626</u>
<u>Net Increase</u>	<u>242,509</u>
<u>Net Position restricted for pension benefits</u>	
<u>October 1, 2017</u>	<u>3,574,341</u>
<u>September 30, 2018</u>	<u>\$3,816,851</u>

FINAL COMPONENTS OF PENSION EXPENSE – FIREFIGHTERS’ PENSION

	<u>Net Pension Liability</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Pension Expense</u>
Beginning balance	\$ 890,300	\$ 202,624	\$ 629,367	\$ -
Employer contributions made after September 30, 2017	-	-	231,862	-
Total pension liability factors:				
Service cost	118,446	-	-	118,446
Interest	317,117	-	-	317,117
Share plan allocation	-	-	-	-
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience with regard to economic or demographic assumptions	(25,456)	25,456	-	-
Current year amortization of experience difference	-	(80,198)	-	(80,198)
Change in assumptions about future economic or demographic factors or other inputs	111,855	-	111,855	-
Current year amortization of change in assumptions	-	-	(83,888)	83,888
Benefit payments	<u>(233,295)</u>	-	-	-
Net change	<u>288,667</u>	<u>(54,742)</u>	<u>259,829</u>	<u>439,253</u>
Plan fiduciary net position:				
Contributions - employer	192,146	-	(192,146)	-
Contributions - state	39,613	-	(39,613)	-
Contributions - employee	6,019	-	-	(6,019)
Net investment income	247,499	-	-	(247,499)
Difference between projected and actual earnings on pension plan investments	140,125	140,125	-	-
Current year amortization	-	(45,136)	(71,182)	26,046
Benefit payments	(233,295)	-	-	-
Administrative expenses	<u>(16,895)</u>	-	-	16,895
Net change	<u>375,212</u>	<u>94,989</u>	<u>(302,941)</u>	<u>(210,577)</u>
Ending balance	<u>\$ 803,755</u>	<u>\$ 242,871</u>	<u>\$ 586,255</u>	<u>\$ 228,676</u>

CITY OF PERRY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2018

	<u>Police Officers' Pension Fund</u>
<u>ASSETS</u>	
Cash and short-term investments	<u>\$139,009</u>
Receivables	
Accrued Interest	6,137
Employer	39,541
Plan Members	<u>3,895</u>
<u>Total Receivables</u>	<u>49,573</u>
Investments at fair value	
Equity	5,310,719
Fixed Income	<u>2,825,260</u>
<u>Total investments</u>	<u>8,135,979</u>
TOTAL ASSETS	<u>8,324,561</u>
 <u>LIABILITIES</u>	
Prepaid	35,372
Contributions	
Investment Expenses	<u>4,799</u>
TOTAL LIABILITIES	<u>40,171</u>
 <u>Net Position restricted for pension benefits</u>	 <u><u>\$8,284,390</u></u>

CITY OF PERRY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Police Officers' Pension Fund</u>
<u>ADDITIONS</u>	
<u>Contributions</u>	
Employer	\$197,650
State	57,494
Plan Member	<u>21,351</u>
<u>Total Contributions</u>	<u>276,495</u>
<u>Investment Income</u>	
Gain from sale of investments	11,446
Interest and Dividends	287,869
Unrealized gain or loss	<u>327,785</u>
<u>Net investment income</u>	627,100
Total additions	<u>903,595</u>
<u>DEDUCTIONS</u>	
Prepaid Contributions	9,443
Benefits	400,461
Administrative Expense	28,436
Investment Expense	<u>26,094</u>
Total deductions	<u>464,434</u>
<u>Net Increase</u>	<u>439,161</u>
<u>Net Position restricted for pension benefits</u>	
<u>October 1, 2017</u>	<u>7,845,229</u>
<u>September 30, 2018</u>	<u><u>\$8,284,390</u></u>

FINAL COMPONENTS OF PENSION EXPENSE – POLICE OFFICERS’ PENSION

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning balance	\$ 391,558	\$ 313,768	\$ 912,589	\$ -
Employer contributions made after September 30, 2017	-	-	271,629	-
Total pension liability factors:				
Service cost	223,106	-	-	223,106
Interest	589,625	-	-	589,625
Share plan allocation	13,608	-	-	13,608
Change IN Excess State Money	(27,217)	-	-	(27,217)
Contributions - buy back	-	-	-	-
Differences between expected and actual experience with regard to economic or demographic assumptions	267,370	-	267,370	-
Current year amortization of experience difference	-	(75,752)	(53,474)	(22,278)
Change in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(46,937)	46,937
Benefit payments	(389,811)	-	-	-
Net change	<u>676,681</u>	<u>(75,752)</u>	<u>438,588</u>	<u>823,781</u>
Plan fiduciary net position:				
Contributions - employer	209,331	-	(209,331)	-
Contributions - state	52,972	-	(52,972)	-
Contributions - employee	21,429	-	-	(21,429)
Contributions - buy back	-	-	-	-
Net investment income	554,092	-	-	(554,092)
Difference between projected and actual earnings on pension plan investments	216,962	216,962	-	-
Current year amortization	-	(86,650)	(158,999)	72,349
Benefit payments	(389,811)	-	-	-
Administrative expenses	(25,830)	-	-	25,830
Net change	<u>639,145</u>	<u>130,312</u>	<u>(421,302)</u>	<u>(477,342)</u>
Ending balance	<u>\$ 429,094</u>	<u>\$ 368,328</u>	<u>\$ 929,875</u>	<u>\$ 346,439</u>

