City of Blountstown Blountstown, Florida

FINANCIAL STATEMENTS

September 30, 2019



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council City of Blountstown Blountstown, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blountstown, Florida as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Blountstown, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blountstown, Florida as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4.1 through 4.9 and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Blountstown, Florida's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020, on our consideration of the City of Blountstown, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Blountstown, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Blountstown, Florida's internal control over financial reporting and compliance.

Marianna, Florida June 30, 2020

Can Rigge & Ingram, L.L.C.



CITY OF BLOUNTSTOWN MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the City of Blountstown exceeded its liabilities and deferred inflows at September 30, 2019 by \$26,867,310 (net position). Of this amount, \$5,894,312 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position decreased by \$427,315 or (1.57%).

As of September 30, 2019, the City of Blountstown governmental funds reported combined ending fund balances of \$7,842,145, an increase of \$6,076,773 in comparison with the prior year. Approximately 99% of this amount, or \$7,803,289, is available for spending at the City's discretion (unreserved fund balance).

Construction of a new lift station at the Pear Street location was completed in early 2019.

The City of Blountstown was awarded an additional \$750,000 from Florida Department of Environmental Protection (FDEP) for the Blountstown Wastewater Effluent Discharge Project, bringing that funding to \$1.45M. This money will be used for pre-design study and activities and will be used for land purchase for the effluent discharge project. In 2019, the City was made aware of an alternative land application method that would be much more feasible. This engineered wetlands system requires much less land. The City has identified a potential site, reached out to the land owner and they are willing to sell the property. The City has received permission to perform some preliminary geo-testing on this new site. The testing will be done in early 2020. The City continues to search for funding sources for this project.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The Statement of Activities presents information showing how the City's net position changed during the 2019 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. This statement is intended to summarize and simplify the user's analysis of cost of various governmental services. An increase or decrease in net position is an indication of whether the City's financial health is improving or deteriorating.

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

STATEMENT OF NET POSITION

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, total net position was \$26.87 million at the close of the fiscal year ended September 30, 2019.

This was a decrease of \$427,315 over prior year net position.

STATEMENTS OF NET POSITION AS OF SEPTEMBER 30, 2019 AND 2018

	Governmental Activities				Business-ty	ctivities	Total					
		2019		2018		2019		2018		2019		2018
Current and other assets	\$	8,153,648	\$	1,948,263	\$	7,470,117	\$	7,881,760	\$	15,623,765	\$	9,830,023
Non-current assets		5,858,022		5,884,816	_	15,120,787		14,684,815		20,978,809		20,569,631
Total assets		14,011,670		7,833,079		22,590,904		22,566,575		36,602,574		30,399,654
Deferred outflows of resources		708,782		660,591		473,507		441,312		1,182,289		1,101,903
Long-term liabilities		8,216,762		1,902,486		1,629,652		1,390,852		9,846,414		3,293,338
Other liabilities		301,899		113,287		524,781		482,706		826,680		595,993
Total liabilities		8,518,661		2,015,773		2,154,433		1,873,558		10,673,094		3,889,331
Deferred inflows of resources		146,554		190,403	_	97,905		127,199	_	244,459		317,602
Net position: Invested in Capital assets net of related debt		5,858,022		5,884,816		15,076,120		14,625,258		20,934,142		20,510,074
Restricted		38,856		32,240		-		-		38,856		32,240
Unrestricted		158,359		370,438	_	5,735,953		6,381,872		5,894,312		6,752,310
Total net position	\$	6,055,237	\$	6,287,494	\$	20,812,073	\$	21,007,130	\$	26,867,310	\$	27,294,624

A total of \$38,856 of the City's net position are subject to external restrictions on how they may be used. The balance of unrestricted net position \$5,894,312 may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2019, the City is able to report positive balances in all categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

CHANGES IN NET POSITION

	 Government	al Ac	ctivities	Business-type Activities				Total			
	2019		2018		2019		2018	2019	2018		
REVENUES											
Charges for service	\$ 310,724	\$	265,294	\$	5,798,328	\$	6,412,614	\$ 6,109,052 \$	6,677,908		
Grants and contributions	10,627,911		20,670		1,243,057		51,381	11,870,968	72,051		
Property taxes	94,607		94,171		-		-	94,607	94,171		
Intergovernmental	181,414		161,114		-		-	181,414	161,114		
Other taxes	472,047		464,847		-		-	472,047	464,847		
Investment earnings	13,861		14,238		74,898		52,189	88,759	66,427		
Miscellaneous	207,753		153,041		(573,911)		127,325	(366,158)	280,366		
Transfers	 1,306,929		1,384,507		(1,306,929)		(1,384,507)	 -	<u>-</u>		
Total Revenues	\$ 13,215,246	\$	2,557,882	\$	5,235,443	\$	5,259,002	\$ 18,450,689 \$	7,816,884		
EXPENSES											
General government	\$ 10,881,188	\$	376,792	\$	-	\$	-	\$ 10,881,188 \$	376,792		
Public safety	1,781,680		1,367,281		-		-	1,781,680	1,367,281		
Highways and streets	620,297		647,288		-		-	620,297	647,288		
Culture and recreation	62,418		58,179		-		-	62,418	58,179		
Business-type activities	-		-		5,430,501		4,885,957	5,430,501	4,885,957		
Interest on long-term debt	 101,920		3,213		-			101,920	3,213		
Total Expenses	\$ 13,447,503	\$	2,452,753	\$	5,430,501	\$	4,885,957	\$ 18,878,004 \$	7,338,710		
Net Increase (decrease)	\$ (232,257)	\$	105,129	\$	(195,058)	\$	373,045	\$ (427,315) \$	478,174		
Net position, beginning	\$ 6,287,494	\$	6,182,365	\$	21,007,131	\$	20,634,085	\$ 27,294,625 \$	26,816,450		
Net position, ending	\$ 6,055,237	\$	6,287,494	\$	20,812,073	\$	21,007,130	\$ 26,867,310 \$	27,294,624		

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

GOVERNMENTAL FUNDS

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

As of the end of fiscal year 2019, the City's governmental funds reported combined ending fund balances of \$7,842,145. Of this amount, *unreserved fund balance* is \$7,803,289, which is available for spending (depending on fund restrictions) at the City's discretion.

General Fund Unrestricted/Undesignated Fund Balance. The unrestricted/undesignated fund balances of the Board's General Fund (the general operating fund of the City) has increased significantly in the current year. This increase is in due to proceeds from a Line of Credit the City acquired to assist in paying for hurricane related expenses and will be repaid as FEMA reimbursements are received.

Budget Variances in General Fund. Some budget variances occurred in General Fund during the 2019 fiscal year due to budgeted capital projects being postponed and un-received grant funds.

MAJOR FUNDS

GOVERNMENTAL FUNDS

The General Fund is reported as major governmental funds.

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

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

PROPRIETARY FUNDS

There are three major proprietary (business-type) funds:

Electric Department Natural Gas Department Water Department

LONG-TERM DEBT

As of September 30, 2019, the City of Blountstown had various long-term debt in both the General Fund and the Proprietary Funds.

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

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

The City has a Line of Credit with a local bank that was used to pay for repairs and restoration of the City's infrastructure due to Hurricane Michael damages.

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

CAPITAL ASSETS

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

Approximately fifty-seven percent (57%) of the City's net assets reflects its investment in capital assets (e.g., land, buildings, improvements, and vehicles and equipment, net of related debt). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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

- Completion of a new Lift Station at the Pear Street location \$334,349
- Repairs and restoration to the Electric Distribution System \$1,192,406
- Purchase of new Garbage Truck \$184,265
- Purchase of new CAT Backhoe \$92,161

