

CITY OF WEBSTER, FLORIDA
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Webster, Florida, Florida as of September 30, 2020 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

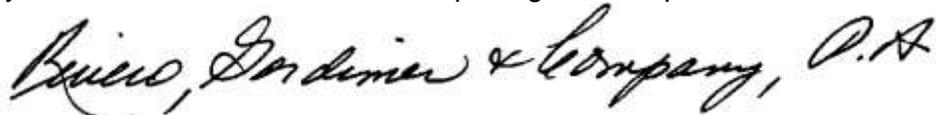
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3 - 8) budgetary comparison information (page 43) and pension and other post-employment benefits schedules (pages 39 - 42) to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

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



Tampa, Florida
March 11, 2021

The discussion and analysis of the City of Webster's financial performance provides an overview of the City's financial activities for the fiscal year ending September 30, 2020. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources on September 30, 2020 by \$14,923,300 (net position). Of this amount, \$278,051 (unrestricted net position) may be used to meet the City's ongoing obligations, a \$146,864 (112%) increase from 2019.
- Total revenue for all City activities for the year ended September 30, 2020 was \$2,033,486, an increase of \$338,987 (20%) compared to 2019.
- Total expenses for all City activities for the year ended September 30, 2020 were \$1,768,708, an increase of \$83,213 (5%).
- As of September 30, 2020, the City's general fund reported ending unassigned fund balance of \$123,654 or 13% of total general fund expenditures compared to 38% as of September 30, 2019.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

Fund financial statements: Funds are a group of self-balancing accounts. Funds are used to account for specific activities of the City, rather than reporting on the City as a whole. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

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

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

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

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

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found by referencing the table of contents of this report.

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

**CITY OF WEBSTER, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

<i>As of September 30,</i>	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Non-capital assets	\$ 518,859	\$ 459,034	\$ 166,239	\$ 99,915	\$ 685,098	\$ 558,949
Capital assets	2,081,259	2,146,065	13,625,852	13,457,134	15,707,111	15,603,199
Total assets	2,600,118	2,605,099	13,792,091	13,557,049	16,392,209	16,162,148
Deferred outflows of resources						
Pensions	199,773	251,349	-	-	199,773	251,349
Liabilities						
Current liabilities	15,429	36,895	292,036	219,304	307,465	256,199
Long-term liabilities	689,759	834,856	516,913	568,258	1,206,672	1,403,114
Total liabilities	705,188	871,751	808,949	787,562	1,514,137	1,659,313
Deferred inflows of resources						
Pensions	154,545	95,662	-	-	154,545	95,662
Net position						
Net investment in capital assets	1,699,241	1,705,030	12,853,228	12,717,716	14,552,469	14,422,746
Restricted	61,986	74,114	30,794	30,475	92,780	104,589
Unrestricted	178,931	109,891	99,120	21,296	278,051	131,187
Total net position	\$ 1,940,158	\$ 1,889,035	\$ 12,983,142	\$ 12,769,487	\$ 14,923,300	\$ 14,658,522

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

Less than 1% of the City's net position represents resources that are subject to external restrictions on how they may be used which was the same for the prior year. The remaining balance of unrestricted net position, \$22,340 or less than 1% of net position may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF WEBSTER, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

On September 30, 2020, the City was able to report positive balances in the net investment in capital assets, restricted categories of net position and unrestricted net position, both for the City as a whole, as well as for its separate governmental activities and business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<i>For the year ended September 30,</i>						
Program revenues:						
Charges for services	\$ 96,157	\$ 43,697	\$ 729,179	\$ 659,938	\$ 825,336	\$ 703,635
Operating grants & contributions	-	-	-	-	-	-
Capital grants & contributions	1,245	85,409	631,831	305,922	633,076	391,331
General revenues:						
Property taxes	146,019	134,318	-	-	146,019	134,318
Other taxes and shared revenues	404,830	393,371	-	-	404,830	393,371
Other	24,225	71,844	-	-	24,225	71,844
Total revenues	<u>672,476</u>	<u>728,639</u>	<u>1,361,010</u>	<u>965,860</u>	<u>2,033,486</u>	<u>1,694,499</u>
Program expenses:						
General government	526,148	475,682	-	-	526,148	475,682
Public safety	147,392	143,423	-	-	147,392	143,423
Transportation	37,172	23,037	-	-	37,172	23,037
Culture and recreation	242,829	240,518	-	-	242,829	240,518
Interest on long term debt	6,200	19,417	-	-	6,200	19,417
Utility services	-	-	808,967	783,418	808,967	783,418
Total expenses	<u>959,741</u>	<u>902,077</u>	<u>808,967</u>	<u>783,418</u>	<u>1,768,708</u>	<u>1,685,495</u>
Transfers from (to) other funds	<u>338,388</u>	<u>340,888</u>	<u>(338,388)</u>	<u>(340,888)</u>	<u>-</u>	<u>-</u>
Change in net position	51,123	167,450	213,655	(158,446)	264,778	9,004
Beginning net position	1,889,035	1,721,585	12,769,487	12,927,933	14,658,522	14,649,518
Ending net position	<u>\$ 1,940,158</u>	<u>\$ 1,889,035</u>	<u>\$ 12,983,142</u>	<u>\$ 12,769,487</u>	<u>\$ 14,923,300</u>	<u>\$ 14,658,522</u>

