

**City of Blountstown
Blountstown, Florida**

Financial Statements

For year ended September 30, 2020

City of Blountstown, Florida
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September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Blountstown
Blountstown, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blountstown, Florida as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Blountstown, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Honorable Mayor and City Council
City of Blountstown
Blountstown, Florida
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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, each major fund, and the aggregate remaining fund information of the City of Blountstown, Florida as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Blountstown, Florida's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Change in Accounting Principle

As described in Note 14 to the financial statements, in 2018, the City adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2021, on our consideration of the City of Blountstown, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Blountstown, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Blountstown, Florida's internal control over financial reporting and compliance.

Grimsley & Associates

June 11, 2021
Marianna, Florida

Grimsley & Associates, P.A.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Blountstown, Florida

Management's Discussion and Analysis

CITY OF BLOUNTSTOWN MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

The assets of the City of Blountstown exceeded its liabilities at September 30, 2020 by \$26,195,067 (net assets). Of this amount, \$5,676,305 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net assets decreased by \$672,243 or (2.50%).

As of September 30, 2020, the City of Blountstown governmental funds reported combined ending fund balances of \$2,009,697, a decrease of \$5,832,448 in comparison with the prior year. Approximately 98% of the fund balance, or \$1,977,457, is available for spending at the City's discretion (unreserved fund balance).

The decrease in governmental funds fund balance was primarily due to approximately \$6 million in short term debt paid off. The debt was used to pay for disaster clean up and repairs from Hurricane Michael. Once funding from FEMA and insurance was received, the City paid off short term debt.

The City of Blountstown had preliminary geo-testing done on the new potential site for the Blountstown Wastewater Effluent Discharge Project and it was favorable. The City had an appraisal done of the property and after negotiations, the property owner agreed to sell the City the needed acreage at the appraised value. In late 2020, the City ordered a survey of the property and received it back in early 2021. The City hopes the purchase of the property to be completed by the 2021 fiscal year end. The City continues to search for funding sources for this project.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The *Statement of Activities* presents information showing how the City's net assets changed during the 2020 fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is intended to summarize and simplify the user's analysis of cost of various governmental services. An increase or decrease in net assets is an indication of whether the City's financial health is improving or deteriorating.

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

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

City of Blountstown, Florida Management's Discussion and Analysis

FUND FINANCIAL STATEMENTS

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

STATEMENT OF NET POSITION

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities (governmental and business-type activities) by over \$26 million at the close of the fiscal year ended September 30, 2020.

This was a decrease of \$672,243 over prior year net position.

City of Blountstown, Florida

Management's Discussion and Analysis

STATEMENTS OF NET POSITION AS OF SEPTEMBER 30, 2020 AND 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 3,045,105	\$ 8,153,648	\$ 7,790,666	\$ 7,470,117	\$ 10,835,771	\$ 15,623,765
Non-current assets	5,886,955	5,858,022	14,657,089	15,120,787	20,544,044	20,978,809
Total assets	8,932,060	14,011,670	22,447,755	22,590,904	31,379,815	36,602,574
Deferred outflows of resources	848,875	708,782	576,613	473,507	1,425,488	1,182,289
Long-term liabilities	2,873,821	8,216,762	2,089,088	1,629,652	4,962,909	9,846,414
Other liabilities	1,035,407	301,899	465,582	524,781	1,500,989	826,680
Total liabilities	3,909,228	8,518,661	2,554,670	2,154,433	6,463,898	10,673,094
Deferred inflows of resources	78,473	146,554	67,865	97,905	146,338	244,459
Net position:						
Invested in Capital assets net of related debt	5,854,425	5,858,022	14,627,311	15,076,120	20,481,736	20,934,142
Restricted	37,026	38,856	-	-	37,026	38,856
Unrestricted	(98,217)	158,359	5,774,522	5,735,953	5,676,305	5,894,312
Total net position	\$ 5,793,234	\$ 6,055,237	\$ 20,401,833	\$ 20,812,073	\$ 26,195,067	\$ 26,867,310

A total of \$37,026 of the City's net assets are subject to external restrictions on how they may be used. The balance of unrestricted net assets \$5,676,305 may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2020, the City is able to report positive balances in all categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

City of Blountstown, Florida Management's Discussion and Analysis

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
Charges for service	\$ 324,441	\$ 310,724	\$ 6,042,068	\$ 5,798,328	\$ 6,366,509	\$ 6,109,052
Grants and contributions	377,021	10,627,911	228,181	1,243,057	605,202	11,870,968
Property taxes	84,720	94,607	-	-	84,720	94,607
Intergovernmental	168,947	181,414	-	-	168,947	181,414
Other taxes	467,505	472,047	-	-	467,505	472,047
Investment earnings	7,170	13,861	52,081	74,898	59,251	88,759
Miscellaneous	121,536	207,753	52,075	(573,911)	173,611	(366,158)
Transfers	1,841,847	1,306,929	(1,841,847)	(1,306,929)	-	-
Total Revenues	\$ 3,393,187	\$ 13,215,246	\$ 4,532,558	\$ 5,235,443	\$ 7,925,745	\$ 18,450,689
EXPENSES						
General government	\$ 428,485	\$ 10,881,188	\$ -	\$ -	\$ 428,485	\$ 10,881,188
Public safety	1,967,282	1,781,680	-	-	1,967,282	1,781,680
Highways and streets	1,051,850	620,297	-	-	1,051,850	620,297
Culture and recreation	64,872	62,418	-	-	64,872	62,418
Business-type activities	-	-	4,942,798	5,430,501	4,942,798	5,430,501
Interest on long-term debt	142,701	101,920	-	-	142,701	101,920
Total Expenses	\$ 3,655,190	\$ 13,447,503	\$ 4,942,798	\$ 5,430,501	\$ 8,597,988	\$ 18,878,004
Net Increase (decrease)	\$ (262,003)	\$ (232,257)	\$ (410,240)	\$ (195,058)	\$ (672,243)	\$ (427,315)
Net position, beginning	\$ 6,055,237	\$ 6,287,494	\$ 20,812,073	\$ 21,007,131	\$ 26,867,310	\$ 27,294,625
Net position, ending	\$ 5,793,234	\$ 6,055,237	\$ 20,401,833	\$ 20,812,073	\$ 26,195,067	\$ 26,867,310

City of Blountstown, Florida Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

GOVERNMENTAL FUNDS

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

As of the end of fiscal year 2020, the City's governmental funds reported combined ending fund balances of \$2,009,697. Of this amount, *unreserved fund balance* is \$1,977,457, which is available for spending (depending on fund restrictions) at the City's discretion.

General Fund Unrestricted/Undesignated Fund Balance. The unrestricted/undesignated fund balances of the Board's General Fund (the general operating fund of the City) has decreased significantly in the current year. This decrease is due to paying off a Line of Credit the City acquired to assist in paying for hurricane related expenses that was repaid as FEMA reimbursements were received.

Budget Variances in General Fund. Some budget variances occurred in General Fund during the 2020 fiscal year due to budgeted capital projects being postponed and un-received grant funds.

MAJOR FUNDS

GOVERNMENTAL FUNDS

The General Fund is reported as major governmental funds.

