

**CITY OF WEBSTER, FLORIDA**  
**AUDITED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

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## **FINANCIAL SECTION**



RIVERO, GORDIMER & COMPANY, P.A.

Member  
 American Institute of Certified Public Accountants  
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**INDEPENDENT AUDITORS' REPORT**

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

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

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



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Webster, Florida, Florida as of September 30, 2019 and the respective changes in financial position 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 (pages 4 - 9) budgetary comparison information (page 44) and pension and other post-employment benefits schedules (pages 40 - 43) to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Tampa, Florida  
March 19, 2020



**CITY OF WEBSTER, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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The discussion and analysis of the City of Webster's financial performance provides an overview of the City's financial activities for the fiscal year ending September 30, 2019. Please read it in conjunction with the City's financial statements, which follow this section.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2019 by \$14,658,522 (net position). Of this amount, \$131,187 (unrestricted net position) may be used to meet the City's ongoing obligations.
- Total revenue for all City activities for the year ended September 30, 2019 was \$1,694,499, a decrease of \$707 compared to 2018.
- Total expenses for all City activities for the year ended September 30, 2019 were \$1,685,495, an increase of 1% or \$9,134.
- As of September 30, 2019, the City's general fund reported ending unassigned fund balance of \$340,902 or 38% of total general fund expenditures compared to 16% as of September 30, 2019.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This annual report contains government-wide financial statements that report on the City's activities as a whole and fund financial statements that report on the City's individual funds.

**Government-wide Financial Statements:** The first financial statement is the Statement of Net Position. This statement includes all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position - the difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources - can be used to measure the City's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, increases or decreases in net position are useful indicators of whether the City's financial health is improving or deteriorating. However, other non-financial factors, such as road conditions or changes in the tax base, must also be considered when assessing the overall health of the City.

In these statements, the City's activities are divided as follows:

- Governmental activities - Most of the City's basic services are reported here, including administration, police services, road maintenance and grant activities. Taxes and charges for services finance most of these activities.

**CITY OF WEBSTER, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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- Business-type activities - These activities are financed in whole or in part by fees charged to external parties for goods or services. The activities of the water, sanitation, and sewer systems are reported as business-type activities.

**Fund financial statements:** Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the City, rather than reporting on the City as a whole. 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 funds and proprietary funds.

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

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

The City maintains one governmental fund, the general fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The basic governmental fund financial statements can be found by referencing the table of contents of this report.

**Proprietary Funds:** The City maintains one enterprise fund which is one of the two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its water, sanitation and sewer systems. The basic proprietary fund financial statements can be found by referencing the table of contents of this report.

All of the City's funds are considered major funds.

**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 by referencing the table of contents of this report.

**Other Information:** This report also presents certain required supplementary information related to the City's participation in the Florida Retirement System's cost-sharing multiple employer pension plans as well as budgetary comparison schedule for the general fund. Required supplementary information can be located by referencing the table of contents of this report.



**CITY OF WEBSTER, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Summary of Net Position:** The following table reflects a summary of net position compared to the prior year. See the statement of net position by referencing the table of contents of this report for further information.

	Governmental		Business-type		Total	
	Activities		Activities			
<i>As of September 30,</i>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>						
Non-capital assets	<b>\$ 459,034</b>	\$ 260,549	<b>\$ 99,915</b>	\$ 255,864	<b>\$ 558,949</b>	\$ 516,413
Capital assets	<b>2,146,065</b>	2,163,504	<b>13,457,134</b>	13,504,521	<b>15,603,199</b>	15,668,025
Total assets	<b>2,605,099</b>	2,424,053	<b>13,557,049</b>	13,760,385	<b>16,162,148</b>	16,184,438
<b>Deferred outflows of resources</b>						
Pensions	<b>251,349</b>	57,069	-	-	<b>251,349</b>	57,069
<b>Liabilities</b>						
Current liabilities	<b>36,895</b>	24,795	<b>219,304</b>	213,445	<b>256,199</b>	238,240
Long-term liabilities	<b>834,856</b>	634,583	<b>568,258</b>	619,007	<b>1,403,114</b>	1,253,590
Total liabilities	<b>871,751</b>	659,378	<b>787,562</b>	832,452	<b>1,659,313</b>	1,491,830
<b>Deferred inflows of resources</b>						
Pensions	<b>95,662</b>	100,159	-	-	<b>95,662</b>	100,159
<b>Net position</b>						
Net investment in capital assets	<b>1,705,030</b>	1,671,728	<b>12,717,716</b>	12,718,754	<b>14,422,746</b>	14,390,482
Restricted	<b>74,114</b>	69,210	<b>30,475</b>	40,433	<b>104,589</b>	109,643
Unrestricted	<b>109,891</b>	(19,353)	<b>21,296</b>	168,746	<b>131,187</b>	149,393
Total net position	<b>\$1,889,035</b>	\$1,721,585	<b>\$12,769,487</b>	\$12,927,933	<b>\$14,658,522</b>	\$14,649,518

Approximately 98% percent of the City's net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) less any related debt used to acquire those assets that is still outstanding, compared to approximately 98% for the prior year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 1% of the City's net position represents resources that are subject to external restrictions on how they may be used which was the same for the prior year. The remaining balance of unrestricted net position, \$131,187 or 1% of net position may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF WEBSTER, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

At September 30, 2019, the City was able to report positive balances in the net investment in capital assets, restricted categories of net position and unrestricted net position, both for the City as a whole, as well as for its separate governmental and business-type activities. This is a significant improvement as the governmental activities unrestricted net position at the end of the prior year was a deficit of \$19,353 compared to a positive \$109,891 as of September 30, 2019.

**Statement of Activities:** The following table reflects the condensed statement of activities for the current and previous year. See the statement of activities by referencing the table of contents of this report for further information.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<i>For the year ended September 30,</i>						
Program revenues:						
Charges for services	\$ 43,697	\$ 46,229	\$ 659,938	\$ 698,707	\$ 703,635	\$ 744,936
Operating grants & contributions	-	-	-	-	-	-
Capital grants & contributions	85,409	-	305,922	401,430	391,331	401,430
General revenues:						
Property taxes	134,318	94,505	-	-	134,318	94,505
Other taxes and shared revenues	393,371	396,954	-	-	393,371	396,954
Other	71,844	57,381	-	-	71,844	57,381
<b>Total revenues</b>	<b>728,639</b>	595,069	<b>965,860</b>	1,100,137	<b>1,694,499</b>	1,695,206
Program expenses:						
General government	475,682	368,580	-	-	475,682	368,580
Public safety	143,423	137,741	-	-	143,423	137,741
Transportation	23,037	35,817	-	-	23,037	35,817
Culture and recreation	240,518	314,135	-	-	240,518	314,135
Interest on long term debt	19,417	3,614	-	-	19,417	3,614
Utility services	-	-	783,418	816,474	783,418	816,474
<b>Total expenses</b>	<b>902,077</b>	859,887	<b>783,418</b>	816,474	<b>1,685,495</b>	1,676,361
Transfers from (to) other funds	340,888	314,012	(340,888)	(314,012)	-	-
Change in net position	167,450	49,194	(158,446)	(30,349)	9,004	18,845
Beginning net position	1,721,585	1,672,391	12,927,933	12,958,282	14,649,518	14,630,673
Ending net position	<b>\$ 1,889,035</b>	<b>\$ 1,721,585</b>	<b>\$ 12,769,487</b>	<b>\$ 12,927,933</b>	<b>\$ 14,658,522</b>	<b>\$ 14,649,518</b>

**CITY OF WEBSTER, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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**Governmental Activities:** The governmental activities generated \$129,106 in program revenues and \$599,533 of general revenues, \$340,888 of transfers from the business-type activities and incurred \$902,077 of program expenses. This resulted in a \$167,450 increase in net position

- Revenue increased by \$133,570 or 22% compared to the prior year. This increase was mainly due to increased grant revenues of \$85,408 (\$35,408 in FEMA grant revenue and \$50,000 from the Florida Recreation Development Assistance Program (FRDAP).
- Expenses increased by \$42,190 or 5% compared to the prior year. The significant changes in broad expense classifications are as follows:
  - An approximate increase in pension expense of \$74,000.
  - An approximate decrease in repairs and maintenance of \$65,000.
  - An approximate increase in interest on long-term debt of \$15,803.