Governmental Activities: The governmental activities generated \$97,402 in program revenues and \$575,074 of general revenues, \$338,388 of transfers from the business-type activities and incurred \$959,741 of program expenses. This resulted in a \$51,123 increase in net position

- Revenue decreased by \$56,163 or 8% compared to the prior year. This decrease was mainly due to decreased grant revenues of \$84,164 as the City received \$35,408 in FEMA grant revenue and \$50,000 from the Florida Recreation Development Assistance Program (FRDAP) in the prior year which did not recur in 2020.
- Expenses increased by \$57,664 or 6% compared to the prior year. The significant changes in broad expense classifications are as follows:
 - An approximate increase in salaries and wages of \$41,450 (13%).
 - An approximate increase in repairs and maintenance of \$25,445 (80%)
 - An approximate increase in legal, engineering, accounting, and audited expenses of \$40,512 (18%)
 - An approximate decrease in interest on long-term debt of \$13,217 (68%).
 - An approximate decrease in pension expense of \$37,500 (44%).

Business-Type Activities: Revenues of the business-type activities were \$1,361,010 compared to expenses of \$808,967. The business-type activities also transferred \$338,388 to the governmental activities during 2020 compared to a transfer of \$340,888 in 2019. This resulted in an increase in net position for the year of \$213,655.

- Revenue increased by \$395,150 or 41% compared to the prior year mainly due to the following:
 - An approximate increase of \$326,000 in grant revenue to fund water and sewer system expansion costs.
 - An approximate increase in charges for services of \$69,241 (10%).
- Expenses increased by \$25,549 or 3% compared to the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Fund

As of September 30, 2020, the City's general fund reported combined ending fund balance of \$503,430. This is an increase from \$422,139 last year. Approximately 25% of the total fund balance constitutes unassigned fund balance (i.e. available for spending at the City's discretion) which is an decrease in unassigned fund balance of \$217,248 or 64% from last year. The remainder of fund balance totaling \$61,986 is restricted for the specific purpose for which the monies were collected or were considered nonspendable representing year-end prepaid expenditures and the amounts due from the enterprise fund. The amounts due from the enterprise fund are considered nonspendable as the enterprise fund does not have the ability to repay the general fund as of September 30, 2020.

In the general fund, the City's expenditures exceeded its revenues by \$257,097 as compared to \$229,851 for the prior year. Total revenues were down slightly by \$4,845 (1%) over the prior year and expenditures increased \$22,401 (2%) from 2019.

Proprietary Fund

The City has one proprietary fund, an enterprise fund, which provides water, sanitation and sewer services to City residents. These services combined to generate an operating loss of \$143,959 as compared to an operating loss of \$106,449 in 2019.

ANALYSIS OF SIGNIFICANT BUDGET VARIANCES

The City adopts an annual budget each year in September. The budgetary comparison statement is presented for the general fund to demonstrate compliance with the budget which can be found by referencing the table of contents of this report. The original budget was amended on September 24, 2020 with the adoption of Resolution 2020-08. Resolution 2019-09 recognized that actual revenues, expenditures and other financing sources differed from those of the original budget and amended the previously adopted budget to be equal to the actual revenues, expenditures and other financing sources of the City. As a result, there are no budgetary variances with the final amended budget. The result of the budget amendment was a \$59,955 increase in budgeted revenues, a \$8,195 increase in budgeted expenditures and a \$29,531 increase in budgeted other financing sources.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The governmental activities had no capital asset additions during the fiscal year. The business-type activities had \$676,635 in capital additions during the year for miscellaneous equipment and water and sewer system expansion costs reported as additions to construction in progress. The construction in progress of the business-type activities was completed and placed into service during the year and there is no construction in progress reported as of September 30, 2020. Please refer to a note to the accompanying financial statements entitled *Capital Asset Activity* for more detailed information about the City's capital asset activity.

Debt Administration

Principal of \$148,114 and \$51,345 was paid during the year on governmental activities and business type activities debt, respectively. There was no new debt issued during the year in the governmental activities or the business-type activities. Please refer to a note to the accompanying financial statements entitled *Long-term Obligations* for more detailed information about the City's long-term debt activity.

