

**CITY OF BUNNELL, FLORIDA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

CITY COMMISSION

*Catherine D. Robinson, Mayor
John R. Rogers, Vice Mayor
Bill Baxley
Donnie Nobles
Tonya Gordon*

CITY MANAGER

Dr. Alvin B. Jackson, Jr.

FINANCE DIRECTOR

Shanea Stankiewicz

Prepared by:
City of Bunnell Finance Department

**CITY OF BUNNELL, FLORIDA
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SEPTEMBER 30, 2020**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Commission, and City Manager,
City of Bunnell, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Bunnell, 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's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the general and community redevelopment agency funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

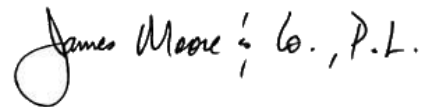
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
March 1, 2021

City of Bunnell, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2020

As management of the City of Bunnell, we offer readers of the City of Bunnell's financial statements this narrative overview and analysis of the financial activities of the City of Bunnell for the fiscal year ended September 30, 2020.

Financial Highlights

- The assets and deferred outflows of the City of Bunnell exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$22,348,901 (net position). Of this amount, \$3,913,289 may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Bunnell's governmental funds reported combined ending fund balances of \$2,227,942, an increase of \$105,904. The unassigned General Fund balance available for spending at the City's discretion is \$1,858,181.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Bunnell's basic financial statements. The City of Bunnell's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, licenses and permits, 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, public works, parks and recreation, human services and community development. The business-type activities of the City include water, sewer and solid waste services.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bunnell, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

City of Bunnell, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2020

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Bunnell maintains four major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the CRA Fund and the Debt Service Fund.

The City of Bunnell adopts annual appropriated budgets for the General Fund and CRA fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds – The City of Bunnell maintains three proprietary funds. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Bunnell uses enterprise funds to account for its water, sewer and solid waste activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information of the water, sewer, and solid waste activities, all of which are considered to be major funds of the City of Bunnell.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Bunnell's schedule of proportionate share of net pension liability for the Florida Retirement System (FRS), the schedule of contributions to FRS, and the schedule of changes in total other post-employment benefits (OPEB) liability and related ratios.

Government-Wide Financial Analysis – As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City of Bunnell, net position at the close of the most recent fiscal year is \$22,348,901.

The largest portion of the City of Bunnell's net position \$15,754,006 (70.5%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, equipment); less any related debt used to acquire those assets that is still outstanding. The City of Bunnell uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bunnell's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Bunnell, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2020

A portion of the City's net position, \$2,681,606 (12.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$3,913,289 (17.5%) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City can report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities, except in the governmental activities unrestricted net position. The (\$212,998) of unrestricted net position is primarily due to the \$447,287 increase in net pension liability and related deferred inflows and outflows.

Total net position increased by \$2,356,428 primarily due to the acquisition of capital/completion of capital improvements as well as the accumulation of water and sewer impact fees which are restricted and needed to fund future year Master Plan capital projects.

CITY OF BUNNELL'S NET POSITION
September 30,

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 2,945,756	\$ 2,449,737	\$ 8,029,166	\$ 7,298,271	\$ 10,974,922	\$ 9,748,008
Capital Assets	3,836,671	3,619,828	18,063,824	16,731,610	21,900,495	20,351,438
Total Assets	6,782,427	6,069,565	26,092,990	24,029,881	32,875,417	30,099,446
Total Deferred Outflows	1,532,125	1,373,002	353,566	351,553	1,885,691	1,724,555
Long-term Liabilities	4,399,999	3,712,003	6,202,718	6,418,330	10,602,717	10,130,333
Other Liabilities	541,955	394,397	905,833	831,967	1,447,788	1,226,364
Total Liabilities	4,941,954	4,106,400	7,108,551	7,250,297	12,050,505	11,356,697
Total Deferred Inflows	290,997	377,410	70,705	97,421	361,702	474,831
Net Investment in Capital Assets	3,290,967	3,023,555	12,463,039	10,770,656	15,754,006	13,794,211
Restricted	3,632	3,631	2,677,974	2,089,611	2,681,606	2,093,242
Unrestricted	(212,998)	(68,429)	4,126,287	4,173,449	3,913,289	4,105,020
Total Net Position	\$ 3,081,601	\$ 2,958,757	\$ 19,267,300	\$ 17,033,716	\$ 22,348,901	\$ 19,992,473

Fiscal year 2020 governmental activities increased the City's net position by \$122,844, to \$3,081,601. Revenues increased by \$536,515 compared to fiscal year 2019, primarily because of a \$150,351 increase in property taxes related to new development and a \$317,246 increase in operating grants and contributions which are the result of CARES Act federal assistance to reimburse costs associated with the COVID-19 pandemic. The governmental activities expenses for public safety increased by \$380,920 due to addition of an officer and a detective position along with increased pension expense. Public works saw a significant reduction in expenses after reporting a significant loss on disposal of fixed assets in the prior year. Overall, expenses were decreased by \$327,922.

Business-Type Activities increased by \$2,233,584. Capital grants and contributions increased by \$900,684 for grants from the St. Johns Water Management District for system improvements and developer contributed fixed assets for infrastructure in Grand Reserve Phases 1-A and 1-B. Business-Type Expenses remained similar to prior year expenses.

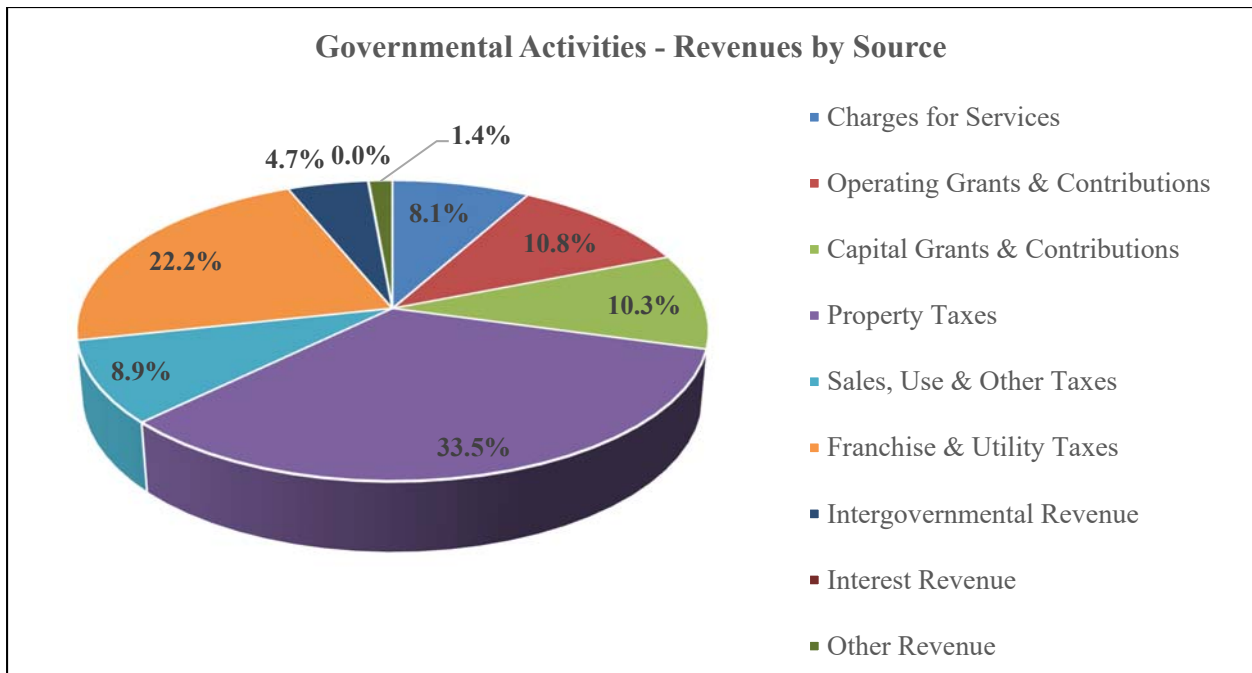
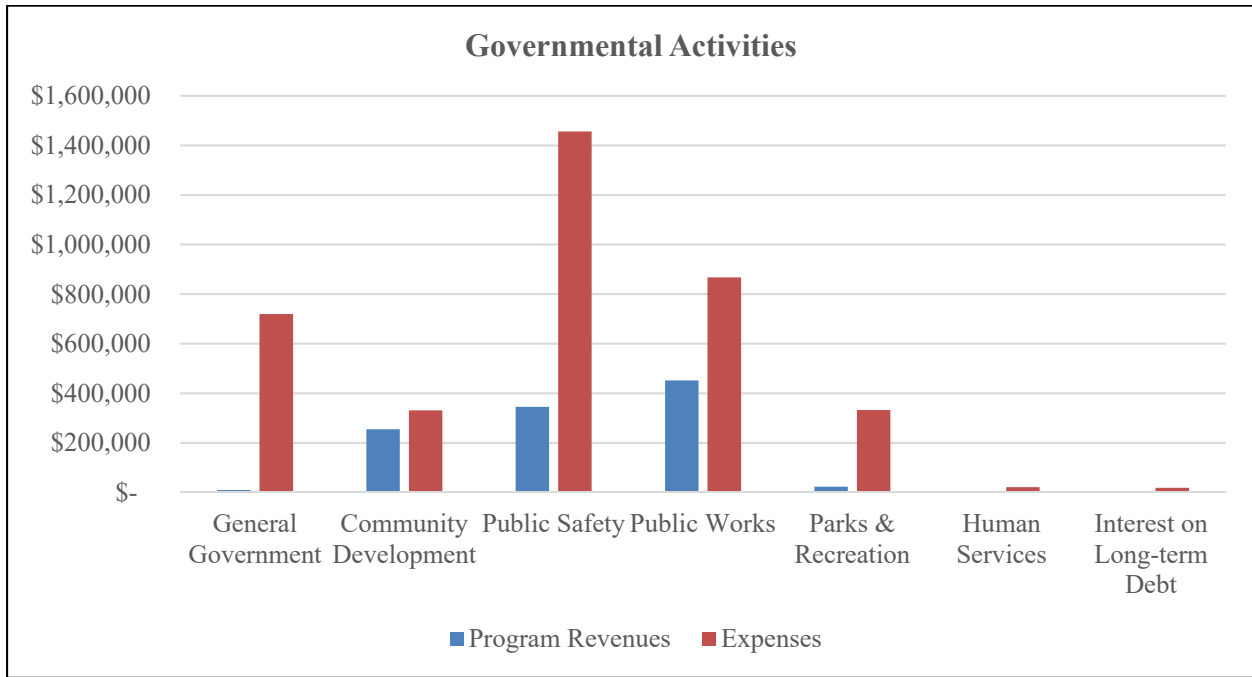
City of Bunnell, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2020

