

# City of Bonifay

## FINANCIAL STATEMENTS

For The Year Ended September 30, 2019




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**City of Bonifay**  
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**September 30, 2019**

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## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and Members  
of the City Council  
City of Bonifay, Florida

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Bonifay, 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'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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City 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 4-10 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 (GASB), 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's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedule of expenditures of federal awards is 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 August 21, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

August 21, 2020

## Management's Discussion and Analysis

The City of Bonifay's (the "City") Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the MD&A is designed to present an overview of the City's current year's activities, resulting changes and currently known facts as well as the financial activities for two fiscal years ended September 30, 2018 and September 30, 2019, please read in conjunction with the City's financial statements (beginning on page 11).

### Financial Highlights

The assets of the City exceeded its liabilities at September 30, 2019 by \$24,543,000 (net position). Net investment in capital assets was \$23,087,013; \$936,528 was restricted as to its use and the City had unrestricted net position of \$519,459.

The City's total net position increased by \$310,398 during the year ended September 30, 2019. This increase is due in part to an increase in utility rates during fiscal year 2019.

### City Highlights

During 2019, the City has seen many positive changes within the community. The Waste Water Treatment Plant renovation was completed which increased the City's influent capacity. This increase is beneficial to the Highway 79 Corridor Authority project comprised of Holmes and Washington Counties and the City of Bonifay to bring new businesses into the City and the immediate area around the I-10 Exchange located in Holmes and Washington counties. The City will provide water and sewer for the Corridor project and is working closely with the Authority Board on the infrastructure plans for this area south of I-10.

The City has been working diligently to revitalize the Downtown Area of Bonifay. The City was awarded a Competitive Partnership grant that allowed the City to develop a Strategy Plan and Action Plan for the Downtown Revitalization Project. These plans include the application to have the downtown area designated as a Downtown Historic District. This designation will benefit not only the City, but business owners in the area. The City held community meetings and held an Asset Mapping exercise which allowed the community and State agencies an input into the plans. The City was awarded a CDBG Slum & Blight grant through DEO to assist in this effort. The City was one of the first recipients of this grant.

The City continues to work on a FEMA Hazard Mitigation project that will assist in preventing flooding in our city limits. The Camp Branch project is designed to move water through the City more efficiently by widening the existing ditch and bridges so that water can flow quicker through the City and does not cause flooding by allowing the waters to overflow from the ditch.

The City applied for Rural Infrastructure Funds that were made available due to Hurricane Michael. The City was awarded two (2) applications of the three (3) that were submitted. One of the awards is to develop a plan to improve the drainage issues within the City limits. This plan is to pinpoint issues that need to be addressed to improve the flow of storm water. The Second award is for the

## Management's Discussion and Analysis

renovation of the downtown parking lot. The parking lot is to be completely renovated and will make the area safer for our community and provide more parking for our downtown area and improve the visual appeal of our downtown area.

As a result of the community meetings that were held in developing the Strategy and Action plans for Downtown Revitalization, the City approved the hiring of a Code Enforcement Officer and make cleaning up the city limits a priority.

### **Using this Annual Report**

The financial statements' focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

This MD&A is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The focus is on fund types, rather than major funds. The statements combine and consolidate governmental fund current resources (short-term spendable 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 and business-type activities of the City presented on the accrual basis of accounting.

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

The statement of activities presents information showing how the City's net position changed during the 2019 fiscal year. The focus is on both the gross and net costs of various activities, both governmental and business-type, that are supported by the City's general tax and other revenues. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes earned, and earned but unused vacation leave). 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 the financial statements distinguish the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, transportation, physical environment, and culture and recreation.



## Management's Discussion and Analysis

The government-wide financial statements can be found on pages 11 and 12 of this report.

### **Fund Financial Statements**

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

### **Governmental Funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, readers may better understand the long-term impact of the City's near-term financing decisions.

The City maintains two governmental funds and information on these funds is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the budget and is presented as part of the fund financial statements on page 17. The governmental fund financial statements can be found on pages 13 - 16 of this report.

### **Proprietary Funds**

The City maintains three enterprise funds which are proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its water, sewer, and sanitation. The proprietary fund statement provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 18 - 22 of this report.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found on pages 23 - 43 of this report.

## Management's Discussion and Analysis

### Government-Wide Financial Analysis

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

#### Statement of Net Position

The following schedule reflects the condensed statements of net position:

<i>As of September 30,</i>	<b>2019</b>	2018	<b>Change</b>
<b>Governmental Activities</b>			
<b>Assets</b>			
Current assets	\$ 238,871	\$ 315,365	\$ (76,494)
Capital assets	<b>1,149,485</b>	737,045	412,440
<b>Total assets</b>	<b>1,388,356</b>	1,052,410	335,946
<b>Liabilities</b>			
Current liabilities	<b>164,555</b>	156,561	7,994
Noncurrent liabilities	<b>117,913</b>	-	117,913
<b>Total liabilities</b>	<b>282,468</b>	156,561	125,907
<b>Net Position</b>			
Net investment in capital assets	<b>966,842</b>	657,758	309,084
Restricted (deficit)	<b>(49,871)</b>	199,380	(249,251)
Unrestricted	<b>188,917</b>	38,711	150,206
<b>Total net position</b>	<b>\$ 1,105,888</b>	\$ 895,849	\$ 210,039
<b>Business-Type Activities</b>			
<b>Assets</b>			
Current assets	\$ 2,025,402	\$ 2,266,512	\$ (241,110)
Capital assets	<b>27,816,980</b>	27,603,046	213,934
<b>Total assets</b>	<b>29,842,382</b>	29,869,558	(27,176)
<b>Liabilities</b>			
Current liabilities	<b>860,717</b>	881,840	(21,123)
Noncurrent liabilities	<b>5,544,553</b>	5,784,456	(239,903)
<b>Total liabilities</b>	<b>6,405,270</b>	6,666,296	(261,026)
<b>Net Position</b>			
Net investment in capital assets	<b>22,048,867</b>	21,591,534	457,333
Restricted	<b>1,081,018</b>	1,008,989	72,029
Unrestricted	<b>307,227</b>	602,739	(295,512)
<b>Total net position</b>	<b>\$ 23,437,112</b>	\$ 23,203,262	\$ 233,850

## Management's Discussion and Analysis

### Statement of Activities

The following schedule compares the revenues and expenses for the current year to the prior year change in Net Position.

<i>For the years ended September 30,</i>	<u>Governmental Activities</u>		
	2019	2018	Change
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 44,668	\$ 47,629	\$ (2,961)
Operating grants and contributions	506,379	264,026	242,353
General revenues			
Taxes			
Sales tax	227,845	204,751	23,094
Gasoline tax	64,514	68,060	(3,546)
Utility tax	315,064	317,063	(1,999)
Franchise fees	250,502	257,685	(7,183)
Other taxes	115,872	111,705	4,167
Miscellaneous	47,354	56,019	(8,665)
Interest	510	311	199
Gain on sale of assets	29,596	-	29,596
Total revenues	1,602,304	1,327,249	275,055
<b>Expenses</b>			
General government	420,192	278,110	142,082
Public safety	700,948	634,566	66,382
Transportation	668,196	774,332	(106,136)
Physical environment	97,751	110,543	(12,792)
Culture and recreational	151,813	142,435	9,378
Total expenses	2,038,900	1,939,986	98,914
Excess revenue under expenses	(436,596)	(612,737)	176,141
Transfers in (out)	513,144	525,890	(12,746)
Increase (decrease) in net position	76,548	(86,847)	163,395
<b>Net Position - beginning</b>	<b>895,849</b>	<b>982,696</b>	<b>(86,847)</b>
<b>Prior Period Adjustment - see note 16</b>	<b>133,491</b>	<b>-</b>	<b>133,491</b>
<b>Net Position - beginning (as restated)</b>	<b>1,029,340</b>	<b>982,696</b>	<b>46,644</b>
<b>Net Position - ending</b>	<b>\$ 1,105,888</b>	<b>\$ 895,849</b>	<b>\$ 210,039</b>

## Management's Discussion and Analysis

<i>For the years ended September 30,</i>	<b><i>Business-Type Activities</i></b>		
	<b>2019</b>	2018	<b>Change</b>
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 2,694,036	\$ 2,557,380	\$ 136,656
Capital grants and contributions	709,232	855,930	(146,698)
General revenues			
Miscellaneous	15,825	15,966	(141)
Interest	10,505	9,420	1,085
Total revenues	3,429,598	3,438,696	(9,098)
<b>Expenses</b>			
Sewer	564,360	532,991	31,369
Water	602,684	564,616	38,068
Sanitation	1,520,468	1,377,189	143,279
Total expenses	2,687,512	2,474,796	212,716
Excess revenue over expenses	742,086	963,899	(221,813)
Unrealized loss on investments	4,908	(2,605)	7,513
Transfers in (out)	(513,144)	(525,890)	12,746
Increase in net position	233,850	435,404	(201,554)
<b>Net Position - beginning</b>	<b>23,203,262</b>	22,767,858	435,404
<b>Net Position - ending</b>	<b>\$ 23,437,112</b>	\$ 23,203,262	\$ 233,850

### Financial Analysis of the City's Funds

This section provides an analysis of the balances and transactions of individual funds. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of 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 September 30, 2019, the City's governmental funds reported a combined ending fund balance of \$169,068. Of this amount, there was \$11,029 that was in non-spendable form and there was a deficit in funds restricted for capital improvement of (\$49,871) leaving an unassigned balance of \$207,910.

