



City of Groveland, Florida
FINANCIAL STATEMENTS
Year Ended September 30, 2020



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City of Groveland, Florida
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September 30, 2020

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**City of Groveland, Florida
City Officials
As of September 30, 2020**

MAYOR

Evelyn Wilson

VICE MAYOR

Mike Radzik

CITY COUNCIL

Mike Smith
Dina Sweatt
Randolph Waite

CITY MANAGER

Michael Hein

CITY ATTORNEY

Anita Geraci-Carver, Esq.

CITY CLERK

Virginia Wright



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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
of the City of Groveland, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Groveland, Florida 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

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Groveland, Florida, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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 budgetary comparison information and other post-employment benefits schedules on pages 3-10 and 59-63 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 June 30, 2021, on our consideration of the City of Groveland, Florida'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 of Groveland, Florida's internal control over financial reporting and compliance.

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

Melbourne, Florida
June 30, 2021

City of Groveland, Florida Management's Discussion and Analysis

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

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$74,575,110 (net position). Of this amount, \$8,815,773 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2,960,357 or 4.1%.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,843,873, a decrease of \$11,810,617 in comparison with the prior year. None of this amount is available for spending at the government's discretion (assigned and unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$1,151,187 or approximately 8.3% of total general fund expenditures.
- The City's total outstanding long-term debt, not including compensated absences and other post-employment benefits, decreased by \$1,166,802 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support 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's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents financial information of all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 declining.

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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that

City of Groveland, Florida Management's Discussion and Analysis

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, recreation and community development. The business-type activities of the City include water, sewer, and reclaimed water system and sanitation utility services. The government-wide financial statements can be found on pages 12-15 of this report.

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 objects. The City, like other state and local governments, uses fund accounting to ensure and demonstration compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven individual 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 Community Redevelopment Agency, the Building Services Fund, the Impact Fee Fund and the Construction Fund. The City has two non-major governmental funds, the discretionary sales tax fund, and debt service fund.

The City of Groveland adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund, the Community Redevelopment Agency Fund and the Building Services Fund to demonstrate compliance with their budgets.

The basic governments fund financial statements can be found on pages 16-23 of this report.

City of Groveland, Florida Management's Discussion and Analysis

Proprietary Funds

The City maintains one type of proprietary fund – an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, sewer, and reclaimed water system and sanitation utility 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 more detailed information for the Water, Sewer and Reclaimed Water Utility and the Sanitation Utility activities.

The basic proprietary fund financial statements can be found of pages 24-28 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-55 of this report.

Government-wide Overall Financial Analysis

Statement of Net Position

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of Groveland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$74,575,110 at the close of the most recent fiscal year.

	Governmental Activities		Business-type Activities		Total	
	2020	2019'	2020	2019'	2020	2019'
Assets:						
Current and other assets	\$ 15,919,583	\$ 26,685,227	\$ 9,115,677	\$ 9,541,798	\$ 25,035,260	\$ 36,227,025
Capital assets	31,575,329	17,888,265	41,741,682	40,202,288	73,317,011	58,090,553
Total assets	47,494,912	44,573,492	50,857,359	49,744,086	98,352,271	94,317,578
Deferred Outflows OPEB	\$ 163,092	\$ -	10,356	-	\$ 173,448	\$ -
Liabilities:						
Long-term liabilities	6,926,646	6,054,920	10,645,444	10,694,313	17,572,090	16,749,233
Other liabilities	4,061,444	3,874,280	2,317,075	2,079,312	6,378,519	5,953,592
Total liabilities	10,988,090	9,929,200	12,962,519	12,773,625	23,950,609	22,702,825
Net Position:						
Net investment in capital assets	24,287,465	11,982,803	30,812,789	28,989,981	55,100,254	40,972,784
Restricted	10,659,083	21,190,394	-	-	10,659,083	21,190,394
Unrestricted	1,723,366	1,471,095	7,092,407	7,980,480	8,815,773	9,451,575
Total net position	\$ 36,669,914	\$ 34,644,292	\$ 37,905,196	\$ 36,970,461	\$ 74,575,110	\$ 71,614,753

By far the largest portion of the City's net position (73.9%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets.

The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Groveland, Florida Management's Discussion and Analysis

An additional portion of the City's net position (14.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,815,773 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2020, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Statement of Activities

The following table reflects the condensed Statements of Activities for the current and prior year:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues						
Charges for services	\$ 2,820,668	\$ 3,234,259	\$ 9,181,860	\$ 7,891,270	\$ 12,002,528	\$ 11,125,529
Operating grants & contributions	1,300,406	-	-	-	\$ 1,300,406	\$ -
Capital grants & contributions	5,216,096	3,755,955	1,778,746	220,644	6,994,842	3,976,599
General Revenues:						
Property taxes	5,123,480	4,404,402	-	-	5,123,480	4,404,402
Utility taxes and franchise fees	2,532,494	2,276,730	-	-	2,532,494	2,276,730
Intergovernmental	3,599,104	3,410,760	-	-	3,599,104	3,410,760
Investment earnings	217,825	439,094	51,624	42,229	269,449	481,323
Miscellaneous	149,937	296,857	5,944	9,158	155,881	306,015
Total revenues	20,960,010	17,818,057	11,018,174	8,163,301	31,978,184	25,981,358
Expenses:						
General government	3,817,194	2,461,246	-	-	3,817,194	2,461,246
Public safety	11,732,679	8,922,415	-	-	11,732,679	8,922,415
Roads and streets	1,255,177	1,220,308	-	-	1,255,177	1,220,308
Parks & recreation	918,046	1,138,660	-	-	918,046	1,138,660
Community development	485,983	386,902	-	-	485,983	386,902
Interest on long-term debt	139,092	85,646	-	-	139,092	85,646
Water & sewer system	-	-	9,698,620	7,394,541	9,698,620	7,394,541
Sanitation services	-	-	971,036	862,502	971,036	862,502
Total expenses:	18,348,171	14,215,177	10,669,656	8,257,043	29,017,827	22,472,220
Increase (decrease) in net position before transfers	2,611,839	3,602,880	348,518	(93,742)	2,960,357	3,509,138
Transfers	(586,217)	3,758,346	586,217	(3,758,346)	-	-
Increase (decrease) in net position	2,025,622	7,361,226	934,735	(3,852,088)	2,960,357	3,509,138
Net position, October 1, as previously reported	34,644,292	27,266,542	36,970,461	40,954,152	71,614,753	68,220,694
Prior period adjustments	-	16,524	-	(131,603)	-	(115,079)
Net position, October 1, as restated	34,644,292	27,283,066	36,970,461	40,822,549	71,614,753	68,105,615
Net position, September 30	36,669,914	34,644,292	37,905,196	36,970,461	74,575,110	71,614,753

Governmental activities.

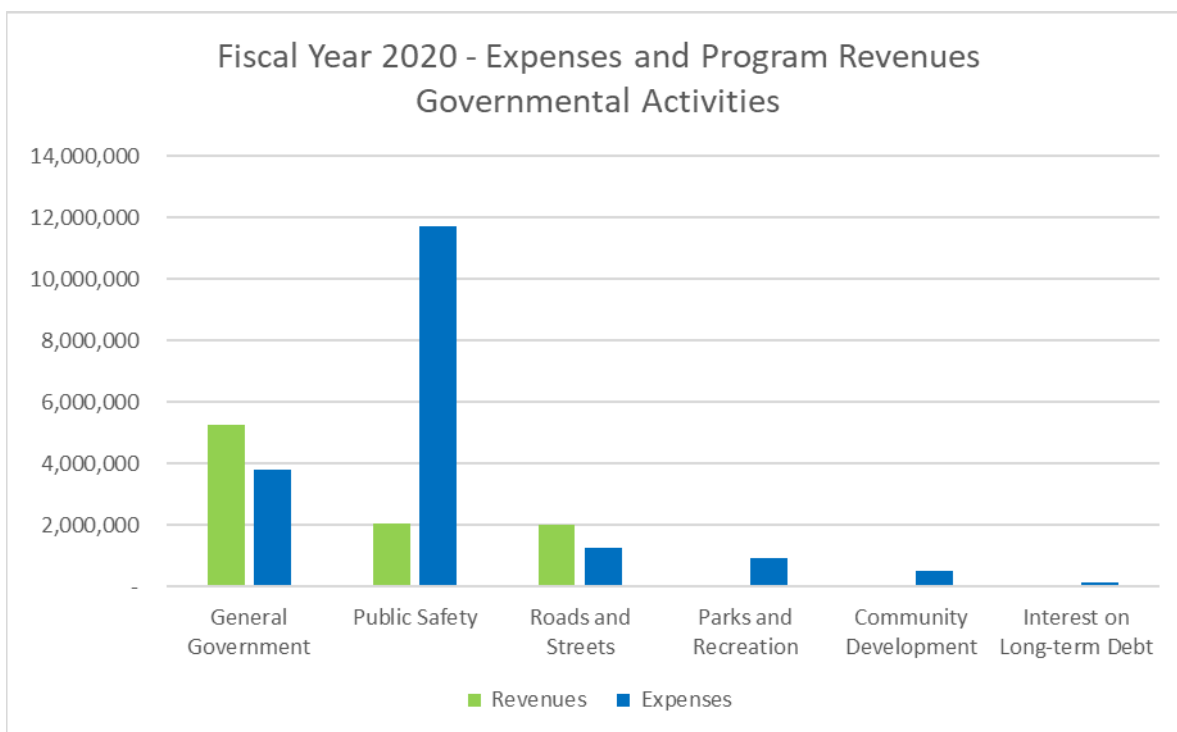
During the current fiscal year, net position for governmental activities increased by \$2,025,622 from the prior fiscal year. General revenues increased by approximately 7.3% due to increases in property taxes, utility taxes and franchise fees and intergovernmental revenues. Program revenues increased by approximately 33.6%, primarily due to \$1.1 million in Coronavirus Aid, Relief and Economic Security Act (CARES) funding received to assist the City recover and respond to the pandemic.