ECONOMIC FACTORS

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF WEBSTER, FLORIDA
Statement of Net Position
September 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 133,137	\$ -	\$ 133,137
Accounts receivable - net	-	75,623	75,623
Due from other governments	5,946	78,812	84,758
Prepaid and other assets	16,226	-	16,226
Internal balances	301,564	(301,564)	-
Restricted cash	61,986	313,368	375,354
Capital assets:			
Non-depreciable	1,607,568	51,030	1,658,598
Depreciable, net	473,691	13,574,822	14,048,513
Total assets	<u>2,600,118</u>	<u>13,792,091</u>	<u>16,392,209</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	<u>199,773</u>	<u>-</u>	<u>199,773</u>
LIABILITIES			
Accounts payable and accrued expenses	15,429	9,462	24,891
Construction costs payable	-	255,711	255,711
Liabilities payable from restricted assets:			
Accrued interest payable	-	2,821	2,821
Customer deposits	-	24,042	24,042
Long-term obligations:			
Due within one year	41,595	53,155	94,750
Due in more than one year	648,164	463,758	1,111,922
Total liabilities	<u>705,188</u>	<u>808,949</u>	<u>1,514,137</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	<u>154,545</u>	<u>-</u>	<u>154,545</u>
NET POSITION			
Net investment in capital assets	1,699,241	12,853,228	14,552,469
Restricted for:			
Transportation activities	61,986	-	61,986
Loan compliance - expendable	-	30,794	30,794
Unrestricted	<u>178,931</u>	<u>99,120</u>	<u>278,051</u>
Total net position	<u>\$ 1,940,158</u>	<u>\$ 12,983,142</u>	<u>\$ 14,923,300</u>

The accompanying notes are an integral part of these financial statements

CITY OF WEBSTER, FLORIDA
Statement of Activities
Year Ended September 30, 2020

	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
PRIMARY GOVERNMENT							
Governmental Activities:							
General government	\$ 526,148	\$ 92,051	\$ -	\$ 1,245	\$ (432,852)	\$ -	\$ (432,852)
Public safety	147,392	1,130	-	-	(146,262)	-	(146,262)
Transportation	37,172	976	-	-	(36,196)	-	(36,196)
Culture and recreation	242,829	2,000	-	-	(240,829)	-	(240,829)
Interest on long-term-debt	6,200	-	-	-	(6,200)	-	(6,200)
Total governmental activities	959,741	96,157	-	1,245	(862,339)	-	(862,339)
Business-type activities:							
Utility services	808,967	729,179	-	631,831	-	552,043	552,043
Total business-type activities	808,967	729,179	-	631,831	-	552,043	552,043
TOTAL PRIMARY GOVERNMENT	\$ 1,768,708	\$ 825,336	\$ -	\$ 633,076	(862,339)	552,043	(310,296)
General Revenues:							
Taxes:							
Property taxes					146,019	-	146,019
Public service taxes and franchise fees					154,287	-	154,287
Local government infrastructure tax					108,484	-	108,484
Fuel taxes levied for transportation purposes					42,728	-	42,728
State shared revenues					99,331	-	99,331
Miscellaneous					24,225	-	24,225
Transfers from other funds					338,388	(338,388)	-
Total general revenues and transfers					913,462	(338,388)	575,074
Change in Net Position					51,123	213,655	264,778
Net Position, beginning of year					1,889,035	12,769,487	14,658,522
Net Position, end of year					\$ 1,940,158	\$ 12,983,142	\$ 14,923,300

The accompanying notes are an integral part of these financial statements

CITY OF WEBSTER, FLORIDA
 Balance Sheet – Governmental Funds
 September 30, 2020

	<u>General Fund</u>
ASSETS	
Cash	\$ 133,137
Receivables, net	-
Prepaid expenditures	16,226
Due from other governments	5,946
Due from enterprise fund	301,564
Restricted cash	<u>61,986</u>
TOTAL ASSETS	<u>\$ 518,859</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable and accrued liabilities	<u>\$ 15,429</u>
Total liabilities	<u>15,429</u>
FUND BALANCES	
Nonspendable:	
Prepaid expenditures	16,226
Due from enterprise fund	301,564
Restricted for transportation expenditures	61,986
Unassigned	<u>123,654</u>
Total fund balances	<u>503,430</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 518,859</u>

The accompanying notes are an integral part of these financial statements

CITY OF WEBSTER, FLORIDAReconciliation of The Balance Sheet – Governmental Funds to the Statement of Net Position
September 30, 2020

Total Fund Balances – Governmental Funds	\$ 503,430
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital assets-net	2,081,259
Long-term liabilities are not reported in the governmental funds.	
Long-term debt	(382,018)
Compensated absences	(14,044)
Net pension liability	(293,697)
Deferred outflows of resources and deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources related to pensions	199,773
Deferred inflows of resources related to pensions	<u>(154,545)</u>
Total Net Position – Governmental Activities	<u>\$ 1,940,158</u>

The accompanying notes are an integral part of these financial statements

CITY OF WEBSTER, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

Year Ended September 30, 2020

	General Fund
REVENUES	
Taxes	\$ 451,953
Permits, fees and special assessments	10,049
Intergovernmental	107,569
Charges for services	35,694
Fines and forfeitures	42,987
Miscellaneous	24,225
	<hr/>
Total revenues	672,477
	<hr/>
EXPENDITURES	
Current:	
General government	466,040
Public safety	146,172
Transportation	35,674
Culture and recreation	196,657
Capital outlay	4,274
Debt service	80,757
	<hr/>
Total expenditures	929,574
	<hr/>
Excess of revenues over (under) expenditures	(257,097)
	<hr/>
OTHER FINANCING SOURCES (USES)	
Operating transfers in (out)	338,388
	<hr/>
Net change in fund balances	81,291
	<hr/>
FUND BALANCES, beginning of year	422,139
	<hr/>
FUND BALANCES, end of year	\$ 503,430
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