SIGNIFICANT ECONOMIC FACTORS

TAXABLE VALUE OF PROPERTY AND MILLAGE RATES

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

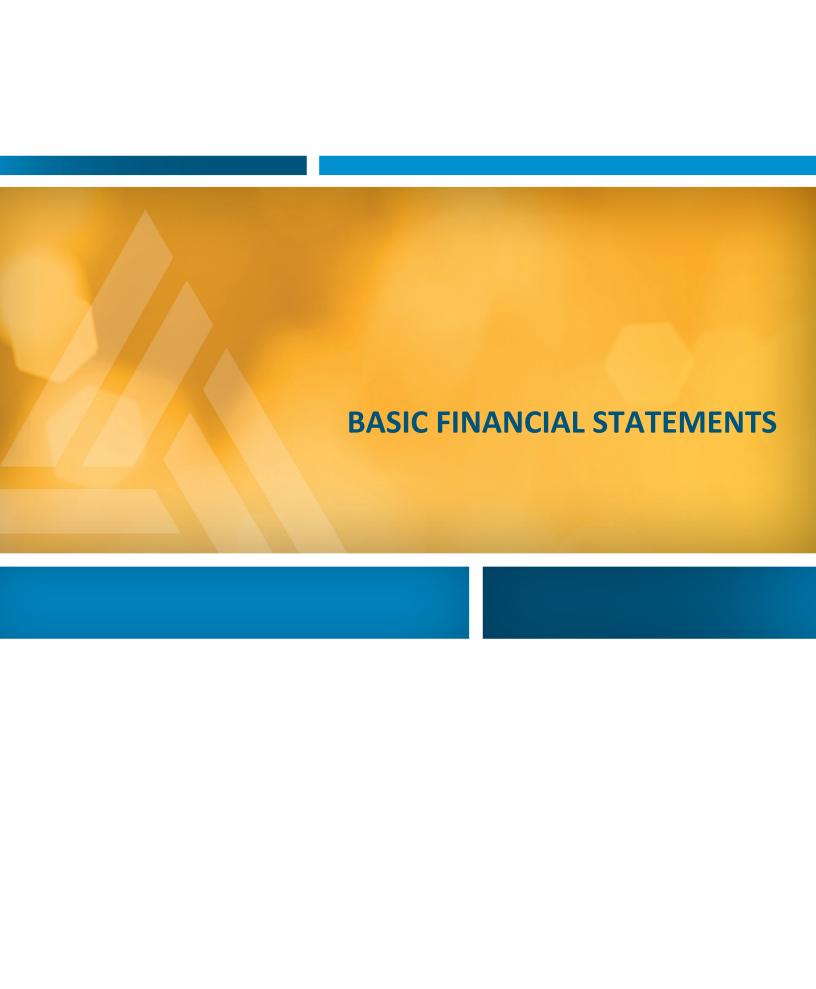
NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when adopting the 2019/2020 budget. The City was able to maintain the same utility rates for its customers in 2019/2020. This coupled with rising costs has made it necessary to balance budgets using reserves from prior years and continue to provide the level of service to customers as provided in the past. The City negotiated a new electric supply contract with Southern Power, which began May 2017 and expires in April 2022. Each year the City will review rates to determine if they need to be raised in order to offset the rising costs of electricity.

REQUESTS FOR INFORMATION

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

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



City of Blountstown, Florida Statement of Net Position

September 30, 2019		ernmental ctivities	В	usiness-type Activities		Total
				recivicies		10101
Assets Cash and cash equivalents	\$	176,268	ċ	1,650,248	ċ	1,826,516
Investments	Ş	•	Ş		Ş	
		228,972		2,018,433		2,247,405
Accounts receivable, net		56,731		855,661		912,392
Accrued interest receivable		4,420		37,501		41,921
Interfund balances		(1,083,703)		1,083,703		- 10 121 020
Due from other governments		8,722,500		1,398,529		10,121,029
Inventory		-		162,828		162,828
Restricted cash and cash equivalents		38,856		246,960		285,816
Note receivable		9,604				9,604
Other assets		-		16,254		16,254
Capital assets						
Nondepreciable		1,476,616		179,619		1,656,235
Depreciable, net		4,381,406		14,941,168		19,322,574
Total assets		14,011,670		22,590,904		36,602,574
Deferred outflows of resources						
Pensions		708,782		473,507		1,182,289
Total deferred outflows of resources		708,782		473,507		1,182,289
Liabilities						
Accounts payable		281,593		259,115		540,708
Accrued expenses		20,306		18,906		39,212
Customer deposits		-		246,760		246,760
Long-term liabilities						
Due within one year						
Note payable		6,004,340		14,889		6,019,229
Accrued compensated absences		17,272		16,722		33,994
Due in more than one year		,		,,		,
Note payable		_		29,778		29,778
Pension liability		1,931,343		1,290,247		3,221,590
Accrued compensated absences		51,817		50,166		101,983
Other post-employment benefit obligation		211,990		227,850		439,840
Total liabilities		8,518,661		2,154,433		10,673,094
Deferred inflows of resources		, ,		, ,		
Pensions		146,554		97,905		244,459
Total deferred inflows of resources		146,554		97,905		244,459
Net position						
Invested in capital assets, net of related debt		5,858,022		15,076,120		20,934,142
Restricted for		• •				
Law enforcement		18,012		-		18,012
Scholarship fund		17,953		-		17,953
Historic preservation		2,891		-		2,891
Unrestricted		158,359		5,735,953		5,894,312
Total not position	<u> </u>	6 OEF 227	<u> </u>	20 012 072	ċ	26 967 240
Total net position	\$	6,055,237	Ş	20,812,073	Ş	26,867,310

City of Blountstown, Florida Statement of Activities

			_			N	et (Expens	es) Revenues and Ch	anges i	n Net Position		
For the year ended September 30, 2019			Program Revenues							Primary Government	t	
		Expenses		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions		nmental ctivities	Business-type Activities		Total
Functions / Programs		Expenses		Services	Contributions		Contributions		ctivities	Activities		100
Primary government												
Governmental activities												
General government	\$	10,881,188	\$	144,785	10,543,048	\$	-	\$ (2	193,355)	\$ -	\$	(193,355)
Public safety	•	1,781,680	·	152,100	50,623	·	23,795		555,162)	-		(1,555,162
Highways and streets		620,297		13,839	10,445		· -		96,013)	_		(596,013
Culture and recreation		62,418		-	-		_	-	(62,418)	_		(62,418
Interest on long-term debt		101,920		_	-		_		01,920)	_		(101,920
Total governmental		,- ,-							- ,,			(- ,
activities		13,447,503		310,724	10,604,116		23,795	(2,5	508,868)	=		(2,508,868)
Business-type activities												
Electric		2,698,997		4,120,690	1,057,371		_		_	2,479,064		2,479,064
Water		643,236		501,049	26,647		_		_	(115,540)		(115,540)
Sewer		1,031,215		513,000	45,554		77,000		_	(395,661)		(395,661
Natural Gas		505,389		358,520	3,779		-		_	(143,090)		(143,090
Sanitation		549,035		302,669	32,706		_		_	(213,660)		(213,660
Cemetery		2,629		2,400	-		_		_	(229)		(229
Total business-type		2,023		2,100						(223)		(223)
activities		5,430,501		5,798,328	1,166,057		77,000		-	1,610,884		1,610,884
Total primary government	\$	18,878,004	\$	6,109,052 \$	11,770,173	\$	100,795	(2,5	508,868)	1,610,884		(897,984)
				al revenues								
			Taxes:									
				thise and public se				3	393,586	-		393,586
				erty taxes, levied f	or general purpos	es			94,607	-		94,607
				option taxes					78,461	-		78,461
				shared revenues					181,414	-		181,414
				ellaneous					168,424	-		168,424
				al general revenu	es				16,492	-		916,492
				t earnings					13,861	74,898		88,759
				al general revenu					30,353	74,898		1,005,251
				laneous revenue (loss)				39,329	(573,911)		(534,582
			Transfe	ers				1,3	306,929	(1,306,929)		-
				general revenues	, interest, miscella	neous	revenue (loss)					
			and t	ransfers				2,2	276,611	(1,805,942)		470,669
			Chan	ge in net position				(2	232,257)	(195,058)		(427,315
			Net po	sition - beginning				6,2	287,494	21,007,131		27,294,625
			Net po	sition - ending				\$ 6,0)55,237	\$ 20,812,073	\$	26,867,310

City of Blountstown, Florida Balance Sheet Governmental Fund

September 30, 2019		General
Assets		
Cash and cash equivalents	\$	176,268
Investments	*	228,972
Accounts receivable, net		56,731
Interest receivable		4,420
Due from other governments		8,722,500
Restricted cash and cash equivalents		38,856
Total assets	\$	9,227,747
Liabilities		
Accounts payable	\$	281,593
Accrued expenses	Ψ	20,306
Due from other funds		1,083,703
Total liabilities		1,385,602
		1,303,002
Fund balances Restricted for scholarship fund		18,012
Restricted for law enforcement		17,953
Restricted for historic preservation		2,891
Unassigned, reported in general fund		7,803,289
Total fund balances		7,842,145
Total liabilities and fund balances	\$	9,227,747
Amounts reported for governmental activities in the statement		
of net position are different because:		
	\$	7,842,145
Total fund balances - governmental funds	Ş	7,042,143
Capital assets used in governmental activities are		
not financial resources and, therefore, are not		
reported in the funds.		5,858,022
Other long-term assets are not available to pay for		
current-period expenditures and, therefore, are		
not reported in the funds.		9,604
The second Park 1904 and Second Park and Second Park		,
Long-term liabilities, including notes payable,		
compensated absences and pension liabilities		
are not due and payable in current period, and		(0.010.700)
therefore, are not reported in the funds.		(8,216,762)
Deferred outflows and inflows of resources related		
to pensions are applicable to future periods and		
therefore, are not reported in the funds.		
Deferred outflows of resources - pensions		708,782
Deferred inflows of resources - pensions		(146,554)
Net position of governmental activities	\$	6,055,237
	ΥΥ	-,,