Governmental expenditures increased \$4.1 million compared to the fiscal year ending September 30, 2019. This was primarily due to increased depreciation expense; increased costs associated with other post-employment benefits and compensated absences; implementation of a pay plan study for Police;

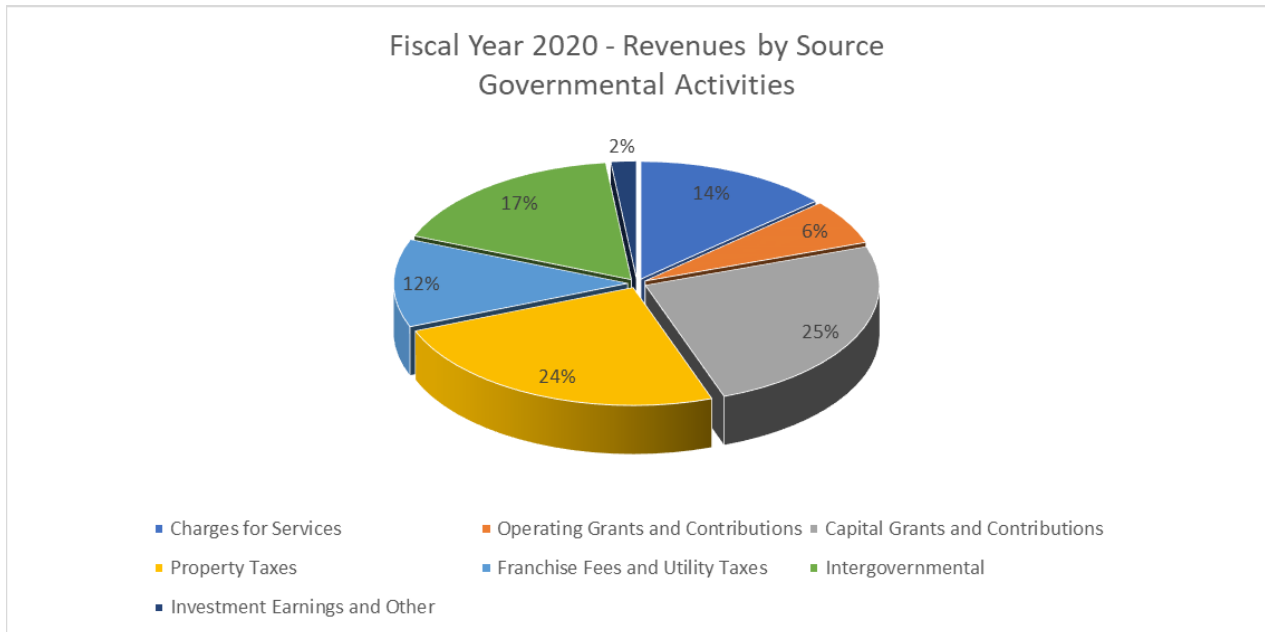
City of Groveland, Florida Management's Discussion and Analysis

and the addition of four police officers, nine firefighters and several other administrative staff. The cost of nine firefighters was partially offset by a Staffing for Adequate Fire and Emergency Response (SAFER) grant and the cost of three police officers hired as school resource officers was partially offset by a reimbursement from the Lake County School Board.

The first chart that follows compares each program's expenses with revenues generated by the program. The next chart displays the City's revenues by source. Public safety represents one of the City's major services and the majority of resources used to fund the service are not generated by the program. Revenues from taxes and other general resources provide the remaining funding necessary for public safety.



City of Groveland, Florida Management's Discussion and Analysis



Business-type Activities

Business-type activities increased the City's net position by \$934,735. Program revenues increased by approximately \$2.9 million due to capital contributions from developers and a state grant for the planning phase of the clean water utility project. These increased revenues were offset by increased expenses of approximately \$2.4 million which primarily resulted from a \$1.9 million loss on the sale of land purchased from the Palisades Golf Course. In purchasing the course, the City acquired the water rights to the wells on the property which they were able to retire and cap. This action eliminated the St. Johns River Water Management District's Consumptive Use Permit requirement to build a mitigation pipeline/system in Fiscal Year 2021 (Waterside Stormwater Diversion Project) at an estimated cost of \$4.3 million and increased the Upper Florida Aquifer allocation from 2.5 million gallons per day to 3.32 million gallons per day through February 2025. This resulted in a net savings of \$2.4 million and relieved pressure to construct an undesigned and unbudgeted capital project while increasing available water supply.

Financial Analysis of Government's Funds

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

Governmental funds.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11.8 million, a 50% decrease from the prior year. Unassigned fund balance decreased, primarily due to committing resources to construction projects and required reserves. The remainder of fund balance represents a legally restricted funding source that has been committed to a specific purpose by City action or is not in liquid form available for new spending.

City of Groveland, Florida Management's Discussion and Analysis

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was a \$1.3 million deficit, while total fund balance was \$1.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and assigned fund balances as a percentage of total General Fund expenditures is negative, while total fund balance represents 8.9% of that same amount.

The fund balance of the City's General Fund decreased by \$8.6 million during the current fiscal year, compared to a \$8.1 million decrease in the prior year. This was the result of the City moving \$7.2 million in restricted revenues for discretionary infrastructure sales tax and loan proceeds for construction of the Public Safety Complex out of the General Fund. In addition, General Fund resources of approximately \$1.1 million were used to fund an ambitious capital reinvestment plan including Lake David and the Public Safety Complex.

Proprietary funds.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to \$6.3 million for the Water and Sewer System and \$.8 million for Sanitation Services. The total increase in combined net position for the enterprise funds was \$934,735. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

There were no budget amendments during the year ended September 30, 2020.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounted to \$73.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and other infrastructure items. The percentage increase from the prior year was approximately 26.2%.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 8,373,605	\$ 7,884,780	\$ 1,160,332	\$ 1,160,332	\$ 9,533,937	\$ 9,045,112
Buildings	883,080	755,718	1,098,402	1,114,608	1,981,482	1,870,326
Improvements other than buildings	6,818,673	4,345,695	36,659,277	36,842,458	43,477,950	41,188,153
Machinery and equipment	3,340,398	2,468,988	553,558	651,058	3,893,956	3,120,046
Construction in progress	12,159,573	2,433,084	2,270,113	433,832	14,429,686	2,866,916
Total	<u>\$ 31,575,329</u>	<u>\$ 17,888,265</u>	<u>\$ 41,741,682</u>	<u>\$ 40,202,288</u>	<u>\$ 73,317,011</u>	<u>\$ 58,090,553</u>

Major Capital asset additions include the following projects:

- Construction of Public Safety Complex
- Construction of Lake David and Cherry Lake Parks
- Developer contributions of infrastructure placed into service
- Clean water and drinking water utility projects
- Sunset water main project

Additional information on the City's capital assets can be found in Note 2C on pages 42-43 of this report.

City of Groveland, Florida Management's Discussion and Analysis

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt, loans and capital leases outstanding of \$15.7 million, a decrease of \$1.2 million from \$16.9 million at September 30, 2019.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue Bonds	\$ -	\$ -	\$ 5,109,606	\$ 5,218,410	\$ 5,109,606	\$ 5,218,410
State Revolving Fund Loan	-	-	337,440	417,056	337,440	417,056
Revenue Note Payable	4,548,303	5,141,365	5,039,000	5,494,000	9,587,303	10,635,365
Capital Leases	609,931	504,707	47,297	82,841	657,228	587,548
Total	\$ 5,158,234	\$ 5,646,072	\$ 10,533,343	\$ 11,212,307	\$ 15,691,577	\$ 16,858,379

Additional information on the City's outstanding debt can be found in Notes 2D & 2E on pages 44-48 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of Groveland and were considered in developing the 2020-2021 fiscal year budget.

- As of the United States Censuses count of April 1, 2010, the City had an estimated population of 8,729. The population estimate issued for 2019 by the State of Florida, Office of Economic and Demographic Research shows the City's population has increased to 20,510.
- During the fiscal year 2020, the City issued building permits for the construction of 565 new single family homes. The City expects continued local economic conditions to remain favorable in the near term. This is proven with construction in the C. Ford Industrial Park of a Kroger Distribution Center and Amazon Distribution Center.

Requests for Information

This financial report is designed to provide a general overview of the City of Groveland, Florida's finances for all those with an interest in the government'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 Groveland, Attention: Finance Director, 156 S. Lake Avenue, Groveland, Florida 34736.



CITY OF GROVELAND, FLORIDA
Basic Financial Statements

City of Groveland, Florida
Statement of Net Position

<i>September 30, 2020</i>	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 12,463,105	\$ 2,273,810	\$ 14,736,915
Investments	674,155	5,592,932	6,267,087
Receivables, net	241,189	582,273	823,462
Prepaid items	33,603	-	33,603
Due from other governments	2,007,531	230,000	2,237,531
Internal balances	500,000	(500,000)	-
Restricted assets:			
Cash and cash equivalents	-	936,662	936,662
Capital assets:			
Non-depreciable	20,533,178	3,430,445	23,963,623
Depreciable (net)	11,042,151	38,311,237	49,353,388
Total assets	47,494,912	50,857,359	98,352,271
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to other post-employment benefits	163,092	10,356	173,448
Total deferred outflow of resources	163,092	10,356	173,448
LIABILITIES			
Accounts payable	2,580,599	1,322,284	3,902,883
Accrued liabilities	526,151	29,395	555,546
Due to other governments	909,425	-	909,425
Accrued interest	45,269	28,734	74,003
Customer deposits payable	-	936,662	936,662
Non-current liabilities:			
Due within one year:			
Compensated absences	25,894	41,875	67,769
Other post-employment benefits	80,915	4,770	85,685
Bonds, notes and capital leases	832,304	681,285	1,513,589
Due in more than one year:			
Compensated absences	726,450	10,327	736,777
Other post-employment benefits	935,153	55,129	990,282
Bonds, notes and capital leases	4,325,930	9,852,058	14,177,988
Total liabilities	10,988,090	12,962,519	23,950,609

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

Primary Government			
<i>September 30, 2020</i>	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	24,287,465	30,812,789	55,100,254
Restricted for:			
Community development	337,427	-	337,427
Infrastructure	207,892	-	207,892
Capital projects	8,578,178	-	8,578,178
Public safety	1,532,509	-	1,532,509
Debt service	3,077	-	3,077
Unrestricted	1,723,366	7,092,407	8,815,773
Total net position	\$ 36,669,914	\$ 37,905,196	\$ 74,575,110

City of Groveland, Florida
Statement of Activities

For the year ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 3,817,194	\$ 2,761,256	\$ -	\$ 2,518,234
Public safety	11,732,679	54,202	1,300,406	679,318
Roads and streets	1,255,177	-	-	2,018,544
Parks and recreation	918,046	5,210	-	-
Community development	485,983	-	-	-
Interest on long-term debt	139,092	-	-	-
Total governmental activities	18,348,171	2,820,668	1,300,406	5,216,096
Business-type activities:				
Water and sewer system	9,698,620	7,691,339	-	1,778,746
Sanitation services	971,036	1,490,521	-	-
Total business-type activities	10,669,656	9,181,860	-	1,778,746
Total primary government	\$ 29,017,827	\$ 12,002,528	\$ 1,300,406	\$ 6,994,842

General revenues and transfers:

 Taxes:

 Property taxes, levied for general purposes

 Franchise fees and utility taxes

 Intergovernmental

 Investment earnings

 Miscellaneous

 Transfers, net

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ 1,462,296	\$ -	\$ 1,462,296
(9,698,753)	-	(9,698,753)
763,367	-	763,367
(912,836)	-	(912,836)
(485,983)	-	(485,983)
(139,092)	-	(139,092)
<u>(9,011,001)</u>	<u>-</u>	<u>(9,011,001)</u>
-	(228,535)	(228,535)
-	519,485	519,485
-	290,950	290,950
<u>(9,011,001)</u>	<u>290,950</u>	<u>(8,720,051)</u>
5,123,480	-	5,123,480
2,532,494	-	2,532,494
3,599,104	-	3,599,104
217,825	51,624	269,449
149,937	5,944	155,881
(586,217)	586,217	-
<u>11,036,623</u>	<u>643,785</u>	<u>11,680,408</u>
2,025,622	934,735	2,960,357
34,644,292	36,970,461	71,614,753
<u>\$ 36,669,914</u>	<u>\$ 37,905,196</u>	<u>\$ 74,575,110</u>