CITY OF WEBSTER, FLORIDAReconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities
Year Ended September 30, 2020

Net Changes in Fund Balances – Total Governmental Funds	\$ 81,291
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.	
Current year depreciation expense	(64,806)
Governmental funds report debt principal repayments as expenditures. However, in the statement of activities no expense is reported.	59,017
Compensated absences are long-term obligations and are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds.	
This is the change in accrued compensated absences during the year.	(3,017)
Pension costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental fund until paid. The net change in the pension related elements in the current year are as follows:	
This amount represents the change in deferred outflows related to pensions	(51,576)
This amount represents the change in deferred inflows related to pensions	(58,883)
This amount represents the change in the net pension liability.	89,097
Changes in Net Position of Governmental Activities	\$ 51,123

The accompanying notes are an integral part of these financial statements

CITY OF WEBSTER, FLORIDA
Statement of Net Position – Proprietary Fund
September 30, 2020

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable - net	75,623
Due from other governments	<u>78,812</u>
Total current assets	<u>154,435</u>
Noncurrent assets:	
Restricted cash and cash equivalents	313,368
Capital assets	
Non-depreciable	51,030
Depreciable, net	<u>13,574,822</u>
Total noncurrent assets	<u>13,939,220</u>
TOTAL ASSETS	<u><u>\$ 14,093,655</u></u>
LIABILITIES AND NET POSITION	
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 9,462
Construction costs payable	255,711
Due to other funds	301,564
Current portion of long-term debt	<u>53,155</u>
Total current liabilities	<u>619,892</u>
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Accrued interest payable	2,821
Customer deposits	24,042
Long-term debt, noncurrent portion	<u>463,758</u>
Total noncurrent liabilities	<u>490,621</u>
Total liabilities	<u>1,110,513</u>
NET POSITION	
Net investment in capital assets	12,853,228
Restricted for:	
Debt service	30,794
Unrestricted	<u>99,120</u>
Total net position	<u>12,983,142</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 14,093,655</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF WEBSTER, FLORIDAStatement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund
Year Ended September 30, 2020

	Enterprise Fund
OPERATING REVENUES	
User fees	\$ 729,179
Total operating revenues	<u>729,179</u>
OPERATING EXPENSES	
Operating expenses	365,221
Depreciation	<u>507,917</u>
Total operating expenses	<u>873,138</u>
OPERATING INCOME (LOSS)	<u>(143,959)</u>
NONOPERATING REVENUE (EXPENSE)	
Miscellaneous revenue	78,812
Interest expense	<u>(14,641)</u>
Total nonoperating revenues (expenses)	<u>64,171</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(79,788)
Capital contributions	631,831
Transfers to other funds	<u>(338,388)</u>
CHANGE IN NET POSITION	213,655
Net position - beginning of year	<u>12,769,487</u>
Net position - end of year	<u>\$ 12,983,142</u>

The accompanying notes are an integral part of these financial statements

CITY OF WEBSTER, FLORIDA
Statement of Cash Flows – Proprietary Fund
Year Ended September 30, 2020

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 736,763
Payments to suppliers	(380,708)
Net cash provided (used) by operating activities	<u>356,055</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers (to) from other funds, net of change in due to/from	(115,837)
Net cash provided (used) by noncapital financing activities	<u>(115,837)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets, net of related payables	(592,084)
Capital grants received, net of change in related receivable	677,832
Principal paid on debt	(51,345)
Interest paid on debt	(14,923)
Net cash provided (used) by capital and related financing activities	<u>19,480</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	259,698
Cash and cash equivalents - beginning of year	<u>53,670</u>
Cash and cash equivalents - end of year	<u>\$ 313,368</u>
As shown in the Accompanying Financial Statements:	
Cash and cash equivalents	\$ -
Restricted cash and cash equivalents	<u>313,368</u>
Total cash and cash equivalents	<u>\$ 313,368</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (143,959)
Depreciation expense	507,917
Change in:	
Accounts receivable	3,634
Accounts Payable	(15,487)
Customer Deposits	3,950
Net cash provided (used) by operating activities	<u>\$ 356,055</u>

The accompanying notes are an integral part of these financial statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

The City is authorized to levy ad valorem taxes on the taxable value of real and tangible personal property within the jurisdiction of the City limits. The City assessed a millage rate of 7.0000 for fiscal year ended September 30, 2020.

Basis of Presentation - Government-wide Financial Statements

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation - Fund Financial Statements

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary fund:

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

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

Cash and Cash Equivalents

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

Cash Deposits

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

Investments

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivables

Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Enterprise Fund are net of a \$116,232 allowance.