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STATISTICAL SECTION

This part of the City of Perry’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Page

Financial Trend Data

These schedules contain trend information to help the reader understand how the government’s financial performance and well being have changed over time..... 106

Information on Revenue Capacity

These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax 112

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future..... 118

Demographic and Economic Information

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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs..... 122

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CITY OF PERRY, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)
Fiscal Year

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 1,963	\$ 2,130	\$ 2,324	\$ 2,219	\$ 2,396	\$ 2,507	\$ 2,612	\$ 2,415	\$ 2,317	\$ 3,221
Restricted	1,559	1,879	1,687	1,667	1,571	1,578	1,517	1,560	1,660	1,722
Unrestricted	1,674	1,941	2,450	2,561	2,131	1,925	670	253	(12)	(674)
Total governmental activities net position	5,196	5,950	6,461	6,447	6,098	6,010	4,799	4,228	3,965	4,269
Business-type activities										
Net investment in capital assets	12,274	12,333	13,295	15,289	19,260	18,532	18,520	21,185	21,197	25,467
Restricted	1,442	1,478	3,238	4,426	4,173	2,996	5,660	644	1,115	912
Unrestricted	9,703	10,480	8,296	7,331	6,388	7,978	4,120	6,830	2,703	(346)
Total business-type activities net position	23,419	24,291	24,829	27,046	29,821	29,506	28,300	28,659	25,015	26,033
Primary Government										
Net investment in capital assets	14,237	14,463	15,619	17,508	21,656	21,036	21,132	23,600	23,514	28,688
Restricted	3,001	3,357	4,925	6,093	5,744	4,579	7,177	2,204	2,775	2,635
Unrestricted	11,377	12,421	10,746	9,892	8,519	9,902	4,790	7,083	2,691	(1,020)
Total primary government net position	\$ 28,615	\$ 30,241	31,290	\$ 33,493	\$ 35,919	\$ 35,517	\$ 33,099	\$ 32,887	\$ 28,980	\$ 30,303

CITY OF PERRY, FLORIDA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (amounts expressed in thousands)

Fiscal Year Ending September 30, 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXPENSES										
Governmental activities										
General Government	\$ 858	\$ 883	\$ 777	\$ 1,299	\$ 1,036	\$ 1,128	\$ 1,189	\$ 1,106	\$ 1,666	\$ 1,665
Transportation	391	448	560	498	635	510	539	541	487	638
Economic Development	153	102	114	6	164	1	6	39	22	10
Police	1,787	2,003	2,047	2,004	2,162	2,412	2,191	2,339	2,435	2,437
Fire	803	792	910	778	855	884	1,096	955	1,135	1,134
Garage	102	119	96	114	97	112	130	134	131	222
Total governmental activities expenses	\$ 4,094	\$4,347	\$4,504	\$4,699	\$4,949	\$ 5,047	\$ 5,151	\$ 5,114	\$ 5,876	\$ 6,106
Business-type activities										
Recreation	\$ 293	\$ 315	\$ 329	\$ 123	\$ 167	\$ 251	\$ 198	\$ 226	\$ 269	\$ 394
Water	844	845	976	805	778	851	858	919	1,568	1,011
Gas	927	1,009	904	717	783	907	957	776	1,615	711
Sanitation	744	705	740	699	691	695	651	727	722	654
Sewer	1,178	1,212	1,321	1,386	1,419	1,429	1,496	1,505	2,847	1,808
Warehouse	277	270	331	364	390	381	313	342	321	390
Total business-type activities expenses	4,263	4,356	4,601	4,094	4,228	4,514	4,473	4,495	7,342	4,968
Total primary government expenses	\$ 8,357	\$ 8,703	9,105	\$ 8,793	\$9,177	\$ 9,561	\$ 9,624	\$ 9,609	\$ 13,218	\$ 11,074