City of Groveland, Florida
Balance Sheet - Governmental Funds

<i>September 30, 2020</i>	General Fund	Community Redevelopment Agency
ASSETS		
Cash and cash equivalents	\$ 445,739	\$ 426,897
Investments	-	-
Accounts receivable	241,189	-
Due from other funds	607,954	-
Due from other governments	1,674,687	37,585
Prepaid items	33,603	-
Total assets	\$ 3,003,172	\$ 464,482
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 185,008	\$ 37,091
Retainage payable	164,125	-
Accrued payroll and related liabilities	503,478	1,913
Due to other funds	-	28,516
Due to other governments	909,425	-
Total liabilities	1,762,036	67,520
Deferred inflows of resources:		
Unavailable revenue	-	59,535
Total deferred inflows of resources	-	59,535
Fund balances:		
Nonspendable	33,603	-
Restricted		
Community development	-	337,427
Capital projects	-	-
Infrastructure	-	-
Public safety	56,346	-
Debt service	-	-
Committed		
Parking	20,087	-
General sinking fund	2,469,330	-
Unassigned	(1,338,230)	-
Total fund balances	1,241,136	337,427
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,003,172	\$ 464,482

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

Impact Fee Fund	Building Services Fund	Construction Fund	Non-major Governmental Funds	Total Governmental Funds
\$ 8,500,756	\$ 1,591,604	\$ 1,495,032	\$ 3,077	\$ 12,463,105
-	-	674,155	-	674,155
-	-	-	-	241,189
-	-	-	-	607,954
-	-	-	295,259	2,007,531
-	-	-	-	33,603
\$ 8,500,756	\$ 1,591,604	\$ 2,169,187	\$ 298,336	\$ 16,027,537
\$ 26,874	\$ 94,681	\$ 99,386	\$ 7,929	\$ 450,969
-	-	1,965,505	-	2,129,630
-	20,760	-	-	526,151
-	-	-	79,438	107,954
-	-	-	-	909,425
26,874	115,441	2,064,891	87,367	4,124,129
-	-	-	-	59,535
-	-	-	-	59,535
-	-	-	-	33,603
-	-	-	-	337,427
8,473,882	-	104,296	-	8,578,178
-	-	-	207,892	207,892
-	1,476,163	-	-	1,532,509
-	-	-	3,077	3,077
-	-	-	-	20,087
-	-	-	-	2,469,330
-	-	-	-	(1,338,230)
8,473,882	1,476,163	104,296	210,969	11,843,873
\$ 8,500,756	\$ 1,591,604	\$ 2,169,187	\$ 298,336	\$ 16,027,537



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City of Groveland, Florida

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of
Net Position**

Total fund balances - governmental funds **\$ 11,843,873**

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.

Governmental capital assets	\$ 45,512,465	
Less accumulated depreciation	<u>(13,937,136)</u>	31,575,329

Long-term liabilities, including notes payable, capital leases and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Notes payable	(4,548,303)	
Compensated absences	(752,344)	
Other post-employment benefits	(1,016,068)	
Capital leases	(609,931)	
Accrued interest	(45,269)	(6,971,915)

Unavailable revenue is recorded as a liability in the fund statements but is recorded as revenue in governmental activities.	59,535
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Deferred inflows of resources related to other post-employment benefits are not recognized in the funds; however, they are recorded in the statement of net position under full accrual accounting.	163,092
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Net position of governmental activities	\$ 36,669,914
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The accompanying notes are an integral part of this financial statement.

City of Groveland, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds

<i>For the year ended September 30, 2020</i>	General Fund	Community Redevelopment Agency
Revenues		
Property taxes	\$ 4,520,620	\$ 602,860
Franchise and utility taxes	2,532,494	-
Licenses and permits	99,637	-
Intergovernmental	3,331,085	-
Charges for services	658,123	-
Fines and forfeitures	52,254	-
Impact fees	-	-
Interest and other	30,129	-
Miscellaneous revenue	92,537	57,400
Total revenues	11,316,879	660,260
Expenditures		
Current:		
General government	3,647,150	-
Public safety	7,414,282	-
Roads and streets	881,048	-
Community development	134,737	338,049
Parks and recreation	692,527	-
Capital outlay	1,088,349	711,828
Debt service:		
Principal	19,681	-
Interest and fiscal charges	682	-
Total expenditures	13,878,456	1,049,877
Excess (deficiency) of revenues over (under) expenditures	(2,561,577)	(389,617)
Other financing sources (uses)		
Transfers in	2,697,206	88,521
Transfers out	(9,059,418)	(12,974)
Proceeds from capital lease	358,086	-
Net other financing sources (uses)	(6,004,126)	75,547
Net change in fund balances	(8,565,703)	(314,070)
Fund balances, beginning of year	9,806,839	651,497
Fund balances, end of year	\$ 1,241,136	\$ 337,427

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

Impact Fee Fund	Building Services Fund	Construction Fund	Non major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 5,123,480
-	-	-	-	2,532,494
-	2,010,654	-	-	2,110,291
-	-	-	1,560,048	4,891,133
-	-	-	-	658,123
-	-	-	-	52,254
3,982,814	-	-	-	3,982,814
76,112	17,408	93,502	-	217,151
-	-	-	674	150,611
4,058,926	2,028,062	93,502	1,560,722	19,718,351
13,020	-	-	-	3,660,170
-	3,248,921	-	111,519	10,774,722
-	-	-	4,471	885,519
-	-	-	8,942	481,728
-	-	-	-	692,527
2,004,259	-	9,064,755	947,054	13,816,245
-	-	-	826,243	845,924
-	-	-	143,320	144,002
2,017,279	3,248,921	9,064,755	2,041,549	31,300,837
2,041,647	(1,220,859)	(8,971,253)	(480,827)	(11,582,486)
-	-	9,248,391	3,332,796	15,366,914
(3,621,723)	(445,174)	(172,842)	(2,641,000)	(15,953,131)
-	-	-	-	358,086
(3,621,723)	(445,174)	9,075,549	691,796	(228,131)
(1,580,076)	(1,666,033)	104,296	210,969	(11,810,617)
10,053,958	3,142,196	-	-	23,654,490
\$ 8,473,882	\$ 1,476,163	\$ 104,296	\$ 210,969	\$ 11,843,873



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City of Groveland, Florida

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

Net change in fund balances - total governmental funds **\$ (11,810,617)**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceed depreciation in the current period.

Expenditures for capital assets	\$ 13,816,245	
Capital contribution	1,182,124	
Less current year depreciation	<u>(1,311,305)</u>	13,687,064

Issuance of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position. **(358,086)**

Repayment of note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. **845,924**

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Accrued interest **4,910**

Unavailable revenue is recorded as a liability in the fund statements but is recorded as revenue in governmental activities. **59,535**

Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year. **(224,779)**

Other postemployment benefit obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds. **(178,329)**

Change in net position of governmental activities **\$ 2,025,622**

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

City of Groveland, Florida
Statement of Net Position - Proprietary Funds

<i>September 30, 2020</i>	Business-type Activities - Enterprise Funds		
	Water and Sewer System	Sanitation Services	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,516,954	\$ 756,856	\$ 2,273,810
Cash and cash equivalents, restricted	936,662	-	936,662
Investments	5,592,932	-	5,592,932
Accounts receivable, net	469,368	112,905	582,273
Due from other governments	230,000	-	230,000
Total current assets	8,745,916	869,761	9,615,677
Noncurrent assets:			
Capital assets:			
Land	1,160,332	-	1,160,332
Infrastructure	58,691,836	-	58,691,836
Building and improvements	1,396,936	-	1,396,936
Equipment	2,413,129	-	2,413,129
Construction in progress	2,270,113	-	2,270,113
Total capital assets	65,932,346	-	65,932,346
Less accumulated depreciation	(24,190,664)	-	(24,190,664)
Total capital assets, net of accumulated depreciation	41,741,682	-	41,741,682
Total noncurrent assets	41,741,682	-	41,741,682
Total assets	50,487,598	869,761	51,357,359
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other post- employment benefits	10,356	-	10,356
Total deferred outflow of resources	10,356	-	10,356

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

<i>September 30, 2020</i>	Business-type Activities - Enterprise Funds		
	Water and Sewer System	Sanitation Services	Total
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,268,692	82,987	1,351,679
Accrued interest payable	28,734	-	28,734
Bonds and notes payable	660,509	-	660,509
Capital lease payable	20,776	-	20,776
Compensated absences	41,875	-	41,875
Other post-employment benefits	4,770	-	4,770
Customer deposits payable	936,662	-	936,662
Due to other funds	500,000	-	500,000
Total current liabilities	3,462,018	82,987	3,545,005
Noncurrent liabilities:			
Capital lease payable	26,521	-	26,521
Compensated absences	10,327	-	10,327
Other post-employment benefits	55,129	-	55,129
Bonds and notes payable after one year	9,825,537	-	9,825,537
Total noncurrent liabilities	9,917,514	-	9,917,514
Total liabilities	13,379,532	82,987	13,462,519
NET POSITION			
Net investment in capital assets	30,812,789	-	30,812,789
Unrestricted	6,305,633	786,774	7,092,407
Total net position	\$ 37,118,422	\$ 786,774	\$ 37,905,196

City of Groveland, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Funds

<i>For the year ended September 30, 2020</i>	Business-type Activities - Enterprise Funds		
	Water and Sewer System	Sanitation Services	Total
Operating revenues:			
Charges for services	\$ 7,691,339	\$ 1,490,521	\$ 9,181,860
Miscellaneous	5,944	-	5,944
Total operating revenues	7,697,283	1,490,521	9,187,804
Operating expenses:			
Salaries, wages and employee benefits	486,933	-	486,933
Contractual, materials, and supplies	3,698,805	951,942	4,650,747
Insurance claims and expense	283,725	-	283,725
Depreciation	2,142,514	-	2,142,514
Repairs and maintenance	58,041	-	58,041
Other operating expenses	719,118	19,094	738,212
Total operating expenses	7,389,136	971,036	8,360,172
Operating income	308,147	519,485	827,632
Nonoperating revenues (expenses):			
State grant	230,000	-	230,000
Interest income	43,217	8,407	51,624
Interest and fiscal charges	(369,187)	-	(369,187)
Total nonoperating revenues (expenses)	(95,970)	8,407	(87,563)
Income before contributions and transfers	212,177	527,892	740,069
Capital contributions	1,548,746	-	1,548,746
Loss on disposal of assets held for sale	(1,940,297)	-	(1,940,297)
Transfers in	1,916,525	-	1,916,525
Transfers out	(391,308)	(939,000)	(1,330,308)
Change in net position	1,345,843	(411,108)	934,735
Net position, beginning of year	35,772,579	1,197,882	36,970,461
Net position, end of year	\$ 37,118,422	\$ 786,774	\$ 37,905,196