Capital Assets

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

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

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

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

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

Compensated Absences

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

Pension

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 will not be recognized as an outflow of resources (expense/expenditure).

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applied to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has recognized deferred outflows and inflows of resources related to the City's participation in the Florida Retirement System pensions. See Note D for additional information regarding pensions.

Property Taxes

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

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

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

Equity Classification – Net Position

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Equity Classifications – Fund Balance

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

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

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

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

Use of Estimates

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

NOTE B - INTERFUND BALANCES

At September 30, 2020, interfund balances are reported as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 301,564

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

Interfund transfers for the year ending September 30, 2020 consisted of:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 338,388

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

NOTE C - CAPITAL ASSET ACTIVITY

The following changes in capital assets occurred:

	<u>Balance October 1, 2019</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2020</u>
<u>Governmental Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 1,607,568	\$ -	\$ -	\$ -	\$ 1,607,568
Total capital assets, not being depreciated	<u>1,607,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,607,568</u>
Capital assets, being depreciated:					
Buildings and improvements	892,163	-	-	-	892,163
Furniture and equipment	694,691	-	-	-	694,691
Total capital assets, being depreciated	<u>1,586,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,586,854</u>
Less accumulated depreciation for:					
Buildings and improvements	(494,826)	-	(20,442)	-	(515,268)
Furniture and equipment	(553,531)	-	(44,364)	-	(597,895)
Total accumulated depreciation	<u>(1,048,357)</u>	<u>-</u>	<u>(64,806)</u>	<u>-</u>	<u>(1,113,163)</u>
Total capital assets being depreciated, net	<u>538,497</u>	<u>-</u>	<u>(64,806)</u>	<u>-</u>	<u>473,691</u>
Governmental activities capital assets, net	<u>\$ 2,146,065</u>	<u>\$ -</u>	<u>\$ (64,806)</u>	<u>\$ -</u>	<u>\$ 2,081,259</u>

NOTE C - CAPITAL ASSET ACTIVITY – CONTINUED

	Balance October 1, 2019	Transfers	Increases	Decreases	Balance September 30, 2020
<u>Business-type activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 51,030	\$ -	\$ -	\$ -	\$ 51,030
Construction-in-progress	712,809	(753,831)	41,022	-	-
Total capital assets, not being depreciated	<u>763,839</u>	<u>(753,831)</u>	<u>41,022</u>	<u>-</u>	<u>51,030</u>
Capital assets, being depreciated:					
Water distribution system	3,774,563	-	580,724	-	4,355,287
Sewer system	16,107,675	753,831	54,889	-	16,916,395
Equipment	71,240	-	-	-	71,240
Total capital assets, being depreciated	<u>19,953,478</u>	<u>753,831</u>	<u>635,613</u>	<u>-</u>	<u>21,342,922</u>
Less accumulated depreciation for:					
Water distribution system	(3,204,541)	-	(81,807)	-	(3,286,348)
Sewer system	(3,992,688)	-	(423,973)	-	(4,416,661)
Equipment	(62,954)	-	(2,137)	-	(65,091)
Total accumulated depreciation	<u>(7,260,183)</u>	<u>-</u>	<u>(507,917)</u>	<u>-</u>	<u>(7,768,100)</u>
Total capital assets being depreciated, net	<u>12,693,295</u>	<u>753,831</u>	<u>127,696</u>	<u>-</u>	<u>13,574,822</u>
Business-type activities capital assets, net	<u>\$ 13,457,134</u>	<u>\$ -</u>	<u>\$ 168,718</u>	<u>\$ -</u>	<u>\$ 13,625,852</u>

Depreciation expense was charged to functions as follows:

General government	\$ 42,917
Public safety	1,220
Transportation	1,497
Culture and recreation	<u>19,172</u>
Total depreciation expense - governmental activities	<u>\$ 64,806</u>

Business-type Activities:

Water	\$ 82,597
Sewer	<u>425,320</u>
Total depreciation expense - business-type activities	<u>\$ 507,917</u>

NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS

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

Pension Plan

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

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

NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED

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

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

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

NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED

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

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

The employer contribution rates by job class for the periods from July 1, 2019 through June 30, 2020 and from July 1, 2020 through September 20, 2020, respectively were as follows: Regular – 6.75% and 8.28%, Senior Management Service – 23.69% and 25.57% and DROP participants – 12.94% and 15.32%. These employer contribution rates do not include the HIS Plan contribution rate and the administrative cost assessment.

For the fiscal year ended September 30, 2020, City contributions to the Pension Plan totaled \$15,299.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resource and Deferred Inflows of Resources Related to Pensions – At September 30, 2020, the City reported liabilities of \$187,697 for its proportionate share of the Pension Plan's net pension liability. The net pension liabilities were measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2020. The City's proportionate share of the net pension liability was based on its share of the City's 2019-2020 fiscal year contributions relative to the 2019-2020 fiscal year contributions of all participating members. On June 30, 2020, the City's proportionate share was 0.000433062%, which was a decrease of 34% from its proportionate share measured as of June 30, 2019.

NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$30,068. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,183	\$ -
Change in assumptions	33,979	-
Difference between projected and actual earnings on Plan investments	11,176	-
Changes in proportion and differences between the City contributions and proportionate share of contributions	53,506	88,157
City contributions subsequent to the measurement date	4,457	-
Total	\$ 110,301	\$ 88,157

The deferred outflows of resources as of September 30, 2020 related to the Pension Plan resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 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:

Year ending September 30,	Amount
2020	\$ 5,970
2021	3,491
2022	4,113
2023	6,568
2024	(2,455)
	\$ 17,687

NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED

Actuarial Assumptions – The total Pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	6.80%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 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 was based on a forward-looking capital market economic model. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

For the Pension Plan’s fiscal year ended June 30, 2020:

Asset Class	Target Allocation	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 (Property)	10.30%	6.40%	5.80%	11.70%
Private Equity	11.10%	10.80%	8.10%	25.70%
Strategic Investment	4.40%	5.50%	5.30%	6.90%
Total	<u>100.00%</u>			
Assumed Inflation Mean			2.40%	1.70%

Discount Rate - The discount rate used to measure the total pension liability as of July 1, 2020 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 calculating the total pension liability is equal to the long-term expected rate of return.

NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.80% as of September 30, 2020, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

As of September, 9/30/2020	Current Discount Rate 6.80%	1% Decrease \$ 299,718	Current Rate \$ 187,697	1% Increase \$ 94,134

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

Payables to the Pension Plan – At September 30, 2020, the City reported no payables outstanding for contributions to the pension plan required for the fiscal year ended September 30, 2020.

HIS Plan

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

Benefits Provided - For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The employer contribution rates for the periods from July 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020 were 1.66%. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

For the fiscal year ended September 30, 2020, the City’s contribution to the HIS Plan totaled \$5,206.

NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resource and Deferred Inflows of Resources Related to Pensions – On September 30, 2020, the City reported liabilities of \$106,000 for its proportionate share of the HIS Plan’s net pension liability. The net pension liabilities were measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2020. The City’s proportionate share of the net pension liability was based on its share of the City’s 2019-2020 fiscal year contributions relative to the 2019-2020 fiscal year contributions of all participating members. On June 30, 2020, the City’s proportionate share was 0.000868154%, which was a 38% decrease from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$11,803. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,336	\$ 82
Change in assumptions	11,398	6,163
Net difference between projected and actual earnings on Plan investments	85	-
Changes in proportion and differences between the City contributions and proportionate share of contributions	72,381	60,143
City contributions subsequent to the measurement date	1,272	-
Total	\$ 89,472	\$ 66,388

The deferred outflows of resources as of September 30, 2020 related to HIS Plan resulting from contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 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:

Year ending September 30,	Amount
2020	\$ 5,731
2021	4,729
2022	3,867
2023	5,558
2024	7,274
Thereafter	(5,347)
	\$ 21,812

NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED

Actuarial Assumptions – Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2020 HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2020. The total pension liabilities as of June 30, 2020 were determined using the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Discount Rate	2.21%

Mortality rates were based on the Generational PUB-2010 tables using projection scale MP-2018.

The actuarial assumptions that determined the total pension liability as of June 30, 2020 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate – The discount rate used to measure the total pension liability at June 30, 2020 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 sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following represents the City’s proportionate share of the net pension liability calculated as of September 30, 2020 using the discount rate of 2.21% as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage lower (1.21%) or one percentage point higher (3.21%) than the current rate:

As of September, 9/30/2020	Current Discount Rate 2.21%	1% Decrease \$ 122,531	Current Rate \$ 106,000	1% Increase \$ 92,469

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.

NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED

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

The aggregate net pension liability, deferred inflows of resources related to pensions, deferred outflows of resources related to pensions, and pension expense for the City as of September 30, 2020 are as follows:

	FRS	HIS	Total
Deferred outflows of resources related to pensions	\$ 110,301	\$ 89,472	\$ 199,773
Net pension liability	187,697	106,000	293,697
Deferred inflows of resources related to pensions	88,157	66,388	154,545
Pension expense	30,068	11,803	41,871

Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the defined benefit pension plan. The City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members.

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

If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over the account. For the fiscal year ended September 30, 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.

NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED

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

The Investment Plan pension expense for the City totaled \$-0- for the fiscal year ended September 30, 2020.

Payables to the Investment Plan – As of September 30, 2020, the City reported no payables outstanding for contributions to the Investment Plan.