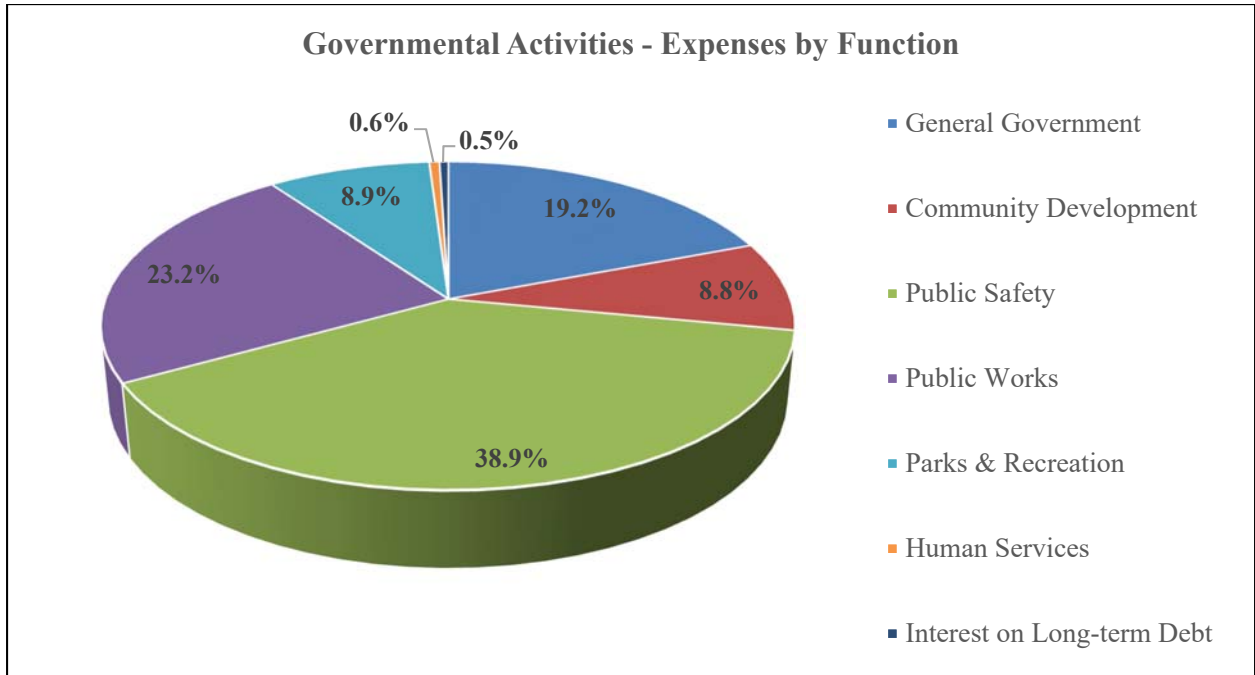
CITY OF BUNNELL'S CHANGE IN NET POSITION
September 30,

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 300,967	\$ 325,402	\$ 3,856,882	\$ 3,708,661	\$ 4,157,849	\$ 4,034,063
Operating Grants & Contributions	401,251	84,005	3,347	24,634	404,598	108,639
Capital Grants & Contributions	381,417	320,476	2,315,973	1,415,289	2,697,390	1,735,765
General Revenues:						
Property Taxes	1,237,240	1,086,889	-	-	1,237,240	1,086,889
Sales & Use Taxes	327,538	311,533	-	-	327,538	311,533
Franchise & Utility Taxes	820,826	807,266	-	-	820,826	807,266
Intergovernmental Revenue	175,654	179,164	-	-	175,654	179,164
Interest Revenue	1,629	3,658	14,009	25,740	15,638	29,398
Other	51,672	43,286	90,319	100,732	141,991	144,018
Total Revenues	<u>3,698,194</u>	<u>3,161,679</u>	<u>6,280,530</u>	<u>5,275,056</u>	<u>9,978,724</u>	<u>8,436,735</u>
Expenses:						
General Government	719,579	604,827	-	-	719,579	604,827
Community Development	330,612	515,601	-	-	330,612	515,601
Public Safety	1,455,806	1,074,886	-	-	1,455,806	1,074,886
Public Works	867,367	1,519,379	-	-	867,367	1,519,379
Parks & Recreation	332,184	337,885	-	-	332,184	337,885
Human Services	20,993	-	-	-	20,993	-
Interest on Long-term Debt	18,180	20,065	-	-	18,180	20,065
Water	-	-	1,475,552	1,475,855	1,475,552	3,130,874
Sewer	-	-	1,703,797	1,655,019	1,703,797	1,655,019
Solid Waste	-	-	698,226	667,344	698,226	667,344
Total Expenses	<u>3,744,721</u>	<u>4,072,643</u>	<u>3,877,575</u>	<u>3,798,218</u>	<u>7,622,296</u>	<u>7,870,861</u>
Increase (Decrease) in Net Position Before Transfers	(46,527)	(910,964)	2,402,955	1,476,838	2,356,428	565,874
Transfers In (Out)	169,371	165,480	(169,371)	(165,480)	-	-
Increase (Decrease) in Net Position	122,844	(745,484)	2,233,584	1,311,358	2,356,428	565,874
Net Position, Beginning (as restated)	2,958,757	3,704,241	17,033,716	15,722,358	19,992,473	19,426,599
Net Position, Ending	<u>\$ 3,081,601</u>	<u>\$ 2,958,757</u>	<u>\$ 19,267,300</u>	<u>\$ 17,033,716</u>	<u>\$ 22,348,901</u>	<u>\$ 19,992,473</u>

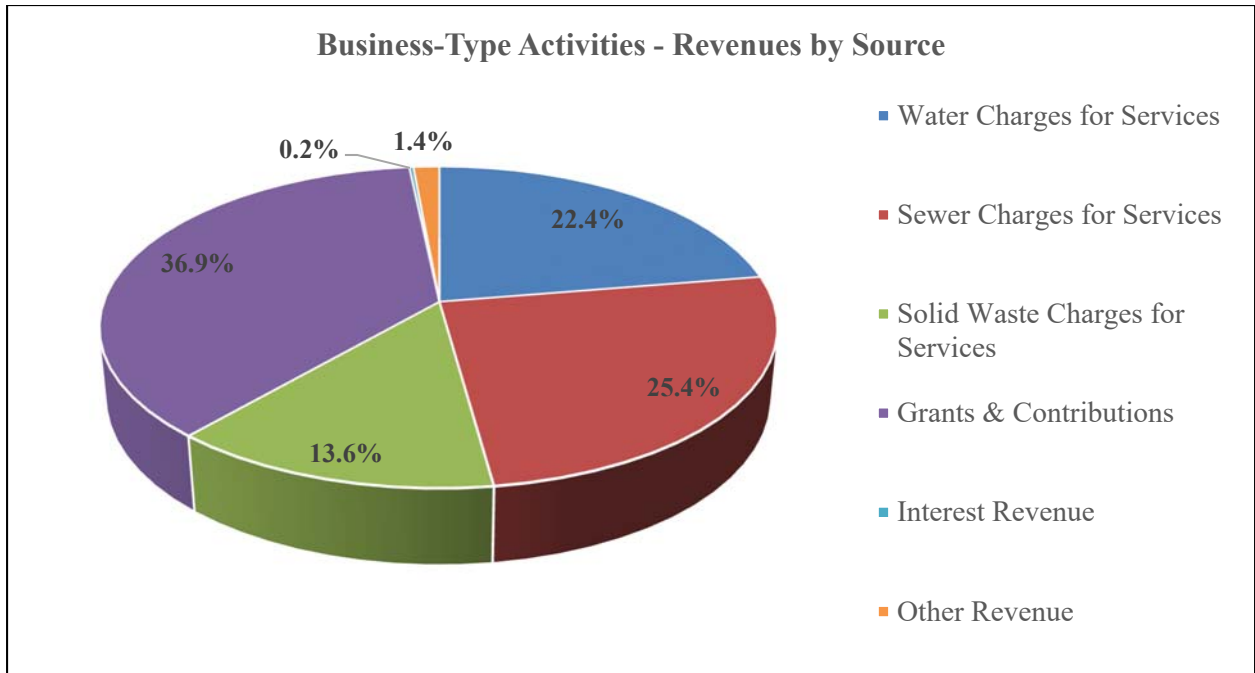
City of Bunnell, Florida
 Management's Discussion and Analysis
 For the Year Ended September 30, 2020

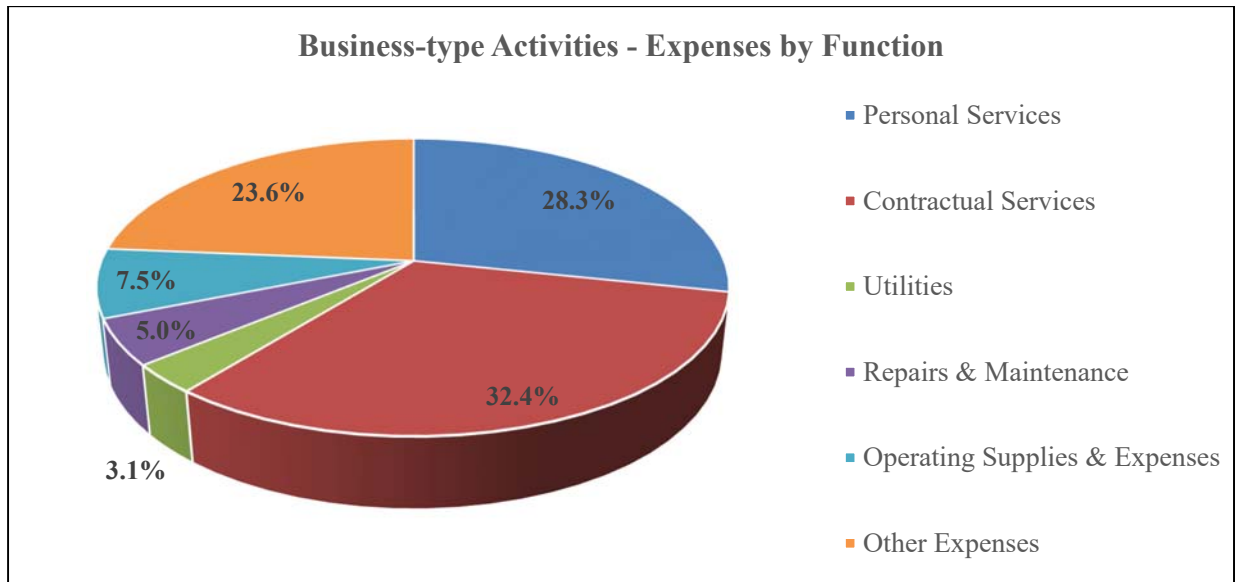
Governmental Activities – Governmental activities increased the City of Bunnell's net position by \$122,844.