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

City of Groveland, Florida
Statement of Cash Flows – Proprietary Funds

<i>For the year ended September 30, 2020</i>	Business-type Activities - Enterprise Funds		
	Water and Sewer System	Sanitation Services	Total
Cash flows from operating activities:			
Cash received from customers for sales and services	\$ 7,414,550	\$ 1,491,349	\$ 8,905,899
Cash payments to employees	(605,147)	-	(605,147)
Cash payments to suppliers for goods and services	(3,036,899)	(963,891)	(4,000,790)
Cash payments for insurance and claims expenses	(283,725)	-	(283,725)
Net cash provided by operating activities	3,488,779	527,458	4,016,237
Cash flows from noncapital financing activities:			
Cash transfers in from other funds	1,916,525	-	1,916,525
Cash transfers out to other funds	(391,308)	(939,000)	(1,330,308)
Net cash provided by (used in) noncapital financing activities	1,525,217	(939,000)	586,217
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(2,133,162)	-	(2,133,162)
Capital grants and contributions	230,000	-	230,000
Principal paid on lease obligations	(35,544)	-	(35,544)
Principal paid on bonds and notes payable	(643,420)	-	(643,420)
Interest paid on long-term debt, net of subsidy	(370,547)	-	(370,547)
Net cash used in capital and related financing activities	(2,952,673)	-	(2,952,673)
Cash flows from investing activities:			
Investment income	43,217	8,407	51,624
Proceeds from sale of assets held for sale	407,900	-	407,900
Purchase of assets held for sale	(2,348,197)	-	(2,348,197)
Purchase of investments	(5,592,932)	-	(5,592,932)
Net cash provided by (used in) investing activities	(7,490,012)	8,407	(7,481,605)
Net decrease in cash and cash equivalents	(5,428,689)	(403,135)	(5,831,824)
Cash and cash equivalents, beginning of year	7,882,305	1,159,991	9,042,296
Cash and cash equivalents, end of year	\$ 2,453,616	\$ 756,856	\$ 3,210,472

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

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

<i>For the year ended September 30, 2020</i>	Business-type Activities - Enterprise Funds		
	Water and Sewer System	Sanitation Services	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 308,147	\$ 519,485	\$ 827,632
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,142,514	-	2,142,514
Bad debt expense	-	19,094	19,094
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(83,599)	(18,266)	(101,865)
Increase (decrease) in liabilities:			
Accounts payable	939,065	7,145	946,210
Due to customers	500,000	-	500,000
OPEB obligation	(82,458)	-	(82,458)
Compensated absences	(25,400)	-	(25,400)
Customer deposits	102,066	-	102,066
Total adjustments	3,180,632	7,973	3,188,605
Net cash provided by operating activities	\$ 3,488,779	\$ 527,458	\$ 4,016,237
Noncash capital and related financing activities:			
Acquisition of capital assets through contributions from property owners, developers and other governments	\$ 1,548,746	\$ -	\$ 1,548,746

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

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Groveland, Florida (the “City”), was incorporated in 1923 under the provisions of the Special Acts of 1923 of the State of Florida, Chapter 9764. The current City Code authorizes the following services: public safety, public utilities, public works (including roads and streets), planning and zoning, sanitation, parks and recreation, community redevelopment, and general administrative services.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to government units. The more significant accounting policies used by the City are described below.

A. Reporting entity

The City is a municipal corporation governed by an elected mayor and five-member governing council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The City has no discretely presented component units.

Blended component unit

The City of Groveland created the Community Redevelopment Agency in 2002. This is a dependent taxing district established in accordance with Chapter 163, Part III, Florida Statutes. Notification to affected taxing agency was done in compliance with Chapter 163.346, Part III, Florida Statutes. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area. The City Council, being the duly elected governmental body for the designated area, passed Ordinance 2002-05-15, which established the City of Groveland as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area. Through the Ordinance, the City established the Community Redevelopment Trust Fund to account for all transactions generated by this special revenue fund. The Groveland Community Redevelopment Fund is presented as a blended component unit since the City Council serves as 5 of the 7 members of the governing board and the City has operational responsibility for the Fund.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

C. Measurement focus, basis of accounting and financial statement presentation

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 of transactions or events for recognition in the financial statements.

The government-wide 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 government 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, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The proprietary funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used which are not eliminated in the process of consolidation. *Governmental activities* are those which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements

The fund financial statements provide information about the government's funds, including its blended component unit. Separate statements for each fund category—governmental, and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *community redevelopment agency fund* accounts for the resources accumulated and payments made for the rehabilitation, conservation and/or redevelopment of the Community Redevelopment Area. The Community Redevelopment Agency fund is presented separately as a major fund, which is also in compliance with Florida Statute 163.387. This fund receives special incremental ad-valorem tax levies to pay for rehabilitation and redevelopment of the specified area in need of improvement to sustain the tax base.

The *impact fee fund* is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes for capital projects.

The *building services fund* is used to account for the proceeds of specific revenue sources, licenses and permits, which are restricted to expenditures specific use of the building department.

The *construction fund* is used to account for the construction of large capital projects.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government reports the following major enterprise funds:

The *water and sewer system fund* accounts for the operations of the City's water, sewer, and reclaimed water utility operations, which are financed in a manner similar to private business enterprises, where the costs, including depreciation, of providing service to the general public on an ongoing basis are financed primarily through user charges.

The *sanitation services fund* accounts for the fiscal activities of the City's refuse collection and disposal operation.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary compliance and other post-employment benefits ("OPEB") obligations. The City adopts an annual appropriated budget for its general fund, community redevelopment agency fund, and building fund.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities, and net position or equity

1. Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments for the government are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). The State Treasurer's Investment Pool meets all of the specified criteria in Section 150: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the City's position in the pool is equal to the value of the pooled shares.

3. Receivables and payables

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 120 days are subject to being considered as uncollectible.

4. Interfund activities and transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the government and business-type activities columns of the statement of net position, except for any residual balance outstanding between the government and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.

5. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

City of Groveland, Florida

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. For infrastructure assets the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	40
Improvements other than buildings	25 - 40
Water and sewer systems	25 - 40
Machinery and equipment	5 - 15

7. Categories and classification of fund equity

Net position flow assumption – Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance flow assumptions – Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of Section 1800: *Classification and Terminology* of the GASB Codification, specifies the following classifications:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance - Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

Fund balance reserve – The City adopted Ordinance 2013-08-17 creating a fund balance reserve. For the general fund, the reserve is the sinking fund committed fund balance, \$2,469,330. The reserve is calculated as 15% of the expenditures less capital outlay budgeted for the next fiscal year. For the enterprise funds, the reserve is 20% of the expenditures, less capital outlay, budgeted for the next fiscal year. The reserve for the enterprise funds as of September 30, 2020 is \$1,672,034.

8. Revenues and expenditures/expenses

Program revenues – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – Property taxes attach as an enforceable lien on real property and are levied as of July 1st. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 30 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Compensated absences – *Vacation*: The government's policy permits employees to accumulate earned but unused personal time off (PTO) benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Proprietary funds operating and non-operating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer system fund and the sanitation services fund are charges to customers for sales and services. The water and sewer system fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of Groveland, Florida

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Long Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB 65, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

10. Use of Estimates

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

11. Recently issued and implemented accounting pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement 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 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. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

City of Groveland, Florida Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The City is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of September 30, 2020, \$500,000 of the City's bank balances is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the City's investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the City to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

The investing of public funds with the Florida State Board of Administration (SBA) - Local Government Surplus Funds Trust Fund is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2020, the City had \$256,604 invested. The fair value of the City's position in the pool is equal to the value of the pooled shares or net asset value.

The Florida Surplus Asset Fund Trust (Florida SAFE) is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The investment pool consists of obligations guaranteed by the full faith and credit of the United States, U.S. government agency obligations, commercial paper, bank obligations and other obligations permitted by applicable Florida Statutes. At September 30, 2020, the City's share of Florida SAFE was \$3,341,174. The fair value of the City's position in the pool is equal to the value of the pooled shares or net asset value.

City of Groveland, Florida Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in either external investment pool.

Deposits available within various funds were consolidated for investment purposes. Interest earned was allocated to the various funds based on their average cash and investment balances.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, 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.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City's investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months.

Credit risk – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The City's investment policy limits investments to securities with specific ranking criteria.

Concentration risk – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The City's investment policy does not address concentration risk.

Fair Value – GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

City of Groveland, Florida Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of September 30, 2020, the City did not hold any investments which met the criteria set forth in GASB Codification Section 3100 and would be required to be classified within the fair value hierarchy. At September 30, 2020, the City has the following investments:

Investment type	Fair Value	Weighted Average to Maturity	Rating	Agency
Primary government:				
Certificates of Deposit	\$ 2,669,309	-	Not rated	Not rated
SBA (Florida PRIME)	256,604	48 days	AAAm	S&P
Florida SAFE Stable NAV Fund	3,341,174	60 days	AAAm	S&P
Total primary government	\$ 6,267,087			

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

City of Groveland, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

B. Accounts receivable

For the water and sewer system and sanitation services, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2020 (unbilled receivable), is estimated and accrued at year end. The City deems all amounts collectable therefore an allowance for doubtful accounts is not necessary. If payments are not received from customers, services are shut off and deposits are applied against negative balances.

All account receivables are shown net of allowances for uncollectible accounts for governmental funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2020, were as follows:

	Accounts Receivable	Allowance for Uncollectible	Net
General Fund	\$ 241,189	\$ -	\$ 241,189
Enterprise Funds:			
Wastewater System Fund	548,749	(79,381)	469,368
Sanitation Services Fund	131,999	(19,094)	112,905
Totals	\$ 921,937	\$ (98,475)	\$ 823,462

Property taxes are considered fully collected (96% of the levy) during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2020. There are no other reserves for receivables recorded by the City as of September 30, 2020.