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

For the year ended September 30, 2019	General
Revenues	
Property taxes, levied for general purposes	\$ 94,607
Other taxes	472,047
Intergovernmental	335,051
Licenses and permits	42,672
Fines and forfeitures	5,056
Grants and contributions	10,365,636
Interest	13,861
Other fees and miscellaneous	387,331
Total revenues	11,716,261
Expenditures	
Current	
General government	10,820,074
Public safety	1,457,122
Highways and streets	382,979
Culture and recreation	16,068
Capital outlay	
General government	18,063
Public safety	174,984
Highways and streets	169,556
Culture and recreation	2,662
Debt service	
Principal	60,000
Interest and other charges	101,920
Total expenditures	13,203,428
Excess of expenditures over revenues	(1,487,167)
Other financing sources (uses)	
Insurance proceeds	262,275
Transfers in	1,878,938
Transfers out	(572,009)
Debt proceeds	5,994,736
Net other financing sources (uses)	7,563,940
Net change in fund balance	6,076,773
Fund balance - beginning	1,765,372
Fund balance - ending	\$ 7,842,145

City of Blountstown, Florida

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

For the year ended September 30, 2019

Amounts reported for governmental activities in the statement of activities (page 6) are different because:	
Net change in fund balance - total governmental fund	\$ 6,076,773
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net position	365,265
Depreciation expense on governmental capital assets is included in the governmental activities in the statement of activities.	(392,059)
Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net position.	60,000
Collection of long-term notes receivable is reported as revenue in governmental funds but as a reduction of long term notes receivable in the statement of net position.	(60,000)
The issuance of long-term debt (notes payable) provides current financial resources to governmental funds, while it has no effect on the statement of activities.	(5,994,736)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses include:	
Pension Other post-employment benefits Compensated absences	(337,079) (21,080) (21,381)
Government funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense	
Deferred outflow of resources - pensions Deferred inflow of resources - pensions	48,191 43,849
Change in net position of governmental activities (page 6)	\$ (232,257)

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

		Budgeted Amounts						riance with inal Budget-
For the year ended September 30, 2019		Original		Final		Actual Amounts		Positive (Negative)
Revenues								
Property taxes, levied for general purposes	\$	91,414	\$	91,414	\$	94,607	\$	3,193
Other taxes	•	452,092	•	452,092	·	472,047	•	19,955
Intergovernmental		164,757		164,757		335,051		170,294
Licenses and permits		11,200		11,200		42,672		31,472
Fines and forfeitures		7,000		7,000		5,056		(1,944)
Grants and contributions		-		4,950,264		10,365,636		5,415,372
Interest		5,000		5,000		13,861		8,861
Other fees and miscellaneous		222,357		222,357		387,331		164,974
Reserves		202,378		202,378		-		(202,378)
Total revenues		1,156,198		6,106,462		11,716,261		5,609,799
Expenditures								
Current								
General government		386,233		10,961,638		10,820,074		141,564
Public safety		1,372,828		1,372,828		1,457,122		(84,294)
Highways and streets		678,599		729,224		382,979		346,245
Culture and recreation		25,467		25,467		16,068		9,399
Capital outlay		228,610		126,450		365,265		(238,815)
Debt service								, , ,
Principal		-		-		60,000		(60,000)
Interest and other charges		-		100,510		101,920		(1,410)
Total expenditures		2,691,737		13,316,117		13,203,428		112,689
Excess of revenues over (under)								
expenditures		(1,535,539)		(7,209,655)		(1,487,167)		5,722,488
Other financing sources (uses)								
Insurance proceeds		_		_		262,275		262,275
Transfers in		1,878,938		1,878,938		1,878,938		
Transfers out		(572,009)		(572,009)		(572,009)		_
Debt proceeds		-		5,994,736		5,994,736		-
Total other financing sources (uses)		1,306,929		7,301,665		7,563,940		262,275
Net change in fund balances		(228,610)		92,010		6,076,773		5,984,763
Fund balances - beginning		1,765,372		1,765,372		1,765,372		-
Fund balances - ending	\$	1,536,762	\$	1,857,382	\$	7,842,145	\$	5,984,763

City of Blountstown, Florida Statement of Net Position Proprietary Funds

	Business-type Activities / Enterprise Funds										
				Non-major							
September 30, 2019	Electric	Water	Sewer	-							
Assets											
Current assets											
Cash and cash equivalents	\$ 183,919	\$ 439,702	\$ 446,051	\$ 580,576	\$ 1,650,248						
Investments	170,808	706,215	1,133,006	8,404	2,018,433						
Accounts receivable, net	622,102	87,438	83,102	63,019	855,661						
Accrued interest receivable	3,146	14,599	19,598	158	37,501						
Due from other funds	1,187,791	333,764	884,625	24,186	2,430,366						
Due from other governments	1,072,959	19,839	272,143	33,588	1,398,529						
Inventory	139,272	12,510	7,325	3,721	162,828						
Total current assets	3,379,997	1,614,067	2,845,850	713,652	8,553,566						
Noncurrent assets											
Restricted cash and cash equivalents	235,136	7,299	-	4,525	246,960						
Other assets	-	-	-	16,254	16,254						
Capital assets											
Nondepreciable	-	6,989	157,630	15,000	179,619						
Depreciable, net	2,075,082	3,021,910	9,526,717	317,459	14,941,168						
Total noncurrent assets	2,310,218	3,036,198	9,684,347	353,238	15,384,001						
Total assets	5,690,215	4,650,265	12,530,197	1,066,890	23,937,567						
Deferred outflows of resources					_						
Pensions	113,501	108,770	106,406	144,830	473,507						
Total deferred outflows of resources	113,501	108,770	106,406	144,830	473,507						
Liabilities											
Current liabilities											
Accounts payable	181,086	26,357	20,341	31,331	259,115						
Accrued expenses	5,414	4,267	4,024	5,201	18,906						
Due to other funds	701,654	542,957	99,196	2,856	1,346,663						
Compensated absences payable	2,930	3,975	3,975	5,842	16,722						
Notes payable - current	, -	14,889	, <u>-</u>	, -	14,889						
Liabilities payable from restricted assets		,			,						
Customer deposits	235,136	7,299	-	4,325	246,760						
Total current liabilities	1,126,220	599,744	127,536	49,555	1,903,055						
Noncurrent liabilities											
Accrued compensated absences	8,791	11,925	11,925	17,525	50,166						
Notes payable	-	29.778	,		29,778						
Other post-employment benefit obligations	65,398	49,597	47,549	65,306	227,850						
Pension liability	309,273	296,387	289,943	394,644	1,290,247						
Total noncurrent liabilities	383,462	387,687	349,417	477,475	1,598,041						
Total liabilities	1,509,682	987,431	476,953	527,030	3,501,096						
Deferred Inflows of resources	-										
Pensions	23,468	22,490	22,001	29,946	97,905						
Total deferred inflows of resources	23,468	22,490	22,001	29,946	97,905						
Net position											
Invested in capital assets, net of											
related debt	2,075,082	2,984,232	9,684,347	332,459	15,076,120						
Unrestricted	2,195,484	764,882	2,453,302	322,285	5,735,953						
Total net position	\$ 4,270,566	\$ 3,749,114	\$ 12,137,649	\$ 654,744	\$ 20,812,073						

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

	Business-type Activities / Enterprise Funds							
				Non-major				
For the year ended September 30, 2019	Electric	Water	Sewer	Funds	Total			
Operating revenues								
Charges for services	\$ 4,120,690	\$ 501,049	\$ 513,000	\$ 663,589	\$ 5,798,328			
Total operating revenues	4,120,690	501,049	513,000	663,589	5,798,328			
Operating expenses								
Personnel services	446,165	350,701	337,074	457,994	1,591,934			
Purchased energy	1,720,755	-	-	210,242	1,930,997			
Services and supplies	305,401	31,743	163,240	201,259	701,643			
Heat, light and power	16,621	17,293	39,273	1,130	74,317			
Insurance	7,458	7,124	21,213	4,429	40,224			
Repairs and maintenance	5,534	5,549	777	16,918	28,778			
Other operating expenses	11,292	62,796	61,600	129,536	265,224			
Depreciation / amortization	185,771	168,030	408,038	35,545	797,384			
Total operating expenses	2,698,997	643,236	1,031,215	1,057,053	5,430,501			
Net operating income (loss)	1,421,693	(142,187)	(518,215)	(393,464)	367,827			
Nonoperating revenues (expenses)								
Gain (loss) on the disposition of equipment	(765,814)	-	99,785	20,000	(646,029)			
Interest income	16,833	25,421	31,430	1,214	74,898			
Miscellaneous revenue	57,587	1,301	10,913	2,317	72,118			
Net nonoperating revenues (expenses)	(691,394)	26,722	142,128	23,531	(499,013)			
Income (loss) before contributions and transfers	730,299	(115,465)	(376,087)	(369,933)	(131,186)			
Operating and capital contributions	1,057,371	26,647	122,554	36,485	1,243,057			
Transfers, net	(1,788,257)	(90,681)	350,547	221,462	(1,306,929)			
Change in net position	(587)	(179,499)	97,014	(111,986)	(195,058)			
Net position - beginning	4,271,153	3,928,613	12,040,635	766,730	21,007,131			
Net position - ending	\$ 4,270,566	\$ 3,749,114	\$ 12,137,649	\$ 654,744	\$ 20,812,073			