**Business-Type Activities:** Revenues of the business-type activities were \$965,860 compared to expenses of \$783,418. The business-type activities also transferred \$340,888 to the governmental activities during 2019 compared to a transfer of \$314,012 in 2018. This resulted in a decrease in net position for the year of \$158,446.

- Revenue decreased by \$134,277 or 12% compared to the prior year mainly due to the following:
  - An approximate decrease of \$95,507 in grant revenue from the State of Florida to fund sewer system expansion expenses.
  - An approximate decrease in charges for services of \$38,770.
- Expenses decreased by \$33,056 or 4% compared to the prior year.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

### **Governmental Fund**

As of September 30, 2019, the City's general fund reported combined ending fund balance of \$422,139. This is an increase from \$235,754 last year. Approximately 81% of the total fund balance constitutes unassigned fund balance (i.e. available for spending at the City's discretion) which is an increase in unassigned fund balance of \$160,695 or 112% from last year. The remainder of fund balance totaling \$81,237 is restricted for the specific purpose for which the monies were collected or were considered nonspendable representing year-end prepaid expenditures.

In the general fund, the City's expenditures exceeded its revenues by \$229,851 as compared to \$409,983 for the prior year. Total revenues were up \$67,386 (11%) over the prior year and expenditures decreased \$111,746 (11%) from 2018.

### **Proprietary Fund**

The City has one proprietary fund, an enterprise fund, which provides water, sanitation and sewer services to City residents. These services combined to generate an operating loss of \$106,449 as compared to an operating loss of \$109,839 in 2018.

**CITY OF WEBSTER, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2019**

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**ANALYSIS OF SIGNIFICANT BUDGET VARIANCES**

The City adopts an annual budget each year in September. The budgetary comparison statement is presented for the general fund to demonstrate compliance with the budget which can be found by referencing the table of contents of this report. The original budget was amended on September 26, 2019 with the adoption of Resolution 2019-09. Resolution 2019-09 recognized that actual revenues, expenditures and other financing sources differed from those of the original budget and amended the previously adopted budget to be equal to the actual revenues, expenditures and other financing sources of the City. As a result, there are no budgetary variances with the final amended budget. The result of the budget amendment was a \$102,775 increase in budgeted revenues, a \$21,269 increase in budgeted expenditures and a \$104,879 increase in budgeted other financing sources.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The governmental activities had \$46,063 in capital asset additions during the fiscal year. The business-type activities had \$428,808 in capital additions during the year for miscellaneous equipment and sewer expansion costs reported as construction in progress. Please refer to a note to the accompanying financial statements entitled *Capital Asset Activity* for more detailed information about the City's capital asset activity.

**Debt Administration**

Principal of \$75,373 and \$50,749 was paid during the year on governmental activities and business type activities debt, respectively. There was no new debt issued during the year in the business-type activities, but the governmental activities added \$24,632 in long-term debt as they financed the purchase of a new vehicle. Please refer to a note to the accompanying financial statements entitled *Long-term Obligations* for more detailed information about the City's long-term debt activity.

**ECONOMIC FACTORS**

The City has approved an operating budget that does not include the use of reserves for the next fiscal year.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City Manager at (352)793-2073.

**CITY OF WEBSTER, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 286,893	\$ -	\$ 286,893
Accounts receivable - net	-	79,257	79,257
Due from other governments	11,891	46,001	57,892
Prepaid and other assets	7,123	-	7,123
Internal balances	79,013	(79,013)	-
Restricted cash	74,114	53,670	127,784
Capital assets:			
Non-depreciable	1,607,568	763,839	2,371,407
Depreciable, net	538,497	12,693,295	13,231,792
Total assets	<u>2,605,099</u>	<u>13,557,049</u>	<u>16,162,148</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	<u>251,349</u>	<u>-</u>	<u>251,349</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	36,895	24,949	61,844
Construction costs payable	-	171,160	171,160
Liabilities payable from restricted assets:			
Accrued interest payable	-	3,103	3,103
Customer deposits	-	20,092	20,092
Long-term obligations:			
Due within one year	39,490	51,345	90,835
Due in more than one year	795,366	516,913	1,312,279
Total liabilities	<u>871,751</u>	<u>787,562</u>	<u>1,659,313</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	<u>95,662</u>	<u>-</u>	<u>95,662</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,705,030	12,717,716	14,422,746
Restricted for transportation activities	74,114	-	74,114
Restricted for loan compliance - expendable	-	30,475	30,475
Unrestricted	109,891	21,296	131,187
Total net position	<u>\$ 1,889,035</u>	<u>\$ 12,769,487</u>	<u>\$ 14,658,522</u>

The accompanying notes are an integral part of these financial statements

**CITY OF WEBSTER, FLORIDA  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2019**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue And Change in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Government Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>FUNCTIONS/PROGRAMS</b>							
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental Activities:</b>							
General government	\$ 475,682	\$ 39,869	\$ -	\$ 35,409	\$ (400,404)	\$ -	\$ (400,404)
Public safety	143,423	2,831	-	-	(140,592)	-	(140,592)
Transportation	23,037	-	-	-	(23,037)	-	(23,037)
Culture and recreation	240,518	997	-	50,000	(189,521)	-	(189,521)
Interest on long-term-debt	19,417	-	-	-	(19,417)	-	(19,417)
Total governmental activities	902,077	43,697	-	85,409	(772,971)	-	(772,971)
<b>Business-type activities:</b>							
Utility services	783,418	659,938	-	305,922	-	182,442	182,442
Total business-type activities	783,418	659,938	-	305,922	-	182,442	182,442
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 1,685,495</b>	<b>\$ 703,635</b>	<b>\$ -</b>	<b>\$ 391,331</b>	<b>(772,971)</b>	<b>182,442</b>	<b>(590,529)</b>
General Revenues:							
Taxes:							
Property taxes					134,318	-	134,318
Public service taxes and franchise fees					137,149	-	137,149
Local government infrastructure tax					106,714	-	106,714
Fuel taxes levied for transportation purposes					45,962	-	45,962
State shared revenues					103,546	-	103,546
Miscellaneous					71,244	-	71,244
Gain on sale of capital assets					600	-	600
Transfers from other funds					340,888	(340,888)	-
Total general revenues and transfers					940,421	(340,888)	599,533
<b>Change in Net Position</b>					<b>167,450</b>	<b>(158,446)</b>	<b>9,004</b>
Net Position, beginning of year					1,721,585	12,927,933	14,649,518
<b>Net Position, end of year</b>					<b>\$ 1,889,035</b>	<b>\$ 12,769,487</b>	<b>\$ 14,658,522</b>

The accompanying notes are an integral part of these financial statements

**CITY OF WEBSTER, FLORIDA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

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	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 286,893
Prepaid expenditures	7,123
Due from other governments	11,891
Due from enterprise fund	79,013
Restricted cash	<u>74,114</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 459,034</u></b>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	<u>\$ 36,895</u>
Total liabilities	<u>36,895</u>
<b>FUND BALANCES</b>	
Nonspendable - prepaid expenditures	7,123
Restricted for transportation expenditures	74,114
Unassigned	<u>340,902</u>
Total fund balances	<u>422,139</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 459,034</u></b>

The accompanying notes are an integral part of these financial statements

**CITY OF WEBSTER, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

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<b>Total Fund Balances – Governmental Funds</b>	<b>\$ 422,139</b>
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital assets-net	2,146,065
Long-term liabilities are not reported in the governmental funds.	
Long-term debt	(441,035)
Compensated absences	(11,027)
Net pension liability	(382,794)
Deferred outflows of resources and deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources related to pensions	251,349
Deferred inflows of resources related to pensions	<u>(95,662)</u>
<b>Total Net Position – Governmental Activities</b>	<b><u>\$ 1,889,035</u></b>