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

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

PROPRIETARY FUNDS

There are five proprietary (business-type) funds:

Electric Department
Natural Gas Department
Water Department
Sewer Department
Sanitation Department

City of Blountstown, Florida Management's Discussion and Analysis

LONG-TERM DEBT

As of September 30, 2020, the City of Blountstown had various long-term debt in both the General Fund and the Proprietary Funds.

The City has a lease purchase agreement with IBM Credit for a new Operating System Server at City Hall.

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

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

CAPITAL ASSETS

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

Approximately sixty-five percent (65%) of the City's net assets reflects its investment in capital assets (e.g., land, buildings, improvements, and vehicles and equipment, net of related debt). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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

- Repairs to the Electric Distribution System - \$98,632
- Purchas of 2 new Police Vehicles - \$58,283

City of Blountstown, Florida Management's Discussion and Analysis

SIGNIFICANT ECONOMIC FACTORS

TAXABLE VALUE OF PROPERTY AND MILLAGE RATES

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

NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when adopting the 2020/2021 budget. The City was able to maintain the same utility rates for its customers in 2020/2021. This coupled with rising costs has made it necessary to balance budgets using reserves from prior years and continue to provide the level of service to customers as provided in the past. The City negotiated a new electric supply contract with Southern Power, which began May 2017 and expires in April 2022. Each year the City will review rates to determine if they need to be raised in order to offset the rising costs of electricity.

REQUESTS FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

City of Blountstown, Florida

Statement of Net Position

September 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,424,360	\$ 2,649,997	\$ 5,074,357
Investments	234,582	2,067,872	2,302,454
Accounts receivable, net	40,223	798,395	838,618
Accrued interest receivable	3,330	29,345	32,675
Interfund balances	(1,107,538)	1,107,538	-
Due from other governments	1,413,122	756,327	2,169,449
Inventory	-	164,176	164,176
Restricted cash and cash equivalents	37,026	202,709	239,735
Other assets	-	14,307	14,307
Capital assets			
Nondepreciable	1,731,763	301,880	2,033,643
Depreciable, net	4,155,192	14,355,209	18,510,401
Total assets	8,932,060	22,447,755	31,379,815
Deferred outflows of resources			
Deferred outflows related to OPEB	23,395	25,144	48,539
Deferred outflows related to pension	825,480	551,469	1,376,949
Total deferred outflows of resources	848,875	576,613	1,425,488
Liabilities			
Accounts payable	251,322	231,489	482,811
Accrued expenses	34,085	31,584	65,669
Accrued interest payable	-	-	-
Unearned revenues	750,000	-	750,000
Customer deposits	-	202,509	202,509
Long-term liabilities			
Due within one year			
Capital lease	12,805	-	12,805
Note payable	-	14,889	14,889
Accrued compensated absences	19,665	22,964	42,629
Due in more than one year			
Capital lease	19,725	-	19,725
Note payable	-	14,889	14,889
Pension liability	2,463,049	1,645,456	4,108,505
Accrued compensated absences	58,996	68,894	127,890
Other post-employment benefit obligation	299,581	321,996	621,577
Total liabilities	3,909,228	2,554,670	6,463,898
Deferred inflows of resources			
Deferred inflows related to OPEB	37,969	40,808	78,777
Deferred inflows related to pension	40,504	27,057	67,561
Total deferred inflows of resources	78,473	67,865	146,338
Net position			
Invested in capital assets, net of related debt	5,854,425	14,627,311	20,481,736
Restricted for			
Law enforcement	17,574	-	17,574
Scholarship fund	16,561	-	16,561
Historic preservation	2,891	-	2,891
Unrestricted	(98,217)	5,774,522	5,676,305
Total net position	\$ 5,793,234	\$ 20,401,833	\$ 26,195,067

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

City of Blountstown, Florida
Statement of Activities

For the year ended September 30, 2020

Net (Expenses) Revenues and Changes in Net Position								
		Program Revenues			Primary Government			
		Charges for	Operating	Capital	Governmental	Business-type	Total	
Functions / Programs	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Activities		
Primary government								
Governmental activities								
General government	\$ 428,485	\$ 154,175	\$ -	\$ -	\$ (274,310)	\$ -	\$ (274,310)	
Public safety	1,967,282	156,453	45,784	203,561	(1,561,484)	-	(1,561,484)	
Highways and streets	1,051,850	13,813	127,676	-	(910,361)	-	(910,361)	
Culture and recreation	64,872	-	-	-	(64,872)	-	(64,872)	
Interest on long-term debt	142,701	-	-	-	(142,701)	-	(142,701)	
Total governmental activities	3,655,190	324,441	173,460	203,561	(2,953,728)	-	(2,953,728)	
Business-type activities								
Electric	2,303,297	4,054,716	60,375	-	-	1,811,794	1,811,794	
Water	697,031	622,123	3,062	-	-	(71,846)	(71,846)	
Sewer	959,229	736,230	41,500	121,761	-	(59,738)	(59,738)	
Natural Gas	438,786	308,394	-	-	-	(130,392)	(130,392)	
Sanitation	543,596	318,205	1,483	-	-	(223,908)	(223,908)	
Cemetery	859	2,400	-	-	-	1,541	1,541	
Total business-type activities	4,942,798	6,042,068	106,420	121,761	-	1,327,451	1,327,451	
Total primary government	\$ 8,597,988	\$ 6,366,509	\$ 279,880	\$ 325,322	(2,953,728)	1,327,451	(1,626,277)	
General revenues								
Taxes:								
Franchise and public service taxes					636,452	-	636,452	
Property taxes, levied for general purposes					84,720	-	84,720	
Miscellaneous					121,536	52,075	173,611	
Interest earnings					7,170	52,081	59,251	
Transfers					1,841,847	(1,841,847)	-	
Total general revenues, interest and transfers					2,691,725	(1,737,691)	954,034	
Change in net position					(262,003)	(410,240)	(672,243)	
Net Position, beginning					6,055,237	20,812,073	26,867,310	
Net position - ending					\$ 5,793,234	\$ 20,401,833	\$	26,195,067

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

City of Blountstown, Florida
Balance Sheet
Governmental Fund

September 30, 2020

	General
Assets	
Cash and cash equivalents	\$ 2,424,359
Investments	234,582
Accounts receivable, net	40,223
Interest receivable	3,330
Due from other funds	305,257
Due from other governments	1,413,122
Restricted cash and cash equivalents	37,026
Total assets	\$ 4,457,899
Liabilities	
Accounts payable	\$ 251,322
Accrued expenses	34,085
Due to other funds	1,412,795
Unearned revenues	750,000
Total liabilities	2,448,202
Fund balances	
Restricted for scholarship fund	10,475
Restricted for law enforcement	18,874
Restricted for historic preservation	2,891
Unassigned, reported in general fund	1,977,457
Total fund balances	2,009,697
Total liabilities and fund balances	\$ 4,457,899
Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balances - governmental funds	\$ 2,009,697
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,886,955
Long-term liabilities, including notes payable and compensated absences and pension liabilities and are not due and payable in current period, and therefore, are not reported in the funds.	(2,873,820)
Deferred outflows and inflows of resources related pensions are applicable to future periods and therefore, are not reported in the funds.	
Deferred outflows of resources - pensions	848,875
Deferred inflows of resources - pensions	(78,473)
Net position of governmental activities	\$ 5,793,234