## Management's Discussion and Analysis

### Proprietary Funds

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

Proprietary fund net position as of September 30, 2019 was \$23,437,112. \$22,120,171 was invested in capital assets net of related debt, \$986,399 was restricted primarily for capital improvements and debt service, and unrestricted net position was \$330,542.

### General Fund Budgetary Highlights

General fund revenues exceeded budgeted revenues by \$397,738 and actual expenditures exceeded budgeted expenditures by \$411,170.

### Capital Assets and Debt Administration

**Capital Assets** - The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019 amounts to \$28,966,465 (net of accumulated depreciation), which is an increase of \$626,374 over the prior year. The capital assets activity for the year is detailed in Note 6 to the financial statements. Increases during the year represent additions to those categories, while decreases represent retirement of assets during the year and depreciation of depreciable assets for the year. The City sold two buildings and a surplus fire truck for its governmental activities during 2019. The City had no capital asset retirements for its business-type activities during fiscal year 2019. The City expended resources to acquire \$1,345,964 in capital asset additions during the year. Of this amount, \$173,787 of the additions were funded by issuance of debt, \$610,563 were funded by grant revenues.

**Long-Term Debt** - As of September 30, 2019, the City had \$5,938,349 in notes payable and revenue bonds payable. The long-term debt activity for the year is detailed in Note 8 to the financial statements. The City's total debt decreased by \$85,450 due to payments made on long-term debt during the year.

### Requests for Information

The City's financial statements are designed to present users (citizens, taxpayers, customers and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about the report or need additional financial information, contact the City Clerk, City of Bonifay, 301 N. Etheridge Street, Bonifay, Florida, 32425, telephone (850) 547-4238.

**City of Bonifay**  
**Statement of Net Position**  
**September 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 213,237	\$ 92,508	\$ 305,745
Investments	-	108,632	108,632
Receivables, net	14,401	366,357	380,758
Restricted assets			
Cash and cash equivalents	204	1,080,535	1,080,739
Investments	-	362,217	362,217
Prepaid expenses	11,029	15,153	26,182
Capital assets, not being depreciated	80,303	8,249,440	8,329,743
Capital assets, net of depreciation	1,069,182	19,567,540	20,636,722
<b>Total assets</b>	<b>1,388,356</b>	<b>29,842,382</b>	<b>31,230,738</b>
<b>Liabilities</b>			
Accounts payable	62,473	219,317	281,790
Accrued liabilities	7,330	13,208	20,538
Payable from restricted assets			
Accrued interest	-	13,216	13,216
Customer deposits	-	103,175	103,175
Short-term debt	36,281	-	36,281
Unearned revenue - grant	-	245,343	245,343
Noncurrent liabilities			
Due within one year			
Compensated absences	30,022	19,024	49,046
Notes payable	28,449	76,634	105,083
Revenue bonds payable	-	170,800	170,800
Due in more than one year			
Notes payable	117,913	1,194,837	1,312,750
Revenue bonds payable	-	4,349,716	4,349,716
<b>Total liabilities</b>	<b>282,468</b>	<b>6,405,270</b>	<b>6,687,738</b>
<b>Net Position</b>			
Net investment in capital assets	966,842	22,048,867	23,015,709
Restricted	(49,871)	1,081,018	1,031,147
Unrestricted	188,917	307,227	496,144
<b>Total net position</b>	<b>\$ 1,105,888</b>	<b>\$ 23,437,112</b>	<b>\$ 24,543,000</b>

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

**City of Bonifay**  
**Statement of Activities**  
**September 30, 2019**

Functions/Programs	Expenses	Charges for Services	Program Operating Grants and Contributions
<b>Primary Government</b>			
<b>Governmental Activities:</b>			
General government	\$ 420,192	\$ 11,913	\$ 216,388
Public safety	700,948	30,905	289,991
Transportation	668,196	1,850	-
Physical environment	97,751	-	-
Culture and recreation	151,813	-	-
<b>Total governmental activities</b>	<b>2,038,900</b>	<b>44,668</b>	<b>506,379</b>
<b>Business-type Activities:</b>			
Sanitation	564,360	616,807	-
Water	602,684	836,104	-
Sewer	1,520,468	1,241,125	-
<b>Total business-type activities</b>	<b>2,687,512</b>	<b>2,694,036</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 4,726,412</b>	<b>\$ 2,738,704</b>	<b>\$ 506,379</b>

**General Revenues**

Sales taxes  
Gasoline taxes  
Utility taxes  
Franchise taxes  
Other taxes  
Interest Income  
Gain on sale of assets  
Unrealized gain on investments  
Miscellaneous  
Transfers

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Total general revenues and transfers

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Change in net position

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**Net Position** - beginning (as previously reported)

**Prior Period Adjustment** - see note 16

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**Net Position** - beginning (as restated)

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**Net Position** - ending

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

Revenues	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ -	\$ (191,891)	\$ -	\$ (191,891)
-	(380,052)	-	(380,052)
-	(666,346)	-	(666,346)
-	(97,751)	-	(97,751)
-	(151,813)	-	(151,813)
-	(1,487,853)	-	(1,487,853)
-	-	52,447	52,447
-	-	233,420	233,420
709,232	-	429,889	429,889
709,232	-	715,756	715,756
\$ 709,232	(1,487,853)	715,756	(772,097)
	227,845	-	227,845
	64,514	-	64,514
	315,064	-	315,064
	250,502	-	250,502
	115,872	-	115,872
	510	10,505	11,015
	29,596	-	29,596
	-	4,908	4,908
	47,354	15,825	63,179
	513,144	(513,144)	-
	1,564,401	(481,906)	1,082,495
	76,548	233,850	310,398
	895,849	23,203,262	24,099,111
	133,491	-	133,491
	1,029,340	23,203,262	24,232,602
\$	1,105,888	\$ 23,437,112	\$ 24,543,000

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



**City of Bonifay**  
**Balance Sheet – Governmental Funds**  
**September 30, 2019**

	General Fund	Fuel Tax Fund	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 213,237	\$ -	\$ 213,237
Investments	-	-	-
Receivables	14,401	-	14,401
Restricted assets			
Cash and cash equivalents	-	204	204
Due from other funds	50,075		50,075
Prepaid expenses	11,029	-	11,029
<b>Total assets</b>	<b>\$ 288,742</b>	<b>\$ 204</b>	<b>\$ 288,946</b>
<b>Liabilities and Fund Balances</b>			
Liabilities			
Accounts payable	\$ 62,473	\$ -	\$ 62,473
Accrued liabilities	7,330	-	7,330
Due to other funds	-	50,075	50,075
<b>Total liabilities</b>	<b>69,803</b>	<b>50,075</b>	<b>119,878</b>
Fund balances			
Nonspendable	11,029	-	11,029
Restricted	-	(49,871)	(49,871)
Unassigned	207,910	-	207,910
<b>Total fund balances</b>	<b>218,939</b>	<b>(49,871)</b>	<b>169,068</b>
<b>Total liabilities and fund balances</b>	<b>\$ 288,742</b>	<b>\$ 204</b>	<b>\$ 288,946</b>