Business-type Activities – Business-type activities increased the City of Bunnell’s net position by \$2,233,584.





Financial Analysis of the City's Funds – As noted earlier, the City of Bunnell uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. During fiscal year 2016, the City adopted a Cash and Investment Equity Reserve Policy. The policy sets the desired unrestricted net equity of 54 days or 14.8% of the annual budget for the major operating funds. As of September 30, 2020, the City's General Fund, Water Fund, Sewer Fund and Solid Waste Fund all had unrestricted net equity reserves greater than the required level established in the policy.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Bunnell's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year. As of September 30, 2020, unassigned fund balances were \$1,858,181, a decrease of \$42,494 in comparison with the prior year. This amount constitutes unassigned General Fund balance, which is available for spending at the City's discretion.

The General Fund is the main operating fund of the City. At the end of fiscal year 2020, the General Fund had a total fund balance of \$2,224,310, an increase of \$105,903. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund has been included. The budget and actual comparison schedule shows the original budget, the final revised budget, actual results and the variance with the final budget.

After the original budget is adopted, it may be amended for a variety of reasons such as unforeseen circumstances, new grant awards, revised estimates, receipt of donations, etc. During fiscal year 2020, the General Fund budget was increased by \$388,948 or 9.8% which included award of a new St. Johns River Water Management grant, designation of prior year fund balance as a match to the grant and cash donations for the Police Department as well as several City events.

City of Bunnell, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2020

Actual General Fund revenues plus other financing sources totaled \$3,850,104 which is \$175,036 or 4.6% less than the final budget. Actual expenditures were \$3,744,201, which is \$531,862 or 12.4% less than the final budget due to vacancies of positions throughout the year and budgeted capital expenditures that were not completed during the year.

The Community Redevelopment Agency had an increase of \$1, which brings the fund balance to \$3,632.

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

The unrestricted net position of the Water Fund at the end of the year was \$1,795,482, which is a \$122,641 decrease in unrestricted net position.

The unrestricted net position of the Sewer Fund was \$1,795,452, which is a \$93,263 decrease in unrestricted net position.

The Solid Waste Fund showed an overall increase in unrestricted net position of \$168,742 making the unrestricted net position \$535,353 at year end.

Capital Assets and Debt Administration

Capital Assets – The City of Bunnell's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$21,900,495 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure and construction in progress. The total change in the City of Bunnell's investment in capital assets for the current fiscal year was a \$216,843 increase in net capital assets for governmental activities and a \$1,332,214 increase in net capital assets for business-type activities.

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

- Developer Contributed Improvements in Phases 1-A and 1-B of Grand Reserve: \$1,167,095
- Batwing Mower: \$17,400
- 2020 Ford Fusion for Police Department: \$19,483
- Dell Server: \$8,532
- Improvements to the Municipal Complex: \$18,680
- EnviroSight Sewer Line Camera: \$73,052
- Westside Sewer Improvements: \$447,198
- Sewer Sliplining on Northside \$502,094
- SR 100 Reclaim Extension: \$438,241
- Southside Sewer Rehab: \$826,387
- SC Unit for O2 Ditch: \$5,665
- WWTP Storage Area: \$5,261
- South Anderson Lift Station Improvements: \$8,640
- Submersible Sewage Pump: \$5,552
- RAS Pump: \$11,604
- Two Submersible Mixers: \$10,100
- Confined Space Rescue System: \$5,676

City of Bunnell, Florida
 Management's Discussion and Analysis
 For the Year Ended September 30, 2020

CITY OF BUNNELL'S CAPITAL ASSETS
 (Net of Depreciation)

	Governmental Activities	Business-type Activities	Total
Land	\$ 191,202	\$ 26,991	\$ 218,193
Construction in Progress	91,811	0	91,811
Buildings and Improvements	3,322,531	17,424,109	20,746,640
Equipment	231,127	612,724	843,851
Total	<u>\$ 3,836,671</u>	<u>\$ 18,063,824</u>	<u>\$ 21,900,495</u>

Additional information on the City of Bunnell's capital assets can be found in Note 6 in the notes to the financial statements.

Long-Term Debt – At the end of fiscal year 2020, the City of Bunnell had total debt outstanding of \$6,261,358.

CITY OF BUNNELL'S OUTSTANDING DEBT
 Long- and Short-Term Obligations

	Governmental Activities	Business-type Activities	Total
Notes & Bonds Payable	\$ 545,704	\$ 5,600,785	\$ 6,146,489
Compensated Absences	79,376	35,493	114,869
Total	<u>\$ 625,080</u>	<u>\$ 5,636,278</u>	<u>\$ 6,261,358</u>

Additional information on the City's long-term debt can be found in Note 7 in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The City's taxable value of commercial and residential property increased by 13.4% for 2020.
- The property values and assessments have stabilized over the past couple of years and the city is experiencing new growth. The City expects this upward trend to continue over the next several years.
- The millage rate of 6.43 was approved in September 2020, an increase of 4.95% above the roll back rate of 6.1269.
- In fiscal year 2014, the City's financial condition was considered unfavorable. Significant budget cuts were enacted. During fiscal year 2016, a fund balance reserve policy was established. At the end of the current fiscal year, the General Fund, Water Fund, Sewer Fund, and Solid Waste Fund unrestricted fund balances were in compliance with the new policy.

Requests for Information

This financial report is designed to provide a general overview of the City of Bunnell's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Bunnell, City Manager, P.O. Box 756, Bunnell, Florida 32110-0756.

