



City of
Minneola
FLORIDA

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

INTRODUCTORY SECTION

	<u>Page</u>
I. Introductory Section:	
Table of Contents	i
List of Principal Officials	ii
II. Financial Section:	
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	17
Statement of Revenues, Expenditures and Changes in Fund Balance -Budget and Actual – Stormwater Special Revenue Fund	18
Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual - Community Redevelopment Fund	19
Statement of Net Position - Proprietary Funds	20-21
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23-24
Notes to Financial Statements	25-43
Required Supplementary Information	44-45
III. Other Reports:	
Independent Auditor’s 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	46-47
Management Letter	48-51
Independent Accountant’s Report on Compliance with the Requirements of Section 218.415, Florida Statutes	52

City of Minneola, Florida
List of Principal Officials

Mayor Pat Kelley
Vice-Mayor Pam Serviss
Councilor Lisa Jones
Councilor Kelly Price
Councilor Joseph Saunders
City Manager Mark Johnson
City Clerk Barbara Hollerand
Finance Manager Charlotte Gentile

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Minneola, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the *City of Minneola, 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

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of *City of Minneola, Florida*, as of September 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, stormwater special revenue fund, and community redevelopment fund for the year then ended in conformity 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 pension disclosures on page 3 through 10, and 44 through 45 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 a report dated June 29, 2021 on our consideration of *City of Minneola, 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 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 *City of Minneola, Florida's* internal control over financial reporting and compliance.

McDiarmid Davis

Orlando, Florida
June 29, 2021

As management of the *City of Minneola, Florida (the City)* we offer readers of the *City of Minneola's* financial statements this narrative overview and analysis of the financial activities of the *City of Minneola* for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the *City of Minneola* exceeded its liabilities at the close of the most recent fiscal year by \$54,621,708 (net position). Of this amount, \$10,289,378 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$6,163,229.
- As of the close of the current fiscal year, the *City of Minneola's* governmental funds reported combined ending fund balances of \$21,471,368, an increase of \$1,836,237 in comparison with the prior year. Approximately 18% of this total amount, \$3,819,932, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,819,932, or 58% of total general fund expenditures.

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the *City of Minneola's* financial position, in a manner similar to a private-sector business. They include a *Statement of Net Position* and a *Statement of Activities*.

The *Statement of Net Position* presents information on 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 deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will 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 of Minneola that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Minneola include general government, public safety, public works, sanitation and recreation services. The business-type activities of the City of Minneola include Utility management.

The government-wide financial statements include only the City of Minneola itself (known as the primary government) and one blended component unit (The Community Redevelopment Fund).

The government-wide financial statements can be found on pages 11 - 12 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 objectives. The *City of Minneola*, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the *City of Minneola* can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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

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

The *City of Minneola* maintains four individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Stormwater Special Revenue Fund, the Community Redevelopment Fund and Impact Fee Capital Projects fund, which are considered to be major funds.

The *City of Minneola* adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements have been provided for the General Fund, the Stormwater Special Revenue Fund, and the Community Redevelopment Fund to demonstrate compliance with this budget at pages 17 - 18.

The basic governmental fund financial statements can be found on pages 13 - 16 of this report.

Proprietary Funds

City of Minneola maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The *City of Minneola* uses enterprise funds to account for Utility Management.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Utility Management.

The basic proprietary fund financial statements can be found on pages 20 - 24 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 financial statements can be found on pages 25 - 43 of this report.

Required Supplementary Information (RSI)

RSI can be found on pages 44-45 of this report.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the *City of Minneola*, assets exceeded liabilities by \$54,621,708 at September 30, 2020. The following table reflects the condensed statement of net position for the current and prior year. For more detail see the Statement of Net Position on page 13.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 22,625,270	\$ 20,166,281	\$ 10,431,953	\$ 7,208,313	\$ 33,057,223	\$ 27,374,594
Capital assets	8,004,019	7,443,475	29,377,573	29,067,789	37,381,592	36,511,264
Total Assets	30,629,289	27,609,756	39,809,526	36,276,102	70,438,815	63,885,858
Deferred Outflows of Resources	1,052,213	992,105	449,310	425,935	1,501,523	1,418,040
Liabilities:						
Long term liabilities	172,204	154,267	10,722,314	11,210,242	10,894,518	11,364,509
Net pension liability	3,241,978	2,664,450	1,401,446	1,176,852	4,643,424	3,841,302
Other liabilities	1,153,902	531,150	515,893	850,895	1,669,795	1,382,045
Total Liabilities	4,568,084	3,349,867	12,639,653	13,237,989	17,207,737	16,587,856
Deferred Inflows of Resources	77,058	182,660	33,835	74,903	110,893	257,563
Net Position:						
Net investment in capital assets	8,004,019	7,443,475	18,693,278	17,892,679	26,697,297	25,336,154
Restricted	11,132,857	10,383,406	6,502,176	4,817,517	17,635,033	15,200,923
Unrestricted	7,899,484	7,242,453	2,389,894	678,949	10,289,378	7,921,402
Total Net Position	\$ 27,036,360	\$ 25,069,334	\$ 27,585,348	\$ 23,389,145	\$ 54,621,708	\$ 48,458,479

\$26,697,297 (49%) of the City's net position reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the *City of Minneola'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.

Net position that are subject to external restrictions as to how they may be used total \$17,635,033 (32%). The remaining balance of *unrestricted net position* (\$10,289,378 or 19%) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased by \$6,163,229 during the current fiscal year. The following table reflects the condensed Statement of Activities for the current year. For more detail see the Statement of Activities on page 12.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 2,287,190	\$ 1,999,027	\$ 4,816,134	\$ 4,187,303	\$ 7,103,324	\$ 6,186,330
Operating grants and contributions	352,095	380,976	-	-	352,095	380,976
Capital grants and contributions	1,270,660	1,179,241	1,986,573	1,734,042	3,257,233	2,913,283
General Revenues:						
Property taxes	5,102,389	4,487,502	-	-	5,102,389	4,487,502
Other taxes	1,540,834	1,460,986	-	-	1,540,834	1,460,986
Intergovernmental	1,209,159	1,199,682	-	-	1,209,159	1,199,682
Investment income and miscellaneous	45,160	185,846	1,680	4,404	46,840	190,250
Total revenues	11,807,487	10,893,260	6,804,387	5,925,749	18,611,874	16,819,009
Expenses:						
General government	1,605,700	1,380,173	-	-	1,605,700	1,380,173
Public safety	4,158,964	3,883,969	-	-	4,158,964	3,883,969
Roads and streets	497,884	367,812	-	-	497,884	367,812
Stormwater	177,835	206,389	-	-	177,835	206,389
Culture and recreation	537,676	447,055	-	-	537,676	447,055
Physical environment	149,127	97,202	-	-	149,127	97,202
Community redevelopment	110,165	139,066	-	-	110,165	139,066
Utility	-	-	5,211,294	4,760,351	5,211,294	4,760,351
Total expenses	7,237,351	6,521,666	5,211,294	4,760,351	12,448,645	11,282,017
Increase (decrease) in net position before transfers	4,570,136	4,371,594	1,593,093	1,165,398	6,163,229	5,536,992
Transfers	(2,603,110)	125,871	2,603,110	(125,871)	-	-
Increase (decrease) in net position	1,967,026	4,497,465	4,196,203	1,039,527	6,163,229	5,536,992
Net position, October 1	25,069,334	20,571,869	23,389,145	22,349,618	48,458,479	42,921,487
Net position, September 30	\$ 27,036,360	\$ 25,069,334	\$ 27,585,348	\$ 23,389,145	\$ 54,621,708	\$ 48,458,479

Governmental Activities

Governmental activities increased the *City of Minneola's* net position by \$1,967,026. The increase is primarily due to a \$614,857 increase in property taxes and a \$413,350 increase in infrastructure sur-taxes being dedicated to the general fund.