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

**City of Bonifay**  
**Reconciliation of the Balance Sheet of Governmental Funds to the**  
**Statement of Net Position**  
**September 30, 2019**

Differences in amounts reported for governmental activities in the Statement of Net Position:

Total fund balance - governmental funds	\$ 169,068
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	1,149,485
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.	(30,022)
Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	(182,643)
<u>Net position of governmental activities</u>	<u>\$ 1,105,888</u>

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

**City of Bonifay**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds**

**For the Year Ended September 30, 2019**

	General Fund	Fuel Tax Fund	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 795,140	\$ 64,515	\$ 859,655
Licenses and permits	11,913	-	11,913
Intergovernmental	620,523	-	620,523
Charges for services	27,285	-	27,285
Fines and forfeitures	5,470	-	5,470
Interest income	27	483	510
Miscellaneous	47,354	-	47,354
<b>Total revenues</b>	<b>1,507,712</b>	<b>64,998</b>	<b>1,572,710</b>
<b>Expenditures</b>			
General government	385,112	-	385,112
Public safety	630,454	-	630,454
Transportation	349,424	314,249	663,673
Physical environment	97,824	-	97,824
Culture and recreation	125,928	-	125,928
Capital outlay	570,299	-	570,299
Debt service, principal	50,110	-	50,110
Debt service, interest	6,140	-	6,140
<b>Total expenditures</b>	<b>2,215,291</b>	<b>314,249</b>	<b>2,529,540</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(707,579)</b>	<b>(249,251)</b>	<b>(956,830)</b>
<b>Other Financing Sources</b>			
Debt proceeds	153,466	-	153,466
Proceeds from sale of capital assets	55,000	-	55,000
Transfers out	(60,000)	-	(60,000)
Transfers in	573,144	-	573,144
<b>Total other financing sources</b>	<b>721,610</b>	<b>-</b>	<b>721,610</b>
<b>Net change in fund balances</b>	<b>14,031</b>	<b>(249,251)</b>	<b>(235,220)</b>
<b>Fund Balances - beginning (as previously reported)</b>	<b>71,417</b>	<b>199,380</b>	<b>270,797</b>
<b>Prior Period Adjustment - see note 16</b>	<b>133,491</b>	<b>-</b>	<b>133,491</b>
<b>Fund Balances - beginning (as restated)</b>	<b>204,908</b>	<b>199,380</b>	<b>404,288</b>
<b>Fund Balances - ending</b>	<b>\$ 218,939</b>	<b>\$ (49,871)</b>	<b>\$ 169,068</b>

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

**City of Bonifay**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2019**

Differences in amounts reported for governmental activities in the Statement of Activities:

Net change in fund balances - total governmental funds: \$ (235,220)

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. 559,256

Governmental funds report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported based on book value of capital assets sold or disposed. (25,404)

Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Net Position. (121,412)

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.

Compensated absences 2,684

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Debt proceeds (153,466)

Repayment of debt 50,110

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Change in net position of governmental activities \$ 76,548

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

**City of Bonifay**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget to Actual – General Fund**  
**For the Year Ended September 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 748,500	\$ 748,500	\$ 795,139	\$ 46,639
Licenses and permits	10,224	10,224	11,913	1,689
Intergovernmental	302,429	302,429	620,523	318,094
Charges for services	26,604	26,604	27,285	681
Fines and forfeitures	9,600	9,600	5,470	(4,130)
Interest	42	42	27	(15)
Miscellaneous	12,575	12,575	47,355	34,780
<b>Total revenues</b>	<b>1,109,974</b>	<b>1,109,974</b>	<b>1,507,712</b>	<b>397,738</b>
<b>Expenditures</b>				
General government	262,209	262,209	385,112	(122,903)
Public safety	594,107	594,107	630,454	(36,347)
Transportation	353,776	353,776	349,424	4,352
Physical environment	99,922	99,922	97,824	2,098
Culture and recreation	159,993	159,993	125,928	34,065
Capital outlay	317,500	317,500	570,299	(252,799)
Debt service, principal	15,910	15,910	50,110	(34,200)
Debt service, interest	704	704	6,140	(5,436)
<b>Total expenditures</b>	<b>1,804,121</b>	<b>1,804,121</b>	<b>2,215,291</b>	<b>(411,170)</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(694,147)</b>	<b>(694,147)</b>	<b>(707,579)</b>	<b>(13,432)</b>
<b>Other Financing Sources</b>				
Debt proceeds	-	-	153,466	153,466
Proceeds from sale of capital assets	-	-	55,000	55,000
Transfers out	-	-	(60,000)	(60,000)
Transfers in	573,147	573,147	573,144	(3)
<b>Total other financing sources</b>	<b>573,147</b>	<b>573,147</b>	<b>721,610</b>	<b>148,463</b>
<b>Net change in fund balance</b>	<b>(121,000)</b>	<b>(121,000)</b>	<b>14,031</b>	<b>135,031</b>
<b>Fund Balance - beginning (as restated)</b>	<b>204,908</b>	<b>204,908</b>	<b>204,908</b>	<b>-</b>
<b>Fund Balance - ending</b>	<b>\$ 83,908</b>	<b>\$ 83,908</b>	<b>\$ 218,939</b>	<b>\$ 135,031</b>

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

**City of Bonifay**  
**Statement of Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2019**

	<b>Business-Type Activities</b>			<b>Total</b>
	<b>Sanitation</b>	<b>Water</b>	<b>Sewer</b>	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 13,551	\$ 75,766	\$ 3,191	\$ 92,508
Investments	-	-	108,632	108,632
Receivables, net	81,097	109,112	176,148	366,357
Restricted assets				
Cash and cash equivalents	-	193,188	887,347	1,080,535
Investments	-	3,041	359,176	362,217
Prepaid expenses	210	5,784	9,159	15,153
<b>Total current assets</b>	<b>94,858</b>	<b>386,891</b>	<b>1,543,653</b>	<b>2,025,402</b>
Non-current assets				
Land and construction in progress	7,952	93,869	8,147,619	8,249,440
Capital assets, net of depreciation	-	4,109,429	15,458,111	19,567,540
<b>Total non-current assets</b>	<b>7,952</b>	<b>4,203,298</b>	<b>23,605,730</b>	<b>27,816,980</b>
<b>Total assets</b>	<b>102,810</b>	<b>4,590,189</b>	<b>25,149,383</b>	<b>29,842,382</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	41,526	36,209	141,582	219,317
Accrued liabilities	298	11,151	1,759	13,208
Compensated absences	818	9,838	8,368	19,024
Unearned revenue - grant	-	-	245,343	245,343
Notes payable	-	5,330	71,304	76,634
<b>Total current liabilities</b>	<b>42,642</b>	<b>62,528</b>	<b>468,356</b>	<b>573,526</b>
Current liabilities payable from restricted assets				
Accrued interest	-	3,990	9,226	13,216
Deposits	-	103,175	-	103,175
Revenue bonds payable	-	32,000	138,800	170,800
<b>Total current liabilities payable from restricted assets</b>	<b>-</b>	<b>139,165</b>	<b>148,026</b>	<b>287,191</b>

-Continued-

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

**City of Bonifay**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**For the Year Ended September 30, 2019**

	<b>Business-Type Activities</b>			<b>Total</b>
	<b>Sanitation</b>	<b>Water</b>	<b>Sewer</b>	
Long-term liabilities				
Notes payable	-	65,336	1,129,501	1,194,837
Revenue bonds payable	-	1,250,556	3,099,160	4,349,716
<b>Total long-term liabilities</b>	-	1,315,892	4,228,661	5,544,553
<b>Total liabilities</b>	42,642	1,517,585	4,845,043	6,405,270
<b>Net Position</b>				
Net investment in capital assets	7,952	2,873,950	19,166,965	22,048,867
Restricted	-	89,064	991,954	1,081,018
Unrestricted	52,216	109,590	145,421	307,227
<b>Total net position</b>	\$ 60,168	\$ 3,072,604	\$ 20,304,340	\$ 23,437,112