CITY OF PERRY, FLORIDA
 CHANGES IN NET POSITION
 (continued)
 Fiscal Year Ended September 30, 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property Taxes	\$ 1,119	\$ 1,123	\$1,103	\$1,018	\$1,006	\$ 1,011	\$ 1,291	\$ 1,285	\$ 1,288	\$ 1,360
Discretionary Sales Tax	0	0	0	0	0	0	0	0	0	569
Sales Taxes	285	309	331	350	361	381	358	374	395	408
Franchise Taxes	615	674	625	576	556	599	590	533	520	560
Motor Fuel Taxes	396	404	397	350	351	353	372	368	377	394
Utility taxes	759	911	797	714	733	851	762	799	876	749
Telecommunications Taxes	346	295	308	316	298	308	317	247	242	234
State Revenue Sharing	497	496	419	411	475	484	398	494	618	3
Investment Earnings	(5)	13	12	11	8	4	5	3	5	17
Miscellaneous	29	110	145	79	77	41	28	51	212	745
Transfers	437	607	546	630	642	780	1,246	389	1,075	1,274
Total governmental activities	4,478	4,942	4,683	4,455	4,507	4,812	5,367	4,543	5,608	6,313
Business-type activities										
Investment Earnings	(73)	133	64	58	40	21	76	44	19	31
Miscellaneous	-	-	29	2	33	46	-	81	78	144
Transfers	(437)	(607)	(546)	(630)	(642)	(780)	(1,246)	(389)	(1,075)	(1,274)
Total business-type activities	(510)	(474)	(453)	(570)	(569)	(713)	(1,170)	(264)	(978)	(1,099)
Total primary gov't revenues	\$3,968	\$4,468	\$4,230	\$3,885	\$3,938	\$4,099	4,197	\$4,279	\$4,630	\$5,214
CHANGES IN NET POSITION										
Governmental activities	\$474	\$ 754	\$ 512	\$ (14)	\$ (349)	(\$174)	\$339	(\$890)	(\$263)	\$749
Business-type activities	709	872	538	2,216	2,776	(34)	(587)	360	(3,644)	1,017
Total primary gov't revenues	\$1,183	\$ 1,626	\$ 1,050	\$ 2,202	\$ 2,427	(\$208)	(\$248)	(\$530)	(\$3,907)	\$1,766

CITY OF PERRY, FLORIDA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (amounts expressed in thousands)
 Fiscal Year Ended September 30, 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted	\$305	\$ 397	\$ 397	\$ 96	\$ 72	\$53	\$41	\$51	\$65	\$93
Assigned			-	-	-				0	0
Unassigned	1,404	1,870	1992	2208	1881	1,467	1,616	781	459	854
Total general fund	\$1,709	\$ 2,267	\$ 2,389	\$ 2,304	\$ 1,953	\$1,520	\$1,657	\$832	\$524	\$947
All Other Governmental Funds										
Restricted	\$1,158	\$ 1,170	\$1,196	\$1,493	\$1,397	\$1,448	\$1,477	\$1,510	\$1,456	\$1,684
Assigned			682	670	644	830	826	727	\$972	\$661
Unreserved:						0	0	0	0	0
Special revenue funds	531	632	0	0	0	0	0	0	166	0
Total governmental funds	\$ 1,689	\$ 1,802	\$ 1,878	\$ 2,163	\$ 2,041	\$2,278	\$2,303	\$2,237	\$2,594	\$2,345

CITY OF PERRY, FLORIDA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (amounts expressed in thousands)
 Fiscal Year Ended September 30, 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Taxes:										
Property	\$ 1,119	\$ 1,123	\$1,103	\$1,019	\$1,006	\$ 1,011	\$ 1,291	\$ 1,285	\$ 1,289	\$ 1,361
Discretionary Sales Tax	0	0	0	0	0	0	0	0	0	569
Telecommunications	346	295	308	316	298	308	317	247	243	234
Franchise	615	674	624	576	556	599	590	533	520	560
Motor Fuel	396	404	397	350	351	353	372	368	377	394
Utility	759	911	797	714	732	851	762	799	877	749
Sales Tax 1/2 Cent	285	309	331	350	361	381	358	374	395	408
Licenses & Permits	90	88	114	85	93	79	80	81	78	77
Intergovernmental	449	496	542	448	475	512	398	389	507	418
Fines & Forfeitures	48	71	96	72	42	41	29	22	36	48
Interest	(5)	13	12	11	8	4	5	4	5	17
Miscellaneous	29	110	145	79	35	41	44	52	212	746
Total Revenues	\$ 4,131	\$ 4,494	4,469	4,020	3,957	\$ 4,180	\$ 4,246	\$ 4,154	\$ 4,539	\$ 5,581
EXPENDITURES										
General Government	858	822	824	934	1042	1,039	1,121	1,300	1,249	1,316
Transportation	374	440	452	449	460	470	492	508	450	626
Economic Development	115	102	112	2	3	1	5	40	22	11
Police	1,725	1,929	1,975	2,082	2,218	2,309	2,273	2,200	2,194	2,278
Fire	783	767	828	737	808	847	926	1,108	1,136	1,128
Garage	98	110	101	118	98	108	113	121	118	134
Capital Outlay	218	345	431	140	431	383	400	156	397	1,187
Debt Service	-	-	0	0	0	-	-	-	-	-
Total Expenditures	\$ 4,171	4,515	4,723	4,462	5,060	\$ 5,157	\$ 5,330	\$ 5,433	\$ 5,566	\$ 6,680
Excess of revenues over (under) expenditures	(40)	(21)	(254)	(442)	(1,103)	(977)	(1,084)	(1,279)	(1,027)	(1,099)