CITY OF BUNNELL, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,314,069	\$ 4,107,113	\$ 6,421,182
Investments	38,768	605,112	643,880
Receivables, net	101,536	513,175	614,711
Due from other governments	455,705	1,339	457,044
Inventories	3,715	83,422	87,137
Prepays	31,963	-	31,963
Restricted assets:			
Cash and cash equivalents	-	2,719,005	2,719,005
Capital assets:			
Land	191,202	26,991	218,193
Buildings and improvements	6,406,128	23,956,411	30,362,539
Equipment	1,162,734	1,878,059	3,040,793
Construction in progress	91,811	-	91,811
Accumulated depreciation	(4,015,204)	(7,797,637)	(11,812,841)
Total assets	<u>6,782,427</u>	<u>26,092,990</u>	<u>32,875,417</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,521,037	349,493	1,870,530
Deferred outflows related to OPEB	11,088	4,073	15,161
Total deferred outflows	<u>1,532,125</u>	<u>353,566</u>	<u>1,885,691</u>
LIABILITIES			
Accounts payable	332,400	87,201	419,601
Accrued payroll and employee benefits	110,421	47,463	157,884
Customer deposits	850	384,730	385,580
Unearned revenue	26,651	3,100	29,751
Accrued interest payable	-	41,031	41,031
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	51,789	333,435	385,224
Compensated absences	19,844	8,873	28,717
Due in more than one year:			
Bonds and notes payable	493,915	5,267,350	5,761,265
Compensated absences	59,532	26,620	86,152
Total OPEB liability	181,091	66,523	247,614
Net pension liability	3,665,461	842,225	4,507,686
Total liabilities	<u>4,941,954</u>	<u>7,108,551</u>	<u>12,050,505</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	263,079	60,449	323,528
Deferred inflows related to OPEB	27,918	10,256	38,174
Total deferred inflows	<u>290,997</u>	<u>70,705</u>	<u>361,702</u>
NET POSITION			
Net investment in capital assets	3,290,967	12,463,039	15,754,006
Restricted for:			
Capital improvements	-	2,296,892	2,296,892
Debt service	-	381,082	381,082
Community redevelopment	3,632	-	3,632
Unrestricted	(212,998)	4,126,287	3,913,289
Total net position	<u>\$ 3,081,601</u>	<u>\$ 19,267,300</u>	<u>\$ 22,348,901</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BUNNELL, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 719,579	\$ 9,722	\$ -	\$ -	\$ (709,857)	\$ -	\$ (709,857)
Community development	330,612	254,463	-	-	(76,149)	-	(76,149)
Public safety	1,455,806	21,140	320,864	3,062	(1,110,740)	-	(1,110,740)
Public works	867,367	-	80,387	371,255	(415,725)	-	(415,725)
Parks and recreation	332,184	15,642	-	7,100	(309,442)	-	(309,442)
Human services	20,993	-	-	-	(20,993)	-	(20,993)
Interest on long-term debt	18,180	-	-	-	(18,180)	-	(18,180)
Total governmental activities	<u>3,744,721</u>	<u>300,967</u>	<u>401,251</u>	<u>381,417</u>	<u>(2,661,086)</u>	<u>-</u>	<u>(2,661,086)</u>
Business-type activities:							
Water	1,475,552	1,406,337	1,030	468,568	-	400,383	400,383
Solid Waste	698,226	853,624	1,176	-	-	156,574	156,574
Sewer	1,703,797	1,596,921	1,141	1,847,405	-	1,741,670	1,741,670
Total business-type activities	<u>3,877,575</u>	<u>3,856,882</u>	<u>3,347</u>	<u>2,315,973</u>	<u>-</u>	<u>2,298,627</u>	<u>2,298,627</u>
Total primary government	<u>\$ 7,622,296</u>	<u>\$ 4,157,849</u>	<u>\$ 404,598</u>	<u>\$ 2,697,390</u>	<u>(2,661,086)</u>	<u>2,298,627</u>	<u>(362,459)</u>
General revenues:							
Property taxes					1,237,240	-	1,237,240
Sales and use taxes					231,529	-	231,529
Franchise fees					261,276	-	261,276
Public service utility taxes					559,550	-	559,550
Other taxes					96,009	-	96,009
State revenue sharing					81,210	-	81,210
Other intergovernmental revenues					94,444	-	94,444
Investment earnings					1,629	14,009	15,638
Miscellaneous revenues					51,672	90,319	141,991
Transfers					169,371	(169,371)	-
Total general revenues and transfers					<u>2,783,930</u>	<u>(65,043)</u>	<u>2,718,887</u>
Change in net position					122,844	2,233,584	2,356,428
Net position - beginning					2,958,757	17,033,716	19,992,473
Net position - ending					<u>\$ 3,081,601</u>	<u>\$ 19,267,300</u>	<u>\$ 22,348,901</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BUNNELL, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,310,437	\$ 3,632	\$ -	\$ 2,314,069
Investments	38,768	-	-	38,768
Receivables, net	101,536	-	-	101,536
Due from other governments	455,705	-	-	455,705
Inventories	3,715	-	-	3,715
Prepaid items	31,963	-	-	31,963
Total assets	<u>\$ 2,942,124</u>	<u>\$ 3,632</u>	<u>\$ -</u>	<u>\$ 2,945,756</u>
LIABILITIES				
Accounts payable	\$ 336,600	\$ -	\$ -	\$ 336,600
Accrued payroll and employee benefits	106,221	-	-	106,221
Customer deposits	850	-	-	850
Unearned revenue	26,651	-	-	26,651
Total liabilities	<u>470,322</u>	<u>-</u>	<u>-</u>	<u>470,322</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	<u>247,492</u>	<u>-</u>	<u>-</u>	<u>247,492</u>
FUND BALANCES				
Nonspendable:				
Inventories	3,715	-	-	3,715
Prepaid items	31,963	-	-	31,963
Restricted for:				
Community redevelopment	-	3,632	-	3,632
Assigned to:				
Subsequent year's budget	330,451	-	-	330,451
Unassigned	1,858,181	-	-	1,858,181
Total fund balances	<u>2,224,310</u>	<u>3,632</u>	<u>-</u>	<u>2,227,942</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,942,124</u>	<u>\$ 3,632</u>	<u>\$ -</u>	<u>\$ 2,945,756</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BUNNELL, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Fund balances - total governmental funds		\$ 2,227,942
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	7,851,875	
Less: accumulated depreciation	<u>(4,015,204)</u>	3,836,671
Because some grant revenues will not be collected until 60 days after the close of the City's fiscal year-end, they are not considered as "available" revenues in the governmental funds and, therefore, are reported as deferred inflows of unavailable revenues. In the statement of net position, which is presented on and accrual basis, no deferral is reported since the revenue is fully recognized the statement of activities.		
		247,492
On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(3,665,461)	
Deferred outflows related to pensions	1,521,037	
Deferred inflows related to pensions	<u>(263,079)</u>	(2,407,503)
On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's total OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.		
Total OPEB liability	(181,091)	
Deferred outflows related to OPEB	11,088	
Deferred inflows related to OPEB	<u>(27,918)</u>	(197,921)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:		
Bonds and notes payable	(545,704)	
Compensated absences	<u>(79,376)</u>	(625,080)
Net position of governmental activities		<u><u>\$ 3,081,601</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BUNNELL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 2,258,108	\$ -	\$ -	\$ 2,258,108
Licenses and permits	327,041	-	-	327,041
Intergovernmental	397,348	-	-	397,348
Charges for services	660,656	-	-	660,656
Fines and forfeitures	22,261	-	-	22,261
Investment gain (loss)	1,628	1	-	1,629
Miscellaneous	78,084	-	-	78,084
Total revenues	<u>3,745,126</u>	<u>1</u>	<u>-</u>	<u>3,745,127</u>
EXPENDITURES				
Current:				
General government	1,135,179	-	-	1,135,179
Community development	295,165	-	-	295,165
Public safety	1,174,657	-	-	1,174,657
Public works	695,937	-	-	695,937
Parks and recreation	262,009	-	-	262,009
Human services	20,993	-	-	20,993
Capital outlay	155,905	-	-	155,905
Debt service:				
Principal	-	-	50,569	50,569
Interest and fiscal charges	4,356	-	13,824	18,180
Total expenditures	<u>3,744,201</u>	<u>-</u>	<u>64,393</u>	<u>3,808,594</u>
Excess (deficiency) of revenues over expenditures	<u>925</u>	<u>1</u>	<u>(64,393)</u>	<u>(63,467)</u>
Other financing sources (uses)				
Transfers in	169,371	-	64,393	233,764
Transfers out	(64,393)	-	-	(64,393)
Total other financing sources (uses)	<u>104,978</u>	<u>-</u>	<u>64,393</u>	<u>169,371</u>
Net change in fund balances	<u>105,903</u>	<u>1</u>	<u>-</u>	<u>105,904</u>
Fund balances, beginning of year	2,118,407	3,631	-	2,122,038
Fund balances, end of year	<u>\$ 2,224,310</u>	<u>\$ 3,632</u>	<u>\$ -</u>	<u>\$ 2,227,942</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BUNNELL, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - total governmental funds	\$	105,904
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures		155,905
Depreciation expense		(272,517)
Contributed capital assets		333,455
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Earned but unavailable grant revenues		247,492
Governmental funds report contributions to defined benefit pension/OPEB plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension/OPEB expense in the statement of activities are amounts required to be amortized related to pension deferred inflows/outflows.		
Change in net pension liability and deferred inflows/outflows related to pensions		(447,287)
Change in total OPEB liability and deferred inflows/outflows related to OPEB		(35,819)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:		
Principal repayment of of long-term debt		50,569
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:		
Change in compensated absences liability		(14,858)
Change in net position of governmental activities	\$	<u>122,844</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BUNNELL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 2,263,235	\$ 2,263,235	\$ 2,258,108	\$ (5,127)
Licenses and permits	302,484	302,484	327,041	24,557
Intergovernmental	288,102	421,073	397,348	(23,725)
Charges for services	663,799	663,799	660,656	(3,143)
Fines and forfeitures	24,476	24,476	22,261	(2,215)
Interest revenues	2,000	2,000	1,628	(372)
Miscellaneous	56,243	82,442	78,084	(4,358)
Total revenues	<u>3,600,339</u>	<u>3,759,509</u>	<u>3,745,126</u>	<u>(14,383)</u>
EXPENDITURES				
Current:				
General government:				
Legislative	165,011	156,290	144,934	11,356
Executive	321,415	353,137	342,155	10,982
Administration	463,793	469,564	453,883	15,681
Legal	84,099	84,099	84,098	1
Finance	73,797	106,597	110,109	(3,512)
Public safety:				
Police	1,284,711	1,284,685	1,174,657	110,028
Community development	317,641	320,468	295,165	25,303
Public works	784,877	765,050	695,937	69,113
Parks and recreation	292,165	291,749	262,009	29,740
Human services	18,750	18,750	20,993	(2,243)
Capital outlay	76,500	421,318	155,905	265,413
Debt service:				
Interest and fiscal charges	4,356	4,356	4,356	-
Total expenditures	<u>3,887,115</u>	<u>4,276,063</u>	<u>3,744,201</u>	<u>531,862</u>
Excess (deficiency) of revenues over expenditures	<u>(286,776)</u>	<u>(516,554)</u>	<u>925</u>	<u>517,479</u>
Other financing sources (uses)				
Transfers in	169,371	169,371	169,371	-
Transfers out	(67,596)	(67,596)	(64,393)	3,203
Issuance of debt	-	163,856	-	(163,856)
Total other financing sources (uses)	<u>101,775</u>	<u>265,631</u>	<u>104,978</u>	<u>(160,653)</u>
Net change in fund balances	<u>(185,001)</u>	<u>(250,923)</u>	<u>105,903</u>	<u>356,826</u>
Fund balances, beginning of year	2,118,407	2,118,407	2,118,407	-
Fund balances, end of year	<u>\$ 1,933,406</u>	<u>\$ 1,867,484</u>	<u>\$ 2,224,310</u>	<u>\$ 356,826</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BUNNELL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT AGENCY
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Interest revenues	\$ -	\$ -	\$ 1	\$ 1
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
EXPENDITURES				
Current:				
Community redevelopment	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Fund balances, beginning of year	3,631	3,631	3,631	-
Fund balances, end of year	<u>\$ 3,631</u>	<u>\$ 3,631</u>	<u>\$ 3,632</u>	<u>\$ 1</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BUNNELL, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020**