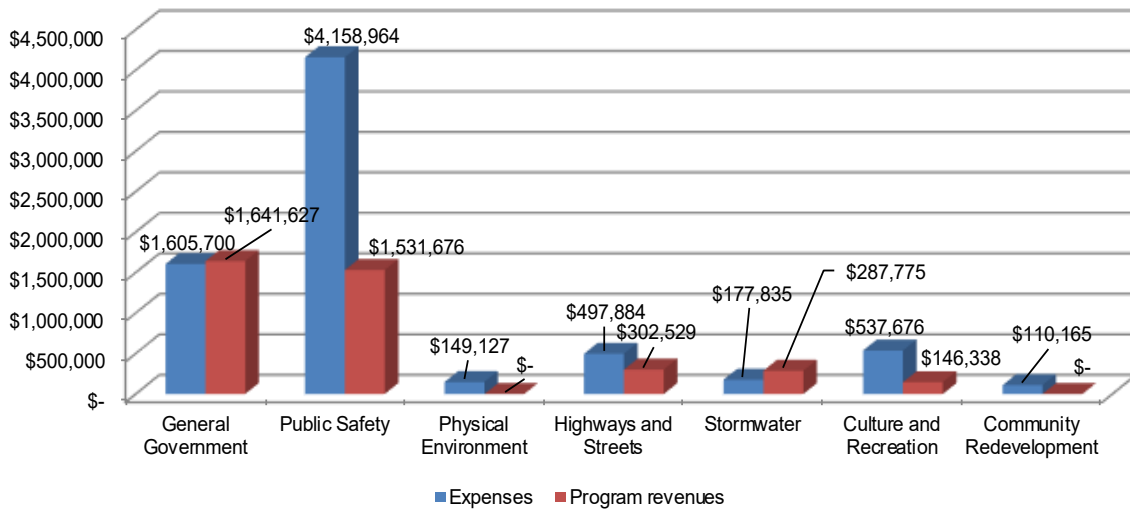
Business-Type Activities

Business-type activities increased the *City of Minneola's* net position by \$4,196,203 primarily due to increases in wastewater and sanitation services and a \$1,754,198 transfer in for the downtown sewer project.

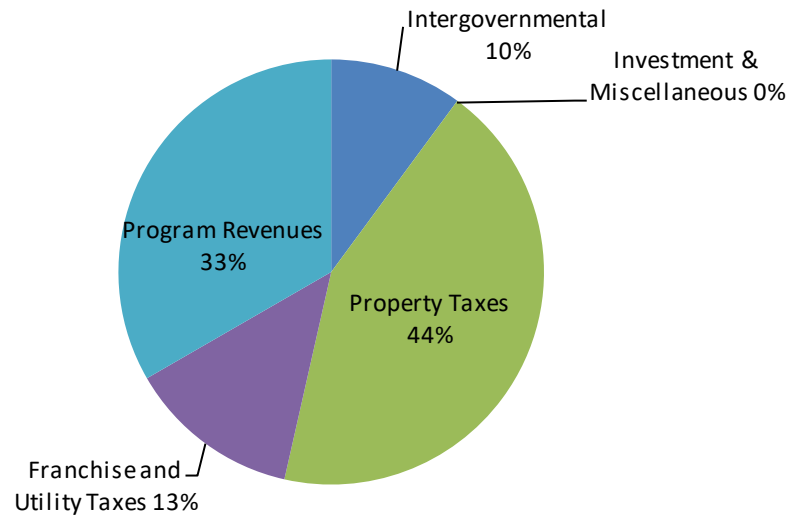
The following series of bar and pie charts relay in pictorial form the revenues and expenses for each of the governmental and business-type activities as well as the revenue "source" for each.

Note that the first graph depicts governmental program-specific revenues and expenses. For this graph, the revenue does not include property taxes, utility taxes, intergovernmental revenue, investment income or miscellaneous revenue. This chart is intended to show the amount of program expenses funded by specific program revenues.

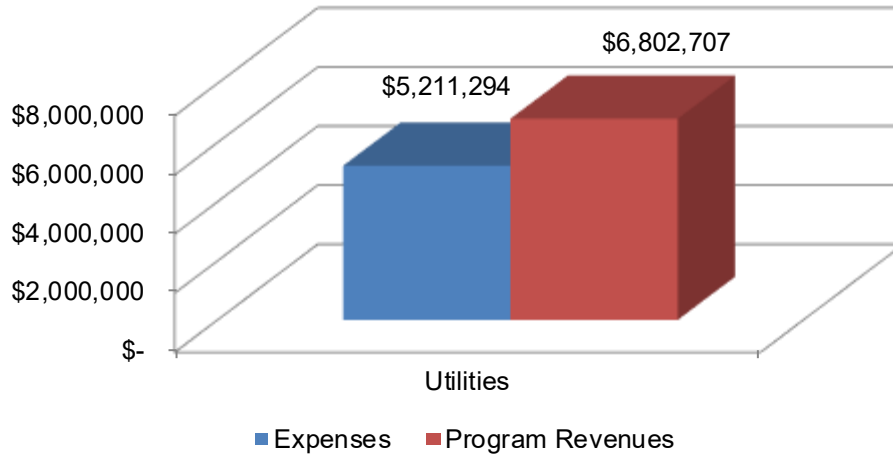
Expenses and Program Revenues - Governmental Activities



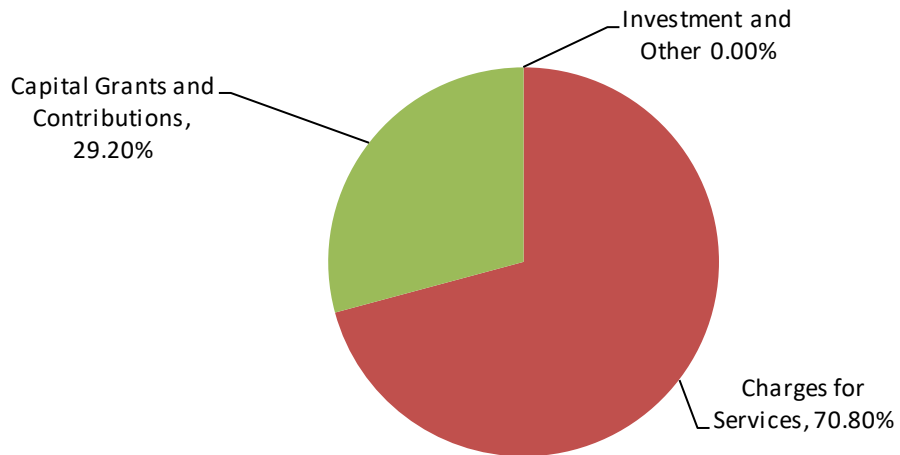
Revenue by Source - Governmental Activities



Expenses and Program Revenues - Business-Type Activities



Revenue by Source - Business-Type Activities



Financial Analysis of the Government's Funds

As noted earlier, the *City of Minneola* used fund accounting to ensure and demonstrate compliance with finance-related 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 of Minneola's* financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the *City of Minneola's* governmental funds reported combined ending fund balances of \$21,471,368, an increase of \$1,836,237 in comparison with the prior year. Approximately 18% or \$3,819,932 of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed for such purposes as debt service, capital projects, inventories and prepaid costs.

The general fund is the chief operating fund of the *City of Minneola*. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,819,932 while total fund balance was \$16,645,298. 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 total fund balance represent 58% and 251% respectively, of total General Fund expenditures.

The fund balance of the general fund increased by \$2,292,230 during the current fiscal year due to increased property taxes and licenses and permits.

Proprietary Funds

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

Unrestricted net position of the proprietary funds at the year-end amounted to \$2,389,894. The total increase in net position for this fund was \$4,196,203. Other factors concerning the finances of these three funds have already been addressed in the discussion of the *City of Minneola's* business-type activities.

General Fund Budgetary Highlights

During the year, actual revenues were \$87,541 less than budgeted revenues and actual expenditures were \$3,485,377 less than budgeted expenditures.

Capital Asset and Debt Administration

Capital Assets

The *City of Minneola's* investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$37,381,592 (net of accumulated depreciation), for an increase of \$870,328 from the prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 2.38% (7.53% increase for governmental activities, and 1.07% increase for business-type activities).