City of Groveland, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2020:

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 7,884,780	\$ 488,825	\$ -	\$ -	\$ 8,373,605
Construction-in-progress	2,433,084	11,435,963	(1,709,474)	-	12,159,573
Total capital assets, not being depreciated	10,317,864	11,924,788	(1,709,474)	-	20,533,178
Capital assets, being depreciated:					
Buildings	2,033,213	205,825	-	-	2,239,038
Improvements/infrastructure	11,175,675	2,891,598	-	-	14,067,273
Machinery and equipment	6,987,344	1,685,632	-	-	8,672,976
Total capital assets, being depreciated	20,196,232	4,783,055	-	-	24,979,287
Less accumulated depreciation for:					
Buildings	(1,277,495)	(78,463)	-	-	(1,355,958)
Improvements/infrastructure	(6,829,980)	(418,620)	-	-	(7,248,600)
Machinery and equipment	(4,518,356)	(814,222)	-	-	(5,332,578)
Total accumulated depreciation	(12,625,831)	(1,311,305)	-	-	(13,937,136)
Total capital assets, being depreciated, net	7,570,401	3,471,750	-	-	11,042,151
Governmental activities capital assets, net	\$ 17,888,265	\$ 15,396,538	\$ (1,709,474)	\$ -	\$ 31,575,329

City of Groveland, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (continued)

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 1,160,332	\$ -	\$ -	\$ -	\$ 1,160,332
Construction-in-progress	433,832	2,077,159	(240,878)	-	2,270,113
depreciated	1,594,164	2,077,159	(240,878)	-	3,430,445
Capital assets, being depreciated:					
Buildings and improvements	1,396,936	-	-	-	1,396,936
Water system	16,050,349	688,459	-	-	16,738,808
Sewer system	33,816,308	744,755	-	-	34,561,063
Reclaimed water system	7,035,555	356,410	-	-	7,391,965
Machinery and equipment	2,357,126	56,003	-	-	2,413,129
Total capital assets, being depreciated	60,656,274	1,845,627	-	-	62,501,901
Less accumulated depreciation for:					
Buildings and improvements	(282,328)	(16,206)	-	-	(298,534)
Water system	(6,683,204)	(725,517)	-	-	(7,408,721)
Sewer system	(12,348,059)	(822,347)	-	-	(13,170,406)
Reclaimed water system	(1,028,491)	(424,941)	-	-	(1,453,432)
Machinery and equipment	(1,706,068)	(153,503)	-	-	(1,859,571)
Total accumulated depreciation	(22,048,150)	(2,142,514)	-	-	(24,190,664)
net	38,608,124	(296,887)	-	-	38,311,237
Business-type activities capital assets, net	\$ 40,202,288	\$ 1,780,272	\$ (240,878)	\$ -	\$ 41,741,682

Depreciation expense was allocated to the governmental functions in the statement of activities as follows:

Governmental activities:	
General government (infrastructure)	\$ 84,038
Public safety	685,893
Roads and streets	340,215
Parks and recreation	18,435
Community development	182,724
Total depreciation expense - governmental activities	\$ 1,311,305
Business-type activities:	
Water and sewer system	\$ 2,142,514
Total depreciation expense - business-type activities	\$ 2,142,514

City of Groveland, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Leases

Governmental Activities

The general fund is the lessee of a capital lease for the acquisition of various vehicles, and computer equipment. Future minimum payments on these leases are as follows:

<i>Year ending September 30,</i>		
2021	\$	271,820
2022		269,086
2023		84,417
2024		62,502
Total minimum lease payments		687,825
Less amount representing interest		(77,894)
Present value of net minimum lease payments		\$ 609,931

Business-Type Activities

The water and sewer system fund is the lessee of capital leases for the acquisition of various vehicles and computer equipment. Future minimum payments on these leases are as follow:

<i>Year ending September 30,</i>		
2020	\$	23,775
2021		21,990
2022		6,730
Total minimum lease payments		52,495
Less amount representing interest		(5,198)
Present value of net minimum lease payments		\$ 47,297

The assets acquired through capital leases are as follow:

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 2,787,745	\$ 359,493
Less accumulated depreciation	(1,903,494)	(285,691)
Total capital assets, net	\$ 884,251	\$ 73,802

City of Groveland, Florida Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term debt and liabilities

Wastewater System Bonds

The City issues revenue bonds to pay the costs of constructing certain capital projects and to refund all or a portion of previously issued revenue bonds. The bonds are secured by and payable from the gross revenues of the City's water and sewer system. The bond resolutions provide that revenues in excess of debt service requirements may be used for general operating purposes. Debt service sinking fund requirements, where applicable, on outstanding bonds have been met or exceeded, in accordance with the bond resolutions.

On May 23, 2007, the City issued \$4,309,000 Water and Sewer Revenue Bond, Series 2007A. These bonds were sold to finance the City's cost of construction and improvements to the City's Sampey Wastewater Treatment Plant, and related costs of issuance. The Series 2007A bonds bear interest at 4.125% per annum, payable on September 1, 2007, and annually thereafter on the first day of September each year through 2046. The outstanding principal was \$3,523,894 as of September 30, 2020.

On June 6, 2007, the City issued \$1,939,000 Water and Sewer Revenue Bond, Series 2007B. These bonds were sold to finance the City's cost of construction and improvements to the City's Sampey Wastewater Treatment Plant, and related costs of issuance. The Series 2007B bonds bear interest at 4.125% per annum, payable on September 1, 2007, and annually thereafter on the first day of September of each year through 2046. The outstanding principal was \$1,585,712 as of September 30, 2020.

Notes payable

On May 6, 2015, the City borrowed \$2,172,700 through a local bank for the purpose of refunding all of the City's outstanding Capital Improvement Revenue Refunding Note, Series 2012A. The Capital Improvement Revenue Refunding Note, Series 2015 bears interest of 1.35%. Commencing October 1, 2015, payments are due semiannually each April 1 and October 1 until the 2015 Note has been paid in full. The note matures on October 1, 2019 and is secured with a pledge of Public Services Tax Revenues, the Half-Cent Sales Tax Revenues, and the Franchise Fees Revenues collected by the City. The note was paid off in full during the year ended September 30, 2020.

On August 30, 2017, the City borrowed \$4,500,000 through a local bank for the purpose of constructing a public safety complex and related capital improvements. The Capital Improvement Revenue Note, Series 2017 bears interest of 2.15%. Commencing April 1, 2018, payments are due semiannually each April 1 and October 1 until April 1, 2027. The note is secured with a pledge of Public Services Tax Revenues, the Half-Cent Sales Tax Revenues, and the Franchise Fees Revenues collected by the City. As of September 30, 2020, the principal outstanding on the note was \$4,211,000.

On July 24, 2018, the City entered into an interlocal agreement for emergency network radios to benefit and continue the county-wide communication system in place. The purchase price and closing costs amounted to \$421,716. Commencing October 31, 2018, payments of \$48,680, including interest of 2.89%, are due annually each October 15th through 2027. As of September 30, 2020, the principal outstanding on the note was \$337,303.

City of Groveland, Florida Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term debt and liabilities (continued)

The City borrowed \$1,355,015 under the State of Florida Revolving Fund Program under a small community pre-construction loan contract for the construction of a reclaimed water project. The effective interest rate for the funds borrowed under the program is 1.58% for the original award and 1.22% for the amended amount. Pursuant to the contract, semi-annual payments consisting of principal and interest in the amount of \$44,609, with a final payment due on September 15, 2024, commenced September 15, 2004. As of September 30, 2020, the principal outstanding on the note was \$337,440.

On March 30, 2016, the City borrowed \$1,927,000, and \$5,000,000, through Water and Sewer Revenue Note, Series 2016A, and 2016B, respectively. Note 2016A was issued for the purpose of providing the City funds to retire on the date of issuance all of the City's refunded bonds. The note bears interest of 2.55% and matures on September 1, 2030. As of September 30, 2020, the remaining principal outstanding on the note was \$1,383,000. Note 2016B was issued for the purpose of providing the City funds to pay costs of acquisition and construction of improvements to the facilities. The note bears interest of 2.55% and matures on September 1, 2030. As of September 30, 2020, the remaining principal outstanding on the note was \$3,656,000.

The following is a summary of governmental activities notes payable for the year ended September 30, 2020:

<i>Year ending September 30,</i>	Governmental Activities					
	Capital Improvement		Note -		Total	
	Note Series 2017		Lake County			
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 564,000	\$ 90,537	\$ 37,498	\$ 11,182	\$ 601,498	\$ 101,719
2022	576,000	78,411	38,768	9,912	614,768	88,323
2023	588,000	66,027	40,050	8,630	628,050	74,657
2024	601,000	53,385	41,374	7,306	642,374	60,691
2025	614,000	40,464	42,725	5,955	656,725	46,419
2026-2030	1,268,000	41,044	136,888	9,150	1,404,888	50,194
Total	4,211,000	369,868	337,303	52,135	4,548,303	422,003
Current portion	(564,000)	(90,537)	(37,498)	(11,182)	(601,498)	(101,719)
Payable after one year	\$ 3,647,000	\$ 279,331	\$ 299,805	\$ 40,953	\$ 3,946,805	\$ 320,284

City of Groveland, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term debt and liabilities (continued)

The following is a summary of business-type activities notes payable for the year ended September 30, 2020:

Year ending September 30,	Business-type Activities							
	Wastewater System - SRF		Refunding Series 2016 A & B		Bonds Payable 2007 A & B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 81,217	\$ 4,000	\$ 466,000	\$ 130,007	\$ 113,292	\$ 214,802	\$ 660,509	\$ 348,809
2021	83,277	2,970	478,000	117,984	117,965	210,040	679,242	330,994
2022	85,390	1,913	491,000	105,652	122,831	205,080	699,221	312,645
2023	87,556	830	503,000	92,984	127,898	199,917	718,454	293,731
2024	-	-	516,000	80,007	133,174	194,540	649,174	274,547
2025-2029	-	-	2,585,000	198,558	752,946	883,959	3,337,946	1,082,517
2030-2034	-	-	-	-	921,592	712,087	921,592	712,087
2035-2039	-	-	-	-	1,128,013	501,719	1,128,013	501,719
2040-2044	-	-	-	-	1,380,667	244,232	1,380,667	244,232
2045-2046	-	-	-	-	311,228	13,083	311,228	13,083
Total	337,440	9,713	5,039,000	725,192	5,109,606	3,379,459	10,486,046	4,114,364
Current portion	(81,217)	(4,000)	(466,000)	(141,746)	(113,292)	(219,376)	(660,509)	(348,809)
Payable after one year	\$ 256,223	\$ 5,713	\$ 4,573,000	\$ 583,446	\$ 4,996,314	\$ 3,160,083	\$ 9,825,537	\$ 3,765,555

Changes in long-term liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable:					
Capital Improvement Note Series 2015	\$ 267,200	\$ -	\$ (267,200)	\$ -	\$ -
Capital Improvement Note Series 2017	4,500,000	-	(289,000)	4,211,000	564,000
Note - Lake County	374,165	-	(36,862)	337,303	37,498
Total notes from direct borrowings	5,141,365	-	(593,062)	4,548,303	601,498
Other postemployment benefits	674,647	341,421	-	1,016,068	80,915
Compensated absences	527,565	736,843	(512,064)	752,344	25,894
Capital leases	504,707	358,086	(252,862)	609,931	230,806
Governmental activity long-term liabilities	\$ 6,848,284	\$ 1,436,350	\$ (1,357,988)	\$ 6,926,646	\$ 939,113

City of Groveland, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term debt and liabilities (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
State Revolving Loan	\$ 417,056	\$ -	\$ (79,616)	\$ 337,440	\$ 81,217
Refunding Series 2016 A & B	5,494,000	-	(455,000)	5,039,000	466,000
Total notes from direct borrowings	5,911,056	-	(534,616)	5,376,440	547,217
Bonds payable:					
Water & Sewer Revenue					
Bonds, Series 2007 A & B	5,218,410	-	(108,804)	5,109,606	113,292
Total bonds payable	5,218,410	-	(108,804)	5,109,606	113,292
Other postemployment benefits	142,357	-	(82,458)	59,899	4,770
Compensated absences	77,625	10,081	(35,504)	52,202	41,875
Capital leases	82,841	-	(35,544)	47,297	20,776
Business-type activity long-term liabilities	\$ 11,432,289	\$ 10,081	\$ (796,926)	\$ 10,645,444	\$ 727,930

Compensated absences, other postemployment benefits and the net pension liability will be liquidated in future periods primarily by the General Fund for governmental activities. Business-type activities compensated absences will be liquidated by the respective proprietary fund.