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

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

For the year ended September 30, 2020

	General
Revenues	
Property taxes, levied for general purposes	\$ 84,720
Other taxes	467,505
Intergovernmental	324,977
Licenses and permits	39,555
Fines and forfeitures	4,647
Grants and contributions	377,021
Interest	7,170
Other fees and miscellaneous	1,079,819
Total revenues	2,385,414
Expenditures	
Current	
General government	1,150,340
Public safety	1,552,452
Highways and streets	768,280
Culture and recreation	22,520
Capital outlay	
General government	47,039
Public safety	310,533
Highways and streets	26,542
Culture and recreation	67,102
Debt service	
Principal	6,010,710
Interest and other charges	143,090
Total expenditures	10,098,608
Excess of expenditures over revenues	(7,713,194)
Other financing sources (uses)	
Transfers in	2,122,069
Transfers out	(280,222)
Net other financing sources (uses)	1,880,747
Net change in fund balance	(5,832,447)
Fund balance - beginning	7,842,144
Fund balance - ending	\$ 2,009,697

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

City of Blountstown, Florida

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

For the year ended September 30, 2020

Amounts reported for governmental activities in the statement of activities (page 6) are different because:

Net change in fund balance - total governmental fund	\$ (5,832,447)
Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the statement of net position	435,771
Depreciation expense on governmental capital assets is included in the governmental activities in the statement of activities.	(406,838)
Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net position.	6,010,710
Collection of long-term notes receivable is reported as revenue in governmental funds but as a reduction of long term notes receivable in the statement of net position.	(9,604)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses include:	
Pension	(531,706)
Other post-employment benefits	(87,591)
Compensated absences	(9,572)
Government funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense	
Deferred outflow of resources - pensions	140,093
Deferred inflow of resources - pensions	68,081
Change in net position of governmental activities (page 6)	\$ (262,003)

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

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

For the year ended September 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues				
Property taxes, levied for general purposes	\$ 83,750	\$ 83,750	\$ 84,720	\$ 970
Other taxes	454,006	454,006	467,505	13,499
Intergovernmental	183,189	183,189	324,977	141,788
Licenses and permits	11,200	11,200	39,555	28,355
Fines and forfeitures	7,000	7,000	4,647	(2,353)
Grants and contributions	1,000	785,238	377,021	(408,217)
Interest	5,000	5,000	7,170	2,170
Other fees and miscellaneous	211,357	1,060,127	1,079,819	19,692
Reserves	360,111	5,646,226	-	(5,646,226)
Total revenues	1,316,613	8,235,736	2,385,414	(5,850,322)
Expenditures				
Current				
General government	611,384	1,615,493	1,150,340	465,153
Public safety	1,480,228	1,549,128	1,552,452	(3,324)
Highways and streets	647,595	717,517	768,280	(50,763)
Culture and recreation	61,813	70,713	22,520	48,193
Capital outlay	-	162,196	451,216	(289,020)
Debt service				
Principal	-	6,001,436	6,010,710	(9,274)
Interest and other charges	-	-	143,090	(143,090)
Total expenditures	2,801,020	10,116,483	10,098,608	17,875
Excess of revenues over (under) expenditures	(1,484,407)	(1,880,747)	(7,713,194)	(5,832,447)
Other financing sources (uses)				
Transfers in	1,764,629	2,122,069	2,122,069	-
Transfers out	(280,222)	(280,222)	(280,222)	-
Debt proceeds	-	38,900	38,900	-
Total other financing sources (uses)	1,484,407	1,880,747	1,880,747	-
Net change in fund balances	-	-	(5,832,447)	(5,832,447)
Fund balances - beginning	7,842,144	7,842,144	7,842,144	-
Fund balances - ending	\$ 7,842,144	\$ 7,842,144	\$ 2,009,697	\$ (5,832,447)

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

City of Blountstown, Florida
Statement of Net Position
Proprietary Fund

September 30, 2020

	Business-type Activities / Enterprise Funds					
	Electric	Water	Sewer	Sanitation	Non-major Funds	Total
Assets						
Current assets						
Cash and cash equivalents	\$ 886,541	\$ 486,402	\$ 617,732	\$ 352,488	\$ 306,834	\$ 2,649,997
Investments	182,341	723,511	1,153,412	-	8,608	2,067,872
Accounts receivable, net	554,350	85,647	90,320	39,696	28,382	798,395
Accrued interest receivable	2,591	10,266	16,367	-	121	29,345
Due from other funds	506,907	387,900	884,625	22,840	1,347	1,803,619
Due from other governments	493,335	6,115	224,061	32,706	110	756,327
Prepays	-	0	-	-	-	-
Inventory	142,746	7,935	9,774	-	3,721	164,176
Total current assets	2,768,811	1,707,776	2,996,291	447,730	349,123	8,269,731
Noncurrent assets						
Restricted cash and cash equivalents	192,090	6,964	-	200	3,455	202,709
Other assets	-	-	-	-	14,307	14,307
Capital assets						
Nondepreciable	-	6,989	279,891	-	15,000	301,880
Depreciable, net	2,027,018	2,859,941	9,183,662	158,106	126,482	14,355,209
Total noncurrent assets	2,219,108	2,873,894	9,463,553	158,306	159,244	14,874,105
Total assets	4,987,919	4,581,670	12,459,844	606,036	508,367	23,143,836
Deferred outflows of resources						
Deferred outflows related to OPEB	7,217	5,473	5,247	4,126	3,081	25,144
Deferred outflows related to pension	132,188	126,679	123,926	88,814	79,862	551,469
Total deferred outflows of resources	139,405	132,152	129,173	92,940	82,943	576,613
Liabilities						
Current liabilities						
Accounts payable	140,898	13,563	28,015	32,248	16,763	231,487
Accrued expenses	8,672	6,952	6,624	5,583	3,753	31,584
Due to other funds	0	542,850	150,376	0	2,857	696,083
Compensated absences payable	4,909	5,805	5,805	4,055	2,390	22,964
Notes payable - current	-	14,889	-	-	-	14,889
Liabilities payable from restricted assets	-	-	-	-	-	-
Customer deposits	192,090	6,964	-	-	3,455	202,509
Total current liabilities	346,569	591,023	190,820	41,886	29,218	1,199,516
Noncurrent liabilities						
Accrued compensated absences	14,727	17,416	17,416	12,166	7,169	68,894
Notes payable	-	14,889	-	-	-	14,889
Other post-employment benefits	92,420	70,090	67,196	52,835	39,455	321,996
Pension liability	394,417	377,983	369,765	264,998	238,293	1,645,456
Total noncurrent liabilities	501,564	480,378	454,377	329,999	284,917	2,051,235
Total liabilities	848,133	1,071,401	645,197	371,885	314,135	3,250,751
Deferred inflows of resources						
Deferred inflows related to OPEB	11,713	8,883	8,516	6,696	5,000	40,808
Deferred inflows related to pension	6,486	6,215	6,080	4,357	3,919	27,057
Total deferred inflows of resources	18,199	15,098	14,596	11,053	8,919	67,865
Net position						
Invested in capital assets, net of related debt	2,027,018	2,837,152	9,463,553	158,106	141,482	14,627,311
Unrestricted	2,233,974	790,171	2,465,671	157,932	126,774	5,774,522
Total net position	\$ 4,260,992	\$ 3,627,323	\$ 11,929,224	\$ 316,038	\$ 268,256	\$ 20,401,833