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,704,656	\$ 2,704,656	\$ 435,522	\$ 435,522	\$ 3,140,178	\$ 3,140,178
Construction in progress	-	-	1,078,260	2,593,837	1,078,260	2,593,837
Buildings	2,441,087	2,372,128	112,571	115,470	2,553,658	2,487,598
Improvements / infrastructure	1,691,924	1,235,466	27,627,959	25,767,842	29,319,883	27,003,308
Machinery and equipment	1,166,352	1,131,225	123,261	155,118	1,289,613	1,286,343
Total	\$ 8,004,019	\$ 7,443,475	\$ 29,377,573	\$ 29,067,789	\$ 37,381,592	\$ 36,511,264

Additional information on the *City of Minneola's* capital assets can be found in Note 5 of this report.

Long-Term Debt

At the end of the current fiscal year, the *City of Minneola* had total debt outstanding of \$10,684,295. This debt includes notes payable. Additional information on long-term debt can be found in Note 6 of this report.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Notes payable	\$ -	\$ -	\$ 10,684,295	\$ 11,175,110	\$ 10,684,295	\$ 11,175,110
	\$ -	\$ -	\$ 10,684,295	\$ 11,175,110	\$ 10,684,295	\$ 11,175,110

The *City of Minneola's* total debt decreased by \$490,815 (4.39%) during the current fiscal year. The City's governmental activities are debt-free.

Economic Factors and Next Year's Budget and Rates

- The average unemployment rate for the state is 7.3% and 8.1% for the nation.
- Average inflation nationally as indicated by the consumer price index is 1.2%

These factors were considered in preparing the City budget for the 2020-2021 year. The City adopted the 2020 - 2021 budget at its September 22, 2020 meeting. The 2020 - 2021 General Fund budget includes a millage rate of 6.100.

Requests for Information

This financial report is designed to provide a general overview of the *City of Minneola's* finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to City of Minneola, Finance Manager, Post Office Drawer 678, Minneola, Florida 34755, (352) 394-3598.

BASIC FINANCIAL STATEMENTS

City of Minneola, Florida
Statement of Net Position
September 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 20,061,023	\$ 5,558,019	\$ 25,619,042
Receivables, net	228,207	60,031	288,238
Internal balances	2,129,179	(2,129,179)	-
Due from other governments	149,827	150,000	299,827
Prepaid costs	57,034	132,552	189,586
Restricted cash and cash equivalents	-	6,660,530	6,660,530
Capital Assets:			
Capital assets not being depreciated	2,704,656	1,513,782	4,218,438
Capital assets being depreciated, net of accumulated depreciation	5,299,363	27,863,791	33,163,154
Total assets	30,629,289	39,809,526	70,438,815
Deferred Outflows:			
Pension earnings	1,052,213	449,310	1,501,523
Liabilities:			
Accounts payable and accrued expenses	721,762	224,838	946,600
Due to other governmental agencies	430,840	-	430,840
Accrued interest	-	142,701	142,701
Deposits payable	1,300	148,354	149,654
Noncurrent Liabilities:			
Due within one year:			
Compensated absences	63,233	19,260	82,493
Notes payable	-	504,012	504,012
Due in more than one year:			
Compensated absences	108,971	18,759	127,730
Notes payable	-	10,180,283	10,180,283
Net pension liability	3,241,978	1,401,446	4,643,424
Total liabilities	4,568,084	12,639,653	17,207,737
Deferred Inflows:			
Pension earnings	77,058	33,835	110,893
Net Position:			
Net investment in capital assets	8,004,019	18,693,278	26,697,297
Restricted	11,132,857	6,502,176	17,635,033
Unrestricted	7,899,484	2,389,894	10,289,378
Total net position	\$ 27,036,360	\$ 27,585,348	\$ 54,621,708

City of Minneola, Florida
Statement of Activities
For the Year Ended September 30, 2020

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 1,605,700	\$ 1,641,627	\$ -	\$ -	\$ 35,927	\$ -	\$ 35,927
Public Safety	4,158,964	355,002	2,364	1,174,310	(2,627,288)	-	(2,627,288)
Physical Environment	149,127	-	-	-	(149,127)	-	(149,127)
Highways and Streets	497,884	-	302,529	-	(195,355)	-	(195,355)
Stormwater	177,835	287,775	-	-	109,940	-	109,940
Culture and Recreation	537,676	2,786	47,202	96,350	(391,338)	-	(391,338)
Community Redevelopment	110,165	-	-	-	(110,165)	-	(110,165)
Total governmental activities	7,237,351	2,287,190	352,095	1,270,660	(3,327,406)	-	(3,327,406)
Business-type Activities:							
Utility	5,211,294	4,816,134	-	1,986,573	-	1,591,413	1,591,413
Total business-type activities	5,211,294	4,816,134	-	1,986,573	-	1,591,413	1,591,413
Total primary government	\$ 12,448,645	\$ 7,103,324	\$ 352,095	\$ 3,257,233	(3,327,406)	1,591,413	(1,735,993)
General Revenues:							
Property taxes					5,102,389	-	5,102,389
Franchise and utility taxes					1,540,834	-	1,540,834
Intergovernmental					1,209,159	-	1,209,159
Unrestricted investment earnings					715	1,680	2,395
Miscellaneous					44,445	-	44,445
Transfers:					(2,603,110)	2,603,110	-
Total general revenues and transfers					5,294,432	2,604,790	7,899,222
Change in net position					1,967,026	4,196,203	6,163,229
Net position, beginning					25,069,334	23,389,145	48,458,479
Net position, ending					\$ 27,036,360	\$ 27,585,348	\$ 54,621,708

City of Minneola, Florida
Balance Sheet
Governmental Funds
September 30, 2020

	General Fund	Stormwater Special Revenue Fund	Community Redevelopment Funds	Impact Fee Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 16,400,286	\$ -	\$ 3,660,737	\$ -	\$ 20,061,023
Receivables	221,188	7,019	-	-	228,207
Due from other governments	149,827	-	-	-	149,827
Prepaid costs	40,495	2,060	14,479	-	57,034
Due from other funds	1,756,121	904,447	-	1,080,006	3,740,574
Total assets	\$ 18,567,917	\$ 913,526	\$ 3,675,216	\$ 1,080,006	\$ 24,236,665
Liabilities:					
Accounts payable	\$ 410,473	\$ 2,932	\$ 308,357	\$ -	\$ 721,762
Due to other governments	430,840	-	-	-	430,840
Due to other funds	1,080,006	196,565	334,824	-	1,611,395
Deposits payable	1,300	-	-	-	1,300
Total liabilities	1,922,619	199,497	643,181	-	2,765,297
Fund Balances:					
Nonspendable:					
Prepays	40,495	2,060	14,479	-	57,034
Restricted:					
Street repairs	1,176,002	-	-	-	1,176,002
Confiscation funds	44,492	-	-	-	44,492
Permitting expenditures	2,732,902	-	-	-	2,732,902
Police education	6,907	-	-	-	6,907
Infrastructure	4,140,519	-	-	-	4,140,519
Community redevelopment	-	-	3,017,556	-	3,017,556
Committed:					
Cemetery care	5,122	-	-	-	5,122
Rails/trails	1,527	-	-	-	1,527
Tree replacement	41,800	-	-	-	41,800
Fire protection capital expenditures	-	-	-	595,650	595,650
Parks capital expenditures	-	-	-	319,210	319,210
Police protection capital expenditures	-	-	-	165,146	165,146
Stormwater management	-	711,969	-	-	711,969
Assigned:					
Fire truck replacement	450,000	-	-	-	450,000
Fire department relocation	2,746,000	-	-	-	2,746,000
Park master plan	30,000	-	-	-	30,000
Library relocation	250,000	-	-	-	250,000
City Hall remodel	500,000	-	-	-	500,000
Fire station #2	659,600	-	-	-	659,600
Unassigned	3,819,932	-	-	-	3,819,932
Total fund balances	16,645,298	714,029	3,032,035	1,080,006	21,471,368
Total liabilities and fund balances	\$ 18,567,917	\$ 913,526	\$ 3,675,216	\$ 1,080,006	\$ 24,236,665

City of Minneola, Florida
**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position**
September 30, 2020

Total Fund Balance, governmental funds	\$	21,471,368
--	----	------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.		8,004,019
---	--	-----------