Pledged revenues

The City has revenue notes outstanding at September 30, 2020, for which revenues of the City have been pledged for repayment. Revenues pledged to repay these obligations are as follows:

	Amount Issued	Future Principal and Interest	Current Pledged Revenue	Current Year Principal and Interest	Current Percentage of Revenue
Governmental Activities:					
Revenue Notes:					
Capital Improvement Revenue					
Note, Series 2017					
Maturity: 2027					
Interest rate: 2.15%	\$ 4,500,000	\$ 4,580,868	\$ 3,545,331	\$ 654,537	18.5%
Purpose: Construction of public safety complex and related capital improvements					
Pledged revenue: Public Service Tax Revenues, Half-Cent Sales Tax Revenues, Franchise Fees Revenues and amounts on deposit in the Debt Service Fund					

City of Groveland, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

F. Interfund transfers

Operating Transfers	Transfers		Net
	In	Out	
Major Funds:			
General Fund	\$ 2,697,206	\$ (9,059,418)	\$ (6,362,212)
CRA fund	88,521	(12,974)	75,547
Building Services Fund	-	(445,174)	(445,174)
Impact Fee Fund	-	(3,621,723)	(3,621,723)
Construction fund	9,248,391	(172,842)	9,075,549
Nonmajor governmental funds	3,332,796	(2,641,000)	691,796
Water and Sewer System Fund	1,916,525	(391,308)	1,525,217
Sanitation Fund	-	(939,000)	(939,000)
Total	\$ 17,283,439	\$ (17,283,439)	\$ -

The transfers from the general fund, impact fee fund, and nonmajor governmental funds to the construction fund and nonmajor governmental funds were to move reserve balances to set up the new funds. Transfers from the impact fee fund to the water sewer fund provides reimbursement for budgeted capital improvements.

G. Net investment in capital assets

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets (net)	\$ 31,575,329	\$ 41,741,682	\$ 73,317,011
Contracts and retainage payable	(2,129,630)	(395,550)	(2,525,180)
Outstanding debt related to capital assets	(5,158,234)	(10,533,343)	(15,691,577)
Net investment in capital assets	\$ 24,287,465	\$ 30,812,789	\$ 55,100,254

H. Retirement plans

The City has established the City of Groveland, Florida 457(b) Retirement Plan (Employee Plan), which is a defined contribution plan established to provide benefits at retirement. Employees classified as Managers are eligible to participate in the Employee Plan upon commencement of employment. All other employees become eligible to participate in the plan after 180 days of employment. Only employee contributions are deposited into the Employee Plan. The City is required to match 100% of employee contributions up to 6% of total eligible compensation for Managers and up to 3% of total eligible compensation for all other employees. The City's contributions are deposited into the 401(a) Plan described below. At September 30, 2020, there were 97 participants.

City of Groveland, Florida Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

H. Retirement plans (Continued)

In October 2018, the City Council approved the adoption of the City of Groveland, Florida 401(a) Retirement Plan (Employer Plan). Managers are eligible to participate in the Employer Plan upon commencement of employment. Police and Firefighters are eligible to participate in Employer Plan after one year of service. All other employees become eligible to participate in the Employer Plan after 180 days of employment. The City is required to contribute 8% of eligible compensation for Managers and 4% of eligible compensation for all other employees. The employer is also required to match 100% of employee contributions into the 457(b) Plan up to 8% of total eligible compensation for Managers and up to 3% of eligible compensation for all other employees. Only employer contributions are deposited into the 401(a) plan. Employees vest in the employer contribution ratably over a 3-year period following eligibility. At September 30, 2020, there were 118 participants.

The City's contributions to the plans were \$502,696 for the fiscal year ended September 30, 2020.

I. Post-employment benefits other than pensions (OPEB)

The City follows Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria* of the GASB Codification (GASBC P52) for certain postemployment health care benefits provided by the City.

Plan description. The OPEB plan is a single-employer benefit plan administered by the City. Medical insurance benefits are provided to employees and their eligible dependents through an employee group medical insurance plan. In accordance with Section 112.0801 of the Florida Statutes, because the City provides a medical plan to active employees and their eligible dependents, the City is also required to provide retirees with the opportunity to participate in this insurance. Benefit provisions for the insurance are established and may be amended by the City Council. The retirees pay the full group premium amount for health insurance with no explicit subsidy from the City.

Funding policy. Contribution rates for the insurance are established on an annual basis. Eligible retirees and their covered dependents receiving benefits contribute 100% of their premium costs for medical insurance. While the City does not directly contribute toward the costs of retiree premiums via an explicit subsidy, the ability of retirees to obtain health insurance coverage at a group rate, which includes active employees constitutes a significant economic benefit to retirees, or an OPEB obligation of the City. The City is currently funding this OPEB obligation on a pay-as-you-go basis, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses. OPEB liabilities are liquidated by the respective funds that are obligated for the related costs. For governmental activities, OPEB liabilities are generally liquidated by the general fund. For the year ended September 30, 2020, the City estimated it subsidized \$170 of medical costs for its retirees and their covered dependents.

As of September 30, 2020, no trust has been established for the other postemployment benefits.

City of Groveland, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Post-employment benefits other than pensions (OPEB) (continued)

Plan membership. At October 1, 2018, OPEB membership consisted of the following:

	Number of Covered Individuals
Inactive members currently receiving benefits	-
Inactive members entitled to but not yet receiving benefits	-
Active members	113
Total	113

Actuarial assumptions and other inputs. The total OPEB liability in the September 30, 2020 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.00 % projected annual salary increase
Discount rate	2.30 % investment rate of return
Health care cost trend rates	8.00 % trending down to 5.00%

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions included an annual healthcare cost trend rate of 8.00% initially, reduced by decrements of 0.50% to an ultimate rate of 5.00% after two years. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The October 1, 2018 actuarial valuation included changes in assumptions for the discount rate and in the health care cost trend rates. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated October 1, 2018. These calculations are based on the Entry Age Normal cost method required by GASBC P52.

City of Groveland, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

I. Post-employment benefits other than pensions (OPEB) (continued)

At September 30, 2020, the City reported a total OPEB liability of \$1,075,967. The other postemployment benefit information has been provided as of the September 30, 2020 measurement date.

	Increase (Decrease) Total OPEB Liability
Change in total OPEB liability	
Balance, at September 30, 2019	\$ 817,004
Service cost	48,234
Expected interest growth	22,715
Change in assumptions	188,184
Benefit payments	(170)
Net changes	258,963
Balance, at September 30, 2020	\$ 1,075,967

Sensitivity of the OPEB liability. The following presents the City's OPEB liability as if it were calculated using a discount rate that is one percentage point lower or higher than the current discount rate:

	1% Decrease (1.30%)	Current Discount Rate (2.30%)	1% Increase (3.30%)
Net OPEB Liability	\$ 1,647,075	\$ 1,075,967	\$ 727,937

The following presents the City's total OPEB liability as if it were calculated using a trend rate that is one percentage-point lower or higher than the current trend rate:

	1% Decrease (7.00%)	Ultimate Trend (8.00%)	1% Increase (9.00%)
Net OPEB Liability	\$ 725,284	\$ 1,075,967	\$ 1,619,976

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the fiscal year ended September 30, 2020, the City recognized an OPEB expense of \$85,685.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 173,488	\$ -
Total	\$ 173,488	\$ -

City of Groveland, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

J. Post-employment benefits other than pensions (OPEB) (continued)

The deferred outflows of resources related to OPEB will be recognized in the expense as follows:

<i>Year ending September 30,</i>		
2021	\$	14,736
2022		14,736
2023		14,736
2024		14,736
2025		14,736
Thereafter		99,808
Total	\$	173,488

Note 3: RISK MANAGEMENT

The City is a member of Public Risk Management of Florida (the pool), a local government liability risk pool. The pool administers insurance activities relating to property, general liability, police, professional, automobile liability, public officials' liability, workers' compensation, and boiler and machinery. The pool absorbs losses up to a specified amount for each pool year and purchases excess and other specific coverage's from third-party carriers. The pool assesses each member its pro rata share of the estimated amount required to meet current year losses and operating expenses. If total member assessments do not produce sufficient funds to meet its obligations, the pool can make additional limited assessments. Losses, if any, in excess of the pools ability to assess its members would revert back to the member that incurred the loss. There has been no significant reduction in insurance coverage from the prior year, and no settlements in excess of insurance coverage in any of the prior three years. There were no additional assessments levied against the City for the fiscal year ended September 30, 2020. The cost of the insurance is allocated among the appropriate departments and funds.

Note 4: COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor are subject to audit and adjustment by grantor agencies, principally federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the City expects such amounts to be immaterial.

The City is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2020. While the ultimate outcome of the litigation cannot be determined at this time, management believes that any amounts not covered by insurance, if any, resulting from these lawsuits would not materially affect the financial position of the City.

City of Groveland, Florida Notes to Financial Statements

Note 4: COMMITMENTS AND CONTINGENCIES (Continued)

The City is the lessee of the premises located at 101 E. Broad Street, Groveland, Florida and various office equipment. The current year rent expense was \$34,720. The City also began leasing 146 Broad St. on October 1, 2020. Future minimum payments of these leases are as follows:

<i>For the year ending September 30,</i>	
2021	\$ 75,960
2022	60,000
2023	60,000
2024	60,000
2025	60,000
Total	\$ 315,960

The City has \$2,718,375 of construction commitments outstanding as of September 30, 2020.

Note 5: ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations generally apply to legal obligations associated with the retirement of a tangible long-lived asset that result from the acquisition, construction, or development and the normal operation of a long-lived asset. The City assesses asset retirement obligations on a periodic basis. If a reasonable estimate of fair value can be made, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred or a change in estimate occurs.

The City operates a wastewater treatment plant, which is regulated by the Florida Department of Environmental Protection, and requires certain cleanup and remediation activities if use of the wastewater treatment plant is discontinued. The City plans ongoing refurbishment to the plant as needed and has no plans to discontinue use of the plant. As such, the City is not able to readily estimate the fair value of the liability for discontinuing use of the plant, and has not recorded an asset retirement obligation for this asset.

Note 6: TAX ABATEMENTS

The City enters into property tax abatement agreements with new or expanding businesses under the Economic Development Ad Valorem Tax Exemption Program authorized by Groveland City Code, Chapter 25, and Section 166.021(9) Florida Statutes. Under the program, the City grants 100% property tax abatements from one to 10 years to attract or retain businesses, which contribute to the economy of the City with new jobs and improvements to real and personal property. The program criteria scores applications on the number of employees, average payroll, capital investment, and additional high economic impact factors such as capital investments over \$25 million, the purchase and use of local materials goods and services to be utilized in the construction or expansion of facilities, providing healthcare, daycare and other benefits to the employees. Benefitting businesses are required to file an annual performance report on the anniversary date of the execution of the performance agreement to verify compliance with the terms and conditions of the Performance Agreement.