City of Blountstown, Florida Statement of Cash Flows Proprietary Funds

	Business-type Activities / Enterprise Funds									
				Non-major						
For the year ended September 30, 2019		Electric		Water		Sewer		Funds		Total
Operating activities										
Receipts from customers and users	Ś	3,021,177	\$	467,948	Ś	318,985	Ś	633,565	Ś	4,441,675
Payments to suppliers		2,938,337)	•	(108,472)		(960,638)		(521,025)	•	(4,528,472)
Payments to employees		(400,202)		(305,301)		(292,829)		(396,125)		(1,394,457)
Net cash provided by (used for)										
operating activities		(317,362)		54,175		(934,482)		(283,585)		(1,481,254)
Noncapital financing activities										
Other receipts (payments)		57,588		1,301		10,913		38,802		108,604
Transfers to/from other funds	(1,788,257)		(90,681)		350,547		221,462		(1,306,929)
Net cash provided by (used for) noncapital										
financing activities	(1,730,669)		(89,380)		361,460		260,264		(1,198,325)
Capital and related financing activities										
Capital contributions		1,057,371		26,647		122,554		_		1,206,572
Purchase of capital assets		1,336,362)		(38,420)		(399,351)		(225,037)		(1,999,170)
Proceeds from disposition of capital assets	(-		(30,420)		99,785		20,000		119,785
Principal paid on debt				(14,890)		99,765		20,000		(14,890)
Trincipal paid on debt				(14,030)						(14,030)
Net cash provided by (used for) capital and										
related financing activities		(278,991)		(26,663)		(177,012)		(205,037)		(687,703)
related infancing activities		(278,331)		(20,003)		(177,012)		(203,037)		(087,703)
Investing activities										
Investing activities Purchase of investments						(212.005)		(124)		(212.000)
		705 572		-		(213,865)		(124)		(213,989)
Proceeds from sale of investments		785,572		88,019		-		4.450		873,591
Interest received		19,776		21,784		26,915		1,158		69,633
Net cash provided by (used for) investing activities		805,348		109,803		(186,950)		1,034		729,235
Net increase (decrease) in cash and cash equivalents	(1,521,674)		47,935		(936,984)		(227,324)		(2,638,047)
Cash and cash equivalents - beginning		1,940,729		399,066		1,383,035		812,425		4,535,255
Cash and cash equivalents - ending	\$	419,055	\$	447,001	\$	446,051	\$	585,101	\$	1,897,208
Cash and Cash equivalents - ending	<u>ب</u>	419,033	ڔ	447,001	ې	440,031	Ą	363,101	ڔ	1,037,200
Classified on the Statement of Net Position as										
Current assets - cash and cash equivalents	\$	183,919	\$	439,702	\$	446,051	\$	580,576	\$	1,650,248
Restricted assets - cash and cash equivalents	•	235,136	•	7,299	-	-	•	4,525	•	246,960
			,				,			
Cash and cash equivalents - ending	\$	419,055	\$	447,001	\$	446,051	\$	585,101	\$	1,897,208
										(Continued)

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

	Business-type Activities / Enterprise Funds							
For the year ended September 30, 2019					Non-major			
		Electric	Water	Sewer	Funds	Total		
Reconciliation of net operating income (loss) to net								
cash provided by (used for) operating activities								
Net operating income (loss)	\$	1,421,693	\$ (142,187)	\$ (518,215)	\$ (393,464)	\$ 367,827		
Adjustments to reconcile operating income (loss) to								
net cash provided by (used for) operating activities:								
Bad debts		-	1,388	-	-	1,388		
Depreciation and amortization		185,771	168,030	408,038	35,545	797,384		
(Increase) decrease in accounts receivable		(42,425)	(13,900)	(4,817)	3,426	(57,716)		
(Increase) decrease in inventory		(60,285)	(305)	(319)	36,462	(24,447)		
(Increase) decrease in due from other funds		(823,103)	(1,520)	(669,432)	(13,324)	(1,507,379)		
(Increase) decrease in due from other governments		(1,057,088)	(19,839)	(189,198)	(29,307)	(1,295,432)		
(Increase) decrease in other assets		-	-	-	2,825	2,825		
Increase (decrease) in accounts payable and accrued expenses		57,995	63,238	39,461	74,722	235,416		
Increase (decrease) in due to other funds		-	20	-	-	20		
Increase (decrease) in customer deposits		80	(750)	-	(470)	(1,140)		
Net cash provided by (used for)								
operating activities	\$	(317,362)	\$ 54,175	\$ (934,482)	\$ (283,585)	\$ (1,481,254)		

Note 1: REPORTING ENTITY

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

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

The principal criteria for classifying a potential component unit include the legal separateness of the organization, the financial accountability of the primary government for the potential component unit resulting from either the primary government's ability to impose its will on the potential component unit, or the potential component unit's fiscal dependency on the primary government. In applying the above criteria, the Blountstown Community Redevelopment Agency (the Agency) is considered a component unit and is blended in the financial statements of the City. The agency was established by City Resolution 90-4. There was no financial activity for the entity for 2019.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund 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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable.

Government-wide and Fund Financial Statements (Continued)

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

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

Budgets and Budgetary Accounting

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

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

Pensions

For purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Cash and Cash Equivalents

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

Investments

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

Receivables

Customer accounts receivable are recorded in the enterprise funds at their net realizable value, reduced by an allowance for uncollectible accounts, where applicable. The allowance at September 30, 2019 was \$8,000.

Due From (To) Other Funds

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

Inventories

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

Capital Assets

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

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

Capital Assets (Continued)

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

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

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

Compensated Absences

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

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

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills for general operations. The City's millage rate for the year ended September 30, 2019, was 1.5 mills.

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

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

Property Taxes (Continued)

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

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

Fund Balance Reporting and Governmental Fund-Type Definitions

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

Use of Estimates

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

Use of Restricted Assets

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

Encumbrances

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

Subsequent Events

Management has evaluated events occurring subsequent to September 30, 2019 and through June 30, 2020 the date these financial statements were available for issue. See Note 17 for relevant disclosures.

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

New Accounting Standards Adopted

In fiscal year 2019, the City adopted two new statements of financial accounting standards issued by the GASB:

- Statement No. 83, Certain Asset Retirement Obligations ("GASB 83")
- Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements ("GASB 88")

GASB 83 establishes standards of accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the regulation of GASB 83. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. GASB 83 had no impact on the City's financial statements.

GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant subjective acceleration clauses. GASB 88 also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of GASB 88 are effective for reporting periods beginning after June 15, 2018. See Note 7 for the additional disclosures required by the City as a result of GASB 88.

Recently Issued but Not Yet Effective

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

GASB Statement No.	GASB Accounting Standard	Fiscal Year Effective
84	Fiduciary Activities	2020
87	Leases	2021
89	Accounting for Interest Cost Incurred before the End of a Construction	2021
90	Majority Equity Interest and amendment of GASB Statements No. 14 and No. 61	2020
91	Conduit Debt Obligations	2022

Note 3: CASH AND INVESTMENTS

At September 30, 2019, the carrying amount of the City's cash and cash equivalents and restricted cash was \$2,112,332 and the bank balance was \$2,155,744. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

The City invested funds in Florida PRIME. At September 30, 2019, the net realizable value and the carrying value of these funds was \$32,234. The funds are classified as a cash equivalent on the statement of net position at September 30, 2019 and are included in the carrying value and bank balance in the first paragraph of this note. Additional information and investment policies regarding the Florida PRIME may be obtained from the State Board of Administration at www.sbafla.com/prime.

Note 3: CASH AND INVESTMENTS (Continued)

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

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

Credit Risk

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

As of September 30, 2019, the City's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAm.

Interest Rate Risk

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2019, is 37 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, 2019, is 85 days.

Custodial Credit Risk

At September 30, 2019, the City did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk

At September 30, 2019, the City did not hold any investments that were considered to have concentration of credit risk.

Foreign Currency Risk

At September 30, 2019, the City did not hold any investments that were considered to have foreign currency risk.

Note 3: CASH AND INVESTMENTS (Continued)

Fair Value Measurement and Application

Governmental entities are required to record investments at fair value unless an exception applies and disclose the fair value measurement and hierarchy. Paragraph 69 of GASB 72 lists several investments that should be measured as described in GASB Statement 31 which includes investments in nonparticipating interest-earning investment contracts (certificates of deposit) and money market investments that have a maturity at the time of purchase of one year or less. At September 30, 2019, the City's investments consisted of non-negotiable certificates of deposits which are recorded at cost and are excluded from fair value measurement.

Note 4: RECEIVABLES

Receivables at September 30, 2019 consist primarily of charges to utility customers for water, sewer, gas, electric and sanitation services provided by the City. The City grants credit to customers, substantially all of whom are local residents.