Deferred inflows and outflows of resources related to pension earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		975,155
---	--	---------

Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	(172,204)	
Net pension liability	(3,241,978)	(3,414,182)
Net position of governmental activities in the statement of net position	\$	27,036,360

City of Minneola, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2020

	General Fund	Stormwater fund	Community Redevelopment Funds	Impact Fee Fund	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 2,689,670	\$ -	\$ 2,412,719	\$ -	\$ 5,102,389
Franchise and utility	1,540,834	-	-	-	1,540,834
Licenses and permits	1,558,772	-	-	-	1,558,772
Intergovernmental	2,532,772	-	-	-	2,532,772
Charges for services	427,581	287,775	-	-	715,356
Fees and fines	8,476	-	-	-	8,476
Impact fees	-	-	-	294,149	294,149
Investment earnings	715	-	-	-	715
Miscellaneous	54,024	-	-	-	54,024
Total revenues	8,812,844	287,775	2,412,719	294,149	11,807,487
Expenditures:					
Current:					
General government	1,477,667	-	-	-	1,477,667
Public safety	4,092,120	-	-	-	4,092,120
Physical environment	107,180	215,694	-	-	322,874
Highways and Streets	450,068	-	-	-	450,068
Culture and recreation	515,772	-	-	-	515,772
Community redevelopment	-	-	1,542,290	-	1,542,290
Total expenditures	6,642,807	215,694	1,542,290	-	8,400,791
Excess (deficiency) of revenues over expenditures	2,170,037	72,081	870,429	294,149	3,406,696
Other Financing Sources (Uses):					
Transfers in	131,327	52,412	-	-	183,739
Transfers out	(9,134)	-	(1,745,064)	-	(1,754,198)
Total other financing sources (uses)	122,193	52,412	(1,745,064)	-	(1,570,459)
Net change in fund balances	2,292,230	124,493	(874,635)	294,149	1,836,237
Fund balances, beginning	14,353,068	589,536	3,906,670	785,857	19,635,131
Fund balances, ending	\$ 16,645,298	\$ 714,029	\$ 3,032,035	\$ 1,080,006	\$ 21,471,368

City of Minneola, Florida
**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities**
Year Ended September 30, 2020

Net Change in Fund Balances - total governmental funds: \$ 1,836,237

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

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

Expenditures for capital assets	980,702	
Less: current year depreciation	<u>(407,138)</u>	573,564

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of capital assets sold. (13,020)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.
Change in compensated absences (17,937)

Cash pension contributions reported in the funds were less than the calculated pension expense on the statement of activities and therefore, decreased net position. (411,818)

Change in net position of governmental activities		<u><u>\$ 1,967,026</u></u>
--	--	----------------------------

City of Minneola, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 2,549,215	\$ 2,549,215	\$ 2,689,670	\$ 140,455
Franchise and utility	1,353,245	1,353,245	1,540,834	187,589
Licenses and permits	1,071,772	1,071,772	1,558,772	487,000
Intergovernmental	3,174,658	3,174,658	2,532,772	(641,886)
Charges for services	376,296	376,296	427,581	51,285
Fees and fines	3,130	3,130	8,476	5,346
Impact fees	228,160	228,160	-	(228,160)
Investment earnings	510	510	715	205
Miscellaneous	143,399	143,399	54,024	(89,375)
Total revenues	8,900,385	8,900,385	8,812,844	(87,541)
Expenditures:				
Current:				
General government	1,855,882	1,855,882	1,477,667	378,215
Public safety	6,268,465	6,268,465	4,092,120	2,176,345
Physical environment	127,864	127,864	107,180	20,684
Highways and streets	584,366	584,366	450,068	134,298
Culture and recreation	1,291,607	1,291,607	515,772	775,835
Total expenditures	10,128,184	10,128,184	6,642,807	3,485,377
Excess (deficiency) of revenues over expenditures	(1,227,799)	(1,227,799)	2,170,037	3,397,836
Other Financing Sources (Uses):				
Transfers in	116,450	116,450	131,327	14,877
Transfers out	-	-	(9,134)	(9,134)
Total other financing sources (uses)	116,450	116,450	122,193	5,743
Net change in fund balances	(1,111,349)	(1,111,349)	2,292,230	3,403,579
Fund balance, beginning	14,353,068	14,353,068	14,353,068	-
Fund balance, ending	\$ 13,241,719	\$ 13,241,719	\$ 16,645,298	\$ 3,403,579

City of Minneola, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Stormwater Special Revenue Fund
Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 285,000	\$ 285,000	\$ 287,775	\$ 2,775
Total revenues	285,000	285,000	287,775	2,775
Expenditures:				
Current:				
Physical environment	381,417	381,417	215,694	165,723
Total expenditures	381,417	381,417	215,694	165,723
Excess (deficiency) of revenues over expenditures	(96,417)	(96,417)	72,081	168,498
Other Financing Sources:				
Transfers in	-	-	52,412	52,412
Total other financing sources	-	-	52,412	52,412
Net change in fund balances	(96,417)	(96,417)	124,493	220,910
Fund balance, beginning	589,536	589,536	589,536	-
Fund balance, ending	\$ 493,119	\$ 493,119	\$ 714,029	\$ 220,910

City of Minneola, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual - Community Redevelopment Fund
Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 2,432,545	\$ 2,432,545	\$ 2,412,719	\$ (19,826)
Total revenues	<u>2,432,545</u>	<u>2,432,545</u>	<u>2,412,719</u>	<u>(19,826)</u>
Expenditures:				
Current:				
Community redevelopment	2,771,241	2,771,241	1,542,290	1,228,951
Total expenditures	<u>2,771,241</u>	<u>2,771,241</u>	<u>1,542,290</u>	<u>1,228,951</u>
Excess (deficiency) of revenues over expenditures	<u>(338,696)</u>	<u>(338,696)</u>	<u>870,429</u>	<u>1,209,125</u>
Other Financing Uses:				
Transfers out	-	-	(1,745,064)	(1,745,064)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(1,745,064)</u>	<u>(1,745,064)</u>
Net change in fund balances	<u>(338,696)</u>	<u>(338,696)</u>	<u>(874,635)</u>	<u>(535,939)</u>
Fund balance, beginning	3,906,670	3,906,670	3,906,670	-
Fund balance, ending	<u>\$ 3,567,974</u>	<u>\$ 3,567,974</u>	<u>\$ 3,032,035</u>	<u>\$ (535,939)</u>

City of Minneola, Florida
Statement of Net Position
Proprietary Funds
September 30, 2020

	<u>Enterprise Fund</u>
	<u>Utility</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 5,558,019
Accounts receivable, net	60,031
Due from other funds	164,492
Due from other governments	150,000
Prepaid costs	132,552
Restricted cash and cash equivalents	6,660,530
Total current assets	<u>12,725,624</u>
Noncurrent assets:	
Capital assets:	
Land	435,522
Buildings	115,953
Construction in progress	1,078,260
Water and wastewater system	40,768,390
Machinery and equipment	493,101
Less accumulated depreciation	<u>(13,513,653)</u>
Total noncurrent assets	<u>29,377,573</u>
Total assets	<u>42,103,197</u>
Deferred Outflows:	
Pension earnings	449,310
	<u>449,310</u>

	Enterprise Fund
	Utility
Liabilities	
Current Liabilities:	
Accounts payable	224,838
Due to other funds	2,293,671
Accrued interest payable	142,701
Customer deposits payable	148,354
Compensated absences	19,260
Notes and loans payable - current	504,012
Total current liabilities	3,332,836
Noncurrent Liabilities:	
Compensated absences	18,759
Net pension liability	1,401,446
Notes and loans payable	10,180,283
Total noncurrent liabilities	11,600,488
Total liabilities	14,933,324
Deferred Inflows:	
Pension earnings	33,835
	33,835
Net Position:	
Net investment in capital assets	18,693,278
Restricted	6,502,176
Unrestricted	2,389,894
Total net position	\$ 27,585,348

City of Minneola, Florida
Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Funds
Year Ended September 30, 2020