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

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

For the year ended September 30, 2020

	Business-type Activities / Enterprise Funds					
	Electric	Water	Sewer	Sanitation	Non-major Funds	Total
Operating revenues						
Charges for services	\$ 4,054,716	\$ 622,123	\$ 736,230	\$ 318,205	\$ 310,794	\$ 6,042,068
Total operating revenues	4,054,716	622,123	736,230	318,205	310,794	6,042,068
Operating expenses						
Personal services	487,170	407,555	393,507	305,071	221,932	1,815,235
Purchased energy	1,499,783	-	-	-	161,834	1,661,617
Services and supplies	109,336	15,556	31,927	132,855	11,802	301,476
Heat, light and power	17,435	21,207	45,641	-	731	85,014
Insurance	8,703	8,314	24,754	-	5,169	46,940
Repairs and maintenance	21,296	10,910	-	13,527	752	46,485
Other operating expenses	10,143	68,233	72,405	49,491	22,473	222,745
Depreciation / amortization	149,431	165,256	390,995	42,652	14,952	763,286
Total operating expenses	2,303,297	697,031	959,229	543,596	439,645	4,942,798
Net operating income (loss)	1,751,419	(74,908)	(222,999)	(225,391)	(128,851)	1,099,270
Nonoperating revenues (expenses)						
Interest income	12,939	16,574	21,569	356	643	52,081
Miscellaneous revenue	100,037	3,062	52,825	1,483	1,088	158,495
Net nonoperating revenues (expenses)	112,976	19,636	74,394	1,839	1,731	210,576
Income (loss) before contributions and transfers	1,864,395	(55,272)	(148,605)	(223,552)	(127,120)	1,309,846
Capital contributions	-	-	121,761	-	-	121,761
Transfers, net	(1,873,969)	(66,519)	(181,581)	205,266	74,956	(1,841,847)
Change in net position	(9,574)	(121,791)	(208,425)	(18,286)	(52,164)	(410,240)
Net position - beginning	4,270,566	3,749,114	12,137,649	334,324	320,420	20,812,073
Net position - ending	\$ 4,260,992	\$ 3,627,323	\$ 11,929,224	\$ 316,038	\$ 268,256	\$ 20,401,833

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

City of Blountstown, Florida
Statement of Cash Flows
Proprietary Funds

For the year ended September 30, 2020

	Business-type Activities / Enterprise Funds					Total
	Electric	Water	Sewer	Sanitation	Non-major Funds	
Operating activities						
Receipts from customers and users	\$ 4,659,046	\$ 637,303	\$ 777,094	\$ 317,521	\$ 308,268	\$ 6,699,232
Payments to suppliers	(1,731,128)	(186,682)	(118,321)	(187,526)	(193,428)	(2,417,085)
Payments to employees	(394,734)	(326,234)	(314,289)	(251,309)	(174,542)	(1,461,108)
Net cash provided by (used for) operating activities	2,533,184	124,387	344,484	(121,314)	(59,702)	2,821,039
Noncapital financing activities						
Other receipts (payments)	100,037	3,062	52,825	1,486	1,088	158,498
Transfers to/from other funds	(1,873,969)	(66,519)	(181,581)	205,266	74,956	(1,841,847)
Net cash provided by (used for) noncapital financing activities	(1,773,932)	(63,457)	(128,756)	206,752	76,044	(1,683,349)
Capital and related financing activities						
Capital contributions	(101,366)	-	121,761	-	-	20,395
Purchase of capital assets	-	(3,287)	(170,202)	(19,675)	(5,058)	(198,222)
Proceeds from sale of fixed assets	-	-	-	-	-	-
Principal paid on debt	-	(14,889)	-	-	-	(14,889)
Net cash provided by (used for) capital and related financing activities	(101,366)	(18,176)	(48,441)	(19,675)	(5,058)	(192,716)
Investing activities						
Purchase of investments	(11,806)	(17,296)	(20,406)	-	(204)	(49,712)
Interest received	13,496	20,907	24,800	356	681	60,240
Net cash provided by (used for) investing activities	1,690	3,611	4,394	356	477	10,528
Net increase (decrease) in cash and cash equivalents	659,576	46,365	171,681	66,119	11,761	955,502
Cash and cash equivalents - beginning	419,055	447,001	446,051	286,572	298,529	1,897,208
Cash and cash equivalents - ending	\$ 1,078,631	\$ 493,366	\$ 617,732	\$ 352,691	\$ 310,290	\$ 2,852,710
Classified as						
Current assets - cash and cash equivalents	\$ 886,541	\$ 486,402	\$ 617,732	\$ 352,491	\$ 306,835	\$ 2,650,001
Restricted assets - cash and cash equivalents	192,090	6,964	-	200	3,455	202,709
	\$ 1,078,631	\$ 493,366	\$ 617,732	\$ 352,691	\$ 310,290	\$ 2,852,710

(Continued)

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

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

For the year ended September 30, 2020

	Business-type Activities / Enterprise Funds					
	Electric	Water	Sewer	Sanitation	Non-major Funds	Total
Reconciliation of net operating income (loss) to net cash provided by (used for) operating activities						
Net operating income (loss)	\$ 1,751,419	\$ (74,908)	\$ (222,999)	\$ (225,391)	\$ (128,851)	\$ 1,099,270
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	149,431	165,256	390,995	42,652	14,952	763,286
(Increase) decrease in accounts receivable	67,752	1,791	(7,218)	(684)	(4,375)	57,266
(Increase) decrease in inventory	(3,474)	4,575	(2,449)	-	772	(576)
(Increase) decrease in due from other funds	-	(54,136)	-	-	-	(54,136)
(Increase) decrease in other assets	579,624	13,724	48,082	-	1,947	643,377
Increase (decrease) in accounts payable and accrued expenses	52,248	68,527	86,893	62,109	56,723	326,500
Increase (decrease) in due to other funds	(20,770)	(107)	51,180	-	-	30,303
Increase (decrease) in customer deposits	(43,046)	(335)	-	-	(870)	(44,251)
 Net cash provided by (used for) operating activities	 \$ 2,533,184	 \$ 124,387	 \$ 344,484	 \$ (121,314)	 \$ (59,702)	 \$ 2,821,039

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - REPORTING ENTITY

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

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

The principal criteria for classifying a potential component unit include the legal separateness of the organization, the financial accountability of the primary government for the potential component unit resulting from either the primary government's ability to impose its will on the potential component unit, or the potential component unit's fiscal dependency on the primary government. In applying the above criteria, the Blountstown Community Redevelopment Agency (the Agency) is considered a component unit and is blended in the financial statements of the City. The agency was established by City Resolution 90-4. There was no financial activity for the entity for 2020.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Commencing in the reporting year ended September 30, 2004, the City implemented GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Significant City accounting policies are described below.

Government-wide and Fund Financial Statements

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements, *continued*

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

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

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

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

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

Sanitation Fund - Accounts for costs to provide residential and commercial sanitation services.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, *continued*

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

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

Enterprise Activities

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Budgets and Budgetary Accounting

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Investments

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

Receivables

Customer accounts receivable are recorded in the enterprise funds at their net realizable value, reduced by an allowance for uncollectible accounts, where applicable. The allowance at September 30, 2020 was \$8,000.

Due From (To) Other Funds

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

Inventories

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

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

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

Compensated Absences

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences, *continued*

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

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mills for general operations. The City's millage rate for the year ended September 30, 2020, was 1.5 mills.

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

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

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

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

Fund Balance Reporting and Governmental Fund-Type Definitions

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Use of Restricted Assets

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

Encumbrances

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

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

In May 2020, the GASB issued Statement No. 95 (GASB 95), *Postponement of the Effective Date of Certain Authoritative Guidance*. GASB 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. GASB 95 had no impact on the City's financial statements.

Recently Issued But Not Yet Effective

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

Statement No.	GASB Accounting Standard	GASB Effective Fiscal Year
84	<i>Fiduciary Activities</i>	2021
87	<i>Leases</i>	2022
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2022
90	<i>Majority Equity Interest an amendment of GASB Statements No. 14 and No. 61</i>	2022
91	<i>Conduit Debt Obligations</i>	2023
92	<i>Omnibus 2020</i>	2023
93	<i>Replacement of Interbank Offered Rates</i>	2022
94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	2024
96	<i>Subscription-Based Information Technology Arrangements</i>	2024
97	<i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans</i>	2023

NOTE 3 - CASH AND INVESTMENTS

At September 30, 2020, the carrying amount of the City's cash and cash equivalents and restricted cash was \$5,314,092 and the bank balance was \$5,384,629. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

The City invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool. At September 30, 2020, the net realizable value and the carrying value of these funds was \$31,432. The funds are carried as a cash equivalent on the balance sheet at September 30, 2020 (See Note 2 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

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

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

Credit Risk

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

As of September 30, 2020, the City's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAm.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2020, is 33 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2020, is 72 days.

Custodial Credit Risk

At September 30, 2020, the City did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk

At September 30, 2020, the City did not hold any investments that were considered to have concentration of credit risk.

Foreign Currency Risk

At September 30, 2020, the City did not hold any investments that were considered to have foreign currency risk.

Fair Value Measurement and Application

Governmental entities are required to record investments at fair value unless an exception applies and disclose the fair value measurement and hierarchy. Paragraph 69 of GASB 72 lists several investments that should be measured as described in GASB Statement 31 which includes investments in nonparticipating interest-earning investment contracts (certificates of deposit) and money market investments that have a maturity at the time of purchase of one year or less. At September 30, 2020, the City's investments consisted of non-negotiable certificates of deposits which are recorded at cost and are excluded from fair value measurement.

All City depositories are banks or savings institutions designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to ensure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All City cash consists of checking accounts and interest-bearing time deposits in a local bank.

For the purposes of the statement of cash flows, the City considers cash and cash equivalents to include cash and cash equivalents and restricted cash.

City of Blountstown, Florida
Notes to Financial Statements

NOTE 4 - RECEIVABLES

Receivables at September 30, 2020 consist primarily of charges to utility customers for water, sewer, gas, electric and sanitation services provided by the City. The City grants credit to customers, substantially all of whom are local residents.

	General Fund	Business-type Activities	Total
Utility charges-billed	\$ -	\$ 570,125	\$ 570,125
Utility charges-unbilled	-	236,199	236,199
Other	40,223	730	40,953
Less allowance for bad debts	-	(8,659)	(8,659)
Accounts receivable total	\$ 40,223	\$ 798,395	\$ 838,618

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers at September 30, 2020, consisted of the following:

TRANSFERS OUT	TRANSFERS IN			
	General	Natural Gas	Sanitation	TOTAL
General	\$ -	\$ 74,956	\$ 205,266	\$ 280,222
Electric	1,873,969	-	-	1,873,969
Water	66,519	-	-	66,519
Sewer	181,581	-	-	181,581
	\$ 2,122,069	\$ 74,956	\$ 205,266	\$ 2,402,291

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

City of Blountstown, Florida
Notes to Financial Statements

NOTE 5 - INTERFUND TRANSFERS (CONTINUED)

Balances due to/from other funds at September 30, 2020 are as follows:

	Interfund Receivables	Interfund Payables
General fund	\$ 305,257	\$ 1,412,795
Business-type funds		
Electric	506,907	(2)
Water	387,900	542,850
Sewer	884,625	150,376
Natural Gas	-	2,857
Sanitation	22,840	-
Cemetery	1,347	-
Total	\$ 2,108,876	\$ 2,108,876

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

City of Blountstown, Florida
Notes to Financial Statements

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,442,996	\$ -	\$ -	\$ 1,442,996
Construction in progress	33,620	255,147	-	288,767
Total capital assets, not being depreciated	1,476,616	255,147	-	1,731,763
Capital assets, being depreciated:				
Buildings	660,084	-	-	660,084
Machinery and equipment	7,290,486	180,624	(85,324)	7,385,786
Total capital assets, being depreciated	7,950,570	180,624	(85,324)	8,045,870
Less: accumulated depreciation for:				
Buildings	351,285	14,986	-	366,271
Machinery and equipment	3,217,879	391,852	(85,324)	3,524,407
Total accumulated depreciation	3,569,164	406,838	(85,324)	3,890,678
Total capital assets, being depreciated, net	4,381,406	(226,214)	-	4,155,192
Governmental activities capital assets, net	\$ 5,858,022	\$ 28,933	\$ -	\$ 5,886,955

Depreciation/amortization expense was charged to governmental activities of the primary government as follows:

Governmental activities	
General government	\$ 33,042
Public safety	111,400
Highways and streets	220,044
Culture and recreation	42,352
Total depreciation expense-governmental activities	\$ 406,838

City of Blountstown, Florida
Notes to Financial Statements

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 51,723	\$ -	\$ -	\$ 51,723
Construction in progress	127,896	122,261	-	250,157
Total capital assets, not being depreciated	179,619	122,261	-	301,880
Capital assets, being depreciated:				
Utility systems	23,302,453	98,634	(44,764)	23,356,323
Other property, plant and equipment	1,999,021	78,693	(9,725)	2,067,989
Total capital assets, being depreciated	25,301,474	177,327	(54,489)	25,424,312
Less: accumulated depreciation for:				
Utility systems	9,023,471	588,417	(44,764)	9,567,124
Other property, plant and equipment	1,336,835	174,869	(9,725)	1,501,979
Total accumulated depreciation	10,360,306	763,286	(54,489)	11,069,103
Total capital assets, being depreciated, net	14,941,168	(585,959)	-	14,355,209
Utility capital assets, net	\$ 15,120,787	\$ (463,698)	\$ -	\$ 14,657,089

Depreciation/amortization expense was charged to business-type activities of the primary government as follows:

Business-type activities	
Electric fund	\$ 149,431
Water fund	165,256
Sewer fund	390,995
Natural gas fund	14,093
Sanitation fund	42,652
Cemetery fund	859
Total depreciation expense-business-type activities	\$ 763,286