CITY OF PERRY, FLORIDA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 (continued)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
OTHER FINANCING SOURCES										
(USES)										
Transfers In	\$ 1,429	\$ 1,744	\$ 1,587	\$ 1,617	\$ 1,657	\$ 1,667	\$ 2,285	\$ 1,566	\$ 1,931	\$ 2,638
Transfers Out	(992)	(1,137)	(1,041)	(987)	(1,015)	(887)	(1,040)	(1,177)	(855)	(1,364)
Bonds Issued	-	-	-	-	-	-	-	-	-	-
Capital Leases	-	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 437	\$ 607	\$ 546	\$ 630	\$ 642	\$ 780	\$ 1,245	\$ 389	\$ 1,076	\$ 1,274
Net Change in fund balances	\$ 397	\$ 586	\$ 292	\$ 188	\$ (462)	\$ (197)	\$ 161	\$ (890)	\$ 49	\$ 174

Debt service as a percentage of

CITY OF PERRY, FLORIDA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

FISCAL YEAR	REAL PROPERTY	PERSONAL PROPERTY	CENTRALLY ASSESSED PROPERTY	TOTAL ASSESSED VALUE	EXEMPTIONS	ASSESSED VALUE FOR OPERATIONS	ESTIMATED ACTUAL VALUE	TOTAL DIRECT TAX RATE	ASSESSED VALUE AS A % ESTIMATED ACTUAL
2009	\$ 204,774,335	\$ 47,600,818	\$ 539,929	\$ 252,915,082	\$ (1,713,113)	\$ 254,628,195	\$ 252,915,082	4.5000	100.00%
2010	\$ 197,233,150	\$ 44,074,008	\$ 455,385	\$ 241,762,543	\$ (10,972,457)	\$ 252,735,000	\$ 241,762,543	4.5000	100.00%
2011	\$ 187,375,809	\$ 40,008,082	\$ 296,573	\$ 227,680,464	\$ (12,395,660)	\$ 240,076,124	\$ 227,680,464	4.5000	100.00%
2012	\$ 186,194,689	\$ 38,540,917	\$ 211,243	\$ 224,946,849	\$ (2,924,080)	\$ 227,870,929	\$ 224,946,849	4.5000	100.00%
2013	\$ 186,154,945	\$ 37,844,112	\$ 208,955	\$ 244,208,012	\$ 20,334,887	\$ 223,873,125	\$ 244,208,012	4.5000	100.00%
2014	\$ 187,554,892	\$ 39,004,706	\$ 278,368	\$ 226,837,966	\$ 2,753,804	\$ 224,084,162	\$ 226,837,966	5.7474	100.00%
2015	\$ 187,494,142	\$ 39,843,631	\$ 261,471	\$ 227,599,244	\$ 1,760,869	\$ 225,838,375	\$ 227,599,244	5.7474	100.00%
2016	\$ 185,984,977	\$ 42,434,511	\$ 257,559	\$ 228,677,047	\$ 506,184	\$ 228,170,863	\$ 228,677,047	5.7474	100.00%
2017	\$ 183,949,813	\$ 42,692,687	\$ 302,613	\$ 226,945,113	\$ 1,533,200	\$ 225,411,913	\$ 226,945,113	6.1200	100.00%
2018	\$ 182,834,746	\$ 47,087,661	\$ 303,788	\$ 230,226,195	\$ 2,746,572	\$ 227,479,623	\$ 229,087,885	6.0716	100.00%

*residential & commercial distinction not available

Source: Taylor County Property Appraiser

PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	CITY OF PERRY			TAYLOR COUNTY				SCHOOLS			WATER MGMT	Millage Grand Total
	Operating Millage	Debt Service Millage	Total Operating Millage	Operating Millage	Debt Service Millage	MSTU Millage	Total County Millage	Operating Millage	Debt Service Millage	Total Operating Millage	Total SRWMD Millage	
2009	4.5000	0.0000	4.5000	7.0113	0.0000	1.1215	8.1328	7.750	0.0000	7.750	0.440	20.823
2010	4.5000	0.0000	4.5000	7.0113	0.0000	1.1215	8.1328	7.664	0.0000	7.664	0.440	20.7367
2011	4.5000	0.0000	4.5000	7.0113	0.0000	1.1215	8.1328	7.623	0.0000	7.623	0.4143	20.6701
2012	4.5000	0.0000	4.5000	7.0113	0.0000	1.1215	8.1328	7.694	0.0000	7.694	0.4143	20.7411
2013	4.5000	0.0000	4.5000	7.0113	0.0000	1.1215	8.1328	7.513	0.0000	7.513	0.4143	20.5601
2014	5.7474	0.0000	5.7474	7.0113	0.0000	1.1215	8.1328	7.513	0.0000	7.513	0.4143	21.8075
2015	5.7474	0.0000	5.7474	7.0113	0.0000	1.1215	8.1328	7.513	0.0000	7.513	0.4104	21.8036
2016	5.7474	0.0000	5.7474	7.011	0.0000	1.122	8.1328	7.041	0.0000	7.041	0.4104	21.3316
2017	6.1200	0.0000	6.1200	7.243	0.0000	1.168	8.410	6.787	0.0000	6.787	0.403	21.720
2018	6.0716	0.0000	6.0716	7.243	0.0000	1.168	8.410	6.663	0.0000	6.663	0.395	21.540