The accompanying notes are an integral part of these financial statements



**CITY OF WEBSTER, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2019**

	<b>General Fund</b>
<b>REVENUES</b>	
Taxes	\$ 425,439
Permits, fees and special assessments	900
Intergovernmental	195,535
Charges for services	32,089
Fines and forfeitures	2,831
Miscellaneous	20,528
Total revenues	677,322
<b>EXPENDITURES</b>	
Current:	
General government	402,443
Public safety	142,203
Transportation	21,539
Culture and recreation	181,123
Capital outlay	49,535
Debt service	110,330
Total expenditures	907,173
Excess of revenues over (under) expenditures	(229,851)
<b>OTHER FINANCING SOURCES (USES)</b>	
Issuance of long term debt	24,632
Insurance recoveries	50,716
Operating transfers in (out)	340,888
<b>Net change in fund balances</b>	<b>186,385</b>
FUND BALANCES, beginning of year	235,754
<b>FUND BALANCES, end of year</b>	<b>\$ 422,139</b>

The accompanying notes are an integral part of these financial statements

**CITY OF WEBSTER, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2019**

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**Net Changes in Fund Balances – Total Governmental Funds** **\$ 186,385**

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.

Current year depreciation expense	(63,502)
Capital assets recorded in the current period	46,063

Governmental funds report the issuance of long-term debt as an other financing source. However, in the statement of activities, issuance of long-term debt is reported as a long-term obligation.

This is the amount of long-term debt issued during the year.	(24,632)
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Governmental funds report debt principal repayments as expenditures. However, in the statement of activities no expense is reported.

75,373

Compensated absences are long-term obligations and are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds.

This is the change in accrued compensated absences during the year.	(2,836)
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Pension costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental fund until paid. The net change in the pension related elements in the current year are as follows:

This amount represents the change in deferred outflows related to pensions	194,280
This amount represents the change in deferred inflows related to pensions	4,497
This amount represents the change in the net pension liability.	(248,178)

**Changes in Net Position of Governmental Activities** **\$ 167,450**

The accompanying notes are an integral part of these financial statements

**CITY OF WEBSTER, FLORIDA**  
**STATEMENT OF NET POSITION – PROPRIETARY FUND**  
**SEPTEMBER 30, 2019**

	<b>Enterprise Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable - net	79,257
Due from other governments	46,001
Total current assets	125,258
Noncurrent assets:	
Restricted cash and cash equivalents	53,670
Capital assets	
Non-depreciable	763,839
Depreciable, net	12,693,295
Total noncurrent assets	13,510,804
<b>TOTAL ASSETS</b>	<b>\$ 13,636,062</b>
<b>LIABILITIES AND NET POSITION</b>	
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 24,949
Construction costs payable	171,160
Due to other funds	79,013
Current portion of long-term debt	51,345
Total current liabilities	326,467
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Accrued interest payable	3,103
Customer deposits	20,092
Long-term debt, noncurrent portion	516,913
Total noncurrent liabilities	540,108
Total liabilities	866,575
<b>NET POSITION</b>	
Net investment in capital assets	12,717,716
Restricted - debt service	30,475
Unrestricted	21,296
Total net position	12,769,487
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 13,636,062</b>

The accompanying notes are an integral part of these financial statements

**CITY OF WEBSTER, FLORIDA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION – PROPRIETARY FUND  
YEAR ENDED SEPTEMBER 30, 2019**

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	<b>Enterprise Fund</b>
<b>OPERATING REVENUES</b>	
User fees	\$ 659,938
Total revenues	659,938
<b>OPERATING EXPENSES</b>	
Operating expenses	290,192
Depreciation	476,195
Total operating expenses	766,387
<b>OPERATING INCOME (LOSS)</b>	<b>(106,449)</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>	
Interest expense	(17,031)
Total nonoperating revenues (expenses)	(17,031)
Income before capital contributions and transfers	(123,480)
Capital contributions	305,922
Transfers to other funds	(340,888)
<b>Change in net position</b>	<b>(158,446)</b>
Net position - beginning of year	12,927,933
<b>Net position - end of year</b>	<b>\$ 12,769,487</b>

The accompanying notes are an integral part of these financial statements

**CITY OF WEBSTER, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUND**  
**YEAR ENDED SEPTEMBER 30, 2019**

	<b>Enterprise Fund</b>
<b>Operating activities</b>	
Receipts from customers	\$ 668,582
Payments to suppliers	(287,196)
	381,386
<b>Noncapital financing activities</b>	
Transfers (to) from other funds, net of change in due to/from	(326,907)
	(326,907)
<b>Capital and related financing activities</b>	
Acquisition of capital assets, net of related payables	(424,408)
Capital grants received, net of change in related receivable	426,681
Principal paid on debt	(50,749)
Interest paid on debt	(17,552)
	(66,028)
<b>Investing activities</b>	
	-
Change in cash	(11,549)
Cash - beginning of year	65,219
Cash - end of year	\$ 53,670
Classified as:	
Unrestricted	\$ -
Restricted	53,670
Total cash	\$ 53,670
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ (106,449)
Depreciation	476,195
Change in:	
Accounts receivable	9,660
Accounts Payable	2,996
Customer Deposits	(1,016)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 381,386</b>

The accompanying notes are an integral part of these financial statements

**CITY OF WEBSTER, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its statements (GASBS) and Interpretations (GASBI). The more significant accounting policies established in GAAP and used by the City are discussed below:

Reporting Entity

The City of Webster, Florida (the "City"), is an incorporated municipality, established by Section 11318, Laws of Florida, in 1925.

As required by generally accepted accounting principles, the accompanying financial statements present the City as a primary government.

The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Criteria for determining if other entities are potential component units of the City which should be reported with the City's basic financial statements are identified and described in the GASB *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete. The City does not exert significant influence over any legally separate entities, nor are there any entities for which financial relationships with the City are significant. As a result, the financial reporting entity does not include or exclude any component units.

The City is authorized to levy ad valorem taxes on the taxable value of real and tangible personal property within the jurisdiction of the City limits. The City assessed a millage rate of 7.0000 for fiscal year ended September 30, 2019.

Basis of Presentation - Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund 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 charged to external parties. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include charges for services that are directly related to a given function; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as *general revenues*.

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Basis of Presentation - Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements, but all nonmajor funds are aggregated and displayed in a single column. All the City's funds were considered major funds. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The City reports the following major governmental fund:

*General Fund* - the primary operating fund, used to account for and report all activities not accounted for in another fund.

The City reports the following major proprietary fund:

*Enterprise Fund* - to account for the assets, operation and maintenance of the City-owned water, sanitation, and sewer systems.

Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses 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 and as funds are collected. 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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long term debt and acquisition under capital leases are reported as other financing sources.

Property taxes, franchise and public service taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period.

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions (grants) and voluntary nonexchange transactions (donations) resources are reported as liabilities until the eligibility requirements are met and as deferred inflows if received before time requirements are met.

Operating revenues shown for proprietary operations generally result from producing or providing goods and services such as water, sanitation and sewer services. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Cash Deposits

All cash deposits are placed in a bank that qualifies as a public depository, as required by law (Florida Security For Public Deposits Act). Accordingly, all cash deposits are insured by Federal depository insurance and/or entirely collateralized pursuant to Chapter 280, Florida Statutes.

Investments

The city has formally adopted investment policies for its operating funds. The following types of investments are allowed by the policy:

- Direct Obligations of the U.S. Treasury;
- Direct Obligations of U.S. Government Instrumentalities;
- Savings accounts and certificates of deposit in qualified public depositories;
- The Local Government Surplus Funds Trust Fund;
- Securities and Exchange Commission registered money market funds with the highest credit quality rating



**CITY OF WEBSTER, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Accounts Receivables

Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Enterprise Fund are net of a \$16,800 allowance.