City of Blountstown, Florida
Notes to Financial Statements

NOTE 7 - LONG-TERM DEBT AND BONDS PAYABLE

Long-term debt activity for the year ended September 30, 2020, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 69,089	\$ 44,972	\$ 35,400	\$ 78,661	\$ 19,665
Notes/lease payable	6,004,340	38,900	6,010,710	32,530	12,805
	6,073,429	83,872	6,046,110	111,191	32,470
Business-type activities:					
Compensated absences	66,888	83,576	58,604	91,860	22,965
Notes payable	44,667	-	14,889	29,778	14,889
	111,555	83,576	73,493	121,638	37,854
Total	\$ 6,184,984	\$ 167,448	\$ 6,119,603	\$ 232,829	\$ 70,324

Debt service requirements on long-term debt at September 30, 2020 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES	
	NOTES PAYABLE	
	PRINCIPAL	INTEREST
2021	\$ 12,805	\$ 569
2022	13,080	294
2023	6,645	42
Total	\$ 32,530	\$ 905

FISCAL YEAR ENDING SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES	
	NOTES PAYABLE	
	PRINCIPAL	INTEREST
2021	\$ 14,889	\$ -
2022	14,890	-
Total	\$ 29,779	\$ -

City of Blountstown, Florida
Notes to Financial Statements

NOTE 7 - LONG-TERM DEBT AND BONDS PAYABLE (CONTINUED)

Governmental Activities

Note payable

Capital lease purchase - IBM Credit for \$38,900, payable in monthly installments of \$1,114 including interest at 2.13%, secured by computer server	\$ 32,530
<u>Total notes payable</u>	<u>\$ 32,530</u>

Business-Type Activities

Note payable

State of Florida, Department of Transportation, payable in annual installments of \$14,889, unsecured, non-interest bearing	\$ 29,779
<u>Total notes payable</u>	<u>29,779</u>
<u>Total business-type activities</u>	<u>\$ 29,779</u>

NOTE 8 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY

Defined Benefit Plans

The City participates in the Florida Retirement System (FRS), a cost-sharing, multiple-employer cost sharing defined benefit public retirement system administered by the State of Florida, Department of Management Services, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by contacting the State of Florida Division of Retirement, Tallahassee, Florida 32399-1560, or by accessing their internet site at (www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports).

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

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

Benefits Provided

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

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

City of Blountstown, Florida
Notes to Financial Statements

NOTE 8 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer's contribution rates as of September 30, 2020, were as follows:

	FRS	HIS
Florida Retirement System:		
Regular	8.34%	1.66%
Senior Management Service Class	25.63%	1.66%
Special Risk	22.79%	1.66%
DROP	15.32%	1.66%

The employer's contributions for the year ended September 30, 2020, were \$254,209 to the FRS and \$35,692 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2020, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2020. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net Pension Liability at June 30, 2020	\$ 3,338,174	\$ 770,331
Proportion at:		
Current measurement date	0.0069%	0.0055%
Prior measurement date	0.0066%	0.0052%
Pension expense (benefit)	\$ 338,263	\$ 43,389

City of Blountstown, Florida
Notes to Financial Statements

NOTE 8 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 127,759	\$ -	\$ 31,511	\$ (594)
Changes of assumptions	604,316	-	82,832	(44,792)
Net difference between projected and actual earnings on pension plan investments	198,758	-	615	-
employer contributions	176,052	(15,322)	84,162	(6,856)
City contributions subsequent to the measurement date	62,557	-	8,382	-
Total	\$ 1,169,442	\$ (15,322)	\$ 207,502	\$ (52,242)

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

Fiscal Year Ending June 30,	FRS		HIS	
2021	\$ 209,955	\$	5,722	
2022	124,097		11,474	
203	42,112		14,810	
Thereafter	3,098		14,880	
Total	\$ 379,262	\$	46,886	

NOTE 8 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2020. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2020. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2020, rolled-forward using standard actuarial procedures. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

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

For both plans, the actuarial assumptions used in the valuation dated July 1, 2020 were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2020:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.9% to 6.8%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.5% to 2.21%.

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

City of Blountstown, Florida
Notes to Financial Statements

NOTE 8 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100.00%			

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.8%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

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

	FRS Net Pension Liability		
	Current		
	1% Decrease (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)
Governmental Employer's proportionate share of the net pension liability	\$ 3,195,637	\$ 2,001,235	\$ 1,003,666
Business-Type Employer's proportionate share of the net pension liability	\$ 2,134,866	\$ 1,336,939	\$ 670,506

City of Blountstown, Florida
Notes to Financial Statements

NOTE 8 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (Continued)

Sensitivity Analysis (Continued)

	HIS Net Pension Liability		
	Current		
	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Governmental Employer's proportionate share of the net pension liability	\$ 533,836	\$ 461,813	\$ 402,863
Business-Type Employer's proportionate share of the net pension liability	\$ 356,632	\$ 308,518	\$ 269,136

Pension Plans' Fiduciary Net Position

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

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2020, totaled \$32,322.

NOTE 9 - RISK MANAGEMENT

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

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

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

NOTE 10 - GRANTS

The City participates in several state and federal grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for, or including, the year ended September 30, 2020, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the City's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined, although the City expects such amounts, if any, to be immaterial.

NOTE 11 - FUND BALANCE

Reserved Fund Balance

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. Spendable fund balances are classified based on a hierarchy of the City's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2020, the City reports net assets as restricted, assigned and unassigned. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the City's intent to use the resources for a specific purpose. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

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

Fund	Purpose	Amount
General Fund	Police education	\$ 17,574
General Fund	Scholarship fund	16,561
General Fund	Historic preservation	2,891
Total restricted fund balance		\$ 37,026

NOTE 12 - COMMITMENTS AND CONTINGENCIES

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

NOTE 13 - MAJOR SUPPLIER

Florida Gas Utilities (FGU) acts as the agent for the City on all natural gas purchases. Purchases totaled \$161,834 for the year ended September 30, 2020. The City has placed a deposit totaling \$14,307 with FGU to satisfy the credit requirements of the supplier.

All electricity sold by the City was purchased from Florida Power & Light. Purchases totaled \$1,499,783 for the year ended September 30, 2020.

NOTE 14 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

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

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

Eligibility for participation in the Plan is limited to full-time employees of the City. For all employees participating in the Florida Retirement System, participants are eligible for normal retirement upon attaining the earlier of 1) age 62 or 2) 30 year of service regardless of age. See note 8 for further details

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

Membership – At September 30, 2020, there were no terminated employees entitled to benefits by not yet receiving them. The membership of the Plan consisted of:

Active employees	44
Retirees and beneficiaries currently receiving benefits	-
Total Membership	44
<hr/>	
Participating employers	1

City of Blountstown, Florida
Notes to Financial Statements

NOTE 14 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

Contributions and Funding Policy - A qualifying trust or agency fund has not been authorized by the City. The City negotiates the premium rates with Capital Health Plan. The required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs. The City did not have any retiree. The chart below shows the cost of the monthly retiree premiums as of the valuation date:

Coverage	Capital Health 10/01/2019- 12/31/2019	Capital Health 01/01/2020- 09/30/2020
Retiree	\$ 572.67	\$ 639.83
Retiree & Spouse	\$ 1,202.61	\$ 1,343.64
Retiree & Children	\$ 1,002.17	\$ 1,119.70
Family	\$ 1,718.01	\$ 1,919.49