	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,780,930	\$ 1,730,193	\$ 595,990	\$ 4,107,113
Investments	302,556	302,556	-	605,112
Restricted cash and cash equivalents	76,096	51,686	8,270	136,052
Accounts receivable, net	183,424	214,214	115,537	513,175
Due from other governments	629	647	63	1,339
Inventories	55,723	27,699	-	83,422
Total current assets	<u>2,399,358</u>	<u>2,326,995</u>	<u>719,860</u>	<u>5,446,213</u>
Noncurrent assets:				
Restricted cash and cash equivalents	1,241,768	1,340,801	384	2,582,953
Capital assets:				
Land	13,250	13,741	-	26,991
Buildings and improvements	10,324,068	13,632,343	-	23,956,411
Equipment	402,397	567,074	908,588	1,878,059
Accumulated depreciation	(2,345,481)	(4,772,890)	(679,266)	(7,797,637)
Total noncurrent assets	<u>9,636,002</u>	<u>10,781,069</u>	<u>229,706</u>	<u>20,646,777</u>
Total assets	<u>12,035,360</u>	<u>13,108,064</u>	<u>949,566</u>	<u>26,092,990</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	150,934	141,505	57,054	349,493
Deferred outflows related to OPEB	1,358	1,810	905	4,073
Total deferred outflows	<u>152,292</u>	<u>143,315</u>	<u>57,959</u>	<u>353,566</u>
LIABILITIES				
Current liabilities:				
Accounts payable	40,017	31,202	15,982	87,201
Accrued payroll	19,851	18,739	8,873	47,463
Deposits	191,433	161,775	31,522	384,730
Unearned revenue	-	-	3,100	3,100
Compensated absences	3,335	2,963	2,575	8,873
Current maturities on long-term debt	97,776	120,687	19,951	238,414
Payable from restricted assets:				
Current maturities on long-term debt	47,872	40,952	6,197	95,021
Accrued interest payable	28,224	10,734	2,073	41,031
Total current liabilities	<u>428,508</u>	<u>387,052</u>	<u>90,273</u>	<u>905,833</u>
Noncurrent liabilities:				
Notes payable	3,941,385	1,098,754	227,211	5,267,350
Total OPEB liability	22,174	29,566	14,783	66,523
Net pension liability	363,731	341,004	137,490	842,225
Compensated absences	10,006	8,890	7,724	26,620
Total noncurrent liabilities	<u>4,337,296</u>	<u>1,478,214</u>	<u>387,208</u>	<u>6,202,718</u>
Total liabilities	<u>4,765,804</u>	<u>1,865,266</u>	<u>477,481</u>	<u>7,108,551</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	26,106	24,475	9,868	60,449
Deferred inflows related to OPEB	3,419	4,558	2,279	10,256
Total deferred inflows	<u>29,525</u>	<u>29,033</u>	<u>12,147</u>	<u>70,705</u>
NET POSITION				
Net investment in capital assets	4,307,201	8,179,875	(24,037)	12,463,039
Restricted for:				
Capital improvements	1,038,104	1,258,788	-	2,296,892
Debt service	251,536	122,965	6,581	381,082
Unrestricted	1,795,482	1,795,452	535,353	4,126,287
Total net position	<u>\$ 7,392,323</u>	<u>\$ 11,357,080</u>	<u>\$ 517,897</u>	<u>\$ 19,267,300</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BUNNELL, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 1,406,337	\$ 1,596,921	\$ 853,624	\$ 3,856,882
Total operating revenues	<u>1,406,337</u>	<u>1,596,921</u>	<u>853,624</u>	<u>3,856,882</u>
Operating expenses				
Personal services	467,844	433,864	197,090	1,098,798
Contractual services	321,010	598,544	337,640	1,257,194
Repairs and maintenance	99,525	53,964	39,230	192,719
Supplies	135,712	105,178	49,073	289,963
Utilities	42,894	75,436	3,658	121,988
Other expenses	84,076	61,394	16,610	162,080
Depreciation	245,455	343,825	45,800	635,080
Total operating expenses	<u>1,396,516</u>	<u>1,672,205</u>	<u>689,101</u>	<u>3,757,822</u>
Operating income (loss)	<u>9,821</u>	<u>(75,284)</u>	<u>164,523</u>	<u>99,060</u>
Nonoperating revenues (expenses)				
Interest earnings	6,912	6,912	185	14,009
Operating grants	1,030	1,141	1,176	3,347
Other income (expense)	29,650	28,227	32,442	90,319
Interest and amortization expense	(79,036)	(31,592)	(9,125)	(119,753)
Total nonoperating revenues (expenses)	<u>(41,444)</u>	<u>4,688</u>	<u>24,678</u>	<u>(12,078)</u>
Income (loss) before capital grants, capital contributions, and transfers	<u>(31,623)</u>	<u>(70,596)</u>	<u>189,201</u>	<u>86,982</u>
Capital grants	-	930,131	-	930,131
Capital contributions	468,568	917,274	-	1,385,842
Transfers out	(64,385)	(64,385)	(40,601)	(169,371)
Change in net position	<u>372,560</u>	<u>1,712,424</u>	<u>148,600</u>	<u>2,233,584</u>
Net position, beginning of year	7,019,763	9,644,656	369,297	17,033,716
Net position, end of year	<u>\$ 7,392,323</u>	<u>\$ 11,357,080</u>	<u>\$ 517,897</u>	<u>\$ 19,267,300</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BUNNELL, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Water	Sewer	Solid Waste	Total
Cash flows from operating activities				
Cash received from customers	\$ 1,397,584	\$ 1,601,288	\$ 863,735	\$ 3,862,607
Cash paid to employees	(448,267)	(416,985)	(191,240)	(1,056,492)
Cash paid to suppliers	(649,086)	(958,305)	(444,587)	(2,051,978)
Net cash provided by (used in) operating activities	<u>300,231</u>	<u>225,998</u>	<u>227,908</u>	<u>754,137</u>
Cash flows from noncapital financing activities				
Operating grants	401	494	1,113	2,008
Other income (expense)	29,650	28,227	32,442	90,319
Interfund transfers	(64,385)	(64,385)	(40,601)	(169,371)
Interfund loans	170,633	170,634	-	341,267
Net cash provided by (used in) noncapital financing activities	<u>136,299</u>	<u>134,970</u>	<u>(7,046)</u>	<u>264,223</u>
Cash flows from capital and related financing activities				
Impact fees and capital contributions	224,928	327,274	-	552,202
Acquisition and construction of capital assets	-	(1,060,602)	-	(1,060,602)
Capital grants	-	1,239,949	5,298	1,245,247
Principal payments of long-term debt	(128,598)	(145,759)	(25,274)	(299,631)
Interest paid	(79,094)	(32,741)	(9,492)	(121,327)
Net cash provided by (used in) capital and related financing activities	<u>17,236</u>	<u>328,121</u>	<u>(29,468)</u>	<u>315,889</u>
Cash flows from investing activities				
Interest received	3,366	3,366	185	6,917
Net cash provided by (used in) investing activities	<u>3,366</u>	<u>3,366</u>	<u>185</u>	<u>6,917</u>
Net increase (decrease) in cash and cash equivalents	<u>457,132</u>	<u>692,455</u>	<u>191,579</u>	<u>1,341,166</u>
Cash and cash equivalents, beginning of year	2,641,662	2,430,225	413,065	5,484,952
Cash and cash equivalents, end of year	<u>\$ 3,098,794</u>	<u>\$ 3,122,680</u>	<u>\$ 604,644</u>	<u>\$ 6,826,118</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 9,821	\$ (75,284)	\$ 164,523	\$ 99,060
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:				
Depreciation	245,455	343,825	45,800	635,080
Changes in assets and liabilities:				
Accounts receivable	(24,169)	(6,383)	4,086	(26,466)
Inventories and prepaids	(2,759)	(8,456)	-	(11,215)
Accounts payable and accrued liabilities	36,890	(55,333)	1,624	(16,819)
Deposits	15,416	10,750	2,925	29,091
Unearned revenue	-	-	3,100	3,100
Compensated absences	5,381	3,654	2,513	11,548
Net pension liability	27,220	19,248	7,938	54,406
Total OPEB liability	(13,024)	(6,023)	(4,601)	(23,648)
Net cash provided by (used in) operating activities	<u>\$ 300,231</u>	<u>\$ 225,998</u>	<u>\$ 227,908</u>	<u>\$ 754,137</u>
Cash and cash equivalents classified as:				
Unrestricted	\$ 1,780,930	\$ 1,730,193	\$ 596,374	\$ 4,107,497
Restricted	1,317,864	1,392,487	8,270	2,718,621
Total cash and cash equivalents	<u>\$ 3,098,794</u>	<u>\$ 3,122,680</u>	<u>\$ 604,644</u>	<u>\$ 6,826,118</u>
Non-cash investing, capital, and financing activities:				
Capital assets contributed from other sources	\$ 243,640	\$ 590,000	\$ -	\$ 833,640
Capital assets acquired through direct financing	-	73,052	-	73,052

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) **Summary of Significant Accounting Policies:**

The financial statements of the City of Bunnell, Florida (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City of Bunnell, Florida, as created by the Laws of Florida, Ch. 28955 (1953), adopted the City Charter by Ordinance No. 2002-01 on January 29, 2002. The Charter was approved by referendum by the voters and became effective on March 5, 2002. The City Charter vests all the legislative powers of the City with a city commission consisting of five members. The City Manager is appointed by the Commission and is the Chief Administrative Officer of the City.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the City Commission of the City of Bunnell, Florida, the reporting entity of government for which the City Commission is considered to be financially accountable. In evaluating the City as a reporting entity, management has addressed all potential component units that may or may not fall within the City's oversight and control, and thus, be included in the City's financial statements.

(b) **Blended component units**—Blended component units, although legally separate entities, are in substance part of the City's operations, and as a result, considered to be financially accountable. The following component unit is reported in the City's Annual Financial Report. In June 2007, the City passed an ordinance creating a dependent special district, the Bunnell Community Redevelopment Agency (Agency). The purpose of the Agency is to provide rehabilitation, conservation, or redevelopment of such areas as are necessary in the interest of public health, safety, or welfare of the residents of the City. The Agency is blended into the City's primary government although retaining separate legal identity. Separate financial statements are not prepared for this component unit.

Based upon the application of the criteria set forth by GASB, there are no discretely presented potential component units or related organizations of the City.

(c) **Government-wide and fund financial statements**—The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis and are reflected, on a full accrual, economic resource basis, which incorporates long term assets and receivables as well as long term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (public safety, public works, etc.), which are otherwise being supported by general government revenues (property, sales taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds in either the governmental or business-type categories. Non-major funds (by category) are summarized into a single column, if any.

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the City's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following the Governmental Funds – Balance Sheet and the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

As a general rule the effect of interfund City activities has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

(d) **Measurement focus and basis of accounting**—The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing recognition in the financial statements of various kinds of transactions or events.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period 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, claims and judgments, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

(e) **Financial statement presentation**—The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Any non-major funds are combined in a column in the fund financial statements and detailed in the combining section. There are no non-major funds to report.