	Enterprise Fund
	Utility
Revenues:	
Charges for services	\$ 4,810,404
Other operating revenue	5,730
Total operating revenues	4,816,134
Operating Expenses:	
Personal services	1,085,045
Contract services	1,446,677
Operating expenses	661,310
Utility services	308,812
Repairs and maintenance	204,498
Insurance	113,165
Depreciation	1,091,222
Total operating expenses	4,910,729
Operating income (loss)	(94,595)
Nonoperating Revenues (Expenses):	
Interest and investment income	1,680
Interest expense	(300,565)
Total nonoperating revenue (expenses)	(298,885)
Income before capital contributions and transfers	(393,480)
Capital grants	302,143
Capital contributions	1,032,651
Impact fees	1,684,430
Transfers in	1,754,198
Transfers out	(183,739)
Change in net position	4,196,203
Total net position, beginning	23,389,145
Total net position, ending	\$ 27,585,348

City of Minneola, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2020

	<u>Utility</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 4,759,652
Payments to suppliers	(3,157,786)
Payments to employees	<u>(937,211)</u>
Net cash provided by operating activities	<u>664,655</u>
Cash Flows from Noncapital Financing Activities:	
Operating transfers in	1,754,198
Operating transfers out	(183,739)
Increase in due from other funds	(91,220)
Decrease in due to other funds	<u>(1,065,378)</u>
Net cash provided by noncapital financing activities	<u>413,861</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(368,355)
Intergovernmental revenue	443,514
Impact fees	1,684,430
Principal paid on long-term debt	(490,815)
Interest paid on long-term debt	<u>(295,261)</u>
Net cash provided (used) by capital and related financing activities	<u>973,513</u>
Cash Flows from Investing Activities:	
Investment income	<u>1,680</u>
Net cash provided by investing activities	<u>1,680</u>
Net Increase in Cash and Cash Equivalents	2,053,709
Cash and cash equivalents, beginning	<u>10,164,840</u>
Cash and cash equivalents, ending	<u>\$ 12,218,549</u>
Classified As:	
Cash and cash equivalents	\$ 5,558,019
Restricted cash and cash equivalents	<u>6,660,530</u>
Total	<u>\$ 12,218,549</u>

	<u>Utility</u>
Reconciliation of Operating Income to	
Net Cash Provided (Used) By Operating Activities	
Operating income (loss)	\$ (94,595)
Adjustments Not Affecting Cash:	
Depreciation and amortization	<u>1,091,222</u>
Change in Assets and Liabilities:	
Decrease (increase) in accounts receivable	(54,550)
Decrease (increase) in prepaids	(100,154)
Increase (decrease) in accounts payable	(323,170)
Increase (decrease) in accrued liabilities	(15,204)
Increase (decrease) in compensated absences	2,887
Decrease (increase) in deferred outflows	(23,375)
Increase (decrease) in deferred inflows	(41,068)
Increase (decrease) in net pension liability	224,594
Increase (decrease) in customer deposits	<u>(1,932)</u>
Total adjustments	<u>759,250</u>
Net Cash Provided by Operating Activities	<u>\$ 664,655</u>
Noncash Capital and Financing Activities:	
Contribution of capital assets from governmental activities	<u>1,032,651</u>
Total	<u>\$ 1,032,651</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The *City of Minneola*, Florida ("the City") was incorporated on November 23, 1925, under a Special act of 1925 of the State of Florida, Chapter 11620, and operates under the council-manager form of government.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations' resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. In applying the above criteria, the City has one blended component unit as follows:

The City of Minneola Community Redevelopment Agency Fund

The *City of Minneola* created the Community Redevelopment Agency in April of 2013. 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 2014-05, which established the *City of Minneola* as the Redevelopment Agency for the purpose of carrying out the community redevelopment programs and plans within the area. The Community Redevelopment Agency consists of two separate redevelopment areas, the Minneola Mountain Area and the Minneola Downtown Area. The Council adopted a community development redevelopment plan through Resolution 2013-03 and 2014-06. Through Ordinance 2014-06 the City established the Community Redevelopment Trust Fund to account for all transactions generated by this special revenue fund.

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 City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period 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.

Property 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The government reports the following funds:

Major Governmental Funds

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

Stormwater Special Revenue Fund - a special revenue fund established to collect monthly fees for the repair, maintenance and replacement of the City's stormwater system. Fees collected are restricted to these activities and cannot be used for any other purposes.

Community Redevelopment Fund - was established as a dependent taxing district. The incremental annual increase in tax over the base years will be used to fund projects designed to enhance and improve the described area.

Impact Fee Fund - a capital projects fund established to account for Parks, Police and Fire Impact fees. Fees collected are restricted to these activities and cannot be used for any other purpose.

Major Proprietary Funds

Utility Fund - used to account for the fiscal activity of the City's water and wastewater services to residential and commercial customers and operates in a manner similar to private business enterprises. Costs, including depreciation are financed primarily through user charges.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility fund are charges to customers for sales and services. The City 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 nonoperating revenues and expenses.

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

Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Deposits and Investments

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.

Investments of the City are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The City's investments consist of investments authorized per the alternative guidance provided in Section 218.415, Florida Statutes.

Receivables and Payables

Water, sewer, and sanitation charges are recognized when billed. The Utility Fund maintains the direct write-off method of bad debt recognition due to the immateriality of the amounts.

Intergovernmental receivables represent amounts due from other governments for shared revenues and taxes collected for the City that are measurable and available.

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

Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectible. The County bills and collects property taxes and remits them to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

All property is reassessed according to its fair value on the lien date, or January 1 of each year. Taxes are levied on October 1 of each year. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. On or around May 31 following the tax year, certificates are sold for all delinquent taxes on real property.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statutory maximum tax rates which may be assessed by the City are as follows:

Ad Valorem Millage	10 mills
Utility Tax	10%

Prepaid Items

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

Restricted Assets

The use of certain assets of the Utility fund may be restricted by specific provisions of bond resolutions, city ordinances and/or agreements with various parties. Assets so designated are identified as restricted assets on the balance sheet.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City's capitalization policy as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and systems	40
Improvements	15 - 40
Water lines	10 - 50
Machinery and equipment	3 - 10

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave. Since the City's policy is to pay all vacation when employees separate from service, these amounts are accrued when incurred in the government-wide and proprietary fund financial statements. Unused sick leave will be paid on a pro-rata basis provided the retiring employee has completed at least ten years of continuous full-time service to the City, or a resigning employee must have at least fifteen years of continuous full-time service. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences are generally liquidated by the general fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category for the year ended September 30, 2020, deferred outflows of pension earnings.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category for the year ended September 30, 2020, deferred inflows of pension earnings.

Net Position Flow Assumptions

Sometimes the City 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 City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (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 City'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 City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The five classifications of fund balances in highest restriction order are as follows:

Nonspendable - represents amounts that cannot be spent because they are not in a spendable form or are amounts that are legally or contractually required to remain intact.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - represents amounts that are externally restricted by creditors, grantors, contributors, or laws or regulations of other governments and can be enforceable by external parties. Restrictions can be imposed by law through constitutional provisions or enabling legislation.

Committed - represents amounts that arise when the City's highest level of decision-making authority, the City Council, imposes constraints on the use of resources by appropriate formal action which is by city ordinance. These accounts cannot be used for another purpose unless the governing body first removes the original constraint by formal action. These amounts include resources set aside to satisfy contractual obligations.

Assigned - represents amounts that are intended to be used for a specified purpose but that are neither restricted or committed. The decision to assign these amounts can be made at any level of decision-making authority in the City to whom the City Council delegates assignment authority. Assigned fund balance is the residual fund balance category of any governmental fund except the general fund.

Unassigned - the residual fund balance classification for the general fund. It represents spendable general fund assets that are not restricted, committed or assigned to specific purposes.

New GASB Statements Implemented

In fiscal year 2020, the City implemented Government Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of provisions in certain other statements. There was no effect on beginning balances of the City for the implementation of either statement.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 Manager 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 hearings are conducted to obtain taxpayer comments.
3. The general summary of the budget and notice of public hearing is published in the local newspaper. Prior to October 1, budgets are legally enacted through passage of an ordinance.
4. The level of classification detail at which expenditures may not legally exceed appropriations is the department level.
5. Appropriations lapse at the close of the fiscal year to the extent they have not been expended.
6. Budgets are adopted for the general fund and special revenue funds on a basis consistent with accounting principles generally accepted in the United States of America. Budgets are also adopted for the enterprise funds; however, this data is not presented under generally accepted accounting principles.