Net OPEB Liability - At September 30, 2020, the City reported a liability of \$621,575 for the net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and was determined by an actuarial valuation as of October 1, 2019. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation date. For the year ended September 30, 2020, the City recognized OPEB expense of \$99,917. At September 30, 2020, the City reported no deferred outflows of resources or deferred inflows of resources related to OPEB. The following shows the changes in the City's net OPEB liability:

	OPEB Liability	Deferred Inflows	Deferred Outflows	OPEB Expense
Balance at October 1, 2019	\$ 523,898	\$ 69,252	\$ 41,254	\$ -
Service Cost	90,384	-	-	90,384
Interest Cost	13,142	-	-	13,142
Changes in Benefit Terms	-	-	-	-
Differences between Expected and Actual Experience with Regard to Economic or Demographic Assumptions	(17,946)	17,946	-	-
Current Year Amortization of Experience Difference	-	(8,420)	-	(8,420)
Change in Assumptions About Future Economic or Demographic Factors or Other Inputs	12,456	-	12,496	-
Current Year Amortization of Change in Assumptions	-	-	(5,170)	5,170
Benefit Payments	(359)	-	-	(359)
Net Change	\$ 621,575	\$ 78,778	\$ 48,580	\$ 99,917

City of Blountstown, Florida
Notes to Financial Statements

NOTE 14 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

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

Cost of Living Increases:	Increase in accordance with the healthcare cost trend rates
Projected annual salaries increase	3.00% per annum
Healthcare cost trend rate	7.00% initial year reduced 0.5% each year until reaching ultimate trend rate of 5.00%
T Mortality	PUB-2010 Mortality Table for general and public safety employees, with full generational improvements in mortality using Scale MP-2018

Discount Rate – The discount rate used to measure the total OPEB liability was 2.14%. The discount rate is based on the return on the S&P Municipal Bond 20-year High Grade Index.

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

The following presents the City's proportionate share of the net OPEB liability using a discount rate that is 1 percent lower (1.14%) or 1 percent point higher (3.14%) than the current discount rate:

	1% Decrease (1.14%)	Current Discount Rate (2.14%)	1% increase (3.14%)
Net OPEB Liability	\$ 695,016	\$ 621,575	\$ 557,245

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

	1% Decrease (6.00% decreasing to 4.00%)	Current Discount Rate (7.00% decreasing to 5.00%)	1% increase (8.00% decreasing to 6.00%)
Net OPEB Liability	\$ 529,674	\$ 621,575	\$ 734,656

NOTE 15 – OPERATING LEASES

The City leased a garbage truck under operating lease terms for 2020. The rental expense under operating lease for the year ended September 30, 2020 was \$24,475. The lease ended and the City returned the truck. A new lease was entered in November 2020 for a new truck with rental expenses of \$3,223 per month for 36 months.

NOTE 16 –SUBSEQUENT EVENTS

The City was awarded a CDBG grant in the amount of \$700,000 from the Department of Economic Opportunity for the replacement of old waterlines, sewer hook ups and drainage improvements on various streets within the City. This project is expected to be completed Spring 2021.

In October 2018, the City sustained damages to property, equipment and infrastructure as a result of Hurricane Michael. The City has ongoing FEMA projects related to Hurricane Michael in excess of \$2.6 million. These projects are expecting completion in late 2023.

NOTE 17 – UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of the novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the ongoing operating activities and the future results of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain as of June 11, 2021.

COMBINING FINANCIAL STATEMENTS

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

September 30, 2020

	Business-type Activities / Enterprise Funds		
	Natural Gas	Cemetery	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 195,008	\$ 111,826	\$ 306,834
Investments	8,608	-	8,608
Accounts receivable, net	28,382	-	28,382
Accrued interest receivable	121	-	121
Due from other funds	-	1,347	1,347
Due from other governments	110	-	110
Inventory	3,721	-	3,721
Total current assets	235,950	113,173	349,123
Noncurrent assets			
Restricted cash and cash equivalents	3,455	-	3,455
Other assets	14,307	-	14,307
Capital assets			
Nondepreciable	-	15,000	15,000
Depreciable, net	126,137	345	126,482
Total noncurrent assets	143,899	15,345	159,244
Total assets	379,849	128,518	508,367
Deferred outflows of resources			
Deferred outflows related to OPEB	3,081	-	3,081
Deferred outflows related to pension	79,862	-	79,862
Total deferred outflows of resources	82,943	-	82,943
Liabilities			
Current liabilities			
Accounts payable	16,763	-	16,763
Accrued expenses	3,753	-	3,753
Due to other funds	2,857	-	2,857
Compensated absences payable	2,390	-	2,390
Customer deposits	3,455	-	3,455
Total current liabilities	29,218	-	29,218
Noncurrent liabilities			
Accrued compensated absences	7,169	-	7,169
Other post-employment obligations	39,455	-	39,455
Pension liability	238,293	-	238,293
Total noncurrent liabilities	284,917	-	284,917
Total liabilities	314,135	-	314,135
Deferred Inflows of resources			
Deferred inflows related to OPEB	5,000	-	5,000
Deferred inflows related to pension	3,919	-	3,919
Total deferred inflows of resources	8,919	-	8,919
Net position			
Invested in capital assets, net of related debt	126,137	15,345	141,482
Unrestricted	13,601	113,173	126,774
Total net position	\$ 139,738	\$ 128,518	\$ 268,256

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

For the year ended September 30, 2020

	Business-type Activities / Enterprise Funds		
	Natural Gas	Cemetery	Total
Operating revenues			
Charges for services	\$ 308,394	\$ 2,400	\$ 310,794
Total operating revenues	308,394	2,400	310,794
Operating expenses			
Personal services	221,932	-	221,932
Purchased energy	161,834	-	161,834
Services and supplies	11,802	-	11,802
Heat, light and power	731	-	731
Insurance	5,169	-	5,169
Repairs and maintenance	752	-	752
Other operating expenses	22,473	-	22,473
Depreciation	14,093	859	14,952
Total operating expenses	438,786	859	439,645
Net operating income (loss)	(130,392)	1,541	(128,851)
Nonoperating revenues (expenses)			
Gain on the disposition of equipment	-	-	-
Interest income	453	190	643
Miscellaneous revenue	1,088	-	1,088
Total nonoperating revenues (expenses)	1,541	190	1,731
Income (loss) before contributions and transfers	(128,851)	1,731	(127,120)
Transfers, net	74,956	-	74,956
Change in net position	(53,895)	1,731	(52,164)
Net position, beginning	193,633	126,787	320,420
Net position - ending	\$ 139,738	\$ 128,518	268,256