The City reports the following major governmental funds:

The **General Fund** accounts for several of the City's primary services (police, public works, community development, parks and recreation, etc.) and is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Community Redevelopment Agency Fund** accounts for the activities of the Bunnell Community Redevelopment Agency.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major proprietary funds:

The **Water Fund** accounts for the activities of the City's water distribution system.

The **Sewer Fund** accounts for the activities of the City's sewage treatment plant, sewage pumping stations and collection systems.

The **Solid Waste Fund** accounts for the activities of the City's solid waste collection and disposal.

(f) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(g) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting.

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- i. Sixty days prior to October 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and means of financing them.
- ii. Budget workshops are scheduled by the City Manager as needed.
- iii. The general summary of the budget and notice of public hearing is published in the local newspaper.
- iv. Public hearings are conducted to obtain taxpayer comments.
- v. Prior to October 1, the budgets are legally enacted through passage of a resolution.
- vi. The City Manager is authorized to transfer budgeted amounts between divisions and departments; however, any revisions that alter the total appropriations of any fund must be approved by the City Commission.
- vii. The level of classification detail at which expenditures may not legally exceed appropriations is the fund level.
- viii. Appropriations lapse at the close of the fiscal year to the extent they have not been expended. Appropriations for capital expenditures lapse five years henceforth.
- ix. Budget for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The governmental funds have legally adopted annual budgets contained within a separate document.
- x. The City Commission, by resolution, may make supplemental appropriations in excess of those originally estimated for the year, up to the amount of available revenues.

(h) **Deposits and investments**—Cash consists of amounts held in demand deposits. Cash equivalents consist of short term investments having a maturity date of less than three months from the date acquired. Investments are reported at fair value.

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

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered monthly. Unbilled accounts receivable are accrued by the City at year-end to recognize the sales revenues earned through the end of the fiscal year.

(j) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the City.

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives. Land and construction in progress are not depreciated. Other useful lives are as follows:

Assets	Years
Buildings	10 – 50 years
Infrastructure (improvements other than buildings)	15 – 50 years
Equipment	3 – 25 years

(k) **Compensated absences**—City policy permits employees to accumulate a limited amount of earned, but unused personal, vacation, and sick leave. Employees may carry forward up to 480 hours from one fiscal year to the next and may receive payment of 80 hours each fiscal year. These benefits are payable at 50% to employees upon separation from service. All leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in accordance with the GASB Codification.

(l) **Long-term obligations**—In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when paid.

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

(m) **Net position flow assumption**—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City’s policy to consider restricted net position to have been used before unrestricted net position is applied.

(n) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e., when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the City Commission.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, it is the City's policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unassigned.

(o) **Reserve policy**—The City Commission has approved a reserve policy, which addresses that the City's optimal level of net equity reserve has been determined to be 17% of the respective operating budgets at the beginning of the fiscal year or a net equity reserve equal to at least 54 consecutive days. Net Equity Reserve is defined as a specific fund's equity in pooled cash less liabilities due and payable within the next 12 months.

(p) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows related to pensions and OPEB in the proprietary funds and government-wide statement of net position and are discussed further in Note (9) and Note (10).

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows related to pensions and OPEB in the proprietary funds and government-wide statement of net position and are discussed further in Note (9) and Note (10). The City has deferred inflows related to unavailable revenue only in the governmental funds balance sheet. The governmental funds report unavailable revenues from operating grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

(2) Reconciliation of Government-Wide and Fund Financial Statement:

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) Property Tax Calendar:

Under Florida law, the assessment of all properties and collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. State laws regulating tax assessment are designed to ensure a consistent property valuation method statewide and permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2020, was 6.4300 per \$1,000.

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

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, 1% in the month of February, and without discount in March.

The City recognizes property tax revenues as received. Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. The City tax calendar is as follows:

Valuation Date:	January 1, 2019
Levy Date:	November 1, 2019
Due Date:	March 31, 2020
Lien Date:	June 1, 2020

(4) Deposits and Investments:

The City, for accounting and investment purposes, maintains a pooled interest bearing banking account and a pooled investment account for substantially all City funds. This gives the City the ability to invest large amounts of idle cash for short periods of time and to maximize earning potential. The cash and investments shown on the balance sheets and statements of net position represent the amount owned by each fund.

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(4) **Deposits and Investments:** (Continued)

State statutes authorize the City to invest excess funds in time deposits, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

As of September 30, 2020, all City deposits were covered by private bank acquired insurance, Securities Investor Protection Corporation (SIPC) insurance, private broker/dealer acquired insurance, Federal Depository Insurance Corporation (FDIC) insurance, or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act). The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125% may be required if deemed necessary.

Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the City is authorized to deposit funds only in Qualified Public Depositories.

The City invests temporarily idle resources in the Florida PRIME Investment Pool (Florida PRIME) that is administered by the Florida State Board of Administration (SBA), who provides regulatory oversight. Florida PRIME is similar to money market funds in which units are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and meet the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There is no limitation or restrictions on withdrawals from Florida PRIME; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the funds' executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours.

As of September 30, 2020, the investment pool had a weighted average maturity of 48 days, was rated AAAM by Standard & Poor's (S&P), and had a carrying value of \$643,880. The City held no assets or investments carried at fair value at September 30, 2020, and subject to the required disclosures of GASB 72.

Interest Rate Risk: The City's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. The investment of current operating funds will have maturities of no longer than three years. Investments of bond reserves, construction funds, and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants, but should not exceed ten years. From time to time the above parameters may require modification in order to meet specific construction draw schedules or other predetermined operating or capital needs, or to satisfy debt obligations, but in no event shall exceed ten years.

Credit Risk: Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The City's entire portfolio is invested in SBA funds, as described above.

Concentration of Credit Risk: The City has adopted no formal investment policy and follows the investment policies set forth in Florida Statutes, Chapter 218.

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(4) **Deposits and Investments:** (Continued)

Custodial Credit Risk: All demand deposits are held with qualified public depositories, as defined above. In the case of investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2020, the City's investment of \$643,880 in SBA funds are backed by the full faith and credit of the State of Florida, or explicitly guaranteed by the State of Florida.

(5) **Accounts Receivable:**

The City's receivables consist of the following at September 30, 2020:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund			
Accounts receivable	\$ 108,386	\$ (6,850)	\$ 101,536
Totals – Governmental Type Activities	108,386	(6,850)	101,536
Business-Type Activities			
Water Fund			
Accounts receivable	260,339	(76,915)	183,424
Solid Waste Fund			
Accounts receivable	182,901	(67,364)	115,537
Sewer Fund			
Accounts receivable	348,100	(133,886)	214,214
Totals – Business-Type Activities	791,340	(278,165)	513,175
Totals	\$ 899,726	\$ (285,015)	\$ 614,711

In addition to accounts receivable, the City also recorded \$457,044 in due from other governments at September 30, 2020.

(6) **Capital Assets:**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 191,202	\$ -	\$ -	\$ 191,202
Construction in progress	-	91,811	-	91,811
Total capital assets, not being depreciated	191,202	91,811	-	283,013
Capital assets, being depreciated –				
Buildings	6,053,993	352,135	-	6,406,128
Equipment	1,346,005	45,414	(228,685)	1,162,734
Total capital assets, being depreciated	7,399,998	397,549	(228,685)	7,568,862
Less: accumulated depreciation	(3,971,372)	(272,517)	228,685	(4,015,204)
Total capital assets, being depreciated, net	3,428,626	125,032	-	3,553,658
Governmental activities capital assets, net	\$ 3,619,828	\$ 216,843	\$ -	\$ 3,836,671

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(6) **Capital Assets:** (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated –				
Land	\$ 26,991	\$ -	\$ -	\$ 26,991
Construction in progress	1,205,816	1,019,029	(2,224,845)	-
Total capital assets, not being depreciated	<u>1,232,807</u>	<u>1,019,029</u>	<u>(2,224,845)</u>	<u>26,991</u>
Capital assets, being depreciated –				
Buildings and improvements	20,897,926	3,058,485	-	23,956,411
Equipment	1,763,434	114,625	-	1,878,059
Total capital assets, being depreciated	22,661,360	3,173,110	-	25,834,470
Less: accumulated depreciation	(7,162,557)	(635,080)	-	(7,797,637)
Total capital assets, being depreciated, net	<u>15,498,803</u>	<u>2,538,030</u>	<u>-</u>	<u>18,036,833</u>
Business-type activities capital assets, net	<u>\$ 16,731,610</u>	<u>\$ 3,557,059</u>	<u>\$ (2,224,845)</u>	<u>\$ 18,063,824</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 41,120
Community development	-
Public safety	44,396
Parks and recreation	50,552
Public works	136,449
Total depreciation expense – governmental activities	<u>\$ 272,517</u>
Business-type activities:	
Water	\$ 245,455
Sewer	343,825
Solid waste	45,800
Total depreciation expense – business-type activities	<u>\$ 635,080</u>

(7) **Long-Term Debt:**

A summary of the long-term liability transactions for the City for the fiscal year ended September 30, 2020, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Notes and bonds payable	\$ 596,273	\$ -	\$ (50,569)	\$ 545,704	\$ 51,789
Compensated absences	64,518	83,200	(68,342)	79,376	19,844
Governmental activities –					
Total long-term liabilities	<u>\$ 660,791</u>	<u>\$ 83,200</u>	<u>\$ (118,911)</u>	<u>\$ 625,080</u>	<u>\$ 71,633</u>

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(7) **Long-Term Debt:** (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Long-term debt:					
Notes and bonds payable	\$ 5,252,429	\$ 73,052	\$ (235,988)	\$ 5,089,493	\$ 268,151
SRF Notes payable	574,935	-	(63,643)	511,292	65,284
Total long-term debt	5,827,364	73,052	(299,631)	5,600,785	333,435
Compensated absences	23,945	32,257	(20,709)	35,493	8,873
Business-type activities –					
Total long-term liabilities	<u>\$ 5,851,309</u>	<u>\$ 105,309</u>	<u>\$ (320,340)</u>	<u>\$ 5,636,278</u>	<u>\$ 342,308</u>