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

**City of Bonifay**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2019**

	Business-Type Activities			Total
	Sanitation	Water	Sewer	
<b>Operating Revenues</b>				
Charges for services	\$ 616,807	\$ 793,192	\$ 1,241,125	\$ 2,651,124
Utility tax	-	42,912	-	42,912
<b>Total operating revenues</b>	<b>616,807</b>	<b>836,104</b>	<b>1,241,125</b>	<b>2,694,036</b>
<b>Operating Expenses</b>				
Salaries	33,337	171,148	150,957	355,442
Taxes and licenses	2,527	12,999	11,453	26,979
Retirement expense	1,500	7,500	4,500	13,500
Health insurance	10,460	52,680	39,544	102,684
Other insurance	17,868	16,613	23,987	58,468
Utilities	55	50,854	460,764	511,673
Repairs and maintenance	2,998	34,123	48,376	85,497
Bad debts	4,361	8,231	7,152	19,744
Depreciation	-	87,160	485,614	572,774
Gas and oil	-	7,129	14,787	21,916
Postage	-	6,448	1,741	8,189
Contractual services	489,782	58,120	42,149	590,051
Chemicals and lab fees	-	2,335	64,133	66,468
Operating supplies	458	4,797	31,200	36,455
Miscellaneous	1,014	24,884	10,680	36,578
<b>Total operating expenses</b>	<b>564,360</b>	<b>545,021</b>	<b>1,397,037</b>	<b>2,506,418</b>
<b>Operating Income (Loss)</b>	<b>52,447</b>	<b>291,083</b>	<b>(155,912)</b>	<b>187,618</b>
<b>Non-Operating Revenues (Expenses)</b>				
Interest income	-	55	10,450	10,505
Interest expense	-	(57,663)	(123,431)	(181,094)
Grant revenue	-	-	709,232	709,232
Unrealized gain on investments	-	-	4,908	4,908
Miscellaneous	248	11,135	4,442	15,825
<b>Total non-operating revenues</b>	<b>248</b>	<b>(46,473)</b>	<b>605,601</b>	<b>559,376</b>
<b>Income Before Transfers</b>	<b>52,695</b>	<b>244,610</b>	<b>449,689</b>	<b>746,994</b>
Transfers in	12,000	-	282,100	294,100
Transfers out	(57,312)	(451,900)	(298,032)	(807,244)
<b>Change in net position</b>	<b>7,383</b>	<b>(207,290)</b>	<b>433,757</b>	<b>233,850</b>
<b>Total Net Position - beginning</b>	<b>52,785</b>	<b>3,279,894</b>	<b>19,870,583</b>	<b>23,203,262</b>
<b>Total Net Position - ending</b>	<b>\$ 60,168</b>	<b>\$ 3,072,604</b>	<b>\$ 20,304,340</b>	<b>\$ 23,437,112</b>

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



**City of Bonifay**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended September 30, 2019**

	Business-Type Activities			
	Sanitation	Water	Sewer	Total
<b>Cash Flows From Operating Activities</b>				
Receipts from customers, users and others	\$ 616,130	\$ 852,746	\$ 1,224,672	\$ 2,693,548
Payments to suppliers	(528,878)	(288,248)	(642,851)	(1,459,977)
Payments to employees	(32,871)	(169,761)	(149,393)	(352,025)
Net cash provided by operating activities	54,381	394,737	432,428	881,546
<b>Cash Flows From Non-Capital Financing Activities</b>				
Transfers out	(45,312)	(451,900)	(15,932)	(513,144)
Miscellaneous	248	11,135	4,442	15,825
Net cash used in non-capital financing activities	(45,064)	(440,765)	(11,490)	(497,319)
<b>Cash Flows From Capital and Related Financing Activities</b>				
Bond principal payments	-	(30,000)	(133,600)	(163,600)
Note principal payments	-	(5,190)	(71,057)	(76,247)
Interest payments	-	(57,764)	(123,890)	(181,654)
Proceeds from long-term debt	-	-	20,321	20,321
Acquisition and construction of capital assets	-	(22,558)	(758,611)	(781,169)
Proceeds from capital grants	-	-	519,575	519,575
Net cash used in capital and related financing activities	-	(115,512)	(547,262)	(662,774)
<b>Cash Flows From Investing Activities</b>				
Redemption of investments	-	(3,041)	(183,316)	(186,357)
Interest received	-	55	10,450	10,505
Net cash used in investing activities	-	(2,986)	(172,866)	(175,852)
Net increase (decrease) in cash and cash equivalents	9,317	(164,526)	(299,190)	(454,399)
<b>Cash and Cash Equivalents - beginning</b>	4,234	433,480	1,189,728	1,627,442
<b>Cash and Cash Equivalents - ending</b>	\$ 13,551	\$ 268,954	\$ 890,538	\$ 1,173,043
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>				
Cash and cash equivalents - current assets	\$ 13,551	\$ 75,766	\$ 3,191	\$ 92,508
Cash and cash equivalents - restricted assets	-	193,188	887,347	1,080,535
Cash and cash equivalents - end of year	\$ 13,551	\$ 268,954	\$ 890,538	\$ 1,173,043

-Continued-

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

**City of Bonifay**  
**Statement of Cash Flows - Proprietary Funds (Continued)**  
**For the Year Ended September 30, 2019**

	Business-Type Activities			
	Sanitation	Water	Sewer	Total
<b>Reconciliation of Operating Income to Net</b>				
<b>Cash Provided by (Used in) Operating</b>				
Operating income (loss)	\$ 52,447	\$ 291,083	\$ (155,912)	\$ 187,618
Adjustments to reconcile operating income to cash provided by (used in) operating				
Depreciation and amortization	-	87,160	485,614	572,774
Changes in operating assets and liabilities:				
Accounts receivable	(677)	4,715	(16,453)	(12,415)
Prepaid expenses	(210)	(5,784)	(9,159)	(15,153)
Accounts payable	2,355	9,797	126,774	138,926
Accrued payroll liabilities	188	963	958	2,109
Compensated absences	278	414	606	1,298
Customer deposits	-	6,389	-	6,389
Net cash provided by operating activities	\$ 54,381	\$ 394,737	\$ 432,428	\$ 881,546

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Bonifay, Florida (the “City”), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City’s basic financial statements.

***Reporting Entity***

The City was created by a special act on June 3, 1921 as adopted by the Legislature of Florida at its eighteenth regular session and incorporated into the laws of the State of Florida Chapter 8920-(No. 525). The City is a political subdivision of the State of Florida and operates under an elected City Council. The City provides police and fire protection, general government, recreation, and public works services to its residents. In addition, the City provides water, sewer, and sanitation services. The financial statements of the City include the funds required to account for those financial activities that are related to the City and are controlled by or dependent upon the City’s legislative body.

The definition of the reporting entity, pursuant to Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600, is based primarily on the notion of financial accountability. A primary government is financially accountable for agencies that make up its legal entity. It is also financially accountable for a legally separate agency if its officials appoint a voting majority of that agency’s governing body and either it is able to impose its will on that agency or there is a potential for the agency to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based upon the application of this criterion, it was determined that there were no other entities subject to consideration for inclusion in the City’s financial statements.

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that helps support all functions of government and contribute to the change in the net position for the fiscal year. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The fund financial statements follow and report additional and detailed information about operations for major funds individually and nonmajor funds in the aggregate for governmental and fiduciary funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

***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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, considered to be sixty days for property taxes and ninety days for all other revenue. 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 and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In applying the susceptibility-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and substantially irrevocable; i.e., revocable only for failure to comply with prescribed compliance requirements, such as with equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Sewer and Sanitation Departments are charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The following is reported as a major governmental fund:

**General Fund** – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Fuel Tax Fund** – This is the City's fund to record fuel tax. It also accounts for street repairs projects.

The City reports the following major proprietary funds:

**Sanitation Fund** – This fund accounts for all activity related to providing sanitation services to its citizens.

**Water Fund** – This fund accounts for all activity related to providing water services to its citizens.

**Sewer Fund** – This fund accounts for all activity related to providing sewer services to its citizens.

***Cash, Cash Equivalents, and Pooled Cash Investments***

Cash, cash equivalents, and pooled cash investments represents cash on hand as well as demand deposits and certificates of deposit with original maturities of three months or less.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Receivables and Unbilled Revenue - Proprietary Fund***

Provisions for uncollectible utilities charges are charged to revenues in amounts sufficient to maintain the allowance at a level considered adequate to cover current losses. The City grants credit to customers who use its various services, substantially all of whom are local residents or businesses.