Source: Taylor County Property Appraiser

CITY OF PERRY, FLORIDA
 PRINCIPAL PROPERTY TAXPAYERS
 FOR TAX LEVY OF FY 2018

TAXPAYERS	2018			2008		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL TAXABLE ASSESSED VALUE
Duke Energy	\$12,360,724	1	22.37%	Not Available		
SL Snacks LLC	8,726,839	2	15.80%			
West Fraser Southeast	8,457,872	3	15.31%			
Walmart Stores	8,418,030	4	15.24%			
Perry Sawmill	3,580,980	5	6.48%			
Lance Drive Property Holdings	3,371,010	6	6.10%			
Hotel Management Group	3,059,810	7	5.54%			
Lakewater K Perry LLC	2,530,460	8	4.58%			
Citizen's Bank	2,426,740	9	4.39%			
Hotel PerryLP	2,312,050	10	4.19%			
	\$55,244,515		100.00%			\$0 0.00%

Source: Taylor County Property Appraiser

CITY OF PERRY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(expressed in thousands)

FISCAL YEAR	ASSESSED VALUE FOR OPERATION	TOTAL TAX LEVY	TOTAL COLLECTION TO DATE	PERCENTAGE IN FISCAL YEAR OF LEVY	COLLECTIONS OF DELINQUENT TAXES	COLLECTED TO DATE
2009	\$ 251,217	\$ 1,110	\$ 1,045	94.1%	\$15	\$1,060 95.5%
2010	\$ 234,852	\$ 1,116	\$ 1,047	93.8%	\$27	\$1,074 96.2%
2011	\$ 227,004	\$1,060	\$ 1,045	98.6%	\$12	\$1,057 99.7%
2012	\$ 227,871	\$1,011	\$ 998	98.7%	\$9	\$1,007 99.6%
2013	\$ 223,558	\$931	\$ 971	104.3%	\$42	\$1,013 108.8%
2014	\$ 226,285	\$996	\$ 979	98.3%	\$0	\$979 98.3%
2015	\$ 261,471	\$1,284	\$ 1,237	96.3%	\$18	\$1,255 97.7%
2016	\$ 257,559	\$ 1,287	\$ 1,113	86.5%	\$137	\$1,250 97.1%
2017	\$ 302,613	\$ 1,388	\$ 1,246	89.8%	\$6	\$1,252 90.2%
2018	\$ 230,226	\$ 1,398	\$ 1,324	94.7%	\$3	\$1,327 94.9%

Note: Property tax rates based on \$1,000 assessed valuation.

Source: Taylor County Tax Collector

CITY OF PERRY, FLORIDA
PRINCIPAL GAS CUSTOMERS
FOR TAX 2018

GAS CUSTOMERS	2018			2007		
	TOTAL GAS PURCHASED	RANK	% OF TOP GAS REVENUE	TOTAL GAS PURCHASED	RANK	% OF TOTAL GAS REVENUE
Doctor's Memorial Hospital	\$ 113,604	1	31.58%			
Curt Manufacturing	\$ 92,516	2	25.72%			
Walmart	\$ 29,012	3	8.06%			Not Available
Marshall Health & Rehab	\$ 26,528	4	7.37%			
Perrytown Apts.	\$ 22,183	5	6.17%			
Taylor County School Dist	\$ 19,823	6	5.51%			
American Aluminum	\$ 18,035	7	5.01%			
Taylor Sheriff Office	\$ 13,355	8	3.71%			
Fusion Buffet Restaurant	\$ 12,823	9	3.56%			
Country Wide Laundry	\$ 11,895	10	3.31%			
	\$ 359,774		100.00%	\$ -		0.00%

Source: City of Perry Gas Department

CITY OF PERRY, FLORIDA
 GAS CONSUMPTION BY CUSTOMER CATAGORIES
 LAST TEN FISCAL YEARS

FISCAL YEAR	Residential		Schools		Commercial		Business		Number of Customers	
	Volume	Dollars	Volume	Dollars	Volume	Dollars	Volume	Dollars	Residential	Commercial
2009	35,489,700	\$ 523,204	2,476,200	\$ 30,127	47,961,200	\$ 527,927	7,010,700	\$ 87,991	1,911	33
2010	42,601,312	\$ 647,535	3,215,800	\$ 39,947	44,769,976	\$ 530,228	5,538,200	\$ 80,581	1,872	33
2011	37,818,700	\$ 578,238	2,918,400	\$ 28,816	49,263,880	\$ 693,030	5,293,100	\$ 81,187	1,856	36
2012	28,063,900	\$ 403,169	2,040,200	\$ 23,404	50,897,800	\$ 585,526	3,826,300	\$ 53,982	1,838	36
2013	13,500,600	\$ 118,792	1,951,000	\$ 14,437	14,641,500	\$ 153,722	3,901,300	\$ 48,692	1,816	35
2014	32,222,560	\$ 439,167	2,841,000	\$ 28,156	50,641,400	\$ 489,305	9,670,960	\$ 62,631	1,619	35
2015	29,661,564	\$ 449,025	2,260,800	\$ 25,449	52,588,000	\$ 537,268	4,166,900	\$ 60,870	1,571	35
2016	23,842,720	\$ 337,878	1,311,900	\$ 13,768	49,704,700	\$ 563,260	3,665,000	\$ 50,854	1,527	38
2017	20,599,020	\$ 298,355	956,400	\$ 10,344	43,208,000	\$ 476,376	3,329,880	\$ 51,667	1,468	36
2018	27,447,311	\$ 396,909	1,598,200	\$ 18,747	43,771,600	\$ 475,994	5,405,900	\$ 75,057	1,472	36