NOTE E - LONG-TERM OBLIGATIONS

Long-term debt of the City is as follows:

Governmental Activities

A capital-related loan with semiannual payments of \$9,982, including interest of 3.92% and maturing in October 2028. The City has agreed to appropriate in its annual budget legally available non-ad valorem revenues received by the City.	\$ 141,493
A capital-related loan with semiannual payments of \$9,146, including interest of 3.522% and maturing in October 2029. The City has agreed to appropriate in its annual budget legally available non-ad valorem revenues received by the City.	143,395
A capital-related loan with semiannual payments of \$10,726, including interest of 4.75% and maturing in October 2027. The City has agreed to appropriate in its annual budget legally available non-ad valorem revenues received by the City.	54,324
A loan used to finance the purchase of a new City vehicle, including interest of 6.873% and maturing in November 2022. The loan is secured by the vehicle that was purchased with the loan financing and requires an annual payment of \$15,540.	28,060
A loan used to finance the purchase of a new City vehicle, including interest of 5.775% and maturing in January 2023. The loan is secured by the vehicle and was purchased with the loan financing and requires an annual payment of \$5,510.	14,746
Total Governmental Activities Long Term Debt	<u>\$ 382,018</u>

NOTE E - LONG-TERM OBLIGATIONS - CONTINUED

Business-type Activities

State Revolving Fund Loan

Loan, due in semiannual payments of \$24,491; including interest at 1.29%, maturing in June 2029; collateralized by net revenues from the sanitation and sewer systems. \$ 401,913

Water Revenue Bonds (1989 Series)

Net revenues from the operation of the municipal water system of the City are pledged as collateral for the 1989 Water Revenue Bonds. The purpose of the issue was to provide financing for a portion of the cost of acquiring and constructing extensions and improvements to the City’s municipal water system. The bond was issued as a single bond under a negotiated sale to the U.S. Department of Agriculture, Rural Development. The bonds are due in installments through September 2028 with interest at 5%. 115,000

Total Business-Type Activities Long Term Debt \$ 516,913

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

Aggregate maturities of long-term debt are as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 41,595	\$ 9,308	\$ 53,155	\$ 13,577
2022	67,720	13,038	54,982	12,750
2023	55,541	9,676	55,825	11,307
2024	35,517	7,434	57,685	9,797
2025	169,182	18,364	59,562	8,270
2026-2030	12,463	157	235,704	106,592
Total	<u>\$ 382,018</u>	<u>\$ 57,977</u>	<u>\$ 516,913</u>	<u>\$ 162,293</u>

NOTE E - LONG-TERM OBLIGATIONS – CONTINUED

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

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

The following is a summary of changes in long-term obligations for the year ended September 30, 2020:

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020	Amounts Due within One Year
<u>Governmental Activities:</u>					
Compensated absences	\$ 11,027	\$ 11,251	\$ (8,234)	\$ 14,044	\$ -
Net pension liability	382,794	-	(89,097)	293,697	-
Long-term debt	441,035	-	(59,017)	382,018	41,595
Total long-term obligations	<u>\$ 834,856</u>	<u>\$ 11,251</u>	<u>\$ (156,348)</u>	689,759	<u>\$ 41,595</u>
Less amounts due in one year				<u>(41,595)</u>	
Net long-term obligations in excess of one year				<u>\$ 648,164</u>	
<u>Business-type Activities:</u>					
Long-term debt	\$ 568,258	\$ -	\$ (51,345)	\$ 516,913	\$ 53,155
Total long-term obligations	<u>\$ 568,258</u>	<u>\$ -</u>	<u>\$ (51,345)</u>	516,913	<u>\$ 53,155</u>
Less amounts due in one year				<u>(53,155)</u>	
Net long-term obligations in excess of one year				<u>\$ 463,758</u>	

NOTE F - PLEDGED REVENUES

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

<u>Pledged Revenue</u>	<u>Revenue Pledged Through</u>	<u>Total Principal and Interest Outstanding</u>	<u>Current Year Principal and Interest Paid</u>	<u>Current Year Net Revenue</u>	<u>Percentage of Net Revenues to Principal and Interest Paid</u>
Water, sewer and sanitation revenue	12/1/2046	\$ 679,206	\$ 66,268	\$ 363,958	549%

NOTE G - RISK MANAGEMENT

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



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEBSTER, FLORIDA

Schedule of the City's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan
Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.00043306%	0.00065449%	0.00028980%	0.00048803%	0.00087570%
City's proportionate share of the net pension liability (asset)	\$ 187,697	\$ 225,397	\$ 87,290	\$ 144,355	\$ 221,114
City's covered payroll	\$ 301,386	\$ 470,542	\$ 146,084	\$ 172,590	\$ 190,241
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	62.28%	47.90%	59.75%	83.64%	109.13%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%
	<u>2015</u>	<u>2014</u>			
City's proportion of the net pension liability (asset)	0.000793930%	0.000730061%			
City's proportionate share of the net pension liability (asset)	\$ 102,547	\$ 44,544			
City's covered payroll	\$ 205,794	\$ 184,583			
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	51.14%	22.18%			
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%			