***Restricted Assets***

It is the City's policy to use restricted assets before unrestricted assets when both are available to fund specific expenditures.

***Investments***

The City is authorized under Chapter 218.415, Florida Statutes, to invest and reinvest surplus public funds in its control or possession, in accordance with resolutions to be adopted from time to time in:

1. The Local Government Surplus Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in section 163.01, Florida Statutes.
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
3. Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in section 280.02, Florida Statutes.
4. Direct obligations of the U.S. Treasury.
5. Federal agencies and instrumentalities.

Investments are stated at fair value, except for certificates of deposit, which are carried at amortized cost, in accordance with GASB Statement No. 31. U.S. Treasury notes and U.S. Agency and instrumentalities obligations are valued at quoted market. The reported value of the Local Government Surplus Funds Trust Fund Investment Pool's Prime account ("Prime") is shown at share value as it meets the criteria to be "2A-7 Like" at September 30, 2019. The City invests funds throughout the year in the Prime account, administered by the State Board of Administration ("SBA"), under the regulator oversight of the State of Florida. Throughout the year and as of September 30, 2019, the SBA contained certain floating and variable rate securities which were indexed based on the prime rate and/or one and three month LIBOR rates. These investments were purchased to add relative value to its portfolio. There is a risk of loss of interest on the investments if there are changes in the underlying indexed base. The investments with the SBA represented approximately 23% of the City's investment portfolio at September 30, 2019.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and a cost of at least \$1,000.

Such 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 City has not reported infrastructure acquired prior to October 1, 2003.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase on loans obtained for long-term construction projects are capitalized into the cost of the asset.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings	30 – 40 years
Improvements	10 – 15 years
Equipment	5 – 10 years
Office equipment	3 – 5 years

***Interfund Loans and Transfers***

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

***Compensated Absences***

Vacation pay policies allow an employee to accumulate up to a maximum of 240 hours of unused vacation time, which will be paid to the employee in the event of termination of employment. Sick pay policies allow an employee to accumulate up to a maximum of 720 hours of unused sick leave.

However, there is no provision for payment of sick leave to the employee in the event of termination of employment. All leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts in the government-wide statements consists of unpaid, accumulated annual leave balances.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Long-Term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expenses in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had no item that qualified for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City had no item that qualified for reporting in this category.

***Net Position and Fund Balance***

Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following categories:

*Net Investment in Capital Assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant, unspent proceeds at year-end related to capital assets are reported as restricted funds.

*Restricted* – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.



**City of Bonifay**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Unrestricted* – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the City Council.

Fund balances are reported in the fund financial statements in two major categories: nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. The City has prepaid expenses in the general fund that are considered nonspendable.

In addition to the nonspendable fund balance, spendable fund balances are reported based on a hierarchy of spending constraints:

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

*Committed* – Amounts that can be used only for specific purposes determined by a formal action of the City Council, the highest level of decision making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

*Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used or specific purposes. Under the City’s policy, only the Mayor and City Council may assign amounts for specific purposes.

*Unassigned* – All other spendable amounts.

The authority to establish, modify, or rescind a committed or assigned fund balance rests with the City Council and these actions are accomplished through an adopted resolution. When both restricted and unrestricted fund balances are available for use, it is the City’s policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

The City’s restricted governmental fund balance at September 30, 2019 was comprised of the following deficit fund balance:

	<b>Fuel Tax Fund</b>	<b>Total Governmental Funds</b>
Restricted for capital improvements	\$ (49,871)	\$ (49,871)

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The deficit was due to a short term loan from the general fund to the Fuel Tax Fund which was repaid in the next fiscal year.

***Tax Revenue***

Florida Statutes allow the City to assess and collect property taxes within its municipal limits. However, the City has chosen to operate on revenues generated from other sources. Its primary sources of revenue come from state collected and shared revenues generated from sales and gasoline taxes.

***Management Estimates and Assumptions***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from estimates used.

***Impact of Recently Issued Accounting Pronouncements***

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 additional disclosures related to GASB 88.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Pronouncements 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.

<b>GASB Statement No.</b>	<b>GASB Accounting Standard</b>	<b>Effective Fiscal Year</b>
84	<i>Fiduciary Activities</i>	2020
87	<i>Leases</i>	2021
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2021
90	<i>Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61</i>	2020
91	<i>Conduit Debt Obligations</i>	2022

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgetary Information***

Each year formal budgets are legally adopted and amended as required by the City Council for the General Fund and Fuel Tax Fund. Management can approve transfers within government function categories only. Transfers of appropriations or revisions between government function categories require the approval of the City Council. The level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the government function category level.

Budgets for the governmental funds are adopted on a basis consistent with GAAP. Encumbrances outstanding at year-end represent the estimated amounts of expenditures ultimately to be paid on goods on order or unperformed contracts in process at year-end. Because appropriations lapse at year-end, it is the City’s policy to close encumbrances at year-end and to re-encumber those amounts, as needed, at the beginning of the next budget cycle.

***Excess Expenditures Over Appropriations***

The general fund actual expenditures exceeded budgeted expenditures by \$411,170. The excess was funded with unanticipated revenues and available fund balance.

**Note 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Cash and cash equivalents represent cash on hand as well as demand deposits, investments and certificates of deposit with original maturities of three months or less. Investments are comprised of pooled investments with the Florida State Board of Administration, U.S. Treasury and Agency securities, and certificates of deposit stated at market value.

***Custodial Credit Risk – Deposits***

The City maintains its deposits with “Qualified Public Depositories” as defined in chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida, securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories. Under Florida Statute 280 and the federal deposit insurance program, all the City’s deposits are fully insured or collateralized with collateral held by the State Treasurer.

***Investments***

Investments were comprised of the following:

<u>September 30,</u>	<u>2019</u>
<i>Reported at amortized cost:</i>	
Certificates of deposit	\$ 44,003
Prime Fund Florida State Board of Administration	108,632
<i>Reported at fair value:</i>	
U.S. Government and Agency Securities	318,214
<u>Total investments</u>	<u>\$ 470,849</u>

***Custodial Credit Risk – Investments***

Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City’s investments are held by the counterparty(s), or by their respective trust departments, but not in the City’s name. Consequently, these investments are exposed to custodial credit risk. The City has no policy on custodial credit risk.

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributable to the quantity of the government’s investment in a single issuer. Investments in single issuers that equal or exceed 5% of total investments have a reportable concentration of credit risk. Credit quality risk results from potential default of investments that are not financially sound.

**City of Bonifay**  
**Notes to Financial Statements**

**Note 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

Investment Type	Credit Rating	Concentration Risk at Fair Value	Percentage of Total Investments*
Federal Home Loan Bank	AAA	\$ 40,003	8 %
Federal Farm Credit Bank	AAA	\$ 24,975	5 %
US Treasury Bond	AAA	\$ 253,236	54 %

\* Excludes treasury notes, money market funds and SBA. SBA meets the criteria to be recognized as a "2A-7 like" investment company.

***Fair Value Measurement***

GASB Statement No. 72, *Fair Value Measurement and Application*, enhances comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes inputs in to three categories – Level 1, Level 2, and Level 3 inputs – considering the relative reliability of inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical financial assets or liabilities that are accessible at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the financial asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents the City's financial assets carried at fair value by level within the valuation hierarchy as of September 30, 2019:

**City of Bonifay**  
**Notes to Financial Statements**

**Note 3: CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

Fair Value Measurements at Reporting Date Using					
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
<b>September 30, 2019</b>					
US Government and Agency Securities	\$ 318,214	\$ 293,239	\$ 24,975	\$ -	

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has limited its interest rate risk by investing in low risk instruments with a maturity of 60 months or less. At September 30, 2019, the City held the following investments:

Investment Type	Total Fair Value	Purchase Date to Maturity			
		0-1 Year	1-2 Years	2-3 Years	3-5 Years
Prime Fund Florida State Board of Administration	\$ 108,632	\$ 108,632	\$ -	\$ -	\$ -
Certificates of Deposit	44,003	44,003	-	-	-
US Government and Agency Securities	318,214	90,203	100,982	75,760	51,269
	\$ 470,849	\$ 242,838	\$ 100,982	\$ 75,760	\$ 51,269

**Restricted Cash and Investments**

Restricted cash and investments are comprised of the following:

	Governmental	Business- Type
<b>Cash</b>		
Restricted to customer deposits	\$ -	\$ 103,175
Restricted to street improvements	204	-
Restricted to utility improvements	-	964,963
Restricted to debt service	-	12,397
<b>Total</b>	<b>\$ 204</b>	<b>\$ 1,080,535</b>
<b>Investments</b>		
Restricted to debt service and capital improvements	\$ -	\$ 362,217

**City of Bonifay**  
**Notes to Financial Statements**

**Note 4: RECEIVABLES**

Receivables for the City at September 30, 2019 were comprised of the following:

	<b>General Fund</b>	<b>Sanitation Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
Taxes	\$ 14,059	\$ -	\$ -	\$ -	\$ 14,059
Grants	-	-	-	-	-
Accounts	342	81,097	109,112	176,148	366,699
<b>Total</b>	<b>\$ 14,401</b>	<b>\$ 81,097</b>	<b>\$ 109,112</b>	<b>\$ 176,148</b>	<b>\$ 380,758</b>

The principal sources of accounts receivable were comprised of tax revenues due to the City from the State of Florida and receivables arising from utility services (water, sewer, and sanitation). The City grants credit to customers, substantially all of whom are local residents and businesses.