Expenditures in Excess of Appropriations

Transfers out of the General Fund exceeded appropriations, however the total expenditures and transfers out of the General Fund were less than budgeted appropriations for the year ended September 30, 2020.

Transfers out of the Community Redevelopment Fund exceeded appropriations for the year ended September 30, 2020.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

The City's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. Remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. Under this chapter all depositories holding public funds collateralized deposits in excess of FDIC insurance with the State Treasurer. In the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

The City's pooled cash account is held pursuant to a banking services agreement. Interest earned on the pooled cash is allocated monthly among the funds based on the percentage of each fund's cash balance to the total.

Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The City uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the City's own data in measuring unobservable inputs. The City had no investments as defined by GASB Statement No. 72 as of September 30, 2020.

The City's investment policies are governed by Florida Statutes, which allow the following investments:

- (a) Florida Local Government Surplus Funds Trust Fund Investment Pool (SBA LGIP)
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest bearing time deposit or savings accounts in qualified public depositories
- (d) Direct obligations of the U.S. Treasury

The City does not have an investment policy that addresses credit risk, concentration of credit risk, custodial credit risk, or interest rate risk. However, all deposits are potentially subject to custodial credit risk. The City policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposit Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2020, all of the City's bank deposits were in qualified public depositories.

NOTE 4 RECEIVABLES

Receivables as of year end for the City's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Stormwater Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Receivables:				
Accounts	\$ 221,188	\$ 20,978	\$ 182,897	\$ 425,063
Less allowance for uncollectible accounts	-	(13,959)	(122,866)	(136,825)
	<u>\$ 221,188</u>	<u>\$ 7,019</u>	<u>\$ 60,031</u>	<u>\$ 288,238</u>

NOTE 5 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,704,656	\$ -	\$ -	\$ 2,704,656
Total capital assets, not being depreciated	<u>2,704,656</u>	<u>-</u>	<u>-</u>	<u>2,704,656</u>
Capital assets, being depreciated:				
Buildings	3,475,133	174,695	(20,450)	3,629,378
Improvements/infrastructure	2,897,291	559,688	-	3,456,979
Machinery and equipment	2,687,768	246,319	-	2,934,087
Total capital assets, being depreciated	<u>9,060,192</u>	<u>980,702</u>	<u>(20,450)</u>	<u>10,020,444</u>
Less accumulated depreciation for:				
Buildings	(1,103,005)	(92,716)	7,430	(1,188,291)
Improvements/infrastructure	(1,661,825)	(103,230)	-	(1,765,055)
Machinery and equipment	(1,556,543)	(211,192)	-	(1,767,735)
Total accumulated depreciation	<u>(4,321,373)</u>	<u>(407,138)</u>	<u>7,430</u>	<u>(4,721,081)</u>
Total capital assets, being depreciated, net	<u>4,738,819</u>	<u>573,564</u>	<u>(13,020)</u>	<u>5,299,363</u>
Government activities capital assets, net	<u>\$ 7,443,475</u>	<u>\$ 573,564</u>	<u>\$ (13,020)</u>	<u>\$ 8,004,019</u>

NOTE 5 CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 435,522	\$ -	\$ -	\$ 435,522
Construction in progress	2,593,837	1,188,368	(2,703,945)	1,078,260
Total capital assets, not being depreciated	<u>3,029,359</u>	<u>1,188,368</u>	<u>(2,703,945)</u>	<u>1,513,782</u>
Capital assets, being depreciated:				
Buildings	115,953	-	-	115,953
Improvements/infrastructure	37,892,513	2,916,583	(40,706)	40,768,390
Machinery and equipment	493,101	-	-	493,101
Total capital assets, being depreciated	<u>38,501,567</u>	<u>2,916,583</u>	<u>(40,706)</u>	<u>41,377,444</u>
Less accumulated depreciation for:				
Buildings	(483)	(2,899)	-	(3,382)
Improvements/infrastructure	(12,124,671)	(1,056,466)	40,706	(13,140,431)
Machinery and equipment	(337,983)	(31,857)	-	(369,840)
Total accumulated depreciation	<u>(12,463,137)</u>	<u>(1,091,222)</u>	<u>40,706</u>	<u>(13,513,653)</u>
Total capital assets, being depreciated, net	<u>26,038,430</u>	<u>1,825,361</u>	<u>-</u>	<u>27,863,791</u>
Business-type activities capital assets, net	<u>\$ 29,067,789</u>	<u>\$ 3,013,729</u>	<u>\$ (2,703,945)</u>	<u>\$ 29,377,573</u>

Included in construction in progress increases for business-type activities is \$1,032,651 contributed from the community redevelopment fund.

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 89,665
Public safety	123,805
Highways and streets	41,173
Stormwater	31,188
Physical environment	30,658
Culture and recreation	90,649
Total depreciation expense, governmental activities	<u>\$ 407,138</u>
Business-type Activities:	
Utilities	\$ 1,091,222
Total depreciation expense, business type activities	<u>\$ 1,091,222</u>

NOTE 6 LONG-TERM DEBT

Notes Payable - Private Placement

In May 2005, the City executed a State Revolving Fund (“SRF”) loan agreement for wastewater collection, transmission and reuse improvements. The final amendment #4 dated in April 2011 provides for total funding of \$16,876,398 and a revised loan period of 30 years with an interest rates of 2.75 percent to 2.65 percent. The note is secured by gross revenues, together with reuse revenues and impact fees, from the yearly operation of the sewer system after operation and maintenance expense and the satisfaction of all yearly payment obligations on account of any senior obligation issued. Total principal and interest remaining to be paid on this series is \$13,363,187. For the fiscal year, principal and interest paid on this series was \$791,380 and total pledged revenue was \$2,498,998.

For the SRF loan, in an event of default, the Florida Department of Environmental Protection may cause to establish rates and collect fees, require the City to account for all moneys received and used, appoint a receiver to manage the Water and Sewer Systems, intercept delinquent amounts plus a penalty due to the City under State Revenue Sharing, recover all amounts due including costs of collection and attorney fees, and accelerate the repayment schedule or increase the interest rate by a factor of up to 1.667.

Annual debt service requirements to maturity on the notes payable are as follows:

Year Ending September 30,	Business-Type Activities	
	Principal	Interest
2021	\$ 504,012	\$ 282,058
2022	517,565	268,505
2023	531,482	254,587
2024	545,774	240,296
2025	560,450	225,620
2026-2030	3,036,582	893,767
2031-2035	3,467,416	462,934
2036-2037	1,521,014	51,125
Total	\$ 10,684,295	\$ 2,678,892

NOTE 6 LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated absences	\$ 154,267	\$ 17,937	\$ -	\$ 172,204	\$ 63,233
Net pension liability	2,664,450	577,528	-	3,241,978	-
Governmental activity long-term liabilities	<u>\$ 2,818,717</u>	<u>\$ 595,465</u>	<u>\$ -</u>	<u>\$ 3,414,182</u>	<u>\$ 63,233</u>
Business-Type Activities					
Notes payable -					
SRF Loans	\$ 11,175,110	\$ -	\$ (490,815)	\$ 10,684,295	\$ 504,012
Compensated absences	35,132	2,887	-	38,019	19,260
Net pension liability	1,176,852	224,594	-	1,401,446	-
Business-type activity long-term liabilities	<u>\$ 12,387,094</u>	<u>\$ 227,481</u>	<u>\$ (490,815)</u>	<u>\$ 12,123,760</u>	<u>\$ 523,272</u>

NOTE 7 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances at September 30, 2020 are as follows:

	<u>Payable Fund</u>				
	<u>General</u>	<u>Community Redevelopment</u>	<u>Stormwater</u>	<u>Utility</u>	
Receivable Fund:					
General	\$ -	\$ 334,824	\$ 32,073	\$ 1,389,224	\$ 1,756,121
Stormwater	-	-	-	904,447	904,447
Impact fee	1,080,006	-	-	-	1,080,006
Utility	-	-	164,492	-	164,492
	<u>\$ 1,080,006</u>	<u>\$ 334,824</u>	<u>\$ 196,565</u>	<u>\$ 2,293,671</u>	<u>\$ 3,905,066</u>

The interfund receivables and payables are related to the timing of transactions and is expected to be repaid within a year.