	Business-type					
	Ger	neral Fund	Activities	Total		
Utility charges-billed	\$	- \$	588,423 \$	588,423		
Utility charges-unbilled		-	267,433	267,433		
Other		56,731	7,805	64,536		
Less allowance for bad debts		-	(8,000)	(8,000)		
				_		
Accounts receivable total	\$	56,731 \$	855,661 \$	912,392		

In March 2006, the City entered into an agreement with the State of Florida, Office of Tourism, Trade, and Economic Development to borrow \$600,000. These funds would be used as a loan to the Calhoun-Liberty Hospital Association, Inc. (the Hospital) for working capital purposes. These funds were secured by the assignment of the City's interest in the accounts receivable of the Hospital and by the assignment of interest in the mortgage on the property of the Hospital held by the City. The note payable was amended in January 2013. The revised note is payable in quarterly installments of principal plus interest of 3% beginning January 2014. The ending balance is \$9,604 at September 30, 2019.

Note 5: INTERFUND TRANSFERS

Interfund transfers at September 30, 2019, consisted of the following:

		TRANSFERS IN							
TRANSFERS OUT	General		Sewer	Sewer Natural Gas		Sanitation		TOTAL	
	_			_		_		_	
General	\$	- \$	350,547	Ş	55,909	\$	165,553	\$	572,009
Electric		1,788,257	-		-		-		1,788,257
Water		90,681	-		-		-		90,681
	\$	1,878,938 \$	350,547	\$	55,909	\$	165,553	\$	2,450,947

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

Balances due to/from other funds at September 30, 2019 are as follows:

	Interfund	Interfund	
	Receivables	Payables	
General fund	\$ - \$	1,083,703	
Business-type funds			
Electric	1,187,791	701,654	
Water	333,764	542,957	
Sewer	884,625	99,196	
Natural Gas	-	2,856	
Sanitation	22,840	-	
Cemetery	1,346		
Total	\$ 2,430,366 \$	2,430,366	

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

Note 6: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

	BEGINNING			ENDING
	BALANCE	INCREASES	DECREASES	BALANCE
Governmental activities:				
Capital assets, not being				
depreciated:				
Land	\$ 1,442,996	\$ - \$	- \$	1,442,996
Construction in progress	5,000	28,620	-	33,620
· •	•	,		<u>, , , , , , , , , , , , , , , , , , , </u>
Total capital assets, not				
being depreciated	1,447,996	28,620	-	1,476,616
Capital assets, being				
depreciated:				
Buildings	660,084	-	-	660,084
Machinery and equipment	7,168,316	336,645	(214,475)	7,290,486
T. 1 2 1 1				
Total capital assets,	7 929 400	226 645	(214.475)	7 050 570
being depreciated	7,828,400	336,645	(214,475)	7,950,570
Less: accumulated				
depreciation for:				
Buildings	336,299	14,986	-	351,285
Machinery and equipment	3,055,281	377,073	(214,475)	3,217,879
Total accumulated				
depreciation	3,391,580	392,059	(214,475)	3,569,164
чергестатіон	3,331,360	332,033	(214,473)	3,303,104
Total capital assets,				
being depreciated, net	4,436,820	(55 <i>,</i> 414)	-	4,381,406
Governmental activities				
capital assets, net	\$ 5,884,816	\$ (26,794) \$	- ¢	5,858,022
capital assets, net	у 3,004,010	7 (20,754) 7	<u> </u>	3,030,022
Depreciation/amortization expens	e was charged	to governmenta	l activities of	the primary
government as follows:	c was charged	to governmenta	i activities of	the primary
80 reminent as remems.				
Governmental activities				
General government			\$	32,549
Public safety				102,889
Highways and streets				213,232
Culture and recreation				43,389
Total depreciation expense-gov	vernmental activi	ities	\$	392,059

\$

797,384

Note 6: CAPITAL ASSETS (Continued)

		GINNING BALANCE		INCREASES		DECREASES	3		ENDING ALANCE
Business-type activities:									
Capital assets, not being									
depreciated:									
Land	\$	51,723	\$	-	\$	-	- \$		51,723
Construction in progress		80,896		77,000		(30,000))	:	127,896
Total capital assets, not									
being depreciated		132,619		77,000		(30,000))		179,619
		- ,		,		(/	,		
Capital assets, being									
depreciated:	2.4	200 200		4 520 556		(2.525.202		22.	202 452
Utility systems	24	,298,290		1,529,556		(2,525,393	5)	23,	302,453
Other property, plant	_			440 140		(070 076	٠,	1 (200 021
and equipment		2,537,757		440,140		(978,876)	1,3	999,021
Total capital assets,									
being depreciated	26	,836,047		1,969,696		(3,504,269	9)	25,3	301,474
Less: accumulated									
depreciation for:									
Utility systems	10	,127,165		638,356		(1,742,050))	9.0	023,471
Other property, plant		,,,,		000,000		(1), 12,000	,	٥,٠	323, ., 2
and equipment	2	2,156,686		159,028		(978,879))	1,3	336,835
		· · · · · · · · · · · · · · · · · · ·		· · · · · · · · · · · · · · · · · · ·		· · ·			
Total accumulated	4.0	202.054		707.004		/o 7 00 000		40.	
depreciation	12	2,283,851		797,384		(2,720,929	9)	10,	360,306
Total capital assets,									
being depreciated, net	14	,552,196		1,172,312		(783,340))	14,9	941,168
Capital assets, net	\$ 14	,684,815	\$	1,249,312	\$	(813,340)) \$	15,:	120,787
Depresiation / smartination		abaraad	+-	business to		a ativiti a a	٠ŧ	+ b.o	
Depreciation/amortization government as follows:	expense was	charged	ιο	business-ty	ype	activities	OI	tne	primary
government as follows.									
Business-type activities									
Electric fund							\$		185,771
Water fund							•		168,030
Sewer fund									408,038
Natural gas fund									13,150
Sanitation fund									21,368
Cemetery fund									1,027

Total depreciation expense-business-type activities

Note 7: LONG-TERM DEBT AND BONDS PAYABLE

Long-term debt activity for the year ended September 30, 2019, was as follows:

	ı	BEGINNING BALANCE	ADDITIONS	R	EDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:							
Compensated absences Notes payable	\$	47,708 69,604	\$ 21,381 5,994,736	\$	- (60,000	\$ 69,089 6,004,340	\$ 17,272 6,004,340
		117,312	6,016,117		60,000	6,073,429	6,021,612
Business-type activities:							
Compensated absences		59,706	8,208		1,026	66,888	16,722
Notes payable		59,557	=		14,890	44,667	14,889
		119,263	8,208		15,916	111,555	31,611
Total	\$	236,575	\$ 6,024,325	\$	75,916	\$ 6,184,984	\$ 6,053,223

Debt service requirements on long-term debt at September 30, 2019 are as follows:

	GOVERNMENTAL ACTIVITIES					
FISCAL YEAR ENDING	IG NOTES PAYABLE					
SEPTEMBER 30,	PRINCIPAL	NTEREST				
2020	\$ 6,004,340	\$	210,152			
<u>Total</u>	\$ 6,004,340	\$	210,152			

	BUSINESS-TYPE ACTIVITES		
FISCAL YEAR ENDING	NOTES P	AYABLE	=
SEPTEMBER 30,	PRINCIPAL	INT	EREST
2020	\$ 14,889	\$	
2021	14,889		-
2022	14,889		
<u>Total</u>	\$ 44,667	\$	

Note 7: LONG-TERM DEBT AND BONDS PAYABLE

Note payable

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

\$ 9,604

Line of Credit Agreement

PeopleSouth Bank, available borrowings of \$6,000,000 with interest payable monthly at 3.5% per annum, borrowings are due in full at maturity of March 28, 2020, secured by all assets of the City.

5,994,736

Total notes payable \$ 6,004,340

Subsequent to September 30, 2019, the City renewed the line of credit agreement to extend its maturity to March 28, 2021.

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

Business-Type Activities

Note payable

State of Florida, Department of Transportation, payable in annual installments of \$14,889, unsecured, non-interest bearing	\$ 44,667
Total notes payable	\$ 44,667

Defined Benefit Plans

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

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

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer's contribution rates as of September 30, 2019, were as follows:

RS HIS
% 1.66%
1.66%
1.66%
.% 1.66%

The employer's contributions for the year ended September 30, 2019, were \$203,066 to the FRS and \$30,341 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2019, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2019. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net Pension Liability at June 30,	\$ 2,550,004 \$	671,586
Proportion at: Current measurement date Prior measurement date	0.0074% 0.0069%	0.0060% 0.0055%
Pension expense (benefit)	\$ 622,029 \$	59,041

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FI	RS	HIS			
	Deferred	Deferred	Deferred	Deferred		
	Outflows	Inflows	Outflows	Inflows		
Description	of Resources	of Resources	of Resources	of Resources		
Differences between expected and actual experience	\$ 151,248	\$ (1,583)	\$ 8,157	\$ (822)		
Changes of assumptions	654,951	-	77,763	(54,890)		
Net difference between projected and actual earnings on pension plan investments	-	(141,080)	433	_		
Changes in proportion and differences in employer contributions and proportionate share of		(,,				
contributions	148,769	(35,034)	67,668	(11,050)		
City contributions subsequent to the						
measurement date	64,254		9,046			
Total	\$ 1,019,222	\$ (177,697)	\$ 163,067	\$ (66,762)		

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

Fiscal Years Ending June 30,	FRS	HIS		
2020	\$ 254,830 \$	20,709		
2021	101,173	19,346		
2022	195,373	15,632		
2023	154,103	5,376		
2024	52,164	11,637		
Thereafter	19,626	14,559		
Total	\$ 777,269 \$	87,259		

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2019. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2019. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2019, rolled-forward using standard actuarial procedures. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	6.90%	N/A
Discount rate	6.90%	3.50%

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

For both plans, the actuarial assumptions used in the valuation dated July 1, 2019 were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2019:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.0% to 6.9%, and the member mortality assumption was updated.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.87% to 3.50%.