Source: City of Perry Gas Department

CITY OF PERRY, FLORIDA
RATIOS OF OUTSTANDING DEBT AND GENERAL BOND DEBT BY TYPE
(expressed in thousands)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Governm't	Taxable Property Value	% of Taxable Property Value	Popu-lation	Per Capita	Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	(-) Debt Service	Water & Sewer Bonds	Loan	(-) Debt Service							
2008	\$ -	\$ -	\$ -	3,085	\$ -	\$ 343	\$ 2,742	\$ 254,901	1.08%	6,801	\$ 0.40	\$ 32,092	\$0.09
2009	\$ -	\$ -	\$ -	2,742	\$ -	\$ 343	\$ 2,399	\$ 251,217	0.95%	6,785	\$ 0.35	\$ 32,032	\$0.07
2010	\$ -	\$ -	\$ -	2,399	\$ -	\$ 342	\$ 2,057	\$ 234,852	0.88%	7,199	\$ 0.29	\$ 31,173	\$0.07
2011	\$ -	\$ -	\$ -	1,215	\$ -	\$ 310	\$ 905	\$ 227,004	0.40%	7,017	\$ 0.13	\$ 31,415	\$0.03
2012	\$ -	\$ -	\$ -	581	\$ -	\$ 310	\$ 271	\$ 224,946	0.12%	7,037	\$ 0.04	\$ 37,468	\$0.01
2013	\$ -	\$ -	\$ -	557	\$ -	\$ 310	\$ 247	\$ 244,208	0.10%	7,031	\$ 0.04	\$ 30,953	\$0.01
2014							N/A						
2015							N/A						
2016							N/A						
2017	\$ -	\$ -	\$ -	225	\$ 167	\$ -	\$ 392	\$ 302,613	0.13%	7,045	\$ 0.06	\$ 31,277	\$ 0.01
2018	\$ -	\$ -	\$ -	3,138	\$ 97	\$ -	\$ 3,235	\$ 230,226	1.41%	7,017	\$ 0.46	\$ 31,536	\$ 0.10

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt:			
Taylor County	\$ 975,487	31.02%	\$ 302,596
City direct governmental activities debt			3,235,599
Total direct and overlapping debt			\$ 3,538,195
Total direct and overlapping governmental activities debt per capita			\$ 504

Note:(1) The City's share is calculated based on the ratio of the 2018 City population to the County's population of 22,478

CITY OF PERRY, FLORIDA
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (expressed in thousands)

Fiscal Year	Water & Sewer Bonds						Special Assessment Bonds			
	Water Revenues	Less Water Operating Expenses	Sewer Revenues	Less Sewer Operating Expenses	Debt Service		Coverage	Special Assessment Collections	Principal & Interest	Coverage
					Principal	Interest				
2009	\$1,407	\$583	\$727	\$757	\$235	\$108	2.31	-	-	-
2010	\$1,722	\$579	\$1,001	\$711	\$245	\$106	4.08	-	-	-
2011	\$1,380	\$594	\$872	\$720	\$293	\$16	3.04	-	-	-
2012	\$1,572	\$587	\$856	\$805	\$300	\$10	3.35	-	-	-
2013	\$1,419	\$773	\$828	\$1,404	\$301	\$9	0.23	-	-	-
2014				N/A				-	-	-
2015				N/A				-	-	-
2016				N/A				-	-	-
2017				N/A				-	-	-
2018				N/A				-	-	-

**CITY OF PERRY, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	City Population	County Personal Income (in thousands)	County Per Capita Personal Income	Median Age	Education Level of Formal Schooling	School Enrollment	Unemployment Rate
2009	6,785		32,032	35.5	12.23	3,237	10.40%
2010	7,199	Available	31,183	35.7	12.53	2,635	10.5%
2011	7,017		31,415	39.2	12.53	2,617	11.50%
2012	7,037		37,468	36	12.53	3,447	12.40%
2013	7,031		30,953	39.2	12.53	3,178	7.90%
2014	7,073		31,789	35.4	12.8	2,758	6.90%
2015	7,017		30,953	39	11.6	3,400	6.50%
2016	7,017		\$ 30,354	37.6	11.8	3,160	5.50%
2017	7,045		31,277	42.0	13.2	3,044	10.90%
2018	7,017	Not	31,536	47.0	13.30	3,123	3.30%