Annual debt service requirements to maturity for the City’s revenue bonds and notes are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2021	\$ 51,789	\$ 12,752	\$ 333,435	\$ 114,671	\$ 512,647
2022	53,038	11,486	341,618	106,885	513,027
2023	54,317	10,189	323,954	98,889	487,349
2024	55,627	8,885	331,360	91,904	487,776
2025	56,968	7,501	338,944	84,752	488,165
2026-2030	273,965	16,035	1,442,135	320,838	2,052,973
2031-2035	-	-	423,438	218,733	642,171
2036-2040	-	-	465,046	177,125	642,171
2041-2045	-	-	506,855	131,117	637,972
2046-2050	-	-	516,000	84,190	600,190
2051-2055	-	-	578,000	22,190	600,190
Total	<u>\$ 545,704</u>	<u>\$ 66,848</u>	<u>\$ 5,600,785</u>	<u>\$ 1,451,294</u>	<u>\$ 7,664,631</u>

Notes and bonds payable in the City’s governmental activities at September 30, 2020, are comprised of the following obligations:

Non-Ad Valorem Revenue note payable, in the original amount of \$732,008, dated February 28, 2017, bearing interest at a fixed rate of 2.39% and maturing on February 26, 2030. Repayment of loan balance is secured by a pledge of non-ad valorem revenues.	\$ 545,704
Total long-term debt, governmental activities	<u>\$ 545,704</u>

Notes and bonds payable in the City’s business-type activities at September 30, 2020, are comprised of the following obligations:

State Revolving Fund note payable, dated July 1, 2005, due in semiannual payments of \$35,363, including interest at 2.60% through December 15, 2025. Repayment of loan balance is secured by a pledge of water & sewer utility revenues.	\$ 351,489
Note payable to Florida Department of Transportation, in the original amount of \$529,694, unsecured and noninterest bearing. Flagler County made a \$264,647 payment in 2010, remaining payments will begin October 15, 2020, with ten annual payments of \$26,505.	265,047

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(7) **Long-Term Debt:** (Continued)

State Revolving Fund note payable, dated November 19, 2012, due in semiannual payments of \$4,777 once the full amount has been drawn, including interest at 2.12% through June 15, 2035. Repayment of loan balance is secured by a pledge of water & sewer utility revenues.	\$ 159,803
Water and Sewer System Refunding Revenue Note, Series 2017: Water and Sewer Revenue note payable, in the original amount of \$1,937,333, dated February 28, 2017; due serially to May 21, 2030, with interest at 2.39% payable annually. Repayment of year-end loan balance is secured by a pledge of water & sewer utility revenues.	1,455,413
Water and Sewer Bonds, in the original amount of \$3,362,000, dated May 20, 2015; due serially to May 20, 2055, with interest at 1.875% payable annually. Repayment of year-end loan balance is secured by a pledge of water & sewer utility revenues.	3,067,000
Solid Waste Revenue Note, in the original amount of \$292,100, dated February 13, 2019; due in semiannual payments of \$17,308, including interest at 3.43% (reduced to 1.95% effective December 15, 2020) through January 1, 2029. Repayment of loan balance is secured by a solid waste utility revenues.	253,359
Sewer Camera financing, in the original amount of \$73,052, dated November 6, 2019; due in annual payments of \$26,070, including interest at 4.62% through May 1, 2022. Repayment of loan balance is secured by the underlying asset title.	48,674
Total long-term debt, business-type activities	<u>\$ 5,600,785</u>

Conduit Debt

Pursuant to the provisions of Resolution 2008-01, the City authorized issuance of conduit debt in the total amount not to exceed \$5,750,000 for SMA Healthcare Foundation, Inc. (the Borrower), a Florida not-for-profit corporation. On May 20, 2008, the Borrower issued a \$5,750,000 Stewart-Marchman Foundation, Inc. Project Series 2008-A Revenue Bonds, secured with a mortgage. The proceeds were utilized for financing the acquisition, improvement, construction and equipping of certain real property to be used as a substance abuse treatment facility. Monthly interest payments were due at a rate of 4.43% per annum through maturity of February 28, 2018, at which time the full principal amount would become due. The issuing financial institution sold the bonds to another financial institution on September 30, 2014. Under the new financial institution, principal and interest payments are due in monthly installments at a rate of 3.225% through December 31, 2024. Commencing January 1, 2025, through the maturity date of July 1, 2028, the interest rate will be subject to an interest rate adjustment of 2.00% above the 5-Year Federal Home Loan Bank Rate, not to exceed 3.225%. At September 30, 2020, the balance of this conduit debt outstanding is \$887,100.

Under the financing agreement, the City is not obligated to pay the Series 2008-A Bonds except from the proceeds derived from the repayment of the loan to the Borrower, or from the other security pledged thereof by the Borrower, and neither the faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged to the payment of the principal or, premium, if any, or the interest on the obligation.

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(8) Interfund Transfers:

For the year ended September 30, 2020, interfund transfers consisted of the following:

	<u>Transfer From</u>	<u>Transfer To</u>
Governmental Activities		
General Fund:		
Debt Service Fund	\$ -	\$ 64,393
Water Fund	64,385	-
Sewer Fund	64,385	-
Solid Waste Fund	40,601	-
Debt Service Fund:		
General Fund	64,393	-
Business-Type Activities		
Water Fund:		
General Fund	-	64,385
Sewer Fund:		
General Fund	-	64,385
Solid Waste Fund:		
General Fund	-	40,601
	\$ 233,764	\$ 233,764

The transfer from the General Fund to the Debt Service Fund represents funding of the debt service requirement as debt service principal and interest payments become due. The transfer from the Water, Sewer, and Solid Waste Funds to the General Fund represents payments in lieu of taxes.

(9) Employees' Retirement Plans:

A. Florida Retirement System:

Plan Description and Administration

As of June 1, 2004, the City began participating in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the City's full-time employees. FRS is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Pension Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the City are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS 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. For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received 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. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(9) **Employees' Retirement Plans:** (Continued)

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a 5% benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

Benefits under the 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.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(9) **Employees' Retirement Plans:** (Continued)

Contributions

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees, other than those in DROP from FRS who are not required to contribute, is 3.00%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2020, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Before June 30, 2020</u>	<u>After June 30, 2020</u>
Regular Class	8.47%	10.00%
Special Risk	25.48%	24.45%
Senior Management Service Class	25.41%	27.29%
Regular Class Not Eligible for FRS	5.22%	5.10%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for City employees participating in FRS and HIS for the plan year ended June 30, 2020, were as follows:

City Contributions – FRS	\$ 283,319
City Contributions – HIS	38,318
Employee Contributions	69,250

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

At September 30, 2020, the City reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 3,695,788
HIS	811,898
Total	<u>\$ 4,507,686</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2020 and 2019, the City's proportional share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2020</u>	<u>2019</u>
FRS	0.008527139%	0.008105469%
HIS	0.006649536%	0.008143556%

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(9) **Employees' Retirement Plans:** (Continued)

For the plan year ended June 30, 2020, pension expense was recognized related to the FRS and HIS plan as follows:

FRS	\$	811,058
HIS		58,282
Total	\$	<u>869,340</u>

Deferred outflows/inflows related to pensions:

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

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 141,445	\$ -	\$ 33,212	\$ (626)
Changes of assumptions	669,055	-	87,302	(47,209)
Net different between projected and actual investment earnings	220,051	-	648	-
Change in City's proportionate share	410,022	(61,656)	220,543	(214,037)
Contributions subsequent to the measurement date	78,730	-	9,522	-
	<u>\$ 1,519,303</u>	<u>\$ (61,656)</u>	<u>\$ 351,227</u>	<u>\$ (261,872)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2021	\$	270,049
2022		413,461
2023		382,112
2024		284,818
2025		115,173
Thereafter		(6,863)
Total	\$	<u>1,458,750</u>

Actuarial assumptions:

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(9) **Employees' Retirement Plans:** (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.90%. This rate decreased from the prior year rate, which was 7.00%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.87%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2019, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.2%
Fixed income	19.0%	3.0%
Global equities	54.2%	8.0%
Real estate	10.3%	6.4%
Private equity	11.1%	10.8%
Strategic investments	4.4%	5.5%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the City calculated using the current discount rates, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.80%	\$ 5,901,552	\$ 3,695,788	\$ 1,853,524
HIS	2.21%	938,517	811,898	708,260

**CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

(9) **Employees' Retirement Plans:** (Continued)

B. Defined Contribution Plan:

The City Commission has adopted the International City Management Association Retirement Corporation (ICMA-RC) Money Purchase Plan and Trust effective July 1, 2015. The plan is available to the general employees who are not in one of the other City retirement plans. City contributions to the ICMARC Money Purchase Plan and Trust for general employees shall be in same percentages as the FRS. For the year ended September 30, 2020, actual employer contributions to this plan totaled \$40,371.

(10) **Other Post-Employment Benefits (OPEB):**

Plan Description—No assets are held in trust for payment of the OPEB liability as the City had no OPEB liability other than as arising from the implicit rate subsidy. Retirees and their dependents are permitted to remain covered under the City's respective health care plans as long as they pay a full premium applicable to the coverage elected. Eligible participants include all regular employees of the City who retire from active service under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals also include spouses and dependent children. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes. The Other Post-Employment Benefit Plan does not issue a stand-alone report.

Benefits Provided—The Other Post-Employment Benefits Plan is a single-employer benefit healthcare plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the City is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee. GASB No. 75 calls this the "implicit rate subsidy."

Plan Membership—At October 1, 2019, the date of the latest actuarial valuation, plan participation consisted of 37 covered individuals, including one inactive employee and beneficiaries and 36 active employees. Plan participation does not include any inactive employees entitled to but not yet receiving benefits.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the October 1, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Discount rate	2.14%
Salary increases	3.00%
Healthcare cost trend rate	7.00% in 2020, downgraded 0.50% per year to 5.00% in 2024
Age-related morbidity	3.50% for each year of age
Retirees' share of benefit-related costs	100.00%

The City does not have a dedicated trust to pay retiree healthcare benefits. The discount rate was based the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2020.

Mortality rates were based on the sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general employees, with full generational improvements in mortality using Scale MP-2017.