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

Note 8: STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

		Annual	Compound Annual	
	Target	Arithmetic	(Geometric)	Standard
Asset Class	Allocation	Return	Return	Deviation
Cash	1.0%	3.3%	3.3%	1.2%
Fixed Income	18.0%	4.1%	4.1%	3.5%
Global Equity	54.0%	8.0%	6.8%	16.5%
Real Estate (Property)	11.0%	6.7%	6.1%	11.7%
Private Equity	10.0%	11.2%	8.4%	25.8%
Strategic Investments	6.0%	5.9%	5.7%	6.7%
Total	100.00%			

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.90%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.50% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

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

	FRS	FRS Net Pension Liability					
		Current					
	1% Decrease	1% Decrease Discount Rate					
	(5.90%)	(6.90%)	(7.90%)				
Governmental Employer's proportionate							
share of the net pension liability	\$ 2,642,661	\$ 1,528,727	\$ 598,405				
Business-Type Employer's proportionate							
share of the net pension liability	\$ 1,765,447	\$ 1,021,277	\$ 399,768				

Sensitivity Analysis (Continued)

	HIS Net Pension Liability						
		Current					
				Discount Rate			
		(2.50%)		(3.50%)		(4.50%)	
Governmental Employer's proportionate							
share of the net pension liability	\$	459,607	\$	402,616	\$	355,149	
Business-Type Employer's proportionate							
share of the net pension liability	\$	307,043	\$	268,970	\$	237,260	

Pension Plans' Fiduciary Net Position

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

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. There were no required employer contributions made to the plan during the year ended September 30, 2019.

Note 9: RISK MANAGEMENT

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

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

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

Note 10: GRANTS

The City participates in several state and federal grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for, or including, the year ended September 30, 2019, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the City's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined, although the City expects such amounts, if any, to be immaterial.

Note 11: FUND BALANCE

Reserved Fund Balance

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. Spendable fund balances are classified based on a hierarchy of the City's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2019, the City reports net assets as restricted, assigned and unassigned. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the City's intent to use the resources for a specific purpose. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

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

Fund	Purpose	Amount
General Fund	Police education	\$ 18,012
General Fund	Scholarship fund	17,953
General Fund	Historic preservation	2,891
Total restricted fund balance		\$ 38,856

Note 12: COMMITMENTS AND CONTINGENCIES

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

Note 13: MAJOR SUPPLIER

Florida Gas Utilities (FGU) acts as the agent for the City on all natural gas purchases. Purchases totaled \$210,242 for the year ended September 30, 2019. The City has placed a deposit totaling \$16,254 with FGU to satisfy the credit requirements of the supplier.

All electricity sold by the City was purchased from Southern Power. Purchases totaled \$1,720,755 for the year ended September 30, 2019.

Note 14: POST EMPLOYMENT BENEFITS OTHER THAN PENSION

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

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

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

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

<u>Membership</u> – At September 30, 2019, there were no terminated employees entitled to benefits by not yet receiving them. The membership of the Plan consisted of:

Active employees	41
Retirees and beneficiaries currently receiving benefits	
Total Membership	41
Participating employers	1

Note 14: POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

<u>Contributions and Funding Policy</u> - A qualifying trust or agency fund has not been authorized by the City. The City negotiates the premium rates with Capital Health Plan. The required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs, which for fiscal year 2019 was \$1,467. The chart below shows the cost of the monthly retiree premiums as of the valuation date:

Coverage	Capital Health 10/01/2018- 12/31/2018	Capital Health 01/01/2019- 09/30/2019
Retiree	\$ 510.41	\$ 572.67
Retiree & Spouse	\$ 1,071.86	\$ 1,202.61
Retiree & Children	\$ 893.22	\$ 1,002.17
Family	\$ 1,531.23	\$ 1,718.01

Net OPEB Liability - At September 30, 2019, the City reported a liability of \$439,840 for the net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and was determined by an actuarial valuation as of October 1, 2016. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation date. For the year ended September 30, 2019, the City recognized OPEB expense of \$50,921. At September 30, 2019, the City reported no deferred outflows of resources or deferred inflows of resources related to OPEB. The following shows the changes in the City's net OPEB liability:

	Increases (Decreases) Plan							
		otal OPEB Liability (a)	Fiduciary Net Pension (b)			t Net OPEB Liability (a)+(b)		
Balance at October 1, 2018	\$	397,440	\$	-	\$	397,440		
Service cost Expected interest growht		62,826 16,750		-		62,826 16,750		
Demographic experience Benefit payments and refunds		(82,952) (219)		-		(82,952) (219)		
Assumption changes	•	45,995		-		45,995		
Balance at September 30, 2019	\$	439,840	\$	-	\$	439,840		

Note 14: POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

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

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

Projected annual salaries increase 3.00% per annum

Healthcare cost trend rate 7.50% initial year reduced 0.5% each year

until reaching ultimate trend rate of 5.00%

T Mortality RP-2000 Combined Mortality Table for general employees

and RP-2000 Blue Collar Mortality Table for public safety

employees, both using scale BB

Discount Rate – The discount rate used to measure the total OPEB liability was 3.64%. The discount rate is based on the 20-year municipal bond index as provided by the Asset Consulting Group.

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

The following presents the City's proportionate share of the net OPEB liability using a discount rate that is 1 percent lower (2.64%) or 1 percent point higher (4.64%) than the current discount rate:

	 1% Decrease (2.64%)		ent Discount ite (3.64%)	1% increase (4.64%)		
Net OPEB Liability	\$ 493,619	\$	439,840	\$	392,799	

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate- The following presents the City's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are 1 percent lower (6.50% to 4.00%) or 1 percent point higher (8.50% to 6.00%) than the current healthcare cost trend rates:

				.% increase (8.50%		
	de	creasing to 4.00%)	de	ecreasing to 5.00%)	de	ecreasing to 6.00%)
		4.0070)	3.00%)			0.0070)
Net OPEB Liability	\$	357,825	\$	439,840	\$	497,167

Note 15: OPERATING LEASES

The City leases equipment under operating lease terms. The rental expense under operating leases for the year ended September 30, 2019 was \$54,475. The minimum future lease payments under operating lease as of September 30, 2019 and for each year until expiration are:

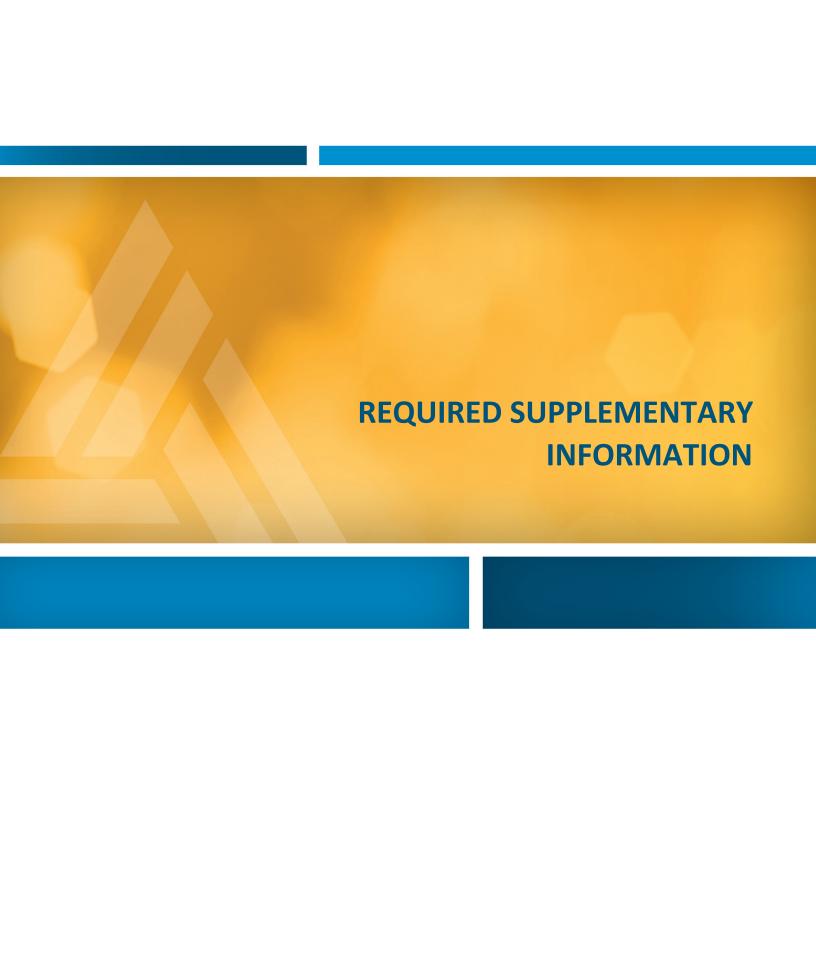
Year ending September 30,	
2020	\$ 24,475
Total minimum future lease payments	\$ 24,475

Note 16: INSURANCE RECOVERIES AND ASSET IMPAIRMENT RELATED TO HURRICANE MICHAEL

Hurricane Michael caused significant damage in the Florida Panhandle on October 10, 2018. The City has filed insurance claims for reimbursement of damages and additional costs related to the hurricane, such reimbursements totaled \$438,918 for the current year. Insurance proceeds of \$301,604 allocated to governmental activities have been included in "Other Financing Sources" and \$137,314 has been allocated to business activities and included in "Non-operating revenues". Assets were reviewed and evaluated by management for potential impairment as a result of the hurricane. Impairments related to governmental activities were evaluated on an individual asset group basis, and Impairments related to business activities were offset with insurance proceeds with the gain (loss) reported as "Other Financing Sources". The amount of impairment recorded for governmental activities was \$-0- and the amount for business activities was \$765,814. Additional costs including but not limited to debris removal, repairs and overtime have been reported under operating expenses and personnel expenses respectively that were directly related to the effects of the hurricane.

Note 17: SUBSEQUENT EVENTS

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain. The extent to which these events will affect the amounts reported in future financial statements remains uncertain.



City of Blountstown, Florida Schedule of Proportional Share of Net Pension Liability Florida Retirement System (Last 7 fiscal years)

	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.0074%	0.0069%	0.0066%	0.0069%	0.0063%	0.0066%	0.0075%
City's proportionate share of the net pension liability (asset)	\$ 2,550,004	\$ 2,078,246	\$ 1,958,667	\$ 1,730,343 \$	\$ 814,493 \$	400,297	\$ 1,293,409
City's covered - employee payroll	\$ 1,947,907	\$ 1,793,156	\$ 1,724,556	\$ 1,684,229 \$	\$ 1,667,828 \$	1,642,014	\$ 1,652,709
City's proportionate share of the net pension liability (asset) as a percentage of its own covered - employee payroll	130.91%	115.90%	113.58%	102.74%	48.84%	24.38%	78.26%
FRS Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	N/A

Note: Data was unavailable prior to 2013

Notes to schedules:

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

City of Blountstown, Florida Schedule of Contributions Florida Retirement System (Last 7 fiscal years)

		2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$	229,593 \$	196,638 \$	172,380 \$	167,117 \$	153,744 \$	143,706 \$	101,109
Contributions in relation to the contractually required contribution		(229,593)	(196,638)	(172,380)	(167,117)	(153,744)	(143,706)	(101,109)
Contribution deficiency (excess)		\$	- \$	- \$	- \$	- \$	- \$	-
City's covered-employee payroll	\$	1,947,907 \$	1,793,156 \$	1,724,556 \$	1,684,229 \$	1,667,828 \$	1,642,014 \$	1,652,709
Contributions as a percentage of covered-employee payro	oll	11.79%	10.97%	10.00%	9.92%	9.22%	8.75%	6.12%

Notes to schedules:

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

City of Blountstown, Florida Schedule of Proportional Share of Net Pension Liability Health Insurance Subsidy (Last 7 fiscal years)

	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.0060%	0.5500%	0.0052%	0.0053%	0.0053%	0.0054%	0.0055%
City's proportionate share of the net pension liability (asset)	\$ 671,586	\$ 581,077 \$	556,620	621,907 \$	541,496 \$	501,438	479,463
City's covered - employee payroll	\$ 1,947,907	\$ 1,793,156 \$	1,724,556	1,684,229 \$	1,667,828 \$	1,642,014 \$	1,652,709
City's proportionate share of the net pension liability (asset) as a percentage of its own covered - employee payroll	34.48%	32.41%	32.28%	36.93%	32.47%	30.54%	29.01%
HIS Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	N/A

Note: Data was unavailable prior to 2013

Notes to schedules:

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

City of Blountstown, Florida Schedule of Contributions Health Insurance Subsidy (Last 7 fiscal years)

		2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$	33,330 \$	29,773 \$	27,550 \$	27,351 \$	20,297 \$	18,371 \$	18,040
Contributions in relation to the contractually required contribution		(33,330)	(29,773)	(27,550)	(27,351)	(20,297)	(18,371)	(18,040)
Contribution deficiency (excess)	\$	- \$	- \$	- \$	- \$	- \$	- \$	-
City's covered-employee payroll	\$	1,947,907 \$	1,793,156 \$	1,724,556 \$	1,684,229 \$	1,667,828 \$	1,642,014 \$	1,652,709
Contributions as a percentage of covered-employee payro	oll	1.71%	1.66%	1.60%	1.62%	1.22%	1.12%	1.09%

Notes to schedules:

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

City of Blountstown, Florida Schedule of Changes in the Sponsor's Total OPEB Liability and Related Ratios

Reporting Period	9/30/2019
Measurement Period	9/30/2018
Total OPEB Liability	
Service Cost	\$ 62,826
Interest	16,750
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(36,957)
Benefit Payments	(219)
Net Change in Total OPEB Liability	42,400
Total OPEB Liability - Beginning	397,440
Total OPEB Liability - Ending	\$ 439,840
Covered Employee Payroll	\$ 1,947,907
Sponsor's Total OPEB Liability as a percentage of Covered Employee Payroll	22.58%

Notes to Schedule:

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:

FY 2019 3.64% FY 2018 3.35%



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

	Business-type Activities / Enterprise Funds							
September 30, 2019	Natural Gas	Sanitation	Cemetery	Total				
Assets								
Current assets								
Cash and cash equivalents	\$ 184,967	\$ 286,372	\$ 109,237	\$ 580,576				
Investments	8,404	-	-	8,404				
Accounts receivable, net	24,007	39,012	-	63,019				
Accrued interest receivable	158	-	-	158				
Due from other funds	-	22,840	1,346	24,186				
Due from other governments	882	32,706	-	33,588				
Inventory	3,721	-	-	3,721				
Total current assets	222,139	380,930	110,583	713,652				
Noncurrent assets								
Restricted cash and cash equivalents	4,325	200	-	4,525				
Other assets	16,254	-	-	16,254				
Capital assets								
Nondepreciable	-	-	15,000	15,000				
Depreciable, net	135,172	181,083	1,204	317,459				
Total noncurrent assets	155,751	181,283	16,204	353,238				
Total assets	377,890	562,213	126,787	1,066,890				
Deferred outflows of resources								
Pensions	68,572	76,258		144,830				
Total deferred outflows of resources	68,572	76,258	<u> </u>	144,830				
Total deferred outflows of resources	08,372	70,238		144,830				
Liabilities								
Current liabilities								
Accounts payable	7,430	23,901	-	31,331				
Accrued expenses	2,189	3,012	-	5,201				
Due to other funds	2,856	-	_	2,856				
Compensated absences payable	1,770	4,072	_	5,842				
Liabilities payable from restricted assets	,	,		,				
Customer deposits	4,325	-	-	4,325				
Total current liabilities	18,570	30,985	_	49,555				
Noncurrent liabilities	10,0.0	30,500		.5,555				
	E 200	12 216		17 525				
Accrued compensated absences	5,309	12,216	-	17,525				
Other post-employment obligations	27,919	37,387	-	65,306				
Pension liability	186,852	207,792	-	394,644				
Total noncurrent liabilities	220,080	257,395	-	477,475				
Total liabilities	238,650	288,380	-	527,030				
Deferred Inflows of resources								
Pensions	14,179	15,767	-	29,946				
Total deferred inflows of resources	14,179	15,767	-	29,946				
Net position								
Invested in capital assets, net of related debt	135,172	181,083	16,204	332,459				
Unrestricted	58,461	153,241	110,583	322,285				
Total net position	\$ 193,633	\$ 334,324	\$ 126,787	\$ 654,744				

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

	Business-type Activities / Enterprise Fu				
For the year ended September 30, 2019	Natural Gas	Sanitation	Cemetery	Total	
Operating revenues					
Charges for services	\$ 358,520	\$ 302,669	\$ 2,400	\$ 663,589	
Total operating revenues	358,520	302,669	2,400	663,589	
Operating expenses					
Personnel services	195,335	262,659	-	457,994	
Purchased energy	210,242	-	-	210,242	
Services and supplies	14,911	186,348	-	201,259	
Heat, light and power	1,130	-	-	1,130	
Insurance	4,429	-	-	4,429	
Repairs and maintenance	576	16,342	-	16,918	
Other operating expenses	65,616	62,318	1,602	129,536	
Depreciation	13,150	21,368	1,027	35,545	
Total operating expenses	505,389	549,035	2,629	1,057,053	
Net operating income (loss)	(146,869)	(246,366)	(229)	(393,464)	
Nonoperating revenues (expenses)					
Gain (loss) on disposition of equipment	20,000	-	-	20,000	
Interest income	631	354	229	1,214	
Miscellaneous revenue (expense)	2,317	-	-	2,317	
Total nonoperating revenues (expenses)	22,948	354	229	23,531	
Income (loss) before contributions					
and transfers	(123,921)	(246,012)	-	(369,933)	
	, , ,	, ,		, , ,	
Operating and capital contributions	3,779	32,706	-	36,485	
Transfers, net	55,909	165,553	-	221,462	
Change in net position	(64,233)	(47,753)	-	(111,986)	
Net position - beginning	257,866	382,077	126,787	766,730	
Net position - ending	\$ 193,633	\$ 334,324	\$ 126,787	\$ 654,744	