For the fiscal year ending September 30, 2020, the City did not pay any impact fees or provide any tax abatements on behalf a new business.

City of Groveland, Florida **Notes to Financial Statements**

Note 7: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, broad domestic and international stock market indices have declined and the City's fair value of investments has declined similarly. Such declines in the fair value of investments held by the City may materially and adversely impact the City's ability to achieve its investment objectives and therefore, its operational objectives. In addition, the extent to which these events will affect the amounts reported in future financial statements remains uncertain.

Note 8: SUBSEQUENT EVENTS

Effective October 1, 2021, City Resolution 2020-25 repealed the business tax receipts.

On February 3, 2021, the City refunded the series 2007 A&B bonds and the series 2016 A&B bonds with a series 2021 bond for \$7,472,000 and paid \$2,887,842 in cash.

On May 17, 2021, the City entered into a cost-share agreement with St. Johns River Water Management District for the Lower Floridian Reclaim Well at Sunshine Project with the District paying City approximately 55% of project cost with District's cost-share not to exceed \$1,104,112.

On May 17, 2021, the City entered into a cost-share agreement with St. Johns River Water Management District for the South Lake County Floridian Wellfield Project – distributed project with the district paying city 50% of project cost with district's cost-share not to exceed \$2,251,240.



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**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**



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City of Groveland, Florida

Required Other Post-employment Benefits Supplementary Information
Schedules of Changes in Total OPEB Liability and Related Ratios

<i>September 30,</i>	2020	2019
Total OPEB Liability - beginning	\$ 817,004	\$ 755,286
Changes due to:		
Service cost	48,234	39,195
Interest	22,715	22,657
Change in assumptions	188,184	-
Benefit payments	(170)	(134)
Net changes in total OPEB liability	258,963	61,718
Total OPEB Liability - ending (a)	\$ 1,075,967	\$ 817,004
Plan fiduciary net position (b)	\$ -	\$ -
OPEB liability - ending (a) - (b)	\$ 1,075,967	\$ 817,004
Covered-employee payroll for measurement period	\$ 5,834,221	\$ 5,831,221
OPEB liability as a percentage of covered-employee payroll	18.44%	14.01%

Notes to schedule:

⁽¹⁾ The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Pensions*, in 2019. The employer must eventually disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

⁽²⁾ The following discount rate was used in each period:
9/30/2019 - 3.00%
9/30/2020 - 2.30%

City of Groveland, Florida
Budgetary Comparison Schedule – General Fund

<i>For the year ended September 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,887,012	\$ 4,887,012	\$ 4,520,620	\$ (366,392)
Franchise and utility taxes	2,124,670	2,124,670	2,532,494	407,824
License and permits	72,501	72,501	99,637	27,136
Intergovernmental	2,460,196	2,460,196	3,331,085	870,889
Charges for services	604,760	604,760	658,123	53,363
Fines and forfeitures	74,580	74,580	52,254	(22,326)
Investment income	223,070	223,070	30,129	(192,941)
Miscellaneous revenue	110,800	110,800	92,537	(18,263)
Total revenues	10,557,589	10,557,589	11,316,879	759,290
EXPENDITURES				
General government	3,692,408	3,692,408	3,647,150	45,258
Public safety	7,821,417	7,821,417	7,414,282	407,135
Roads and streets	910,530	910,530	881,048	29,482
Community development	430,514	430,514	134,737	295,777
Parks and recreation	739,448	739,448	692,527	46,921
Capital outlay	2,460,315	2,571,237	1,088,349	1,482,888
Debt service:				
Principal	145,161	145,161	19,681	125,480
Interest and fiscal charges	-	-	682	(682)
Total expenditures	16,199,793	16,310,715	13,878,456	2,432,259
Excess (deficit) of revenues over expenditures	(5,642,204)	(5,753,126)	(2,561,577)	3,191,549
OTHER FINANCING SOURCES				
Transfers in	2,887,279	2,887,279	2,697,206	(190,073)
Transfers out	(1,980,049)	(1,980,049)	(9,059,418)	(7,079,369)
Proceeds from issuance of debt	-	-	358,086	358,086
Total other financing sources	907,230	907,230	(6,004,126)	(6,911,356)
Net change in fund balance	(4,734,974)	(4,845,896)	(8,565,703)	(3,719,807)
Fund balance, beginning of the year	9,806,839	9,806,839	9,806,839	-
Fund balance, end of year	\$ 5,071,865	\$ 4,960,943	\$ 1,241,136	\$ (3,719,807)

Note that this schedule is prepared on a budgetary basis, but it is not different from Generally Accepted Accounting Principles (GAAP) in presentation.

City of Groveland, Florida

Budgetary Comparison Schedule – Community Redevelopment Agency

<i>For the year ended September 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 624,126	\$ 624,126	\$ 602,860	\$ (21,266)
Miscellaneous revenue	48,086	48,086	57,400	9,314
Total revenues	672,212	672,212	660,260	(11,952)
EXPENDITURES				
Community development	381,111	381,111	338,049	43,062
Capital outlay	1,074,573	1,074,573	711,828	362,745
Total expenditures	1,455,684	1,455,684	1,049,877	405,807
Excess (deficiency) of revenues over (under) expenditures	(783,472)	(783,472)	(389,617)	393,855
OTHER FINANCING SOURCES				
Transfers in	88,521	88,521	88,521	-
Transfers out	(8,615)	(8,615)	(12,974)	(4,359)
Total other financing sources	79,906	79,906	75,547	(4,359)
Net change in fund balance	(703,566)	(703,566)	(314,070)	389,496
Fund balance, beginning of year	651,497	651,497	651,497	-
Fund balance, end of year	\$ (52,069)	\$ (52,069)	\$ 337,427	\$ 389,496

Note that this schedule is prepared on a budgetary basis, but it is not different from Generally Accepted Accounting Principles (GAAP) in presentation.

City of Groveland, Florida
Budgetary Comparison Schedule – Building Services Fund

<i>For the year ended September 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses and permits	\$ 1,639,085	\$ 1,639,085	\$ 2,010,654	\$ 371,569
Investment earnings	57,823	57,823	17,408	(40,415)
Total revenues	1,696,908	1,696,908	2,028,062	331,154
EXPENDITURES				
Public safety	4,353,228	4,353,228	3,248,921	1,104,307
Capital outlay	250,000	250,000	-	250,000
Total expenditures	4,603,228	4,603,228	3,248,921	1,354,307
Excess (deficiency) of revenues over (under) expenditures	(2,906,320)	(2,906,320)	(1,220,859)	1,685,461
OTHER FINANCING SOURCES				
Transfers out	(448,881)	(448,881)	(445,174)	3,707
Total other financing sources	(448,881)	(448,881)	(445,174)	3,707
Net change in fund balance	(3,355,201)	(3,355,201)	(1,666,033)	1,689,168
Fund balance, beginning of year	3,142,196	3,142,196	3,142,196	-
Fund balance, end of year	\$ (213,005)	\$ (213,005)	\$ 1,476,163	\$ 1,689,168

Note that this schedule is prepared on a budgetary basis, but it is not different from Generally Accepted Accounting Principles (GAAP) in presentation.

City of Groveland, Florida

Notes to Required Supplementary Information

A. BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the end of the fiscal year, the City Finance Director submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public budget workshops are held where the Mayor, City Council, City Manager and department heads refine budget detail items.
3. The general summary of the budget and notice of public hearing is published in the local newspaper.
4. Public hearings are conducted to obtain taxpayer comments.
5. Prior to October 1, the budgets are legally enacted through passage of a resolution.
6. The City Manager is authorized to transfer budgeted amounts within a department; however, any revisions that alter the total appropriations of any department must be approved by a majority vote of the City Council.
7. The level of classification detail at which expenditures may not legally exceed appropriations is the department level.
8. Unexpended, unencumbered appropriations lapse at the close of the fiscal year.
9. Budgets are adopted for the general fund and community redevelopment fund on a basis consistent with generally accepted accounting principles, except as described below under Budget Basis of Accounting. Budgets are also adopted for the enterprise funds: however, this data is not presented under generally accepted accounting principles.
10. The City Council, by Ordinance, may make supplemental appropriations in excess of those originally estimated for the year up to the amount of available revenues. Budgeted amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions.

Budgetary basis of accounting

The City includes a portion of the prior year's fund balances represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior periods' excess of revenues over expenditures. Additionally, the City does not budget for noncash capital lease financing transactions, which are required to be reported under GAAP as other financing sources and expenditures.



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**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 City Council
City of Groveland, Florida

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

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 over compliance, 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. We consider the deficiencies described in the schedule of findings and questioned costs as IC 2020-001, IC 2020-002, IC 2020-003, IC 2020-004, IC 2020-005 to be material weaknesses.

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. We consider the deficiency described in the schedule of findings and questioned costs as IC 2020-006 to be a significant deficiency.

Compliance and Other Matters

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

City of Groveland, Florida's Responses to Findings

The City of Groveland, Florida's responses to the findings identified in our audit are described in the schedule of findings and questioned costs. The City of Groveland, Florida's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Carly Riggs & Ingram, L.L.C.

Melbourne, Florida
June 30, 2021

City of Groveland, Florida Schedule of Findings and Questioned Costs

Financial Statement Findings

MW 2020-001 DUE FROM OTHER GOVERNMENTS

Criteria: The National Council on Governmental Accounting (NCGA) Statement No. 1, *Governmental Accounting and Financial Reporting Principles*, establishes the standard for the modified-accrual recognition of revenues and other financial resource increments in governmental funds. It states that revenues should be recognized in the accounting period in which they become both measurable and available.

Condition: The City had amounts already received still in the balance for due from other governments.

Cause: The City did not reverse the prior year accrual for revenues received from the state in arrears.

Effect: Due from other governments and revenue were overstated.

Recommendation: We recommend management review that all receivables that are measurable and available recorded at the end of the year.

Management's Response: We concur with the recommendation. Staff will reconcile all balance sheet accounts to ensure that prior year accruals are reversed. In addition, staff will gather supporting documentation for state revenues to assist in determining the correct period for revenue recognition.

MW 2020-002 CAPITAL ASSETS

Criteria: Capital assets should be reported to include cost to acquire the fixed asset including professional fees.

Condition: The City did not capitalized engineering costs relating to a specific capital asset.

Cause: The professional fees for the drinking water and clean water projects for the facilities were billed with general master plan expenses and the entire invoice was expensed. The amounts of the professional fees relating to the design of the facilities were not capitalized.

Effect: Construction in progress was understated by \$800,000.

Recommendation: We recommend that during the review of engineering invoices, and any amounts for engineering of specific assets are segregated and capitalized.