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets which are recorded at acquisition value at the date of contribution. The City uses a capitalization threshold of \$750 for buildings and furniture and equipment, and \$100,000 for infrastructure.

In accordance with GASB Cod. Sec 1400.162, the City has elected not to report infrastructure assets acquired prior to October 1, 2003.

Depreciation of capital assets is provided using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Buildings and improvements	39
Furniture, equipment and vehicles	3 - 10
Infrastructure	40
Water and sewer distribution system	40 - 50

For its business-type activities, the City's policy is to capitalize construction period interest costs on projects funded specifically through debt financing. Interest earnings are offset against construction costs for qualified projects financed with tax-exempt debt.

Compensated Absences

The City's policy is to allow limited vesting of employee vacation pay. A liability for accrued compensated absences of employees of the governmental funds exists. However, since this liability will not be liquidated with expendable available financial resources, the liability has not been reported in the governmental funds. The City's liability for compensated absences is reported in governmental activities in the government-wide financial statements. The City does not allocate compensated absences to business-type activities.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the plan net position of the Florida Retirement System (FRS or the System) and additions to/deductions from FRS's plan net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Property Taxes

The Sumter County Tax Collector bills and collects property taxes for the City. In governmental funds, property tax revenues are recognized in the period for which they are levied and as funds are collected.

Details of the City's tax calendar are presented below:

Lien date	January 1
Levy date	October 1
Discount periods	November - February
Delinquent date	April 1

Equity Classification – Net Position

*Government-wide Statements and Proprietary Fund Statements* - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

- Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - Consists of restricted assets reduced by liabilities related to those assets and are subject to restrictions beyond the City's control. The restriction is either externally imposed (for instance, by creditors, grantors, contributors, or laws/regulations of other governments) or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted net position is available for use, it is the City's policy to use restricted net position first, then unrestricted net position as they are needed.

Equity Classifications – Fund Balance

*Governmental Fund Statements* - The City follows the provisions of GASB Cod. Sec. 1800 to classify fund balances for governmental funds into specifically defined classifications. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the City's circumstances.

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* - Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* - Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the City's highest level of decision-making authority, which is an ordinance of the City. Committed amounts cannot be used for any other purpose unless the City removes those constraints by taking the same type of action.
- *Assigned Fund Balance* - Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) the city commission or (b) a body or official to which the city commission has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned Fund Balance* - Unassigned fund balance is the residual classification for the General Fund.

The City uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE B - INTERFUND BALANCES**

At September 30, 2019, interfund balances are reported as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Enterprise Fund	\$ 79,013

These balances resulted from the general fund paying the operating costs of the utility fund during the current year, in excess of the funds deposited into the general fund accounts from the utility fund. It is the intent of the City that these interfund transactions are short term in nature and result from using a pooled cash method of banking.

Interfund transfers for the year ending September 30, 2019 consisted of:

Receiving Fund	Paying Fund	Amount
General Fund	Enterprise Fund	\$ 340,888

The interfund transfers above are per the adopted budget and are used to reimburse the general fund for administrative costs shared by all funds.

**NOTE C - CAPITAL ASSET ACTIVITY**

The following changes in capital assets occurred:

	Balance October 1, 2018	Transfers	Increases	Decreases	Balance September 30, 2019
<b><u>Governmental Activities:</u></b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 1,607,568	\$ -	\$ -	\$ -	\$ 1,607,568
Total capital assets, not being depreciated	1,607,568	-	-	-	1,607,568
<b>Capital assets, being depreciated:</b>					
Buildings and improvements	892,163	-	-	-	892,163
Furniture and equipment	660,049	-	46,063	(11,421)	694,691
Total capital assets, being depreciated	1,552,212	-	46,063	(11,421)	1,586,854
Less accumulated depreciation for:					
Buildings and improvements	(474,384)	-	(20,442)	-	(494,826)
Furniture and equipment	(521,892)	-	(43,060)	11,421	(553,531)
Total accumulated depreciation	(996,276)	-	(63,502)	11,421	(1,048,357)
Total capital assets being depreciated, net	555,936	-	(17,439)	-	538,497
Governmental activities capital assets, net	\$ 2,163,504	\$ -	\$ (17,439)	\$ -	\$ 2,146,065

**CITY OF WEBSTER, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**

**NOTE C - CAPITAL ASSET ACTIVITY – CONTINUED**

	Balance October 1, 2018	Transfers	Increases	Decreases	Balance September 30, 2019
<b><u>Business-type activities:</u></b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 51,030	\$ -	\$ -	\$ -	\$ 51,030
Construction-in-progress	546,880	-	165,929	-	712,809
Total capital assets, not being depreciated	<u>597,910</u>	<u>-</u>	<u>165,929</u>	<u>-</u>	<u>763,839</u>
<b>Capital assets, being depreciated:</b>					
Water distribution system	3,524,244	-	250,319	-	3,774,563
Sewer system	16,095,115	-	12,560	-	16,107,675
Equipment	71,240	-	-	-	71,240
Total capital assets, being depreciated	<u>19,690,599</u>	<u>-</u>	<u>262,879</u>	<u>-</u>	<u>19,953,478</u>
Less accumulated depreciation for:					
Water distribution system	(3,134,818)	-	(69,723)	-	(3,204,541)
Sewer system	(3,588,354)	-	(404,334)	-	(3,992,688)
Equipment	(60,816)	-	(2,138)	-	(62,954)
Total accumulated depreciation	<u>(6,783,988)</u>	<u>-</u>	<u>(476,195)</u>	<u>-</u>	<u>(7,260,183)</u>
Total capital assets being depreciated, net	<u>12,906,611</u>	<u>-</u>	<u>(213,316)</u>	<u>-</u>	<u>12,693,295</u>
Business-type activities capital assets, net	<u>\$ 13,504,521</u>	<u>\$ -</u>	<u>\$ (47,387)</u>	<u>\$ -</u>	<u>\$ 13,457,134</u>

Depreciation expense was charged to functions as follows:

<b><u>Governmental Activities:</u></b>	
General government	\$ 43,664
Public safety	1,220
Transportation	1,497
Culture and recreation	<u>17,121</u>
Total depreciation expense - governmental activities	<u>\$ 63,502</u>
<b><u>Business-type Activities:</u></b>	
Water	\$ 70,513
Sewer	<u>405,682</u>
Total depreciation expense - business-type activities	<u>\$ 476,195</u>

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS**

All of the City's eligible employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the Pension Plan and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in regularly established positions for a state agency, county government, district school board, state university, state community college, or a participating city, special district, metro planning district or public charter school within the State of Florida that makes an election to participate. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida legislature establishes and may amend the contribution requirements and benefit terms of all FRS plans. The plan administrator for FRS prepares and publishes its own stand-alone comprehensive annual financial report, including financial statements and required supplementary information. Copies of this report can be obtained from the Department of Management Services, Division of Retirement, Bureau of Research and Education Services, P.O. Box 9000, Tallahassee, Florida 32315-9000; or at the Division's website ([www.frs.myflorida.com](http://www.frs.myflorida.com)).

Pension Plan

*Plan Description* - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership for the City are as follows: *Regular Class* – Members of the FRS who do not qualify for membership in the other classes. *Senior Management Service Class (SMSC)* - Members in senior management level positions. Employees enrolled in the Pension Plan prior to July 1, 2011, vest after six years of creditable service, and employees enrolled in the Pension Plan on or after July 1, 2011, vest after eight years of creditable service. Regular class and SMSC members initially enrolled in the Pension Plan before July 1, 2011, once vested, are eligible for normal retirement benefits at age 62 or any time after 30 years of creditable service. Regular class and SMSC members enrolled in the Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or anytime after 33 years of credible service. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5.0% benefit reduction for each year remaining prior to the normal retirement age.