CITY OF BUNNELL, FLORIDA
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SEPTEMBER 30, 2020

(10) **Other Post-Employment Benefits (OPEB):** (Continued)

Total OPEB Liability—Changes in the OPEB liability for the fiscal year ended September 30, 2020, were as follows:

	Total OPEB Liability
Balance at September 30, 2019	\$ 264,578
Changes for a year:	
Service cost	15,764
Interest	5,921
Differences between expected and actual experience	(6,090)
Changes of assumptions	(25,235)
Benefit payments – implicit rate subsidy	(7,324)
Other changes	-
Net changes	(16,964)
Balance at September 30, 2020	\$ 247,614

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

The following presents the total OPEB liability of the City calculated using the discount rate of 2.14%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.14%) or 1% higher (3.14%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 268,330	\$ 247,614	\$ 229,038

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

The following presents the total OPEB liability of the City calculated using the healthcare cost trend rate of 7% graded down to 5%, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 221,844	\$ 247,614	\$ 278,362

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources:

For the year ended September 30, 2020; the City recognized OPEB expense of \$12,171. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Demographic experience	\$ -	\$ 15,153
Changes of assumptions	15,161	23,021
Total	\$ 15,161	\$ 38,174

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(10) **Other Post-Employment Benefits (OPEB):** (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended</u> <u>September 30,</u>		
2021	\$	(2,190)
2022		(2,190)
2023		(2,190)
2024		(2,190)
2025		(2,190)
Thereafter		(12,063)

(11) **Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year. The City is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the City’s legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the City.

(12) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented and that City believes will apply to them. Management has not currently determined what, if any, impact implementation of the following will have on the City’s financial statements:

GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

GASB issued Statement No. 91, *Conduit Debt Obligations*, in May 2019. GASB 91 provides for a single method of reporting conduit debt obligations and requires essential information related to the conduit debt obligations be disclosed in the notes to the financial statements. The provisions in GASB 91 are effective for periods beginning after December 15, 2021.

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2021.

CITY OF BUNNELL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(13) Risks and Uncertainties – COVID-19:

During the year ended September 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the City as of March 1, 2021, management believes that a material impact on the entity's net position and results of future operations is reasonably possible.

CITY OF BUNNELL, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)							
Proportion of the net pension liability	0.008527139%	0.008105469%	0.005902651%	0.005736974%	0.006115975%	0.717755300%	0.008108986%
Proportionate share of the net pension liability	\$ 3,695,788	\$ 2,791,411	\$ 1,777,909	\$ 1,696,958	\$ 1,544,288	\$ 927,077	\$ 494,767
Covered payroll	2,308,323	2,724,119	1,706,317	1,676,346	1,669,149	2,046,001	2,349,609
Proportionate share of the net pension liability as a percentage of covered payroll	160.11%	102.47%	104.20%	101.23%	92.52%	45.31%	21.06%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)							
Proportion of the net pension liability	0.006649536%	0.008143556%	0.005223074%	0.005258092%	0.005855760%	0.006967227%	0.008068319%
Proportionate share of the net pension liability	\$ 811,898	\$ 911,182	\$ 552,816	\$ 562,219	\$ 682,465	\$ 710,548	\$ 754,408
Covered payroll	2,308,323	2,724,119	1,706,317	1,676,346	1,669,149	2,046,001	2,349,609
Proportionate share of the net pension liability as a percentage of covered payroll	35.17%	33.45%	32.40%	33.54%	40.89%	34.73%	32.11%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

**CITY OF BUNNELL, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)**

	As of the Plan Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)							
Contractually required contribution	\$ 283,319	\$ 251,328	\$ 168,221	\$ 149,348	\$ 167,167	\$ 190,099	\$ 205,334
Contributions in relation to the contractually required contribution	283,319	251,328	168,221	149,348	167,167	190,099	205,334
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,308,323	\$ 2,724,119	\$ 1,706,317	\$ 1,676,346	\$ 1,669,149	\$ 2,046,001	\$ 2,349,609
Contributions as a percentage of covered payroll	12.27%	9.23%	9.86%	8.91%	10.02%	9.29%	8.74%
Health Insurance Subsidy Program (HIS)							
Contractually required contribution	\$ 38,318	\$ 45,220	\$ 28,325	\$ 27,827	\$ 21,031	\$ 25,780	\$ 28,195
Contributions in relation to the contractually required contribution	38,318	45,220	28,325	27,827	21,031	25,780	28,195
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,308,323	\$ 2,724,119	\$ 1,706,317	\$ 1,676,346	\$ 1,669,149	\$ 2,046,001	\$ 2,349,609
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.26%	1.26%	1.20%

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

CITY OF BUNNELL, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 15,764	\$ 15,635	\$ 19,282
Interest	5,921	9,045	8,520
Differences between expected and actual experience	(6,090)	(11,523)	-
Changes of assumptions	(25,235)	18,203	-
Benefit payments – implicit rate subsidy	(7,324)	(7,537)	(3,612)
Net change in total OPEB liability	<u>(16,964)</u>	<u>23,823</u>	<u>24,190</u>
Total OPEB liability – beginning	264,578	240,755	216,565
Total OPEB liability – ending	<u>\$ 247,614</u>	<u>\$ 264,578</u>	<u>\$ 240,755</u>
Covered payroll	\$ 1,420,597	\$ 1,461,205	\$ 1,791,159
Total OPEB liability as a percentage of covered payroll	17.43%	18.11%	13.44%
Measurement date	09/30/2020	09/30/2019	09/30/2018
Actuarial valuation date	10/01/2019	10/01/2018	10/01/2017

Changes of assumptions:

Changes of assumptions reflect the effects of changes in the discount rate each period.

To the right are the discount rates used in each period:	2.14%	3.58%	3.64%
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The monthly implied subsidy at age 62 for the 2019/20 fiscal year for the retiree and his spouse was decreased from \$564.38 and \$537.50, respectively, to \$475.00 and \$425.00, respectively.

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

**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**

To the Honorable Mayor, City Commission, and City Manager,
City of Bunnell, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Bunnell, 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's basic financial statements, and have issued our report thereon dated March 1, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described as follows as item 2020-001, that we consider to be a significant deficiency.

2020-001 Reconciliation of Account Balances: During our audit, we noted a number of account balances required adjustments, including revenues, expenditures, receivables, capital assets, and capital leases in order to be compliant with generally accepted accounting principles in the United States of America. We recommend the City review significant transactions monthly to ensure completeness and accuracy, as well as all account balances at year-end to ensure proper cutoff and accrual-based reconciliations agree to the general ledger.

Compliance and Other Matters

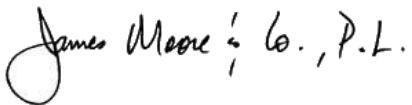
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Management's Response to Findings

The City's response to the findings identified in our audit is described in the accompany management's response to findings, as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Daytona Beach, Florida
March 1, 2021

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Commission, and City Manager,
City of Bunnell, Florida:

Report on the Financial Statements

We have audited the financial statements of City of Bunnell, Florida (the City) as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated March 1, 2021.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Examination Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 1, 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. There were no findings or recommendations from the prior year's audit.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

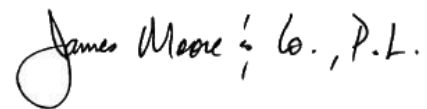
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted the following recommendations:

Additional Matters

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

Purpose of this Letter

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial "J".

Daytona Beach, Florida
March 1, 2021

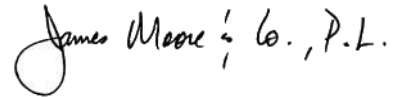
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, City Commission, and City Manager,
City of Bunnell, Florida:

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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



Daytona Beach, Florida
March 1, 2021

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Shanea Stankiewicz, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the City of Bunnell, which is a local governmental entity of the State of Florida;
2. The City of Bunnell adopted Ordinance No. 2011-15 and Ordinance No. 2020-06 implementing impact fees; and
3. The City of Bunnell has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

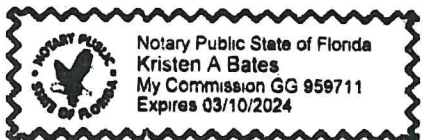
FURTHER AFFIANT SAYETH NAUGHT.

Shanea Stankiewicz

 Chief Financial Officer of the Entity

STATE OF FLORIDA
COUNTY OF Flagler

SWORN TO AND SUBSCRIBED before me this 26th day of October, 2020.



Kristen A Bates

 NOTARY PUBLIC
 Print Name Kristen A Bates

Personally known X or produced identification _____

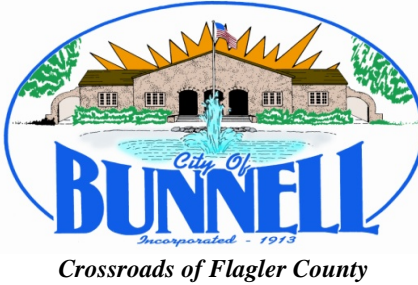
Type of identification produced: _____

My Commission Expires:
3/10/2024

CATHERINE D. ROBINSON
MAYOR

JOHN ROGERS
VICE-MAYOR

DR. ALVIN B. JACKSON, JR.
CITY MANAGER



COMMISSIONERS:

BILL BAXLEY

DONNIE NOBLES

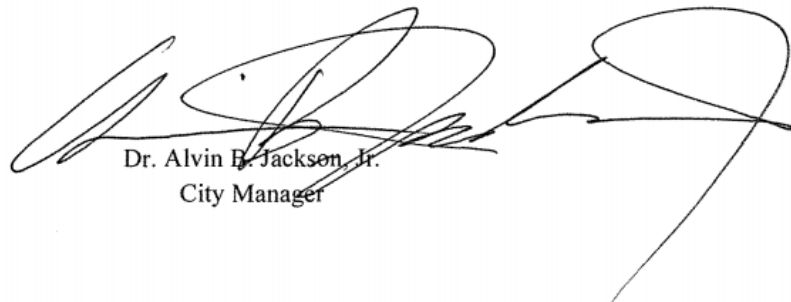
TONYA GORDON

March 1, 2021

Management's Response to Audit Finding

2020-001 Reconciliation of Account Balances

Finance staff will review significant transactions monthly and at year-end to ensure that account balances are complete and accurate.



Dr. Alvin B. Jackson, Jr.
City Manager