Additionally, the Utility fund transferred \$131,327 to the General fund for the sanitation fee and \$52,412 to the Stormwater fund for pension, fuel and health insurance. The Community Redevelopment Agency fund transferred \$1,745,064 to the Utility fund for capital projects funding.

NOTE 8 EMPLOYEE BENEFIT PLANS

Florida Retirement System

The City contributes to the Florida Retirement System (FRS), a multiple-employer, cost-sharing, defined-benefit pension plan administered by the State of Florida, for the City's authorized permanent, full-time and part-time employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. State Statutes authorizes the State to establish and amend all plan provisions. The State of Florida issues a publicly available report that includes financial statements and required supplementary information for FRS. The report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website:

www.dms.myflorida.com/workforce_operations/retirement/publications.

Plan Descriptions

The FRS offers a choice between a defined-benefit plan (Pension Plan) or a defined-contribution plan (Investment Plan) which is administered by the State Board of Administration (SBA). In addition, a Health Insurance Subsidy plan (HIS) is offered to assist retired members of any state-administered retirement system in paying the costs of health insurance.

1. The Pension Plan members are eligible for retirement after vesting, which occurs at six (6) years of creditable service for regular members enrolled prior to July 1, 2011 and eight (8) years of creditable service if enrolled on or after July 1, 2011. Normal retirement age is attained at the earlier of thirty (30) or (33) years of creditable service, regardless of age, or retirement at age sixty-two (62) or (65) with at least (6) or (8) years of creditable service if enrolled prior to July 1, 2011 or on or after July 1, 2011 respectively. Early retirement may be taken any time after vesting; however, there is a five percent (5%) benefit reduction for each year prior to normal retirement age. Members are also eligible for in-line-of-duty or regular disability benefits if permanently and totally disabled and unable to work. Benefits are computed on the basis of age, average final compensation, and service credit.

In addition to the above benefits, the Deferred Retirement Option Program (DROP) allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants. The employer contribution at fiscal year ended September 30, 2020 is 16.98%.

2. The Investment Plan provides for vesting after one year of creditable service. Under this plan, the employer makes contributions to a participant's account, and the participant directs where the contributions are invested among the plan's investment funds. Upon termination, vested participants receive amounts accumulated in their investment accounts.

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

3. Health Insurance Subsidy (HIS) Program is established by Chapter 112, Florida Statutes and provides insurance subsidy payments to persons who are retired under a state-administered retirement system, or a beneficiary who is a spouse or financial dependent entitled to receive benefits under a state-administered retirement system except those individuals who are pension recipients under Section 121.40, 237.08(18)(a) and 250.22, Florida Statutes, or recipients of health insurance coverage under Section 110.1232, Florida Statutes or any other special pension or relief act are not eligible for such pension payments. A person is deemed retired from a state-administered retirement system when he or she terminated employment with all employers participating in the Florida Retirement System and:
- a) for a member of the Investment Plan, the participant meets the age or service requirements to qualify for normal retirement per Section 121.021(29), Florida Statutes and meets the definition of retiree in Section 121.4501(2), Florida Statutes or
 - b) for a member of the Pension Plan or any employee who maintains creditable service under the pension plan and the investment plan, the member begins drawing retirement benefits from the pension plan. Any person retiring on or after July 1, 2011, as a member of the Florida Retirement System, including a member of the investment plan, must satisfy the vesting requirements for his or her membership class as administered under Chapter 121, Florida Statutes. Any person retiring due to disability must qualify for a regular or in-line-of-duty disability benefit per provisions under Chapter 112, Florida Statutes.

The HIS plan is funded by required contributions from FRS participating employers as set by the Florida legislature. Employer contributions are a percentage of gross compensation for all active FRS members. At fiscal year ended September 30, 2020, the contribution rate was 1.66% of payroll pursuant to Section 62.

The HIS plan provides monthly payment assistance to retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Department of Management Services, Division of Retirement. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payment is at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare. Terms of the benefits provided by the plan may be amended only by the State Legislature with a change in the Statutes governing the plan.

Contributions

The FRS has many classes of membership. Employer contribution rates are set by law. Rates below include the appropriate retirement contribution rate, 1.66 percent HIS contribution rate, 0.06 percent administrative/educational fee and any applicable UAL rates. These classes, with descriptions and weighted average contribution rates in effect during the period ended September 30, 2020, are as follows:

Regular Class - members not qualifying for other classes (13.00% [includes 3% employee contribution] from July 1, 2020 through September 30, 2020 and 11.47% [includes 3% employee contribution] from October 1, 2019 through June 30, 2020.)

Senior Management Service Class - members of senior management who do not elect the optional annuity retirement program (30.29% [includes 3% employee contribution] from July 1, 2020 through September 30, 2020 and 28.41% [includes 3% employee contribution] from October 1, 2019 through June 30, 2020).

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

Special Risk Class - members employed as law enforcement officers, firefighters, or correctional officers and meet the criteria set to qualify for this class (38.84% [includes 3% employee contribution] from July 1, 2020 through September 30, 2020 and 28.48% [includes 3% employee contribution] from October 1, 2019 through June 30, 2020).

Elected State Officer's Class - certain elected City officials (52.18% [includes 3% employee contribution] from July 1, 2020 through September 30, 2020 and 51.82% [includes 3% employee contribution] from October 1, 2019 through June 30, 2020).

Pension Plan

The City's contributions, including employee contributions, to the Pension Plan totaled \$298,763 for the fiscal year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At September 30, 2020, the City reported a liability of \$3,768,390 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportionate share of the net pension liability was based on the City's 2019-20 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2020, the City's proportionate share was .00869 percent, which was a decrease of .00022 percent from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$522,236. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 144,224	\$ -
Change of assumptions	682,198	-
Net difference between projected and actual earnings on pension plan investments	224,374	-
Changes in proportion and differences between city pension plan contributions and proportionate share of contributions	143,859	59,338
City pension plan contributions subsequent to the measurement date	84,998	-
Total	\$ 1,279,653	\$ 59,338

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

The deferred outflows of resources related to the Pension Plan, totaling \$84,998 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2021	\$ 248,050
2022	359,159
2023	305,848
2024	184,773
2025	37,487
Thereafter	-

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.4%
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	6.8%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generational with Scale MP-2018.

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

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.20%	2.20%	1.20%
Fixed income	19.00%	3.00%	2.90%	3.50%
Global equity	54.20%	8.00%	6.70%	17.10%
Real estate	10.30%	6.40%	5.80%	11.70%
Private equity	11.10%	10.80%	8.10%	25.70%
Strategic investments	4.40%	5.50%	5.30%	6.90%
Total	100.00%			
Assumed inflation, mean			2.40%	1.70%

(1) As outlined in the pension plan's investment policy

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
City's proportionate share of the net pension liability	\$ 6,017,485	\$ 3,768,390	\$ 1,889,936

Pension Plan Fiduciary Net Position

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan

At September 30, 2020, the City reported had no outstanding contributions to the HIS FRS Plan required for the fiscal year ended September 30, 2020.

HIS Plan

The City's contributions to the HIS Plan totaled \$42,009 for the fiscal year ended September 30, 2020.

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

At September 30, 2020, the City reported a liability of \$875,034 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportionate share of the net pension liability was based on the City's 2019-20 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2020, the City's proportionate share was .00717 percent, which was an increase of .00027 percent from its proportionate share measured as of June 30, 2019.