DROP is available under the Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment each July and earn monthly interest equivalent to an annual rate of 1.30%. DROP participants with an effective DROP commencement date before July 1, 2011, earn a monthly interest equivalent to an annual rate of 6.50%.

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

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

The following chart shows the percentage value for each year of service credit earned.

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value (Per Year of Service)</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60%
Retirement up to age 63 or with 31 years of service	1.63%
Retirement up to age 64 or with 32 years of service	1.65%
Retirement up to age 65 or with 33 or more years of service	1.68%
Regular Class members initially Enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60%
Retirement up to age 66 or with 34 years of service	1.63%
Retirement up to age 67 or with 35 years of service	1.65%
Retirement up to age 68 or with 36 or more years of service	1.68%
Senior Management Service Class	2.00%

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

The benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment (COLA) each July. If the member was initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before that time, the annual COLA is 3.0% per year. The annual COLA for retirees with an effective retirement date or DROP date beginning on or after August 1, 2011, who were initially enrolled before July 1, 2011, is a portion of 3.0% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3.0%. Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

*Contributions* - Effective July 1, 2011, all enrolled members of the Pension Plan, other than the DROP participants, are required to contribute 3.0% of their salary to the Pension Plan. In addition to member contributions, governmental employers are required to make contributions to the Pension Plan based on state-wide uniform system contribution rates established by the Florida Legislature. These rates are updated as of July 1 each year.

The employer contribution rates by job class for the periods from July 1, 2018 through June 30, 2019 and from July 1, 2019 through September 20, 2019, respectively were as follows: Regular – 6.54% and 6.75%, Senior Management Service – 22.34% and 23.69% and DROP participants – 12.37% and 12.94%. These employer contribution rates do not include the HIS Plan contribution rate and the administrative cost assessment.

For the fiscal year ended September 30, 2019, City contributions to the Pension Plan totaled \$21,485.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resource and Deferred Inflows of Resources Related to Pensions* – At September 30, 2019, the City reported liabilities of \$225,397 for its proportionate share of the Pension Plan's net pension liability. The net pension liabilities were measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2019. The City's proportionate share of the net pension liability was based on its share of the City's 2018-2019 fiscal year contributions relative to the 2018-2019 fiscal year contributions of all participating members. At June 30, 2019, the City's proportionate share was 0.000654490%, which was an increase of 126% from its proportionate share measured as of June 30, 2018.



**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$56,001. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,369	\$ 140
Change in assumptions	57,892	-
Difference between projected and actual earnings on Plan investments	-	12,470
Changes in proportion and differences between the City contributions and proportionate share of contributions	68,627	56,217
City contributions subsequent to the measurement date	3,547	-
<b>Total</b>	<b>\$ 143,435</b>	<b>\$ 68,827</b>

The deferred outflows of resources as of September 30, 2019 related to the Pension Plan resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year ending September 30,	Amount
2020	\$ 21,482
2021	5,261
2022	12,793
2023	13,897
2024	12,287
Thereafter	5,341
	<b>\$ 71,061</b>

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

*Actuarial Assumptions* – The total Pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 tables (public retirement plans mortality tables report as published by the Society of Actuaries) by member category and sex, projected generationally using Scale MP-2018.

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

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

For the Pension Plan’s fiscal year ended June 30, 2019:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.30%	3.30%	1.20%
Fixed Income	18.00%	4.10%	4.10%	3.50%
Global Equity	54.00%	8.00%	6.80%	16.50%
Real Estate (Property)	10.00%	6.70%	6.10%	11.70%
Private Equity	11.00%	11.20%	8.40%	25.80%
Strategic Investment	<u>6.00%</u>	5.90%	5.70%	6.70%
Total	<u>100.00%</u>			
Assumed Inflation Mean			2.60%	1.70%

*Discount Rate* - The discount rate used to measure the total pension liability as of July 1, 2019 was 6.90%. The Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

*Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate* – The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.90% as of September 30, 2019, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

<u>As of September, 9/30/2019</u>	<u>Current Discount Rate</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	6.90%	\$ 389,637	\$ 225,397	\$ 88,229

*Pension Plan Fiduciary Net Position* – Detailed information regarding the FRS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

*Payables to the Pension Plan* – At September 30, 2019, the City reported no payables outstanding for contributions to the pension plan required for the fiscal year ended September 30, 2019.

HIS Plan

*Plan Description* - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

*Benefits Provided* - For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

*Contributions* - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The employer contribution rates for the periods from July 1, 2018 through June 30, 2019 and from July 1, 2019 through September 30, 2019 were 1.66%. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

For the fiscal year ended September 30, 2019, the City's contribution to the HIS Plan totaled \$8,255.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resource and Deferred Inflows of Resources Related to Pensions* – At September 30, 2019, the City reported liabilities of \$157,397 for its proportionate share of the HIS Plan's net pension liability. The net pension liabilities were measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2019. The City's proportionate share of the net pension liability was based on its share of the City's 2018-2019 fiscal year contributions relative to the 2018-2019 fiscal year contributions of all participating members. At June 30, 2019, the City's proportionate share was 0.001406709%, which was a 215% increase from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$23,139. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,912	\$ 193
Change in assumptions	18,225	12,864
Net difference between projected and actual earnings on Plan investments	102	-
Changes in proportion and differences between the City contributions and proportionate share of contributions	86,606	13,778
City contributions subsequent to the measurement date	1,069	-
<b>Total</b>	<b>\$ 107,914</b>	<b>\$ 26,835</b>

The deferred outflows of resources as of September 30, 2019 related to HIS Plan resulting from contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Year ending September 30,	Amount
2020	\$ 14,129
2021	13,518
2022	12,091
2023	10,344
2024	12,476
Thereafter	17,452
	<b>\$ 80,010</b>

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

*Actuarial Assumptions* – Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2018 HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2019. The total pension liabilities as of June 30, 2019 were determined using the following actuarial assumptions:

Inflation	2.60%
Salary Increases	3.25% average, including inflation
Discount Rate	3.50%

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

The actuarial assumptions that determined the total pension liability as of June 30, 2019 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

*Discount Rate* – The discount rate used to measure the total pension liability at June 30, 2019 was 3.50%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2019 valuation was updated from 3.87% to 3.50%, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of June 30, 2019.

*Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate* – The following represents the City’s proportionate share of the net pension liability calculated as of September 30, 2019 using the discount rate of 3.50% as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage lower (2.50%) or one percentage point higher (4.50%) than the current rate:

As of September, 9/30/2019	Current Discount Rate 3.50%	1% Decrease \$ 179,676	Current Rate \$ 157,397	1% Increase \$ 138,840

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

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

*Payables to the HIS Plan* - At September 30, 2019 the City reported no payables outstanding for contributions to the HIS plan required for the fiscal year ended September 30, 2019.

The aggregate net pension liability, deferred inflows of resources related to pensions, deferred outflows of resources related to pensions, and pension expense for the City as of September 30, 2019 are as follows:

	FRS	HIS	Total
Deferred outflows of resources related to pensions	\$ 143,435	\$ 107,914	\$ 251,349
Net pension liability	225,397	157,397	382,794
Deferred inflows of resources related to pensions	68,827	26,835	95,662
Pension expense	56,001	23,139	79,140

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the defined benefit pension plan. The City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members. Effective July 1, 2012, allocations to the investment member's accounts, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30% and Senior Management Service class 7.67%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years.

If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over the account. For the fiscal year ended September 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan or remain in the Investment Plan and rely upon the account balance for retirement income.

The Investment Plan pension expense for the City totaled \$ - for the fiscal year ended September 30, 2019.

*Payables to the Investment Plan* – As of September 30, 2019, the City reported no payables outstanding for contributions to the Investment Plan.

**NOTE E - LONG-TERM OBLIGATIONS**

Long-term debt of the City is as follows:

**Governmental Activities**

A capital-related loan with semiannual payments of \$9,982, including interest of 3.92% and maturing in October 2028. The City has agreed to appropriate in its annual budget legally available non-ad valorem revenues received by the City.	\$ 154,147
A capital-related loan with semiannual payments of \$9,146, including interest of 3.522% and maturing in October 2029. The City has agreed to appropriate in its annual budget legally available non-ad valorem revenues received by the City.	155,173
A capital-related loan with semiannual payments of \$10,726, including interest of 4.75% and maturing in October 2027. The City has agreed to appropriate in its annual budget legally available non-ad valorem revenues received by the City.	71,882
A loan used to finance the purchase of a new City vehicle, including interest of 6.873% and maturing in November 2022. The loan is secured by the vehicle that was purchased with the loan financing and requires an annual payment of \$15,540.	40,712
A loan used to finance the purchase of a new City vehicle, including interest of 5.775% and maturing in January 2023. The loan is secured by the vehicle and was purchased with the loan financing and requires an annual payment of \$5,510.	19,121
<b>Total Governmental Activities Long Term Debt</b>	<u>\$ 441,035</u>

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE E - LONG-TERM OBLIGATIONS - CONTINUED**

**Business-type Activities**

State Revolving Fund Loan

Loan, due in semiannual payments of \$24,491; including interest at 1.29%, maturing in June 2029; collateralized by net revenues from the sanitation and sewer systems. \$ 442,258

Water Revenue Bonds (1989 Series)

Net revenues from the operation of the municipal water system of the City are pledged as collateral for the 1989 Water Revenue Bonds. The purpose of the issue was to provide financing for a portion of the cost of acquiring and constructing extensions and improvements to the City's municipal water system. The bond was issued as a single bond under a negotiated sale to the U.S. Department of Agriculture, Rural Development. The bonds are due in installments through September 2028 with interest at 5%. 126,000

**Total Business-Type Activities Long Term Debt** \$ 568,258

All the City's long-term debt arose through direct borrowings or direct placements.

Aggregate maturities of long-term debt are as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 39,490	\$ 11,413	\$ 51,345	\$ 14,937
2021	64,527	16,231	53,155	14,127
2022	67,720	13,038	54,982	12,750
2023	55,541	9,676	55,825	11,307
2024	34,789	7,434	57,685	9,797
2025-2029	167,713	18,364	295,266	114,162
2030-2034	11,255	157	-	-
<b>Total</b>	<u>\$ 441,035</u>	<u>\$ 76,313</u>	<u>\$ 568,258</u>	<u>\$ 177,080</u>



**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

**NOTE E - LONG-TERM OBLIGATIONS – CONTINUED**

The long-term debt obligations all allow for the lenders to take whatever legal actions necessary to collect the amounts due in the event of default. The following debt obligations have additional remedies in the event of defaults as follows:

- The note holder of the three capital-related loans in the governmental activities may declare the outstanding principal on the notes, and all accrued interest thereon, due and payable immediately.
- Vehicle purchase agreements – The lessor/lender typically has the right to declare the unpaid principal components of the remaining payment to be due and payable upon default and in some cases, can forcibly repossess the asset securing the purchase.
- State Revolving Funds (SRF) Loan – The lender, subject to the rights of superior liens on the pledged revenues, may request a court to appoint a receiver to manage the City’s utility systems, intercept the delinquent amount from any unobligated funds due to the City under any revenue or tax sharing fund established by the State of Florida, impose a penalty in the amount not to exceed a rate of 18 percent per annum on the amount due, notify financial market credit rating agencies and potential creditors and may accelerate the repayment schedule or increase the interest rate on the unpaid principal of the loan to as 1.667 times the loan interest rate.
- Water Revenue Bonds (1989 Series) – The lender may declare the entire outstanding principal amount and accrued interest immediately due and payable, incur and pay reasonable expenses for repair, maintenance and operation of the utility systems and such other reasonable expenses as may be necessary to cure the cause of default or take possession and repair, maintain, rent or operate the utility systems.

The following is a summary of changes in long-term obligations for the year ended September 30, 2019:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>					
Compensated absences	\$ 8,191	\$ 4,485	\$ (1,649)	\$ 11,027	\$ -
Net pension liability	134,616	248,178	-	382,794	-
Long-term debt	491,776	24,632	(75,373)	441,035	39,490
Total long-term obligations	<u>\$ 634,583</u>	<u>\$ 277,295</u>	<u>\$ (77,022)</u>	834,856	<u>\$ 39,490</u>
Less amounts due in one year				(39,490)	
Net long-term obligations in excess of one year				<u>\$ 795,366</u>	
<b><u>Business-type Activities:</u></b>					
Long-term debt	\$ 619,007	\$ -	\$ (50,749)	\$ 568,258	\$ 51,345
Total long-term obligations	<u>\$ 619,007</u>	<u>\$ -</u>	<u>\$ (50,749)</u>	568,258	<u>\$ 51,345</u>
Less amounts due in one year				(51,345)	
Net long-term obligations in excess of one year				<u>\$ 516,913</u>	

**CITY OF WEBSTER, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019**

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**NOTE F - PLEDGED REVENUES**

The City has pledged future water, sewer and sanitation customer revenues, net of specified operating expenses. The following table provides a summary of the pledged revenues for the City's outstanding debt issues.

<u>Pledged Revenue</u>	<u>Revenue Pledged Through</u>	<u>Total Principal and Interest Outstanding</u>	<u>Current Year Principal and Interest Paid</u>	<u>Current Year Net Revenue</u>	<u>Percentage of Net Revenues to Principal and Interest Paid</u>
Water, sewer and sanitation revenue	12/1/2046	\$ 745,338	\$ 68,301	\$ 369,746	541%

**NOTE G - RISK MANAGEMENT**

The City is exposed to various risks of loss related to general liability, workers' compensation, public liability, law enforcement liability, property damage, and errors and omissions. To manage its risks, the City participates in the Florida League of Cities Florida Municipal Insurance Trust (the "Fund"), a public entity risk pool currently operating as a common risk management and insurance program for member cities. The City pays an annual premium to the Fund for its coverage. The premiums are designed to fund the liability risks assumed by the Fund and are based on certain actual exposures of each member. There were no significant reductions in insurance coverages from the prior year and settlements have not exceeded coverage in any of the past three years.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF WEBSTER, FLORIDA**  
**SCHEDULE OF THE CITY OF WEBSTER, FLORIDA'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**Florida Retirement System Pension Plan**  
**Last Ten Fiscal Years\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.00065449%	0.00028980%	0.00048803%	0.00087570%	0.000793930%
City's proportionate share of the net pension liability (asset)	\$ 225,397	\$ 87,290	\$ 144,355	\$ 221,114	\$ 102,547
City's covered payroll	\$ 470,542	\$ 146,084	\$ 172,590	\$ 190,241	\$ 205,794
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	47.90%	59.75%	83.64%	109.13%	51.14%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%
	<u>2014</u>				
City's proportion of the net pension liability (asset)	0.000730061%				
City's proportionate share of the net pension liability (asset)	\$ 44,544				
City's covered payroll	\$ 184,583				
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	22.18%				
Plan fiduciary net position as a percentage of the total pension liability	96.09%				

The amounts presented for each fiscal year were determined as of June 30th.

\*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**CITY OF WEBSTER, FLORIDA**  
**SCHEDULE OF THE CITY OF WEBSTER, FLORIDA'S CONTRIBUTIONS**  
**Florida Retirement System Pension Plan**  
**Last Ten Fiscal Years\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 20,294	\$ 8,259	\$ 12,705	\$ 21,355	\$ 19,357
Contributions in relation to the contractually required contribution	<u>(20,294)</u>	<u>(8,259)</u>	<u>(12,705)</u>	<u>(21,355)</u>	<u>(19,357)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The City of Webster, Florida's covered payroll	\$470,542	\$146,084	\$ 172,590	\$ 190,241	\$ 205,794
Contributions as a percentage of covered payroll	4.31%	5.65%	7.36%	11.23%	9.65%
	<u><b>2014</b></u>				
Contractually required contribution	\$ 15,991				
Contributions in relation to the contractually required contribution	<u>(15,991)</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
The City of Webster, Florida's covered payroll	\$184,583				
Contributions as a percentage of covered payroll	7.96%				

The amounts presented for each fiscal year were determined as of June 30th.