**Note 5: INTERFUND BALANCES**

Interfund balances are generally used to meet cash demands necessary to pay operating expenditures. These amounts should be repaid during the next fiscal year. Interfund balances as of September 30, 2019 were as follow:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>	
Nonmajor governmental - Fuel tax	General	\$	50,075
<b>Interfund Transfers</b>		<b>Transfers in</b>	<b>Transfers out</b>
General fund		\$ 573,144	\$ 60,000
Sanitation		-	57,312
Water		-	439,900
Sewer		-	15,932
		<b>\$ 573,144</b>	<b>\$ 573,144</b>

**City of Bonifay**  
**Notes to Financial Statements**

**Note 6: CAPITAL ASSETS**

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

	Balance 9/30/18	Increases	Decreases	Balance 9/30/19
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 61,115	\$ 19,188	\$ -	\$ 80,303
Capital assets, being depreciated:				
Buildings and improvements	\$ 1,359,125	\$ 31,966	\$ 26,205	\$ 1,364,886
Machinery and equipment	1,344,528	508,102	58,753	1,793,877
Total capital assets, being depreciated	2,703,653	540,068	84,958	3,158,763
Less accumulated depreciation for:				
Buildings and improvements	824,233	36,866	801	860,298
Machinery and equipment	1,203,490	84,546	58,753	1,229,283
Total accumulated depreciation	2,027,723	121,412	59,554	2,089,581
Total capital assets, being depreciated, net	\$ 675,930	\$ 418,656	\$ 25,404	\$ 1,069,182
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated				
Land	\$ 95,528	\$ 426,061	\$ -	\$ 521,589
Construction in progress	8,318,064	334,372	924,585	7,727,851
Total capital assets not being depreciated	\$ 8,413,592	\$ 760,433	\$ 924,585	\$ 8,249,440
Capital assets, being depreciated:				
Buildings and plant	\$ 25,723,039	\$ 924,585	\$ -	\$ 26,647,624
Furniture, vehicles and equipment	1,086,531	26,275	-	1,112,806
Total capital assets, being depreciated	26,809,570	950,860	-	27,760,430
Less accumulated depreciation	7,620,116	572,774	-	8,192,890
Total capital assets, being depreciated, net	\$ 19,189,454	\$ 378,086	\$ -	\$ 19,567,540



**City of Bonifay**  
**Notes to Financial Statements**

**Note 6: CAPITAL ASSETS (Continued)**

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

<b>Governmental Activities</b>	
General government	\$ 31,425
Public safety	60,185
Transportation	4,211
Culture and recreation	25,591
<hr/>	
Total depreciation expense – governmental activities	<u>\$ 121,412</u>
<b>Business-Type Activities</b>	
Water	\$ 87,160
Sewer	485,614
<hr/>	
Total depreciation expense – business-type activities	<u>\$ 572,774</u>

**Note 7: SHORT-TERM DEBT**

**Governmental Activities**

**First Federal Bank of Florida** – A revolving line of credit for operating purposes with a maximum amount available of \$100,000. The amount available for draw at September 30, 2019 is \$63,719. Interest is due monthly at 5%.

\$ 36,281

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Changes in short-term debt for the year ended September 30, 2019 were as follows:

	<b>Beginning Balance 10/1/2018</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 9/30/19</b>
Governmental activities	\$ 67,000	\$ -	\$ 30,719	\$ 36,281

**City of Bonifay**  
**Notes to Financial Statements**

**Note 8: LONG-TERM DEBT**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Compensated absences	\$ 32,706	\$ -	\$ 2,684	\$ 30,022	\$ 30,022
Notes payable from direct borrowings	12,287	153,466	19,391	146,362	28,449
<b>Total</b>	<b>\$ 44,993</b>	<b>\$ 153,466</b>	<b>\$ 22,075</b>	<b>\$ 176,384</b>	<b>\$ 58,471</b>
<b>Business-Type Activities:</b>					
Compensated absences	\$ 17,722	\$ 1,302	\$ -	\$ 19,024	\$ 19,024
Notes payable from direct borrowings	1,327,396	20,321	76,246	1,271,471	76,634
Revenue bonds payable	4,684,116	-	163,600	4,520,516	170,800
<b>Total</b>	<b>\$ 6,029,234</b>	<b>\$ 21,623</b>	<b>\$ 239,846</b>	<b>\$ 5,811,011</b>	<b>\$ 266,458</b>

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

***Governmental Activities***

<b>Fiscal Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 28,449	\$ 5,670
2021	29,673	4,452
2022	30,944	3,181
2023	32,271	1,854
2024	25,025	537
	<b>\$ 146,362</b>	<b>\$ 15,694</b>

**City of Bonifay**  
**Notes to Financial Statements**

**Note 8: LONG-TERM DEBT (Continued)**

***Business - Type Activities***

Fiscal Year Ending September 30,	Notes Payable		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2020	\$ 76,634	\$ 7,283	\$ 170,800	\$ 170,030
2021	77,105	6,812	179,400	162,695
2022	77,580	6,337	187,900	155,008
2023	78,062	5,855	194,700	147,230
2024	78,550	5,367	201,460	138,538
2025-2029	400,238	19,330	969,700	573,141
2030-2034	387,237	7,270	552,000	410,490
2035-2039	96,065	445	654,000	309,880
2040-2044	-	-	777,000	189,731
2045-2049	-	-	433,000	85,504
2050-2054	-	-	290,000	25,853
Less remaining funds available for use	-	-	(89,444)	-
	\$ 1,271,471	\$ 58,699	\$ 4,520,516	\$ 2,368,100

***Notes Payable***

	Governmental Activities	Business-Type Activities
<b>First Federal Bank of Florida</b> – A note payable in monthly installments of \$1,647 including interest at 4.75%. The note matures September 25, 2024 and is unsecured.	\$ 87,674	\$ -
<b>First Federal Bank of Florida</b> – A note payable in monthly installments of \$1,197 including interest at 3.49%. The note matures February 11, 2024 and is unsecured.	58,688	-
<b>Florida Department of Environmental Protection</b> – A loan to cover the cost of water system improvements and upgrades. The loan is payable in semiannual principal installments of \$1,662 plus accrued interest at 2.71%. The loan matures November 15, 2030 and is secured by a lien on utility system revenues.	-	32,656
<b>Florida Department of Environmental Protection</b> – A loan to cover the cost of water system improvements and upgrades. The loan is payable in semiannual principal installments of \$1,662 plus accrued interest at 2.71%. The loan matures November 15, 2030 and is secured by a lien on utility system revenues.	-	38,010

**City of Bonifay**  
**Notes to Financial Statements**

**Note 8: LONG-TERM DEBT (Continued)**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
<b>Florida Department of Environmental Protection</b> – A loan to cover the cost of wastewater system upgrades. The loan is expected to be payable in semiannual principal installments of \$38,373 plus accrued interest. The loan is expected to be finalized during fiscal year ending September 30, 2019 and therefore, the full amount is included in long-term debt at September 30, 2018; however amount is not included in debt service requirements because debt repayment terms have not been finalized.	-	1,272,109
	\$ 146,362	\$ 1,342,775