Source: Online

CITY OF PERRY, FLORIDA
 PRINCIPAL EMPLOYERS
 LAST TEN FISCAL YEARS

Employer	2018			2008		
	Numbers of Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Doctor's Memorial Hospital	250-499	1				
Wal-Mart	250-499	2				
West Fraiser	100-249	3		Not Available		
Marshall Health/Rehab	100-249	4				
Super Pufft Snacks	100-249	5	Not available			
Waco Food Stores	50-99	6				
Winn Dixie	50-99	6				
McDonalds	1-49	7				
Hardees	1-49	8				
Citizens State Bank	1-49	9				
Buckeye Credit Union	1-49	10				

Source: Career Source

CITY OF PERRY, FLORIDA
 FULL TIME EQUIVALENT CITY GOVERNMENT
 EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	20	20	19	19	19	19	19	19	17	17
Public safety										
Police										
Officers	22	22	22	22	22	22	22	22	20	21
Civilians	2	2	2	3	3	0	2	2	2	2
Fire										
Firefighters and officers	10	10	9	9	9	9	13	13	12	13
Highways & streets	5	5	5	5	5	5	5	5	5	5
Sanitation	10	10	9	9	9	9	8	10	10	8
Water	7	7	7	7	7	7	6	6	8	6
Sewer	7	7	7	7	7	7	8	7	7	8
Gas	5	5	5	5	5	5	5	5	4	4
Rec	0	0	0	0	0	0	0	0	0	1
Total	88	88	85	86	86	83	88	89	85	85

Source: City of Perry

CITY OF PERRY, FLORIDA
OPERATING INDICATORS by FUNCTION
LAST TEN FISCAL YEARS

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical arrests	909	903	967	944	0	785	682	721	556	626
Written reports by officers	1,709	1,636	1,706	1,735	0	1,337	1,377	1,462	1,529	1,460
Traffic violations	992	1,279	829	1,038	0	605	373	568	496	635
Total events reported	12,424	20,869	20,743	21,183	0	19,216	19,316	18,115	19,727	18,552
Fire										
Number of calls answered	336	850	931	1,014	1,005	1,043	1,015	1,116	1,091	1,076
Inspections	36	55	51	68	63	49	53	45	39	36
Building Inspections										
Number of permits	334	362	385	398	294	250	301	268	299	305
Permit value (in thousands)	7,901	2,886	4,898	4,929	5,650	4,187	4,306	2,851	5,938	7,150
Highways & streets										
Streets resurfaced (miles)	-	-	-	3.4	-	1	1	-	-	5
Potholes repaired (tons)	40.5	61.9	39.91	59.48	41.56	47	24	48	48	99
Sanitation										
Tons collected per day (avg)	13.2	12.73	11.8	12.5	11.4	11.5	10.7	10.6	11	9

Source: City of Perry

CITY OF PERRY, FLORIDA
 OPERATING INDICATORS by FUNCTION
 LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Water										
New Customers	-24	19	22	35	10	10	8	35	16	18
Water Main Breaks	-	-	-	-	-	-	-	-	-	-
Average daily consumption	1.5M	1.67M	1.67M	1.67M	1.67	1.7	0.0	1.5	1.5M	1.5M
Sewer										
Daily sewage treatment (avg)	0.74	0.93	0.77	0.97	0.879	1.093	0.783	1.089	0.64	1.01
Gas										
New Customers	-6	9	14	-7	16	10	11	10	15	12
Line leaks	-	-	-	-	-	-	-	-	-	-

Source: City of Perry

CITY OF PERRY, FLORIDA
 CAPITAL ASSET STATISTICS BY FUNCTION
 LAST TEN FISCAL YEARS

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	15	15	15	15	15	15	15	15
Fire stations	1	1	1	1	1	1	1	1	1	1
Highways & streets										
Streets (miles)	71	71	71	72	72	72	72	72	72	72
Street lights	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,063	1,079	1,079
Traffic signals	15	15	15	15	15	15	15	15	15	15
Recreation										
Parks acreage	87	87	87	87	99	99	100	110	110	110
Parks	11	11	11	11	13	13	13	13	13	13
Splash Pads	-	-	1	1	2	2	2	2	2	2
Community Centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains	91	91	91	91	91	91	91	91	91	91
Fire hydrants	383	383	383	383	383	384	384	384	384	384
Millions gallons per day	3	3	3	3	3	3	3	3	3	3
Sewer										
Miles of sewer	48	48	48	50	50	50	50	50	50	50
Millions gallons per day	1	1	1	1.2	1.2	1.2	1.2	1.2	1.2	1
Gas										
Miles of line	94	94	94	94	94	94	94	94	94	94
Sanitation										
Number of trucks (trash)	4	4	4	4	4	4	4	4	4	4
Number of trucks (garbage)	3	3	3	3	3	3	3	3	3	3

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COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards and State Financial Assistance

Note to the Schedule of Expenditures of Federal Awards and State Financial Assistance

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

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over
Compliance Required by OMB Uniform Administrative Requirements, Cost Principles, and Audit
Requirements for Federal Awards**