\*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**CITY OF WEBSTER, FLORIDA**  
**SCHEDULE OF THE CITY OF WEBSTER, FLORIDA'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**Florida Retirement System Health Insurance Subsidy**  
**Last Ten Fiscal Years \***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.001406709%	0.000447145%	0.000541261%	0.000616171%	0.00067822%
City's proportionate share of the net pension liability (asset)	\$ 157,397	\$ 47,326	\$ 57,874	\$ 71,812	\$ 69,168
City's covered payroll	\$ 470,542	\$ 146,084	\$ 172,590	\$ 190,241	\$ 205,794
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.45%	32.40%	33.53%	37.75%	33.61%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%
	<u>2014</u>				
City's proportion of the net pension liability (asset)	0.000646528%				
City's proportionate share of the net pension liability (asset)	\$ 60,452				
City's covered payroll	\$ 184,583				
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	32.75%				
Plan fiduciary net position as a percentage of the total pension liability	0.99%				

The amounts presented for each fiscal year were determined as of June 30th.

\*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**CITY OF WEBSTER, FLORIDA**  
**SCHEDULE OF THE CITY OF WEBSTER, FLORIDA'S CONTRIBUTIONS**  
**Florida Retirement System Health Insurance Subsidy**  
**Last Ten Fiscal Years\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 7,811	\$ 2,425	\$ 2,865	\$ 3,158	\$ 2,593
Contributions in relation to the contractually required contribution	<u>(7,811)</u>	<u>(2,425)</u>	<u>(2,865)</u>	<u>(3,158)</u>	<u>(2,593)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Webster, Florida's covered payroll	\$470,542	\$146,084	\$172,590	\$190,241	\$205,794
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.26%
	<u><b>2014</b></u>				
Contractually required contribution	\$ 2,215				
Contributions in relation to the contractually required contribution	<u>(2,215)</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
City of Webster, Florida's covered payroll	\$184,583				
Contributions as a percentage of covered payroll	1.20%				

The amounts presented for each fiscal year were determined as of June 30th.

\*This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.



**CITY OF WEBSTER, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 403,804	\$ 425,439	\$ 425,439	\$ -
Permits, fees and special assessments	10,000	900	900	-
Intergovernmental	112,448	195,535	195,535	-
Charges for services	35,270	32,089	32,089	-
Fines and forfeitures	3,750	2,831	2,831	-
Miscellaneous	9,275	20,528	20,528	-
<b>Total revenues</b>	<b>574,547</b>	<b>677,322</b>	<b>677,322</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current:				
General government	328,346	402,443	402,443	-
Public safety	185,192	142,203	142,203	-
Transportation	29,750	21,539	21,539	-
Culture and recreation	232,301	181,123	181,123	-
Capital outlay	16,855	49,535	49,535	-
Debt service	93,460	110,330	110,330	-
<b>Total expenditures</b>	<b>885,904</b>	<b>907,173</b>	<b>907,173</b>	<b>-</b>
Excess of revenues over (under) expenditures	(311,357)	(229,851)	(229,851)	-
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Issuance of long term debt	-	24,632	24,632	-
Insurance recoveries	-	50,716	50,716	-
Operating transfers in (out)	311,357	340,888	340,888	-
<b>Total other financing sources and (uses)</b>	<b>311,357</b>	<b>416,236</b>	<b>416,236</b>	<b>-</b>
Net change in fund balance	-	186,385	186,385	-
FUND BALANCES, beginning of year	235,754	235,754	235,754	-
<b>FUND BALANCES, end of year</b>	<b>\$ 235,754</b>	<b>\$ 422,139</b>	<b>\$ 422,139</b>	<b>\$ -</b>

## **OTHER REPORTS**



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 Webster, 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 City of Webster, 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 March 19, 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, detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph 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 have not been identified. We consider the deficiencies described in the accompany schedule of findings as items 2018-001, 2015-001, 2015-002 and 2015-007 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

Tampa, Florida  
March 19, 2020

A handwritten signature in cursive script that reads "Bruce, Gardner & Company, P.A." The signature is written in black ink and is positioned to the right of the date and location text.



RIVERO, GORDIMER & COMPANY, P.A.

Member  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

Herman V. Lazzara	Stephen G. Douglas
Marc D. Sasser	Michael E. Helton
Sam A. Lazzara	Christopher F. Terrigino
Kevin R. Bass	James K. O'Connor
Jonathan E. Stein	David M. Bohnsack
Richard B. Gordimer, of Counsel	
Cesar J. Rivero, in Memoriam (1942-2017)	

**INDEPENDENT ACCOUNTANTS' REPORT ON  
COMPLIANCE WITH THE REQUIREMENTS OF  
SECTION 218.415, FLORIDA STATUTES**

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

**Report on Compliance**

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

**Scope**

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and, accordingly, included examining, on a test basis, evidence about City of Webster, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on City of Webster, Florida's compliance with specified requirements.

**Opinion**

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

Tampa, Florida  
March 19, 2020





MANAGEMENT LETTER BASED ON RULE 10.554 OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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

**Report on the Financial Statements**

We have audited the financial statements of the City of Webster, Florida (the "City"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 19, 2020.

**Auditor's Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on Compliance with the Requirements of Section 218.415, Florida Statutes on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 19, 2020, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The following findings were not fully corrected during the year ended September 30, 2019: 2018-001, 2015-001, 2015-002, 2015-007.

**Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report 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



identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

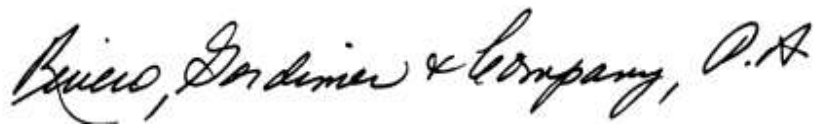
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Additional Matters**

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

### **Purpose of this Letter**

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

A handwritten signature in cursive script that reads "Buco, Gordon & Company, P.A." The signature is written in black ink and is positioned to the right of the date and location text.

Tampa, Florida  
March 19, 2020

City of Webster

SCHEDULE OF FINDINGS

For the year ended September 30, 2019

**Material Weaknesses**

**2018-001: Utility Billing Review**

**Criteria:**

Adequate internal controls, including segregation of duties, are required to be designed and implemented to provide reasonable assurance that the monthly utility bills are accurate and that adjustments are properly approved.

**Condition:**

Based upon audit procedures in fiscal year 2018, it was noted that an independent review of utility billing adjustments was not consistently taking place and that the monthly utility billing registers were not being adequately reviewed prior to printing of the utility bills.

During the fiscal year 2019 audit, it was noted that adequate procedures were implemented. The procedures, which include review by the City Manager, did not begin to occur until August 2019.

**Cause:**

Improperly designed or ineffective operation of internal controls due to size of staff.

**Effect:**

The internal control deficiencies noted above could result in errors or irregularities that may occur which would not be prevented or detected and corrected on a timely basis.

**Continuing Reoccurrence: Yes**

**Recommendation:**

Management should monitor the customer account adjustments monthly and review adjustments prior to being input. Adjustments should be posted by someone independent of the cash receipt process. Utility billing registers should be adequately reviewed prior to the generation of utility bills to prevent or detect and correct on a timely basis.

**Management Response:**

Management has taken the Auditors' recommendation under advisement and in August 2019, implemented additional policies and procedures. See Managements' Corrective Action plan.



City of Webster

SCHEDULE OF FINDINGS – CONTINUED

For the year ended September 30, 2019

**2015-001: Segregation of Duties**

**(Reported in previous audit reports as items 2014-001, 2013-001 and 12-1.)**

**Criteria:**

Good internal controls are required to provide reasonable assurance that transactions are complete and accurately recorded.