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

For the year ended September 30, 2020

	Business-type Activities / Enterprise Funds		
	Natural Gas	Cemetery	Total
Operating activities			
Receipts from customers and users	\$ 305,868	\$ 2,400	\$ 308,268
Payments to suppliers	(193,428)	-	(193,428)
Payments to employees	(174,542)	-	(174,542)
Other receipts (payments)	-	-	-
Net cash (used for) provided by operating activities	(62,102)	2,400	(59,702)
Noncapital financing activities			
Miscellaneous revenue and contributions	1,088	-	1,088
Transfers from other funds	74,956	-	74,956
Net cash provided by noncapital financing activities	76,044	-	76,044
Capital and related financing activities			
Purchase of capital assets	(5,058)	-	(5,058)
Proceeds from sale of fixed assets	-	-	-
Net cash provided by capital and related financing activities	(5,058)	-	(5,058)
Investing activities			
Purchase of investments	(204)	-	(204)
Interest received	491	190	681
Net cash provided by investing activities	287	190	477
Net (decrease) increase in cash and cash equivalents	9,171	2,590	11,761
Cash and cash equivalents - beginning	189,292	109,237	298,529
Cash and cash equivalents - ending	\$ 198,463	\$ 111,827	\$ 310,290
Classified as			
Current assets - cash and cash equivalents	\$ 195,008	\$ 111,827	\$ 306,835
Restricted assets - cash and cash equivalents	3,455	-	3,455
	\$ 198,463	\$ 111,827	\$ 310,290

(Continued)

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

For the year ended September 30, 2020

	Business-type Activities / Enterprise Funds		
	Natural Gas	Cemetery	Total
Reconciliation of net operating income (loss) to net cash provided by (used for) operating activities			
Net operating income (loss)	\$ (130,392)	\$ 1,541	\$ (128,851)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	14,093	859	14,952
(Increase) decrease in accounts receivable	(4,375)	-	(4,375)
(Increase) decrease in due from other governments	772	-	772
(Increase) decrease in other assets	1,947	-	1,947
Increase (decrease) in accounts payable and accrued expenses	56,723	-	56,723
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in customer deposits	(870)	-	(870)
Net cash provided by (used for) operating activities	\$ (62,102)	\$ 2,400	\$ (59,702)

Required Supplementary Information

City of Blountstown, Florida
Schedule of Proportional Share of Net Pension Liability
Florida Retirement System (Last 8 fiscal years)

	2020	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.0069%	0.0074%	0.0069%	0.0066%	0.0069%	0.0063%	0.0066%	0.0075%
City's proportionate share of the net pension liability (asset)	\$ 2,078,246	\$ 2,550,004	\$ 2,078,246	\$ 1,958,667	\$ 1,730,343	\$ 814,493	\$ 400,297	\$ 1,293,409
City's covered - employee payroll	\$ 1,793,156	\$ 1,947,907	\$ 1,793,156	\$ 1,724,556	\$ 1,684,229	\$ 1,667,828	\$ 1,642,014	\$ 1,652,709
City's proportionate share of the net pension liability (asset) as a percentage of its own covered - employee payroll	115.90%	130.91%	115.90%	113.58%	102.74%	48.84%	24.38%	78.26%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.26%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	N/A

Note: Data was unavailable prior to 2013

Notes to schedules:

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

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

City of Blountstown, Florida
Schedule of Contributions
Florida Retirement System (Last 8 fiscal years)

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 196,638	\$ 229,593	\$ 196,638	\$ 172,380	\$ 167,117	\$ 153,744	\$ 143,706	\$ 101,109
Contributions in relation to the contractually required contribution	(196,638)	(229,593)	(196,638)	(172,380)	(167,117)	(153,744)	(143,706)	(101,109)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,793,156	\$ 1,947,907	\$ 1,793,156	\$ 1,724,556	\$ 1,684,229	\$ 1,667,828	\$ 1,642,014	\$ 1,652,709
Contributions as a percentage of covered-employee payroll	10.97%	11.79%	10.97%	10.00%	9.92%	9.22%	8.75%	6.12%

Notes to schedules:

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

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

City of Blountstown, Florida
Schedule of Proportional Share of Net Pension Liability
Health Insurance Subsidy (Last 8 fiscal years)

	2020	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset)	0.5500%	0.0060%	0.5500%	0.0052%	0.0053%	0.0053%	0.0054%	0.0055%
City's proportionate share of the net pension liability (asset)	\$ 581,075	\$ 671,586	\$ 581,077	\$ 556,620	\$ 621,907	\$ 541,496	\$ 501,438	\$ 479,463
City's covered - employee payroll	\$ 1,793,156	\$ 1,947,907	\$ 1,793,156	\$ 1,724,556	\$ 1,684,229	\$ 1,667,828	\$ 1,642,014	\$ 1,652,709
City's proportionate share of the net pension liability (asset) as a percentage of its own covered - employee payroll	32.41%	34.48%	32.41%	32.28%	36.93%	32.47%	30.54%	29.01%
HIS Plan fiduciary net position as a percentage of the total pension liability	-197.85%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	N/A

Note: Data was unavailable prior to 2013

Notes to schedules:

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

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

City of Blountstown, Florida
Schedule of Contributions
Health Insurance Subsidy (Last 8 fiscal years)

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 29,773	\$ 33,330	\$ 29,773	\$ 27,550	\$ 27,351	\$ 20,297	\$ 18,371	\$ 18,040
Contributions in relation to the contractually required contribution	(29,773)	(33,330)	(29,773)	(27,550)	(27,351)	(20,297)	(18,371)	(18,040)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,793,156	\$ 1,947,907	\$ 1,793,156	\$ 1,724,556	\$ 1,684,229	\$ 1,667,828	\$ 1,642,014	\$ 1,652,709
Contributions as a percentage of covered-employee payroll	1.66%	1.71%	1.66%	1.60%	1.62%	1.22%	1.12%	1.09%

Notes to schedules:

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

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

City of Blountstown, Florida

Schedule of Changes in the Sponsor's Total OPEB Liability and Related Ratio

Reporting Period	9/30/2020
Measurement Period	9/30/2020

Total OPEB Liability

Service Cost	\$ 90,384
Interest	13,142
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(17,946)
Changes of Assumptions	12,456
Benefit Payments	(359)
Net Change in Total OPEB Liability	97,677
Total OPEB Liability - Beginning	523,898
Total OPEB Liability - Ending	\$ 621,575

Covered Employee Payroll *	\$ 1,696,260
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Sponsor's Total OPEB Liability as a percentage of Covered Employee Payroll	36.64%
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*FY 2020 covered Payroll, projected based on actual FY 2019 Covered Payroll

Notes to Schedule:

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

FY 2020	2.14%
FY 2019	3.58%

COMPLIANCE SECTION

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

OWEN W. GRIMSLEY, C.P.A.

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Mayor and City Council
City of Blountstown
Blountstown, Florida

Report on the Financial Statements

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

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Profession Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 11, 2021, 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. No such findings and recommendations were made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of this Letter

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

Grimsley & Associates

June 11, 2021
Marianna, Florida

Grimsley & Associates, P.A.
Certified Public Accountants

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

OWEN W. GRIMSLEY, C.P.A.

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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 City Council
City of Blountstown
Blountstown, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blountstown, Florida (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Blountstown's basic financial statements and have issued our report thereon dated June 11, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Grimsley & Associates

June 11, 2021
Marianna, Florida

Grimsley & Associates, P.A.
Certified Public Accountants

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

OWEN W. GRIMSLEY, C.P.A.

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and City Council
City of Blountstown
Blountstown, Florida

We have examined City of Blountstown, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management is responsible for City of Blountstown, Florida's compliance with those requirements. Our responsibility is to express an opinion on City of Blountstown, Florida's compliance based on our examination.

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

In our opinion, City of Blountstown, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

Grimsley & Associates

June 11, 2021
Marianna, Florida

Grimsley & Associates, P.A.
Certified Public Accountants