Management's Response: We concur with the recommendation. Fiscal year 2020 was the first year that Woodard & Curran provided operational and maintenance support in addition to planning services. Staff will work with Woodard & Curran to ensure that professional services associated with capital projects are billed separately to assist with proper capitalization of expenses at year end.

City of Groveland, Florida Schedule of Findings and Questioned Costs

MW 2020-003 Accounts Payable

Criteria: Expenditures need to be recorded in the period in which the expense was incurred.

Condition: Four expenditures was recorded in the incorrect period.

Cause: Expenditures were entered according to the invoice date instead of the period the services were rendered.

Effect: Accounts payable and expenditures were understated by \$21,613 in CRA fund and \$8,675 in the general fund.

Recommendation: The City should implement procedures to ensure all invoices received dated shortly after year end are examined for the period in which services were rendered or goods were received.

Management's Response: We concur with the recommendation. Staff will work with auditors to ensure an understanding of the materiality threshold at the individual fund level. All expenditures that individually and collectively meet the materiality threshold will be expensed/accrued in the proper period.

MW 2020-004 Missing Documentation

Criteria: The City should have on file all the necessary records and supporting documentation.

Condition: There were no original records kept for several journal entries, and approval for documentation of approval to withdrawal funds from the Florida Prime accounts.

Cause: Records related to support preparation and approval of journal entries and approval from the City Manager to withdrawal the funds were not maintained. The prior Finance Director may have had the supporting documentation, but after his departure, it could not be located.

Effect: Journal entries may have been recorded inaccurately or without adequate review of the transaction. Additionally, investments could be withdrawn without the proper approval.

Recommendation: We recommend that management review its policies and procedures for document retention, and ensure that supporting documentation for all transactions is kept on file.

Management's Response: We concur with the recommendation. Forms will be developed to ensure proper review and approval of financial transactions and proper supporting documentation. Processes will be developed to ensure forms and supporting documentation are retained and available for review and reference.

City of Groveland, Florida Schedule of Findings and Questioned Costs

MW 2020-005 Capital Leases

Criteria: Per GASBC L20, *Leases*, the City needs to record for capital lease proceeds and the corresponding capital outlay amounts when the leases are acquired to properly present expenditures and other financing sources on the face of the statements. The capital lease principal payments in governmental funds need to be recorded as debt service expenditures, and capital lease liabilities in the enterprise funds needs to be recorded as reductions of the liability separately from interest expense.

Condition: Capital leases proceeds and the corresponding capital outlay were not recorded for police vehicles that were leased in the current year. Further, interest and principal payments were recorded as capital outlay expenses, and were not segregated between principal and interest.

Cause: As capital lease financing is typically done as the car purchase is completed and the City never receives the actual cash from the lease, the City missed recording the proceeds and the expense/expenditure. Monthly payments were recorded as capital outlay expenditures, and the interest and principal portion of the payments were not segregated and accurately recorded.

Effect: Other financing sources, capital lease liabilities, and expenditures were inaccurate.

Recommendation: We recommend that management record all capital leases when they occur and develop a tracking tool of all capital leases that are outstanding to ensure they are all properly recorded. We recommend as capital lease payments are made the expense are segregated between principal and interest to be accurately recorded.

Management's Response: We concur with the recommendation. Staff will develop a process to capture and record all new leased equipment and vehicles to ensure that the purchase is recorded in capital outlay and the debt proceeds are recognized when the transaction occurs. Capital lease payments will be recorded as debt service expense instead of capital outlay.

SD 2020-006 CENSUS DATA

Criteria: Census data is provided to the actuaries in order for other postemployment benefit liabilities to be determined.

Condition: During census data testing for other post-employment benefits, it was noted that two of the sixty employees had the incorrect date of birth and seven out of the sixty employees selected for testing had the incorrect date of hire.

Cause: Census data was not reviewed for accuracy prior to being transmitted to the actuary.

Effect: In the current year, there was no impact on the actuary's valuation; however, if there are enough errors in the data transmitted it could result in an inaccurate actuarial valuation.

Recommendation: We recommend that the City establish a procedure to review census data for accuracy prior to submission to the actuary.

City of Groveland, Florida
Schedule of Findings and Questioned Costs

Management's Response: We concur with the recommendation. Staff will develop a review process to ensure new employees and employee changes input to the accounting system are reviewed and approved for accuracy. In addition, staff will review census data prior to submission to the actuary.



INDEPENDENT AUDITORS’ MANAGEMENT LETTER

The Honorable Mayor and City Council
 City of Groveland, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Groveland, Florida (the “City”) as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 30, 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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants’ Report on an examination conducted in accordance with *AICPA 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 June 30, 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 financial audit report. The status of each finding and recommendation made in the preceding annual financial audit report, is noted below:

Prior Year Management Letter Comments:*

2019-001 REVENUE RECOGNITION	Corrected
2019-002 BUILDING PERMITS	Corrected
2019-003 BANK RECONCILIATIONS	Corrected
2019-004 CAPITAL ASSETS	Revised and repeated as 2020-002
2019-005 CENSUS DATA	Repeated as 2020-006
2019-006 OTHER POST-EMPLOYMENT BENEFITS	Corrected
ML 2019-001 TRAVEL EXPENSES	Corrected
ML 2019-002 BUDGET COMPLIANCE	Corrected

* The findings listed above originated in the fiscal year 2019 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 of the City of Groveland, Florida and its component unit is disclosed in the footnotes.

The City of Groveland, Florida includes the following component units:

<u>Component Unit</u>	<u>Established by:</u>
Groveland Community Redevelopment Agency	City Ordinance

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City of Groveland, Florida 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 of Groveland, Florida did meet the conditions described in Section 218.503(1), Florida Statutes as of September 30, 2020.

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 of Groveland, Florida. It is management's responsibility to monitor the City of Groveland, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

ML 2020-007 Deteriorating Financial Condition

Criteria: The City has met the criteria in Section 218.503(1), Florida Statutes for a deteriorating financial condition.

Condition: The City's cash and investments, and assigned unassigned fund balance has been declining over the past two years.

Cause: The City spent the majority of its cash and investments, including \$4,500,000, in debt proceeds on a new public safety building, and to purchase a piece of property to cap wells due to a water rights agreement. The purchase and subsequent sale of the property resulted in approximately a \$1.9 million loss.

Effect: If the financial condition continues to deteriorate, the City may require state assistance which would then be deemed a financial emergency pursuant to Section 218.503(1), Florida Statutes.

Recommendation: We recommend that management develop a plan to address its financial condition and stabilized the City before financial emergency conditions potentially take effect.

Management's Response: While alarming, this is not a surprise as the City embarked on an ambitious capital improvement plan which included;

- The construction of a Public Safety Complex that will serve the City for many decades to come. While waiting for final cost estimates for the Public Safety building, which originally had a shorter life span, the Mayor and City Council made the prudent decision to expand the scope of the project to accommodate for future growth.

- The purchase and sale of the Palisades Golf Course. In purchasing the course, the City acquired the water rights to the wells on the property which they were able to retire and cap. This action eliminated the St. Johns River Water Management District's Consumptive Use Permit requirement to build a mitigation pipeline/system in Fiscal Year 2021 (Waterside Stormwater Diversion Project) at an estimated cost of \$4.3 million and increased the Upper Florida Aquifer allocation from 2.5 million gallons per day to 3.32 million gallons per day through February 2025. This resulted in a net savings of \$2.4 million and relieved pressure to construct an undesigned and unbudgeted capital project while increasing available water supply.
- The purchase of four properties from Brigmond Construction as part of the City's revitalization efforts in downtown.

We fully expect that the Fiscal Year 2021-2022 budget will show fully restored reserves, without an increase in millage rate. Further, by March 2022 the City anticipates unveiling a 5 year financial sustainability plan to provide a blueprint through an inclusive and transparent process.

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 have the following recommendations.

ML 2020-008 Payroll

Criteria: The City is obligated to pay employees accurately for hours worked on their approved timecard.

Condition: Hours were incorrectly entered into Black Mountain (the accounting software) for an employee when calculating payroll.

Cause: There was an error in keying the time into Black Mountain to process payroll.

Effect: An employee was underpaid for 2 hours of overtime.

Recommendation: We recommend management review that hours entered agrees to the timecards when processing payroll.

Management's Response: We concur with the recommendation. A review process will be developed to ensure time is entered correctly. In addition, the city is implementing a new accounting system that will integrate electronic timekeeping with payroll which will reduce the amount of manual entry and opportunity for errors.

ML 2020-009 Impact Fees

Criteria: The Impact fees should be calculated based upon the rates and square footage of the project.

Condition: The City overcharged for impact fees by using the incorrect square footage amounts in the calculation.

Cause: The incorrect square footage was used in determining the impact fee.

Effect: The City overcharged \$356 for impact fees, which extrapolated to a likely error amount of \$6,767.

Recommendation: We recommend a person independent of the person who is calculating the fees check that the input amounts used in the calculation, including square footage, are correct.

Management's Response: We concur with the recommendation. Staff will develop a review process to ensure that fees are calculated correctly.

ML 2020-010 Review of Water and Sanitation Rates

Criteria: To ensure the accuracy of the bills being created by the application, the manual inputs (rates) need to be accurate.

Condition: There is no review performed of the manual inputs of the water and sanitation rates after it is updated in the software.

Cause: There is no review after the water and sanitation rates are updated into the system.

Effect: Revenue may be inaccurate.

Recommendation: The City should review that the manual inputs are updated correctly by someone other than who updated the rates, and document the review.

Management's Response: We concur with the recommendation. Staff will develop a preview process to ensure that rate changes are input timely and accurately.

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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Carri Riggs & Ingram, L.L.C.

Melbourne, Florida
June 30, 2021



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

The Honorable Mayor and City Council
City of Groveland, Florida

We have examined the City of Groveland, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements 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's complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City's complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020.

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

Carr, Riggs & Ingram, LLC

Melbourne, Florida
June 30, 2021



352-429-2141 ext. 2001
Jo-Anne.Drury@groveland-fl.gov

156 S. Lake Avenue • Groveland, FL 34736 • www.Groveland-FL.gov

June 17, 2021

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


1. I am the City Manager of City of Groveland which is a district school board of the State of Florida;
2. City of Groveland adopted Resolution No. 2013-04-07 implementing an impact fee as amended by Ordinance No. 2019-50 on September 16, 2019, and
3. City of Groveland has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.


Mike Hein, City Manager

STATE OF FLORIDA
COUNTY OF LAKE

SWORN TO AND SUBSCRIBED before me this 17th day of June, 2021.


NOTARY PUBLIC
Print Name Virginia C. Wright

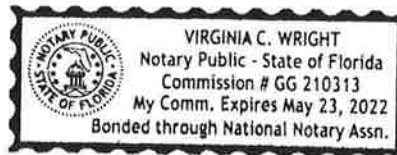


Personally known _____ or produced identification _____

Type of identification produced: _____

My Commission Expires:

May 23, 2022



Note: The CFO for the FY 2019-2020 period is no longer with the City therefore the City Manager is signing.