***Bonds Payable***

Bonds payable at September 30, 2019 are comprised of the following:

	<b>Business-Type Activities</b>
<b>Water and Sewer Revenue Bonds – 1985 Series</b> , authorized and issued \$520,300, interest at 5.00%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	\$ 132,000
<b>Water and Sewer Revenue Bonds – 1985 Series</b> , authorized and issued \$100,000, interest at 5.00%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	27,760
<b>Water and Sewer Revenue Bonds – 1990 Series</b> , authorized and issued \$1,498,100, interest at 5.00%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	683,700
<b>Water and Sewer Revenue Bonds – 1990 Series</b> , authorized and issued \$427,600, interest at 5.00%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	195,500

**City of Bonifay**  
**Notes to Financial Statements**

**Note 8: LONG-TERM DEBT (Continued)**

	<b>Business-Type Activities</b>
<b>Water and Sewer Revenue Bonds – 2005 A Series</b> , authorized and issued \$1,436,300, interest at 4.25%, principal and interest payable annually at September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	1,080,856
<b>Water and Sewer Revenue Bonds – 2005 B Series</b> , authorized and issued \$246,700, interest at 4.25%, principal and interest payable annually at September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	201,700
<b>Water and Sewer Revenue Bonds – 2012 Series</b> , authorized and issued 2,389,000, interest at 2.75%, principal and interest payable annually at September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	2,199,000
<b>Total</b>	<b>\$ 4,520,516</b>

**Note 9: BOND INDENTURE COMPLIANCE**

Sinking fund and reserve balances required by the various bond indentures compared to actual balances at September 30, 2019 is as follows:

	<b>Required</b>	<b>Actual</b>	<b>Excess (Deficit)</b>
Sinking Fund – 1985 issues	\$ 2,970	\$ 136	\$ (2,834)
Sinking Fund – 1990 issues	9,397	137	(9,260)
Sinking Fund – 2005 Series	7,168	137	(7,031)
Sinking Fund – 2012 Series	8,470	151	(8,319)
Reserve Fund – 1985 Series	38,160	40,962	2,802
Reserve Fund – 1990 Series	125,790	125,792	2
Reserve Fund – 2005 Series	90,818	87,335	(3,483)
Reserve Fund – 2012 Series	41,902	104,491	62,589
	<b>\$ 324,675</b>	<b>\$ 359,141</b>	<b>\$ 34,466</b>

**City of Bonifay**  
**Notes to Financial Statements**

**Note 10: RESTRICTED NET POSITION**

Restricted net position is comprised of the following:

	<b>Governmental</b>	<b>Business- Type</b>
Restricted to road maintenance and repair	\$ (49,871)	\$ -
Restricted to water and sewer plant upgrades	-	973,987
Restricted to debt service	-	12,412
	\$ (49,871)	\$ 986,399

**Note 11: INTEREST EXPENSE**

Interest expense incurred in the proprietary funds for the year ended September 30, 2019 was \$181,094, all of which was charged to non-operating expenses. Cash paid for interest was \$181,654 for the year ended September 30, 2019.

**Note 12: DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

**Note 13: RETIREMENT PLAN**

The City has established a noncontributory, defined contribution retirement plan under Internal Revenue Code Section 457(b). This plan covers all full-time employees of the City who have completed at least 12 months of service and are at least 18 years of age. The amount of contribution each plan year is by the City Council at their discretion. The total contribution to the plan for the year ended September 30, 2019 was \$33,750.

**Note 14: COMMITMENTS AND CONTINGENCIES**

**Litigation** - The City is a defendant in various claims and lawsuits. No reasonable determination can be made as to the outcome of these cases at this time. However, management intends to vigorously defend these cases.

**City of Bonifay**  
**Notes to Financial Statements**

**Note 14: COMMITMENTS AND CONTINGENCIES (Continued)**

**Grants** - Grant funds received and disbursed by the City are for specific purposes and are subject to review by grantor agencies. Such reviews may result in requests for reimbursements due to disallowed expenditures. Based upon experience, the City does not believe that such disallowance, if any, would have a material effect on the financial position of the City. As of September 30, 2019, there were no questioned or disallowed costs as a result of reviews by grantor agencies in process or completed.

**Construction Commitments** - The City has open contract commitments for grant and construction activities as follows:

Project	Contract Amount	Expended to Date	Estimated Remaining Commitment
<b><i>Business-type Activities:</i></b>			
FL DEP – Sewer Treatment Update	\$ 7,175,200	\$ 7,100,378	\$ 74,822
FEMA – Hazard Mitigation Program	4,363,913	618,751	3,745,162
	\$ 11,539,113	\$ 7,719,129	\$ 3,819,984

**Note 15: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, worker’s compensation claims, errors and omissions, and natural disasters for which the City carries commercial insurance effectively transferring substantially all risk.

**Note 16: PRIOR PERIOD ADJUSTMENT**

An error was discovered in which the City did not record a receivable for a reimbursement of grant expenditures which were incurred and recognized in the year ending September 30, 2018. The correction of this error resulted in an increase in the balance of previously reported receivables and unrestricted fund balance for the general fund in the amount of \$133,491.

**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 City. 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.

**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***

Honorable Mayor and Members of  
the City Council  
City of Bonifay, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Bonifay, 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's basic financial statements, and have issued our report thereon dated August 21, 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 our opinions 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2010-001, 2016-001, and 2019-001 that we consider to be material weaknesses.



## **Compliance and Other Matters**

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

## **City of Bonifay's Responses to Findings**

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

August 21, 2020

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

Honorable Mayor and Members of  
the City Council  
Bonifay, Florida

***Report on Compliance for Each Major Federal Program***

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

***Management's Responsibility***

Management is responsible for compliance with federal 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.

***Opinion on Each Major Federal Program***

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended September 30, 2019.

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

August 21, 2020

**City of Bonifay**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Pass-Through Grantor's No.	Passed through to Subrecipients	Expenditures
<b>U.S. Environmental Protection Agency</b>				
Passed through Florida Department of Environmental Protection				
Capitalization Grants for Clean Water State Revolving Funds *				
	66.458	WW300132	\$ -	\$ 110,801
<b>U.S. Department of Homeland Security</b>				
Passed through Florida Division of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
	97.036		-	184,016
Hazard Mitigation Grant (HMGP)				
	97.039	19-HM-9J-02-41-02-032	-	519,751
Total U.S. Department of Homeland Security Programs			-	703,767
<b>U.S. Department of Homeland Security</b>				
Direct program				
Assistance to Firefighters Grant				
	97.044	N/A	-	276,191
Total expenditures of federal awards			\$ -	\$ 1,090,759

\* Clean Water State Revolving Fund Cluster

**City of Bonifay**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2019**

**Note 1: BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards (the SEFA) summarizes the federal expenditures of the City of Bonifay (the "City") under programs of the federal government for the year ended September 30, 2019. The amounts reported as federal expenditures were obtained from the City's general ledger. Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets and cash flows of the City.

This SEFA was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting in that expenditures for property and equipment are expensed when incurred, rather than being capitalized and depreciated over their useful lives, and expenditures for the principal portion of debt service are expensed when incurred, rather than being applied to reduce the outstanding principal portion of debt, which conforms to the basis of reporting to grantors for reimbursement under the terms of the City's federal grants.

For purposes of the SEFA, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass through entities. The City has obtained Catalog of Federal Domestic Assistance (CFDA) numbers to ensure that all programs have been identified in the SEFA. CFDA numbers have been appropriately listed by applicable programs. Federal programs with different CFDA numbers that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. One cluster is separately identified in the SEFA as follows:

**Clean Water State Revolving Fund Cluster** - This cluster includes loans and other types of financial assistance to qualified cities for clean water projects.

**Note 2: INDIRECT COST RATE**

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

**Note 3: RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS**

The amounts reflected in the financial reports submitted to the awarding state and/or pass-through agencies and the SEFA may differ. Some of the factors that may account for any difference include the following:

- The City's fiscal year end may differ from the program's year end.
- Accruals recognized in the SEFA, because of year end procedures, may not be reported in the program financial reports until the next program reporting period.
- Fixed asset purchases and the resultant depreciation charges are recognized as fixed assets in the City's financial statements and as expenditures in the program financial reports and the SEFA.