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

Business-type Activities ,	/ Enterprise Funds
----------------------------	--------------------

				•		•		
For the year ended September 30, 2019	N	latural Gas		Sanitation		Cemetery		Total
Operating activities								
Receipts from customers and users	\$	362,948	\$	268,217	\$	2,400	\$	633,565
Payments to suppliers		(255,632)		(263,792)		(1,601)		(521,025)
Payments to employees		(167,807)		(228,318)		-		(396,125)
Net cash provided by (used for) operating activities		(60,491)		(223,893)		799		(283,585)
Noncapital financing activities								
Miscellaneous revenue and contributions		6,096		32,706		-		38,802
Transfers from other funds		55,909		165,553		-		221,462
Net cash provided by (used for) noncapital								
financing activities		62,005		198,259		-		260,264
Capital and related financing activities								
Proceeds from sale of capital assets		20,000		-		-		20,000
Purchase of capital assets		(31,872)		(193,165)		-		(225,037)
Net cash provided by (used for) capital and related								
financing activities		(11,872)		(193,165)		-		(205,037)
Investing activities								
Purchase of investments		(124)		_		_		(124)
Interest received		575		354		229		1,158
Net cash provided by (used for) investing activities		451		354		229		1,034
Net (decrease) increase in cash and cash equivalents		(9,907)		(218,445)		1,028		(227,324)
Cash and cash equivalents - beginning		199,199		505,017		108,209		812,425
Cash and cash equivalents - ending	\$	189,292	\$	286,572	\$	109,237	\$	585,101
Classified as			-					
Current assets - cash and cash equivalents	Ś	184,967	Ś	286,372	\$	109,237	\$	580,576
Restricted assets - cash and cash equivalents	ڔ	4,325	ڔ	200,372	ڔ	103,237	ڔ	4,525
		1,525		200				1,323
Cash and cash equivalents - ending	\$	189,292	\$	286,572	\$	109,237	\$	585,101

(Continued)

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

,	Business-type Activities / Enterprise Funds							
For the year ended September 30, 2019		Natural Gas	S	anitation		Cemetery		Total
Reconciliation of net operating income (loss) to net cash								
provided by (used for) operating activities								
Net operating income (loss)	\$	(146,869)	\$	(246,366)	\$	(229)	\$	(393,464)
Adjustments to reconcile operating income (loss)								
to net cash provided by (used for) operating activities:								
Depreciation		13,150		21,368		1,027		35,545
(Increase) decrease in accounts receivable		5,172		(1,746)		-		3,426
(Increase) decrease in inventory		36,462		-		-		36,462
(Increase) decrease in due from other governments		3,399		(32,706)		-		(29,307)
(Increase) decrease in due from other funds		(744)		(12,581)		1		(13,324)
(Increase) decrease in other assets		2,825		-		-		2,825
Increase (decrease) in accounts payable and accrued expenses		26,584		48,138		-		74,722
Increase (decrease) in due to other funds		-		-		-		-
Increase (decrease) in due to other governments		-		-		-		-
Increase (decrease) in customer deposits		(470)		-		-		(470)
Net cash provided by (used for)								
operating activities	\$	(60,491)	\$	(223,893)	\$	799	\$	(283,585)



City of Blountstown, Florida Schedule of Expenditures of Federal Awards

For the year ended September 30, 2019				
Federal Agency				
Pass through Entity				
Name of Cluster				
Federal Program	CFDA No.	Contract Grant No.	Ехре	enditures
U.S. Department of Housing and Urban Development				
Passed through Florida Department of Economic Opportunity				
Community Development Block Grant	14.228	19DB-ON-02-17-02-N22	\$	5,000
Total U.S. Department of Housing and Urban Development				5,000
U.S. Department of Justice				
Passed through the State of Florida, Office of Attorney General				
Crime Victim Assistance	16.575	2017VAGX0060		14,825
Total U.S. Department of Justice				14,825
U.S. Department of Homeland Security, Federal Emergency Management Agency				
Pass through the Florida Division of Emergency Management				
Public Assistance (Presidentially Declared Disasters) - Hurricane Michael	97.036	ZO898	3,	687,779
Total U.S. Department of Homeland Security, Federal Emergency Management Agency			3,	.687,779
Total Federal Awards			\$ 3,	707,604

NOTE: There were no Federal Awards passed through to subrecipients

City of Blountstown, Florida Notes to Schedule of Expenditures of Federal Awards For the year ended September 30, 2019

Note 1: BASIS OF PRESENTATION

The supplementary Schedule of Expenditures of Federal Awards include the grant activities of the City of Blountstown, Florida (the City). Federal expenditures are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: PASS-THROUGH AWARDS

The City receives certain federal awards from pass-through awards of the State. The total amount of such pass-through awards is included on the supplementary Schedule of Expenditures of Federal Awards.

Note 3: GUARANTEED LOAN PROGRAMS

The City did not participate in any guaranteed loan programs during the year ended September 30, 2019.

Note 4: INDIRECT COST

The City has not elected to use the 10% de Minimis indirect cost rate.

Note 5: OTHER TYPES OF FINANCIAL ASSISTANCE

There were no other types of financial assistance to include endowments, insurance in effect, non-cash assistance, donated property or free rent received or included in the Schedule of Expenditures of Federal Awards.

City of Blountstown, Florida Schedule of Findings and Questioned Costs For the year ended September 30, 2019

SECTION I – SUMMARY OF AUDITORS' RESULTS

	ments:

1.	Type of auditors' report issued			Unmodified
2.	Internal control over financial reporting:			
	a. Material weaknesses identified?			No
	b. Significant deficiencies identified not considered to be material weaknesses?		None noted	
	c. Noncompliance n	naterial to the financial	statements noted?	No
Federal Awards:				
1.	Type of auditors' report issued on compliance for major programs			Unmodified
2.	Internal control over major programs:			
	a. Material weaknesses identified?			No
	b. Significant deficie	ncies identified not co	nsidered to be material weaknesses?	None noted
3.	Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?			None noted
4.	Identification of major programs:			
		A Number 17.036	Federal Program Public Assistance (Presidentially Declared Disasters) – Hurricane Michael	
5.	Dollar threshold used to distinguish between type A and type B programs:		\$750,000	
6.	Auditee qualified as low-risk auditee under 2 CFR 200.520?			No
				(Continued)

City of Blountstown, Florida Schedule of Findings and Questioned Costs (Continued) For the year ended September 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD FINDINGS

None noted

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None noted



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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Honorable Mayor and City Council City of Blountstown Blountstown, Florida

Report on Compliance for Each Major Federal Program

We have audited the City of Blountstown, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2019. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the 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 in 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.

Honorable Mayor and City Council City of Blountstown Blountstown, Florida

Opinion on Each Major Federal Program

In our opinion, the City of Blountstown, Florida, 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, 2019.

Report on Internal Control Over Compliance

Management of the City of Blountstown, Florida, 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 the 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.

Honorable Mayor and City Council City of Blountstown Blountstown, Florida

Can Rigge & Ingram, L.L.C.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marianna, Florida

June 30, 2020



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

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Honorable Mayor and City Council City of Blountstown Blountstown, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blountstown, Florida (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Blountstown, Florida's basic financial statements and have issued our report thereon dated June 30, 2020.

Internal Control Over Financial Reporting

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

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

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

Honorable Mayor and City Council City of Blountstown Blountstown, Florida

Compliance and Other Matters

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

Purpose of this Report

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

Marianna, Florida June 30, 2020

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

Honorable Mayor and City Council City of Blountstown Blountstown, Florida

We have examined City of Blountstown, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for City of Blountstown, Florida's compliance with those requirements. Our responsibility is to express an opinion on City of Blountstown, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City of Blountstown, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City of Blountstown, Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on City of Blountstown, Florida's compliance with specified requirements.

In our opinion, City of Blountstown, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Marianna, Florida June 30, 2020

Caux Rigge & Ingram, L.L.C.



INDEPENDENT AUDITORS' MANAGEMENT LETTER

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Honorable Mayor and City Council City of Blountstown Blountstown, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Blountstown, Florida (the "City"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 30, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards; Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance;* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 30, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report as noted under the heading Prior Year Findings and Recommendations.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The information is disclosed in the notes to the financial statements.

Honorable Mayor and City Council City of Blountstown Blountstown, Florida

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Additional Matters

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

Purpose of this Letter

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

Marianna, Florida June 30, 2020

Caux Rigge & Ingram, L.L.C.