**Condition:**

Because of a limited number of available accounting personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional error or irregularities could exist and not be promptly detected.

We noted the following areas where improvement should be focused:

- Cash handling – Receipt, custody, and deposit are maintained by one individual.
- Payroll – Overall documentation of preparer, reviewer/approver should be maintained in writing or electronically.
- Cash disbursements – we noted no formal written documentation of approval of invoices to be paid/paid. The invoices are submitted with each check. The approval is considered implied if the check is signed by two check signers.

During the fiscal year 2019 audit, it was noted that updated procedures were implemented. These included dual control of cash, review of payroll records, and review of disbursements. Additionally, the City increased the role of the outsourced accountant. The changes in internal control did not occur until August 2019.

**Cause:**

Budget constraints prevent the hiring of additional administrative personnel, whose employment would allow for a segregation of duties.

**Effect:**

Failure to properly segregate duties among recording, distribution, and reconciliation of accounts can increase the opportunity for fraud or error to occur and not be detected and corrected in a timely manner during the normal course of business.

**Continuing Reoccurrence: Yes**

City of Webster

SCHEDULE OF FINDINGS – CONTINUED

For the year ended September 30, 2019

**2015-001: Segregation of Duties – Continued**

**Recommendation:**

An effectively designed internal control framework provides a system of checks and balances. To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction. The City's accounting function should be closely monitored to help ensure that all transactions are adequately supported and accurately and timely recorded.

**Management Response:**

Management has taken the Auditors' recommendation under advisement and in August 2019, implemented additional policies and procedures. See Managements' Corrective Action plan.

City of Webster

SCHEDULE OF FINDINGS – CONTINUED

For the year ended September 30, 2019

**2015-002: Timely Reconciliations Along with Financial Close Processes**

**(Reported in previous audit reports as items 2014-002, 2013-002 and 12-2).**

**Criteria:**

Timely reconciliations are one of the major keys to making sure controls are effective at preventing or detecting and correcting any errors or misstatements, in a timely manner.

**Condition:**

During the previous audits of the City, and during the fiscal year 2019 audit, it was noted that timely reconciliations are not being prepared.

In August 2019, the City increased the services of the outsourced accountant to include services relating to cash account reconciliations, year end close, and financial statement preparation services. At the time the outsourced accountant was engaged, cash account reconciliations had not occurred for the fiscal year.

**Cause:**

Budget constraints prevent the hiring of additional administrative personnel, whose employment would allow for additional time to be spent on current day's tasks as well as reconciliations to be performed throughout the year on a timely basis.

**Effect:**

Failure to timely and consistently reconcile financial records allows for the possibility of undetected material and immaterial financial misstatements to occur due to either employee error or fraud.

**Continuing Reoccurrence:** Yes

**Recommendation**

We recommend that the City continue to consider and evaluate the costs and benefits of improving and strengthening internal controls relative to the reconciliation process and financial reporting process with focus set on more time an applied consistency.

**Management Response:**

Management has taken the Auditors' recommendation under advisement and in August 2019, implemented additional policies and procedures. See Managements' Corrective Action plan.

City of Webster

SCHEDULE OF FINDINGS – CONTINUED

For the year ended September 30, 2019

**2015-007: Utility Billing Rates**

**Criteria:**

Per City ordinances, the rates are set for the municipal services provided to the City residents. These ordinances are changed from time to time and are approved ahead of effective date. The utility billing software would need to be manually updated before the implementation date.

**Condition:**

Ordinance 2015-01 requires billing rates for water services to be updated annually in line with the consumer price index. The ordinance stated that the rates should be updated annually on October 1. We noted during the year ended September 30, 2019 the rates were not updated since inception of the ordinance.

**Cause:**

Management of the City did not update the billing rates due to no controls in place to ensure rates are updated.

**Effect:**

If billing rates are not updated, this could lead to a decline in the City's financial position.

**Continuing Reoccurrence: Yes**

**Recommendation:**

We recommend regular monitoring by the City Council of the compliance with local laws and rules. The result of not implementing the increased rates could significantly impact the City's financial position.

**Management Response:**

Management has taken the Auditors' recommendation under advisement and in August 2019, implemented additional policies and procedures. See Managements' Corrective Action plan.

# City of Webster

85 E. Central Avenue

Webster, FL 33597

(352) 793-2073



March 19, 2020

Rivero, Gordimer & Company, P.A.

Julie Davis, CPA

Tampa, Florida 172

Mrs. Davis, CPA:

This letter will serve as a response to your schedule of findings regarding the City of Webster's Fiscal Year 2019 Audit. Identified below is the course of actions completed and/or planned for future implementation to correct any potential weaknesses in the City's accounting and/or policies related to the financial matters of the City. However, I would like to note that many of the items identified in this report have already been addressed and/or corrected.

## **2018-001: Utility Billing review**

Management has already put processes in place to ensure monthly bills are accurate and that adjustments are properly approved by a supervisor. A process has been instituted whereby a utility bill report is reviewed by the City Clerk prior to the Assistant City Clerk mailing the bills out. This report is signed off on by the City Clerk and provided to the Assistant City Clerk as notification that the bills can be billed.

Management has also instituted a new process for account adjustments. For any required adjustment, the assistant city clerk will fill out an adjustment request form document the account, what adjustment is being request and why the adjustment is requested. This form then goes to the City Clerk for review, approval and adjustment. All adjustments that are made in the system, an information message is sent to the City Manager notifying them of the adjustment to the account.

## **2015-001: Segregation of Duties**

Cash Handling - Historically there have been limited office staff which have limited the segregation of financial duties. With the City's Charter Change in March 2016 the City now operates under a City Manager form of government. With this change, the City now has a City Manager, City Clerk, and a Clerk Assistant which has allowed for the financial duties to be segregated. However, due to the limited staff in the office there are times such as vacations, illness, etc. that there are not enough staff available to segregate the tasks. The City's current process is that the City Manager or City Clerk will count the cash drawer in the morning and validate the deposit. There is a log book in which the count of the cash drawer is recorded and signed and then is reviewed by a second person and initialed off on. At the end of the day the Clerk counts the cash drawer and records this in the log book. This is signed off on and a second person verifies and initials. The deposit is then prepared, and the deposit slip is filled out and placed in the deposit bag along with the money. The City Manager or City Clerk verifies the deposit, signs off on the deposit information and takes the deposit to the bank.

Payroll –The City has instituted a policy where changes are to be clearly indicated on the timesheet and initialed off on. The City Manager now signs off on all payroll processing.

Cash Disbursement –The City has implemented a policy that all invoices are to be signed off on indicated that they have been reviewed for approval. All purchases will have a Purchase orders created.


Updated Recommendation - The City Manager has provided access to the contracted accountant who will review records monthly and will inform the City Manager of any potential discrepancies.

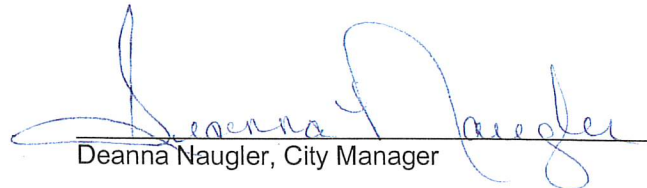
**2015-002: Financial Close Process**

The City's contracted accountant now performs the monthly bank reconciliations. Again, the accountant was given access to the City's financial software to review and identify any anomalies.

**2015-007: Utility Billing Rates**

The sewer rates have a step increase that is to occur October 1 of each year with the last increase occurring on October 2019. Management will review the consumer price index increases and determine the best approach for implementing these increases in future billings.

  
\_\_\_\_\_  
Bobby Yost, Mayor

  
\_\_\_\_\_  
Deanna Naugler, City Manager

3-20-2020  
\_\_\_\_\_  
Date

3-19-2020  
\_\_\_\_\_  
Date