**City of Bonifay**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2019**

**Note 4: FEDERAL PASS-THROUGH FUNDS**

The City is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as “pass-through” are considered direct.

**Note 5: CONTINGENCIES**

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowance, if any, would have a material effect on the financial position of the City. As of September 30, 2019, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

**Note 6: NONCASH ASSISTANCE**

The City did not receive any federal noncash assistance for the period ended September 30, 2019.

**Note 7: SUBRECIPIENTS**

The City did not provide federal funds to subrecipients for the fiscal year ending September 30, 2019.

**Note 8: LOANS AND LOAN GUARANTEES**

The City did not have any loans or loan guarantee programs required to be reported on the SEFA for the fiscal year ended September 30, 2019.

**City of Bonifay**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2019**

**Section I: Summary of Auditors' Results**

**Financial Statements**

1. Type of auditors' report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	No
c. Noncompliance material 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?	Yes
b. Significant deficiencies identified not considered 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)?	Yes
4. Identification of major programs	
<b>CFDA Number</b>	<b>Federal Program</b>
97.039	Hazard Mitigation Grant
5. Dollar threshold used to distinguish between type A and type B programs	\$750,000
6. Auditee qualified as low-risk under 2CFR 200.520	No

**Section II: Financial Statement Findings (Repeat)**

**2010-001 Financial Statement Preparation Knowledge (Repeat)**

**Condition** – The external auditors' assistance was necessary to prepare the financial statements including note disclosures in accordance with generally accepted accounting principles.

**Criteria** – Auditing Standards Board AU-C Section 265 requires auditors to disclose for reports substantially drafted by external auditors whether or not the entity's institutional experience, background and knowledge of Governmental Accounting and Financial Accounting Standards prohibits the entity from preparing the financial statements internally including full note disclosures as required by those standards.

**Cause** – There are no City personnel with the experience, background and knowledge of Governmental Accounting and Financial Accounting Standards to prepare financial statements internally including full note disclosures as required by those standards.

**City of Bonifay**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2019**

**Effect** – The finding could adversely affect the City’s ability to internally prepare financial statements in accordance with generally accepted accounting principles.

**Recommendation** – We recommend City personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare or provide technical reviews of the financial statements.

**Views of Responsible Officials and Planned Corrective Actions** – The City is in agreement with the finding noted; however, the City does not have the financial resources to hire a CPA to perform the duties that is required, but will continue to strive to provide financial statements to the best of their knowledge and to improve and grow our personnel knowledge so in the future the City can possibly satisfy this requirement.

**2016-001 Preparation of Schedule of Expenditures of Federal Awards and State Financial Assistance (Repeat)**

**Condition** – The external auditors’ assistance was necessary to prepare the schedule of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida.

**Criteria** – As described in §200.510(b)(3) of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida, the City must complete the schedule of expenditures of federal awards and state financial assistance and include CFDA or CSFA numbers provided in federal or state awards and associated expenditures.

**Cause** – City personnel lack the experience necessary to enable them to prepare the City’s schedule of expenditures of federal awards and state financial assistance including note disclosures.

**Effect** – The finding could adversely affect the City’s ability to prepare the schedule of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida.

**Recommendation** – We recommend that City personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare or provide technical reviews of the schedule of expenditures of federal awards and state financial assistance.

**Views of Responsible Officials and Planned Corrective Actions** – The City is in agreement with the finding noted. In the past, this was expected of the contracted Grants Administrator. The City Clerk, in the future, will take a more active role in the activities of any Grants Administrator contracted by the City to ensure that this condition is eliminated.



**City of Bonifay**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2019**

**Section III: Federal Award Findings and Questioned Costs**

**Item 2019-001 Uniform Guidance Written Policies, Procedures and Standards of Conduct  
Hazard Mitigation Grant #93.600  
US Department of Homeland Security  
Florida Division of Emergency Management  
19-HM-9J-02-41-02-032 (10/1/2018 – 9/30/2019)**

**Condition** – The City does not have written policies, procedures and standards of conduct.

**Criteria** – Grantees should have written policies, procedures, and standards of conduct as required by 2 CFR 200, Subparts D & E of the Uniform Guidance. 2 CFR 200, Subparts D & E requires the non-Federal entity to establish and maintain written policies, procedures, and standards of conduct including internal controls over the Federal awards that provides reasonable assurance that the non-Federal entity is managing the Federal statutes, regulations, and the terms and conditions of the Federal award. Specific requirements relate to the following:

- § 200.302 Financial management
- § 200.305 Payment
- § 200.319 Competition
- § 200.320 Methods of procurement to be followed
- § 200.430 Compensation—personal services
- § 200.431 Compensation—fringe benefits

**Cause** – The City has failed to prepare written policies, procedures, and standards of conduct as required by 2 CFR 200, Subparts D & E of the Uniform Guidance.

**Questioned Costs** – Not determinable

**Effect** – Lack of written policies, procedures, and standards of conduct could result in noncompliance related to federal awards.

**Recommendation** – We recommend that the City prepare written policies, procedures, and standards of conduct to include all the required elements as provided in 2 CFR 200, Subparts D & E of the Uniform Guidance.

**Management's Response** – Management is in agreement with the finding noted and will formally document policies and procedures to ensure they follow the Uniform Guidance.

**City of Bonifay  
301 N. Etheridge Street  
Bonifay, Florida 32425  
(850) 547-4238  
Fax (850) 547-9014**

**James Sims, Mayor  
Beverly Gilley, City Clerk**

**Roger Brooks, Vice Mayor  
Andrew Grainger, Jr., Seat 2  
Travis Cook, Seat 3  
Larry F. White, Seat 4**

### **Summary Schedule of Prior Year Audit Findings**

2010-001 – Repeat finding in the current year

2016-001 – Repeat finding in the current year

2016-004 – Corrected

**City of Bonifay  
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Larry F. White, Seat 4**

**Corrective Action Plan**

**2010-001** Financial Statement Preparation Knowledge (Repeat)

*Recommendation:* We recommend City personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare or provide technical reviews of the financial statements.

*Action Taken:* The City is in agreement with the finding noted; however, the City does not have the financial resources to hire a CPA to perform the required duties. The City will provide training to its accounting personnel to ensure that this condition is corrected as soon as possible.

*Anticipated Completion:* September 30, 2020

*Responsible Party:* City Clerk and Accountant

**2016-001** Internal Controls over the Schedule of Expenditure of Federal and State Financial Assistance (Repeat)

*Recommendation:* We recommend that City personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare or provide technical reviews of the schedule of expenditures of federal awards and state financial assistance.

*Action Taken:* The City Clerk and Accountant will take a more active role in administering grant activity to ensure that this condition is eliminated.

*Anticipated Completion:* September 30, 2020

*Responsible Party:* City Clerk and Accountant

**2019-001** Uniform Guidance Written Policies, Procedures and Standards of Conduct –  
Management’s Response

*Recommendation:* We recommend that the City prepare written policies, procedures, and standards of conduct to include all the required elements as provided in 2 CFR 200, Subparts D & E of the Uniform Guidance.

*Action Taken:* Management will formally document policies and procedures to ensure they follow the Uniform Guidance.

*Anticipated Completion:* September 30, 2020

*Responsible Party:* City Clerk and Accountant



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL  
GOVERNMENT INVESTMENT POLICIES**

Honorable Mayor and  
Members of the City Council  
City of Bonifay, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all the material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City 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 the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, 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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

August 21, 2020

## **MANAGEMENT LETTER**

Honorable Mayor and  
Members of the City Council  
City of Bonifay, Florida

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

We have audited the financial statements of the City of Bonifay, Florida (the "City") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated August 21, 2020.

### **Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); 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 Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated August 21, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1, Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address 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 except as noted below under the Prior Year Findings and Recommendations.

<b>Tabulation of Uncorrected Audit Findings</b>		
<b>Current Year Finding No.</b>	<b>2017-18 FY Finding No.</b>	<b>2016-17 FY Finding No.</b>
2010-001	2010-001	2010-001
2016-001	2016-001	2016-001
	2016-004	2016-002
		2016-003
		2016-004
		2016-005

**Official Title and Legal Authority**

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

**Financial Condition and Management**

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we made recommendations in the accompanying Schedule of Findings and Questioned Costs.

**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 note any such findings.

**Purpose of this Letter**

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

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

August 21, 2020