Schedule of Findings and Questioned Costs

Management Letter Required by Chapter 10.550, *Rules of the Auditor General*

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CITY OF PERRY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended September 30, 2018

<u>Program Titles and Grant Numbers</u>	<u>CFDA #/ CSFA #</u>	<u>Award Number</u>	<u>Award Contract Amount</u>	<u>Revenue/Loan Proceeds Recognized Prior Year</u>	<u>Revenue/Loan Proceeds Recognized Current Year</u>	<u>Program Expenses</u>
Federal Awards						
<i>U.S. Department of Justice</i>						
Passed through Florida Department of Law Enforcement						
Edward Byrne Memorial Justice Assistance Grant						
	16.738	2017-JAGC-TAYL-1-F9 171	\$ 20,819	\$ 18,330	\$ 2,489	\$ 2,489
<i>U.S. Department of Agriculture</i>						
Water and Waste Disposal Systems for Rural Communities						
	10.760	09-062-0596000408	5,246,900	-	5,144,396	5,144,396
Total Federal Awards			<u>\$ 5,267,719</u>	<u>\$ 18,330</u>	<u>\$ 5,146,885</u>	<u>\$ 5,146,885</u>
State Awards						
<i>State of Florida Department of Environmental Protection</i>						
Drinking Water State Revolving Fund						
	66.468	DW620200	\$ 204,000	\$ 38,250	\$ 147,291	\$ 147,291

CITY OF PERRY, FLORIDA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE
For the Fiscal Year Ended September 30, 2018

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state award activity of the City of Perry, Florida, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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Powell & Jones
Certified Public Accountants

Richard C. Powell, Jr., CPA
Marian Jones Powell, CPA

1359 S.W. Main Blvd.
Lake City, Florida 32025
386 / 755-4200
Fax: 386 / 719-5504
admin@powellandjonescpa.com

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

To the Mayor and Members
of the City Council
City of Perry, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Perry, 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 Perry, Florida'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 Perry, Florida'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 Perry, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Perry, Florida's internal control.

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

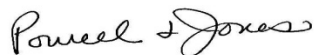
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Perry, Florida 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity 's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



POWELL & JONES
Certified Public Accountants
March 28, 2019

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Powell & Jones
Certified Public Accountants

Richard C. Powell, Jr., CPA
Marian Jones Powell, CPA

1359 S.W. Main Blvd.
Lake City, Florida 32025
386 / 755-4200
Fax: 386 / 719-5504
admin@powellandjonescpa.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB UNIFORM ADMINISTRATIVE
REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS**

To The Mayor and Members of the City Council
City of Perry, Florida

Report on Compliance for each Major Federal Program

We have audited the City of Perry's (the City) compliance with the types of compliance requirements described in the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's compliance for each major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements (OMB Uniform Guidance)*. Those standards and *OMB Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary for the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with *OMB Uniform Guidance*.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.



POWELL & JONES

Certified Public Accountants

March 28, 2019

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? No
- Reportable condition identified not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Reportable condition identified not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a) No

Identification of major programs:

CFDA Number

10.760

Name of Federal Programs

U.S. Department of Agriculture

Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

Financial Statement Findings

None

Federal Award Findings and Questioned Costs

None



Powell & Jones
Certified Public Accountants

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Marian Jones Powell, CPA

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**MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and City Council
City of Perry, Florida

We have audited the basic financial statements of the City of Perry, Florida (City) as of and for the year ended September 30, 2018, and have issued our report thereon dated March 28, 2019, which is unqualified

We have issued our 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* dated March 28, 2019. Disclosures in these reports, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that the following be addressed in this letter:

PRIOR YEAR FINDINGS - There were no reportable findings in the prior year.

CURRENT YEAR FINDINGS - There were no reportable findings in the current year.

FINANCIAL COMPLIANCE MATTERS

Annual Local Government Financial Report - The Financial Report filed with the Department of Financial Services pursuant to Section 218.32(1) (a), *Florida Statutes*, is in agreement with the accompanying financial statements of the City, for the fiscal year ended September 30, 2018.

Financial Emergency Status – We have determined that the City of Perry, Florida did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

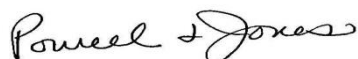
Financial Condition Assessment Procedures – As required by the *Rules of the Auditor General*, Sections 10.554(1)(i)5.a and 10.556(7), we applied financial condition assessment procedures to the Council's financial statements. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

We noted no deteriorating financial conditions as defined by Rule 10.554(2)(f).

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

CONCLUSION

We very much enjoyed the challenge and experiences with our audit of the City. We appreciate the helpful assistance of the City's staff in completing our audit and also the generally high quality of the City's financial records and internal controls.



POWELL & JONES
Certified Public Accountants
March 28, 2019



Powell & Jones
Certified Public Accountants

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Marian Jones Powell, CPA

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and City Council
City of Perry, Florida

We have examined the City of Perry, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during 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 and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with 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.

POWELL & JONES
Certified Public Accountants
March 28, 2019