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

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

CITY OF WEBSTER, FLORIDASchedule of the City's Contributions - Florida Retirement System Pension Plan
Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 14,389	\$ 20,294	\$ 8,259	\$ 12,705	\$ 21,355
Contributions in relation to the contractually required contribution	<u>(14,389)</u>	<u>(20,294)</u>	<u>(8,259)</u>	<u>(12,705)</u>	<u>(21,355)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The City of Webster, Florida's covered payroll	\$ 301,386	\$ 470,542	\$ 146,084	\$ 172,590	\$ 190,241
Contributions as a percentage of covered payroll	4.77%	4.31%	5.65%	7.36%	11.23%
	<u>2015</u>	<u>2014</u>			
Contractually required contribution	\$ 19,357	\$ 15,991			
Contributions in relation to the contractually required contribution	<u>(19,357)</u>	<u>(15,991)</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
The City of Webster, Florida's covered payroll	\$ 205,794	\$ 184,583			
Contributions as a percentage of covered payroll	9.65%	7.96%			

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

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

CITY OF WEBSTER, FLORIDA

Schedule of the City's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan
Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability (asset)	0.000868154%	0.001406709%	0.000447145%	0.000541261%	0.000616171%
City's proportionate share of the net pension liability (asset)	\$ 106,000	\$ 157,397	\$ 47,326	\$ 57,874	\$ 71,812
City's covered payroll	\$ 301,386	\$ 470,542	\$ 146,084	\$ 172,590	\$ 190,241
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.17%	33.45%	32.40%	33.53%	37.75%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%
	<u>2015</u>	<u>2014</u>			
City's proportion of the net pension liability (asset)	0.000678222%	0.000646528%			
City's proportionate share of the net pension liability (asset)	\$ 69,168	\$ 60,452			
City's covered payroll	\$ 205,794	\$ 184,583			
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.61%	32.75%			
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%			

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

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

CITY OF WEBSTER, FLORIDASchedule of the City's Contributions - Health Insurance Subsidy Pension Plan
Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 5,003	\$ 7,811	\$ 2,425	\$ 2,865	\$ 3,158
Contributions in relation to the contractually required contribution	(5,003)	(7,811)	(2,425)	(2,865)	(3,158)
Contribution deficiency (excess)	<u>\$ -</u>				
City of Webster, Florida's covered payroll	\$ 301,386	\$ 470,542	\$ 146,084	\$ 172,590	\$ 190,241
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%
	<u>2015</u>	<u>2014</u>			
Contractually required contribution	\$ 2,593	\$ 2,215			
Contributions in relation to the contractually required contribution	(2,593)	(2,215)			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
City of Webster, Florida's covered payroll	\$ 205,794	\$ 184,583			
Contributions as a percentage of covered payroll	1.26%	1.20%			

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

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

CITY OF WEBSTER, FLORIDA

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund
 Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 443,671	\$ 451,953	\$ 451,953	\$ -
Permits, fees and special assessments	10,000	10,049	10,049	-
Intergovernmental	109,826	107,569	107,569	-
Charges for services	36,500	35,694	35,694	-
Fines and forfeitures	3,750	42,987	42,987	-
Miscellaneous	8,775	24,225	24,225	-
Total revenues	<u>612,522</u>	<u>672,477</u>	<u>672,477</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	378,898	466,040	466,040	-
Public safety	179,063	146,172	146,172	-
Transportation	29,750	35,674	35,674	-
Culture and recreation	244,908	196,657	196,657	-
Capital outlay	10,500	4,274	4,274	-
Debt service	78,260	80,757	80,757	-
Total expenditures	<u>921,379</u>	<u>929,574</u>	<u>929,574</u>	<u>-</u>
Excess of revenues over (under) expenditures	(308,857)	(257,097)	(257,097)	-
OTHER FINANCING SOURCES AND (USES)				
Operating transfers in (out)	308,857	338,388	338,388	-
Total other financing sources and (uses)	308,857	338,388	338,388	-
Net change in fund balance	-	81,291	81,291	-
FUND BALANCES, beginning of year	422,139	422,139	422,139	-
FUND BALANCES, end of year	<u>\$ 422,139</u>	<u>\$ 503,430</u>	<u>\$ 503,430</u>	<u>\$ -</u>

OTHER REPORTS



RIVERO, GORDIMER & COMPANY, P.A.

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

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Marc D. Sasser Michael E. Helton
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Jonathan E. Stein David M. Bohnsack
Richard B. Gordimer, of Counsel
Cesar J. Rivero, in Memoriam (1942-2017)

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Webster, Florida (the "City") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 18, 2021.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Bruce, Gordonier & Company, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida
March 11, 2021



RIVERO, GORDIMER & COMPANY, P.A.

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

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

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

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

Report on Compliance

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

Scope

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

Opinion

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

Tampa, Florida
March 11, 2021





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

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

Report on the Financial Statements

We have audited the financial statements of the City of Webster, Florida (the "City"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated March 18, 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 Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on Compliance with the Requirements of Section 218.415, Florida Statutes on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 18, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and



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

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

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

Additional Matters

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

Purpose of this Letter

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

A handwritten signature in black ink that reads "Buco, Gardner & Company, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida
March 11, 2021