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$49,733. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,794	\$ 675
Change of assumptions	94,091	50,880
Net difference between projected and actual earnings on HIS Plan investments	699	-
Changes in proportion and differences between city HIS Plan contributions and proportionate share of contributions	80,051	-
City HIS Plan contributions subsequent to the measurement date	11,235	-
Total	\$ 221,870	\$ 51,555

The deferred outflows of resources related to the HIS Plan, totaling \$11,235 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2021	\$ 41,262
2022	34,875
2023	19,737
2024	23,979
2025	21,785
Thereafter	17,442

Actuarial Assumptions

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.4%
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	2.21%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

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

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 2.21%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
City's proportionate share of the net pension liability	\$ 1,011,500	\$ 875,034	\$ 763,337

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2020, the City reported had no outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2020.

Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected City Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2019-20 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and City Elected Officers class 11.34%.

NOTE 8 EMPLOYEE BENEFIT PLANS (CONTINUED)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

The City's Investment Plan pension expense totaled \$66,044 for the fiscal year ended September 30, 2020.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS

In accordance with Florida Statutes Section 112.0801, the City makes continued group health insurance through the City's current provider available to retirees and eligible dependents provided certain service requirements and normal age retirement requirements have been met. This benefit has no cost to the City, other than the implicit cost of including retirees in the group calculation. All premiums are paid by the retiree. The City has no retirees currently receiving benefits, and therefore no liability has been recorded. The City assumes a similar participation rate among future retirees, therefore, no liability is recorded at September 30, 2020.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Litigation

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.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage during the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

City of Minneola, Florida
Required Supplementary Information
Year Ended September 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.00869%	0.00891%	0.00836%	0.00788%	0.00811%	0.00742%
City's proportionate share of the net pension liability	\$ 3,768,390	\$ 3,069,507	\$ 2,517,016	\$ 2,331,560	\$ 2,046,731	\$ 958,848
City's covered-payroll	\$ 2,530,168	\$ 2,354,862	\$ 2,212,468	\$ 2,048,046	\$ 1,914,543	\$ 1,807,991
City's proportionate share of the net pension liability as a percentage of its covered-payroll	148.94%	130.35%	113.77%	113.84%	106.90%	53.03%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension	0.00717%	0.00690%	0.00690%	0.00623%	0.00615%	0.00585%
City's proportionate share of the net pension liability	\$ 875,034	\$ 771,795	\$ 712,800	\$ 665,835	\$ 716,977	\$ 596,281
City's covered- payroll	\$ 2,530,168	\$ 2,354,862	\$ 2,212,468	\$ 2,048,046	\$ 2,048,046	\$ 1,807,991
City's proportionate share of the net pension liability as a percentage of its covered-payroll	34.58%	32.77%	32.22%	32.51%	35.01%	32.98%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

City of Minneola, Florida
Required Supplementary Information
Year Ended September 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 298,763	\$ 328,777	\$ 249,448	\$ 205,337	\$ 205,202	\$ 180,991
Contributions in relation to the contractually required contribution	<u>(298,763)</u>	<u>(328,777)</u>	<u>(249,448)</u>	<u>(205,337)</u>	<u>(205,202)</u>	<u>(180,991)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-payroll	\$ 2,530,168	\$ 2,354,862	\$ 2,212,468	\$ 2,048,046	\$ 1,914,543	\$ 1,807,991
Contributions as a percentage of covered-payroll	11.81%	13.96%	11.27%	10.03%	10.72%	10.01%

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 42,009	\$ 30,746	\$ 36,736	\$ 34,004	\$ 31,776	\$ 22,350
Contributions in relation to the contractually required contribution	<u>(42,009)</u>	<u>(30,746)</u>	<u>(36,736)</u>	<u>(34,004)</u>	<u>(31,776)</u>	<u>(22,350)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-payroll	\$ 2,530,168	\$ 2,354,862	\$ 2,212,468	\$ 2,048,046	\$ 1,914,543	\$ 1,807,991
Contributions as a percentage of covered-payroll	1.66%	1.31%	1.66%	1.66%	1.66%	1.24%

Other Reports

INDEPENDENT AUDITOR'S 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

The Honorable Mayor and City Council
City of Minneola, Florida

We have audited, 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, the financial statements of the governmental activities, business-type activities, and each major fund of the *City of Minneola, 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 Minneola, Florida's* basic financial statements, and have issued our report thereon dated June 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the *City of Minneola, Florida's* internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *City of Minneola, Florida's* internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Minneola, 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 in Appendix A, we identified a certain deficiency in internal control that we consider to be a material weakness.

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

Compliance and Other Matters

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

City of Minneola, Florida's Response to Findings

The *City of Minneola, Florida's* response to the findings identified in our audit is included in this report. The *City of Minneola, Florida's* response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

McDiemit Davis

Orlando, Florida
June 29, 2021



MANAGEMENT LETTER

Honorable Mayor and City Council
City of Minneola, Florida

Report on the Financial Statements

We have audited the financial statements of the *City of Minneola, Florida*, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 29, 2021.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s 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 Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports dated June 29, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report, except as noted below:

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2018-19 FY Finding #	2017-18 FY Finding #
ML 20-1	ML 19-1	ML 18-1

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City of Minneola, Florida. It is management’s responsibility to monitor the *City of Minneola, 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.

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we have one such finding as noted in Appendix B.

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 commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

McDiarmid Davis

Orlando, Florida
June 29, 2021

ML20-1 - Timely Completion of Bank Reconciliations

Criteria - An effectively designed system of internal controls requires timely account reconciliations to mitigate the risk of material misstatement, whether due to fraud or error.

Condition - During the course of our audit, we noted that bank reconciliations were not being completed on a timely basis.

Cause - The employee that is responsible for the bank reconciliations was out for several months, and procedures were not in place to complete the reconciliations in their absence.

Effect - Several adjustments were required to adjust balances during the audit process, and material misstatements could go undetected.

Recommendation - We recommend the City implement procedures to ensure bank reconciliations are completed on a timely basis, including cross-training other staff members, or hiring outside consultants to assist with the monthly reconciliation process.

Management Response:

The City has hired additional accounting personnel and will cross-train the individual to serve as back-up in the bank reconciliation process.

ML20-2 - Truth in Millage (TRIM) Compliance

Criteria - Florida Statutes require governments to budget 95% of gross taxable value.

Condition - During, we noted that the city did not comply with Florida Statutes and budgeted less than 95% of the gross taxable value.

Cause - The employee that is responsible for the TRIM calculations was out for several months, and the budget was calculated based on an incorrect taxable value.

Effect - The City was not in compliance with Florida Statutes related to TRIM Compliance.

Recommendation - We recommend the City implement procedures to ensure TRIM calculations are based on the correct taxable values and reviewed prior to submittal.

Management Response:

The City has hired additional accounting personnel and will cross-train the individual to serve as back-up in the TRIM process.



934 North Magnolia Avenue, Suite 100
Orlando, Florida 32803
407-843-5406
www.mcdermittdavis.com

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

The Honorable Mayor and City Council
City of Minneola, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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, City of Minneola, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

McDermitt Davis

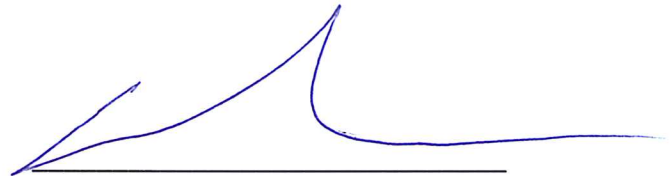
Orlando, Florida
June 29, 2021

CITY OF MINNEOLA
IMPACT FEE AFFIDAVIT

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

1. I am the Chief Financial Officer of the City of Minneola which is a local governmental entity of the State of Florida;
2. The governing body of the City of Minneola adopted Ordinance No. 2004-42 (Water Impact Fee), Ordinance No. 2004-29 (Wastewater Impact Fee), Ordinance No. 2005-36 (Fire Impact Fee), Ordinance No. 2016-08 (Police Public Safety Facilities Impact Fee), Ordinance No. 2016-09 (Parks and Recreation Impact Fee) implementing an impact; and
3. The City of Minneola has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.




Mark Johnson

STATE OF FLORIDA
COUNTY OF LAKE

SWORN TO AND SUBSCRIBED before me this 07 day of July, 2021




NOTARY PUBLIC
Print Name Julieta Alvarez

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:
