

City of Atlantis, Florida

Basic Financial Statements
For the Year Ended September 30, 2021

Michael LaCoursiere
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Mayor
Vice Mayor
Councilmember
Councilmember
Councilmember

City Manager

Brian Moree

City of Atlantis

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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Atlantis, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the City of Atlantis, Florida (the "City"), as of and for the year ended September 30, 2021, 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.

Auditor's Responsibility

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

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

CPA's + Trusted Advisors

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, the major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, and the schedules related to pensions on pages 3 through 8 and 43 through 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, 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 solely 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
June 27, 2022



MANAGEMENT' S DISCUSSION AND ANALYSIS (MD&A)



Our discussion and analysis of the financial performance of the City of Atlantis, Florida (the "City") provides an overview of the City's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the City's financial statements, which immediately follow this discussion.

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$ 8,738,693 (net position). Governmental net position amounted to \$ 2,711,247 and business-type net position amount to \$ 6,027,446. Net position increased by \$ 710,109 during the current fiscal year.

For the fiscal year ended September 30, 2021, the City's governmental activities revenues and expenses were \$ 6,054,646 and \$ 5,285,108, respectively. As a result, governmental net position increased by \$ 769,538.

For the fiscal year ended September 30, 2021, the City's business-type activities revenues and expenses were \$ 2,009,504 and \$ 2,068,933, respectively. As a result, business-type net position decreased by \$ 59,429.

At the close of the current fiscal year, the City's governmental fund reported combined fund balance of \$ 3,941,126 an increase of \$ 92,952 in comparison with the prior year.

At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$ 3,941,126, or approximately 66% of total General Fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements - The government-wide financial statements, which consist of the following two statements described below, were designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, protective inspections and physical environment. The business type activities of the City include water, sewer and stormwater operations. The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a 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 City'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 governmental fund financial statements can be found on pages 11 through 14 of this report.

Proprietary funds - The City maintains one type of proprietary fund referred to as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government wide financial statements and are used to account for water, sewer and stormwater operations.

The proprietary fund financial statements can be found on pages 15 through 17 of this report.

Fiduciary funds - The City maintains one fiduciary fund, the Police Officers' Pension Fund, to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 18 through 19 of this report.

Notes to the basic financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 through 42 of this report.

City of Atlantis, Florida
Management's Discussion and Analysis
September 30, 2021

Other information - In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's General Fund budgetary schedule and progress in funding its obligation to the City's pension liability and its contributions to fund that liability. Required supplementary information can be found on pages 43 through 50 of this report.

Government-Wide Financial Analysis

Net position - As noted earlier, net position over time may serve as a useful indicator of the City's financial health. In the case of the City, total assets exceeded liabilities by \$ 8,738,693 at the close of September 30, 2021. Governmental activities net position totaled \$ 2,711,247, and business-type activities net position totaled \$ 6,027,446. The following table presents a condensed statement of net position as compared to the prior year.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 4,915,247	\$ 4,218,668	\$ 4,741,115	\$ 4,757,817	\$ 9,656,362	\$ 8,976,485
Capital assets, net	<u>2,163,529</u>	<u>1,939,102</u>	<u>1,891,805</u>	<u>1,952,471</u>	<u>4,055,334</u>	<u>3,891,573</u>
Total assets	<u>7,078,776</u>	<u>6,157,770</u>	<u>6,632,920</u>	<u>6,710,288</u>	<u>13,711,696</u>	<u>12,868,058</u>
Total deferred outflows of resources	<u>894,881</u>	<u>1,677,849</u>	<u>-</u>	<u>-</u>	<u>894,881</u>	<u>1,677,849</u>
Current and other liabilities	<u>2,184,320</u>	<u>5,054,950</u>	<u>605,474</u>	<u>623,413</u>	<u>2,789,794</u>	<u>5,678,363</u>
Total liabilities	<u>2,184,320</u>	<u>5,054,950</u>	<u>605,474</u>	<u>623,413</u>	<u>2,789,794</u>	<u>5,678,363</u>
Total deferred inflows of resources	<u>3,078,090</u>	<u>838,960</u>	<u>-</u>	<u>-</u>	<u>3,078,090</u>	<u>838,960</u>
Net Position:						
Net investment in capital assets	2,163,529	1,939,102	1,891,805	1,952,471	4,055,334	3,891,573
Restricted	-	-	1,140,260	1,122,153	1,140,260	1,122,153
Unrestricted	<u>547,718</u>	<u>2,607</u>	<u>2,995,381</u>	<u>3,012,251</u>	<u>3,543,099</u>	<u>3,014,858</u>
Total net position	<u>\$ 2,711,247</u>	<u>\$ 1,941,709</u>	<u>\$ 6,027,446</u>	<u>\$ 6,086,875</u>	<u>\$ 8,738,693</u>	<u>\$ 8,028,584</u>

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure). The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole. There was an increase of approximately \$ 710,000 in the City's total net position during the current fiscal year.

City of Atlantis, Florida
Management's Discussion and Analysis
September 30, 2021

Changes in net position - Governmental activities and business-type activities increased the City's net position by \$ 710,109 from the previous fiscal year. The relevant revenue and expense categories and their effect on net position are summarized in the table below. The information presented in this table will be used in the subsequent discussion of governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 410,812	\$ 352,922	\$ 2,008,980	\$ 2,006,386	\$ 2,419,792	\$ 2,359,308
Operating grants and contributions	2,868	12,643	-	-	2,868	12,643
General revenues:						
Property taxes	4,314,212	3,925,712	-	-	4,314,212	3,925,712
Other taxes and fees	973,110	866,330	-	-	973,110	866,330
Interest income	5,337	21,801	524	7,088	5,861	28,889
Other	57,187	31,715	-	-	57,187	31,715
Total revenues	5,763,526	5,211,123	2,009,504	2,013,474	7,773,030	7,224,597
Expenses:						
General government	583,865	1,359,951	-	-	583,865	1,359,951
Law enforcement	2,589,510	2,223,216	-	-	2,589,510	2,223,216
Fire control	978,527	940,891	-	-	978,527	940,891
Protective inspections	237,370	211,086	-	-	237,370	211,086
Physical environment	895,836	861,847	-	-	895,836	861,847
Water, sewer, stormwater	-	-	1,777,813	1,473,364	1,777,813	1,473,364
Total expenses	5,285,108	5,596,991	1,777,813	1,473,364	7,062,921	7,070,355
Change in net position before transfers	478,418	(385,868)	231,691	540,110	710,109	154,242
Transfers	291,120	285,000	(291,120)	(285,000)	-	-
Increase (decrease) in net position	769,538	(100,868)	(59,429)	255,110	710,109	154,242
Net Position, October 1	1,941,709	2,042,577	6,086,875	5,831,765	8,028,584	7,874,342
Net Position, September 30	\$ 2,711,247	\$ 1,941,709	\$ 6,027,446	\$ 6,086,875	\$ 8,738,693	\$ 8,028,584

Governmental activities - During the current fiscal year, net position for governmental activities increased \$ 769,538 from the prior fiscal year.

The City's programs include general government, public safety (law enforcement and fire control), protective inspections, and physical environment. Each program's net cost (total cost, less revenues generated by the activities) is presented below. The net cost shows the extent to which the City's general taxes support each of the City's programs.

City of Atlantis Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 583,865	\$ 263,128
Public safety:		
Law enforcement	2,589,510	2,571,755
Fire control	978,527	978,527
Protective inspections	237,370	167,102
Physical environment	<u>895,836</u>	<u>890,916</u>
 Total	 \$ <u>5,285,108</u>	 \$ <u>4,871,428</u>

The cost for all governmental activities for the current year was approximately \$ 5,285,000. As shown on the statement of activities, approximately \$ 414,000 of this cost was paid by those who directly benefited from the programs or from grants and contributions, with the remaining amount financed through general revenues and related income.

Business-type activities - Net position of the proprietary fund as of September 30, 2021, was approximately \$ 6,027,000. The cost of providing all proprietary activities during this period was approximately \$ 1,778,000. As shown in the statement of activities, customers paid approximately \$ 2,009,000 and investment income was approximately \$ 500, leaving a decrease in net position of approximately \$ 59,000, after approximately \$ 291,000 in interfund transfers.

Financial Analysis of the Governmental Funds

Governmental funds - The General Fund is the chief operating fund of the City. The focus of the City's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

As of the end of the current fiscal year, the City's governmental funds reported an ending fund balances of \$ 3,941,126, an increase of \$ 92,952 from the prior year. This increase is attributable to the results from operations.

As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 66% of total General Fund expenditures.

Capital Asset Administration

Capital assets - The City's capital assets are used in the performance of City functions or programs. Capital assets include equipment, buildings, land, park facilities, etc.

**City of Atlantis, Florida
Management’s Discussion and Analysis
September 30, 2021**

The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounted to approximately \$ 4,055,000, net of accumulated depreciation.

	Governmental Activities	Business-type Activities	2021 Total	2020 Total
Land	\$ 240,622	\$ 132,000	\$ 372,622	\$ 372,622
Streets	5,482,268	-	5,482,268	5,189,079
Building and improvements	1,482,432	245,104	1,727,536	1,727,536
Improvements other than buildings	726,658	4,901,771	5,628,429	5,618,561
Furniture, fixtures, and equipment	1,279,166	199,394	1,478,560	1,371,163
Park development	476,980	-	476,980	472,219
Vehicles	429,469	291,694	721,163	583,479
Other	141,197	-	141,197	141,197
Total capital assets	10,258,792	5,769,963	16,028,755	15,475,856
Less accumulated depreciation	8,095,263	3,878,158	11,973,421	11,584,283
Net capital assets	\$ 2,163,529	\$ 1,891,805	\$ 4,055,334	\$ 3,891,573

Economic Factors and Next Year’s Budgets and Rates

The City’s overall financial health is excellent. The City does not have a debt service obligation and maintains comfortable reserves. Revenue from the one-cent infrastructure surtax is trending higher than projected, allowing the City to accelerate the completion of capital projects.

Fiscal challenges related to the pandemic were short lived. State sales tax distributions briefly declined but recovered fully before the end of the fiscal year. Building permit work was minimally influenced by the pandemic and permit volume increased with residential remodel work. The City remains at the bottom of Palm Beach County cities in increased property tax value annually. A sustained low tax value return can result in erosion of revenue necessary to cover fixed contract increases such as wages, fire service, garbage service, and security services. The JFK Medical Center expansion project has concluded, and we do not anticipate an increase in tax revenue due to construction.

The City created an advisory committee in 2019, the Finance and Audit Committee, to review the City’s investment practices, participate in budget development, and assist in developing a formal investment policy. The Committee approved a draft investment policy and started the process to select an investment firm to manage the City’s combined reserves.

The City maintains a positive perspective for the next fiscal year.

Requests for Information

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 questions about this report or need additional financial information, contact the City Manager, at the City of Atlantis, 260 Orange Tree Drive, Atlantis, Florida 33462.



BASIC FINANCIAL STATEMENTS



City of Atlantis, Florida
Statement of Net Position
September 30, 2021

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 4,746,818	\$ 3,246,852	\$ 7,993,670
Investments	65,731	-	65,731
Receivables	-	213,542	213,542
Internal balance	(140,461)	140,461	-
Prepaid items	501	-	501
Restricted assets:			
Cash equivalents	-	1,067,431	1,067,431
Investments	-	72,829	72,829
Noncurrent assets:			
Capital assets:			
Non-depreciable	240,622	132,000	372,622
Depreciable, net	1,922,907	1,759,805	3,682,712
Net pension asset	242,658	-	242,658
	<u>7,078,776</u>	<u>6,632,920</u>	<u>13,711,696</u>
Deferred Outflows of Resources:			
Deferred outflows related to pensions	<u>894,881</u>	<u>-</u>	<u>894,881</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	71,390	39,727	111,117
Deposits	3,426	185,465	188,891
Unearned revenues	656,647	305,985	962,632
Compensated absences payable	41,837	7,430	49,267
Noncurrent liabilities:			
Compensated absences payable	376,533	66,867	443,400
Net pension liability	1,034,487	-	1,034,487
	<u>2,184,320</u>	<u>605,474</u>	<u>2,789,794</u>
Deferred Inflows of Resources:			
Deferred inflows related to pensions	<u>3,078,090</u>	<u>-</u>	<u>3,078,090</u>
	<u>3,078,090</u>	<u>-</u>	<u>3,078,090</u>
Net Position:			
Net investment in capital assets	2,163,529	1,891,805	4,055,334
Restricted for:			
Future water and sewer expenses	-	1,140,260	1,140,260
Unrestricted	547,718	2,995,381	3,543,099
	<u>2,711,247</u>	<u>6,027,446</u>	<u>8,738,693</u>
Total net position	<u>\$ 2,711,247</u>	<u>\$ 6,027,446</u>	<u>\$ 8,738,693</u>

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

**City of Atlantis, Florida
Statement of Activities
For the Year Ended September 30, 2021**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
General government	\$ 583,865	\$ -	\$ -	\$ (263,128)	\$ -	\$ (263,128)
Public safety:						
Law enforcement	2,589,510	1,748	-	(2,571,755)	-	(2,571,755)
Fire control	978,527	-	-	(978,527)	-	(978,527)
Protective inspections	237,370	-	-	(167,102)	-	(167,102)
Physical environment	895,836	1,120	-	(890,916)	-	(890,916)
Total governmental activities	5,285,108	2,868	-	(4,871,428)	-	(4,871,428)
Business-type activities:						
Water, sewer, and stormwater utility	1,777,813	-	-	-	231,167	231,167
Total business-type activities	1,777,813	-	-	-	231,167	231,167
Total	\$ 7,062,921	\$ 2,868	\$ -	(4,871,428)	231,167	(4,640,261)
General revenues and transfers:						
Taxes:						
				4,314,212	-	4,314,212
				334,195	-	334,195
				481,087	-	481,087
				96,852	-	96,852
				60,976	-	60,976
				5,337	524	5,861
				57,187	-	57,187
				291,120	(291,120)	-
				5,640,966	(290,596)	5,350,370
				769,538	(59,429)	710,109
				1,941,709	6,086,875	8,028,584
				\$ 2,711,247	\$ 6,027,446	\$ 8,738,693
				Total general revenues and transfers		
				Change in net position		
				Net position, beginning of year		
				Net position, end of year		

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

City of Atlantis, Florida
Balance Sheet - Governmental Fund
September 30, 2021

	General Fund
	<u> </u>
Assets:	
Cash and cash equivalents	\$ 4,746,818
Investments	65,731
Prepaid items	<u>501</u>
Total assets	\$ <u><u>4,813,050</u></u>
 Liabilities:	
Accounts payable and accrued liabilities	\$ 71,390
Unearned revenues	656,647
Interfund payable	140,461
Deposits	<u>3,426</u>
Total liabilities	<u>871,924</u>
 Fund Balance:	
Nonspendable:	
Prepaid items	501
Unassigned	<u>3,940,625</u>
Total fund balance	<u>3,941,126</u>
Total liabilities and fund balance	\$ <u><u>4,813,050</u></u>

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

City of Atlantis, Florida
Reconciliation of the Balance Sheet - Governmental Fund
to the Statement of Net Position
September 30, 2021

Total Fund Balance - Governmental Fund \$ 3,941,126

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 10,258,792	
Less: accumulated depreciation	<u>(8,095,263)</u>	2,163,529

Net pension asset is not an available resource and, therefore, is not reported in the governmental funds.		242,658
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Certain liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Compensated absences	\$ (418,370)	
Net pension liability	(1,034,487)	
Deferred outflows related to pensions	894,881	
Deferred inflows related to pensions	<u>(3,078,090)</u>	<u>(3,636,066)</u>

Net Position of Governmental Activities		\$ <u>2,711,247</u>
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The accompanying notes to basic financial statements are an integral part of these statements.

City of Atlantis, Florida
Statement of Revenues, Expenditures and
Change in Fund Balance - Governmental Fund
For the Year Ended September 30, 2021

	General Fund
	<u> </u>
Revenues:	
Taxes	\$ 4,703,122
Licenses and permits	377,362
Franchise fees	348,267
Intergovernmental revenue	247,434
Fines and forfeitures	16,007
Interest income	5,337
Fundraising and donations	1,120
Miscellaneous revenue	64,877
	<u> </u>
Total revenues	<u>5,763,526</u>
Expenditures:	
General government	994,741
Public safety	3,498,642
Protective inspections	237,370
Physical environment	786,322
Capital outlay	372,427
Contingency	72,192
	<u> </u>
Total expenditures	<u>5,961,694</u>
Excess (deficiency) of revenues over expenditures	<u>(198,168)</u>
Other Financing Sources (Uses):	
Transfers in	<u>291,120</u>
Net change in fund balance	92,952
Fund Balance, Beginning of Year	<u>3,848,174</u>
Fund Balance, End of Year	<u>\$ 3,941,126</u>

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

City of Atlantis, Florida
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balance - Governmental Fund
to the Statement of Activities
For the Year Ended September 30, 2021

Net Change in Fund Balance - Total Governmental Fund \$ 92,952

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. This is the amount by which capital outlay exceeded depreciation and disposals for the current period:

Expenditures for capital assets	\$ 404,621	
Less: Current year provision for depreciation	<u>(180,194)</u>	224,427

Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net position.

Change in compensated absences		(41,074)
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Certain pension-related amounts, such as net pension asset, net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore, are not reported in the funds.

Change in net pension asset	\$ 138,151	
Change in net pension liability	3,377,180	
Change in deferred inflows relating to pensions	(2,239,130)	
Change in deferred outflows relating to pensions	<u>(782,968)</u>	<u>493,233</u>

Changes in Net Position of Governmental Activities \$ 769,538

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

City of Atlantis, Florida
Statement of Net Position
Proprietary Fund
September 30, 2021

	Water, Sewer and Stormwater Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,246,852
Restricted cash equivalents	1,067,431
Restricted investments	72,829
Interfund receivable	140,461
Receivables, net	213,542
Total current assets	<u>4,741,115</u>
Noncurrent assets:	
Capital assets, net	<u>1,891,805</u>
Total assets	<u>6,632,920</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	39,727
Unearned revenues	305,985
Deposits	185,465
Compensated absences payable	7,430
Total current liabilities	<u>538,607</u>
Noncurrent liabilities:	
Compensated absences payable	<u>66,867</u>
Total noncurrent liabilities	<u>66,867</u>
Total liabilities	<u>605,474</u>
Net Position:	
Net investment in capital assets	1,891,805
Restricted for water and sewer expense	1,140,260
Unrestricted	2,995,381
Total net position	<u>6,027,446</u>
Total liabilities and net position	<u>\$ 6,632,920</u>

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

City of Atlantis, Florida
Statement of Revenues, Expenses and Change in Net Position
Proprietary Fund
For the Year Ended September 30, 2021

	Water, Sewer and Stormwater Fund
Operating Revenues:	
Metered water charges	\$ 1,153,556
Sewer charges	720,137
Stormwater user fees	97,799
Other operating income	37,488
	<hr/>
Total operating revenues	2,008,980
	<hr/>
Operating Expenses:	
Water services	496,402
Sewer services	417,210
Water/sewer combination services	580,126
Stormwater services	75,131
Provision for depreciation	208,944
	<hr/>
Total operating expenses	1,777,813
	<hr/>
Operating income	231,167
	<hr/>
Nonoperating Revenues (Expenses):	
Interest income	524
Interfund transfers	(291,120)
	<hr/>
Total nonoperating revenues (expenses)	(290,596)
	<hr/>
Change in net position	(59,429)
	<hr/>
Net Position, Beginning of Year	6,086,875
	<hr/>
Net Position, End of Year	\$ 6,027,446
	<hr/> <hr/>

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

City of Atlantis, Florida
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2021

	Water, Sewer and Stormwater Fund
Cash Flows From Operating Activities:	
Receipts from customers and users	\$ 1,994,698
Payments to employees	(388,224)
Payments to suppliers	(1,211,791)
	<u>394,683</u>
Net cash provided by (used in) operating activities	<u>394,683</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	(148,278)
Cash advances to other funds	(322,404)
	<u>(470,682)</u>
Net cash provided by (used in) capital and related financing activities	<u>(470,682)</u>
Cash Flows From Investing Activities:	
Proceeds from sale of investments	(113)
Interest received	524
	<u>411</u>
Net cash provided by (used in) investing activities	<u>411</u>
Net increase (decrease) in cash	(75,588)
Cash and Cash Equivalents, Beginning	<u>4,389,871</u>
Cash and Cash Equivalents, Ending	<u>\$ 4,314,283</u>
Cash and Cash Equivalents Reported on The Statement of Net Position:	
Cash and cash equivalents	\$ 3,246,852
Restricted cash equivalents	1,067,431
	<u>\$ 4,314,283</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 231,167
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Provision for depreciation	208,944
(Increase) decrease in assets:	
Receivables, net	(27,489)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(40,865)
Unearned revenues	4,900
Deposits	13,207
Compensated absences payable	4,819
	<u>163,516</u>
Total adjustments	<u>163,516</u>
Net cash provided by operating activities	<u>\$ 394,683</u>

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

City of Atlantis, Florida
Statement of Fiduciary Net Position
Police Officers' Pension Fund
September 30, 2021

Assets:

Cash and cash equivalents	\$	33,268
Investments, at fair value:		
Mutual funds		<u>1,423,603</u>
Total assets		<u>1,456,871</u>

Liabilities:

Accrued liabilities		<u>6,466</u>
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Net Position:

Restricted for pension benefits	\$	<u><u>1,450,405</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

City of Atlantis, Florida
Statement of Changes in Fiduciary Net Position
Police Officers' Pension Fund
For the Year Ended September 30, 2021

Additions:

Investment income:	
Net appreciation in fair value of investments	\$ 209,436
Interest and dividends	<u>24,170</u>
Total investment income	<u>233,606</u>

Contributions:

City of Atlantis	<u>8,756</u>
Total contributions	<u>8,756</u>
Total additions	<u>242,362</u>

Deductions:

Benefits paid to participants	126,593
Administrative expenses	<u>10,200</u>
Total deductions	<u>136,793</u>

Change in net position	<u>105,569</u>
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Net Position, Beginning of Year	<u>1,344,836</u>
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Net Position, End of Year	<u><u>\$ 1,450,405</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Atlantis, Florida (the "City") was chartered on June 19, 1959, under the provisions of the State of Florida. The City operates under the Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. As required, the City follows Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

The financial statements were prepared in accordance with GASB pronouncements for *The Financial Reporting Entity*, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the City, organizations 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 reporting entity's financial statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Based upon the application of these criteria, Atlantis Safe Neighborhood Improvement District meets the criteria for component units described above. The Atlantis Safe Neighborhood Improvement District is a dependent special district and has not been included in these financial statements because it has not had any revenues, expenses, assets or liabilities since it was formed on August 10, 1988.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements.

Government-Wide Financial Statements: The City's government-wide financial statements include a statement of net position and a statement of activities which report information on all of the non-fiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and business-type activities, which are presented as internal balances and eliminated in the total column.

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The various funds are grouped in the fund financial statements as follows:

Governmental Fund Type - The City reports only one governmental fund. The General Fund is the primary operating fund and is used to account for all financial resources applicable to the general operations of the City except those required to be accounted for in another fund.

Proprietary Fund Type - The City reports a proprietary fund - enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's water, sewer, and stormwater system fund is used to account for the activities related to the water, sewer, and stormwater utilities.

Fiduciary Fund Type - The Police Officers' Pension Fund is used to account for the City's single-employer defined benefit pension plan covering certain of its police officers.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within one (1) year of the end of the current fiscal period.

Note 1 - Summary of Significant Accounting Policies (continued)

Property taxes, franchise fees and other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, are recorded only when payment is due.

The proprietary fund and pension trust fund are accounted for using the accrual basis of accounting and the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with the activity are included on the statement of net position. The proprietary fund operating statement presents increases (revenues) and decreases (expenses) in net total position. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Unbilled utility service receivables of the water, sewer, and stormwater system fund are recorded at year-end.

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

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

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

- Formal budgetary integration is employed as a management control device during the year for the General Fund as well as for the Enterprise Fund. These budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- The City Council (the "Council") approves, by resolution, total budget appropriations only. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
- Unused appropriations for all of the above annually budgeted funds lapse at the end of year.

For the year ended September 30, 2021, the General Fund expenditures exceeded appropriations by \$ 69,815. This unfavorable variance was covered by revenues in excess of budget and unassigned fund balance.

Note 1 - Summary of Significant Accounting Policies (continued)

As required by GASB Statement No. 34, a budgetary comparison schedule is presented for the General Fund. Budgetary comparison schedules are not required and have not been presented for the Water, Sewer and Stormwater Fund.

Cash and cash equivalents: Cash and cash equivalents include amounts in demand deposits as well as in money market accounts and in highly liquid investments with an original maturity of three months or less. For purposes of the statement of cash flows, the Proprietary Fund Type considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Investments: Statutes authorize the City to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds. In addition, the City may invest in direct debt securities of the United States unless law expressly prohibits such an investment. The pension trust fund is also authorized to invest in various instruments in accordance with the State of Florida Municipal Police Officers and Firefighters Retirement Law. As of the report date, the pension trust investments consisted of a diversified collection of income and equity based mutual funds.

Receivables: Receivables in the Proprietary Fund consist of water, sewer, and stormwater bills owed by City residents and commercial customers and financed water connection charges. The City has no significant concentration in receivables that, if uncollected, would materially affect the financial statements. The City evaluates the collectability of its receivables based on a combination of factors. Management believes that all amounts will be collected in full and no allowance for doubtful accounts has been established.

Capital assets and depreciation: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized as assets in the government-wide statement of net position. General capital assets are carried at historical cost. Where cost cannot be determined from the available records, estimated historical cost has been used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at acquisition value at the date of donation.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated lives for each major class of depreciable capital assets are as follows:

Buildings and improvements	30 years
Improvements other than building	10-30 years
Furniture, fixtures, and equipment	3-10 years
Street improvements	30 years

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will periodically report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City's deferred outflows of resources relate to the pensions (Note 3).

In addition to liabilities, the statement of net position will periodically report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's deferred inflows of resources relate to the pensions (Note 3).

Unearned revenues: Unearned revenues in the General Fund consists of payments to the City received in advance for licenses and permits. In addition, unearned revenues in the Water, Sewer and Stormwater Fund consist of payments from certain customers for future water and sewer expenses.

Compensated absences: All full-time and part-time employees who work a regular schedule shall be granted annual leave with pay. The schedule is graded based on full-time or part-time status and on the number of years worked. For example, a full-time time employee earns twelve days of vacation after twelve months of employment.

Vacation can be carried over from one year to the next. However, employees must use two thirds of current year vacation by the end of the fiscal year and are able to accrue one third for use in the subsequent fiscal year or for payout upon termination. Termination payments are limited to a maximum of 240 hours for employees with more than 1 but less than 20 years of service and 500 hours for employees with 20 or more years of service.

Sick leave will be earned at the rate of one day per month not to exceed twelve days per fiscal year for all full-time employees. Sick leave will begin to accrue when the employee has been in service of the City for six months. Employees can accrue 100% of unused sick leave per fiscal year with no maximum. Termination payments are limited to a maximum of 50% of accrued sick time for employees with more than 5, but less than 10 years of service, 480 hours, plus half of the remaining time up to 960 hours for employees with more than 10, but less than 25 years of service, and 100% of accrued sick time up to 960 hours for employees with more than 25 years of service. Employees with less than 5 years of service are not eligible for sick leave payout. Due to the Covid-19 pandemic, limits on leave time that can be cashed out have been removed.

Net position: Net position in the government-wide and proprietary funds are categorized as net investment in capital assets, restricted, or unrestricted. Net investment in capital assets is the difference between the cost of capital assets, less accumulated depreciation and reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Restricted consists of net position with constraints placed on their use by external parties (creditors, grantors, contributors, or laws and regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted indicates that portion of net position that is available to fund future operations.

Note 1 - Summary of Significant Accounting Policies (continued)

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Fund balance: The City follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which requires that 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 constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Council. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Council.

Assigned: This classification includes amounts that are designated for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Council.

Unassigned: This classification includes the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Property taxes: Property taxes attach as an enforceable lien on property as of April 1. Tax rolls are completed and become measurable in October. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 became delinquent April 1 of the following year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

Note 1 - Summary of Significant Accounting Policies (continued)

Pension plan: During the 2004-2005 fiscal year, a decision was made to offer enhanced benefits to its employees by transferring its pension plans for police officers and general employees to the Florida Retirement System (FRS). FRS is a consolidated statewide retirement system for Florida's public employees administered by the Division of Retirement of the State of Florida.

Also, in that year, the participants of the Police Officers' Pension Plan (the "Plan") were given a period of time to opt out of the Plan, take a lump sum payment, or join FRS. In response, two active officers elected to remain in the Plan, and not participate in the FRS. For those officers and other non-active participants, the existing Plan remains with the City and will be terminated upon final payment to the last remaining participant or beneficiary. The Plan has no active participants. The Plan is accounted for by the City as a separate fiduciary fund.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results may ultimately differ from those estimates.

Date of management review: Subsequent events were evaluated by management through June 27, 2022, which is the date the financial statements were available to be issued.

Deposits: GASB Statement No. 40, *Deposit and Investment Risk Disclosures* requires governments to disclose deposits and investments exposed to custodial credit risk. For deposits, this is the risk that, in the event of the failure of a depository financial institution, a government may not be able to recover deposits nor be able to recover collateral securities that are in the possession of an outside party.

The City's deposits must be placed with banks and savings and loans which are qualified as public depositories under Chapter 280, Florida Statutes. Monies deposited in amounts greater than the insurance coverage are covered by the participation of the bank in the Florida Security for Public Deposits Act. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

At September 30, 2021, the carrying amount of the City's deposits was approximately \$ 5,950,000, with a bank balance of approximately \$ 6,220,000. Included in the carrying amount of deposits was approximately \$ 1,500 cash on hand.

Note 2 - Deposits and Investments

Investments - City: The investment of funds is authorized by Florida Statutes, which allows the City to invest in the Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, SEC registered money market funds with the highest credit quality rating, interest-bearing time deposits or savings accounts in qualified public depositories and direct obligations of the United States Treasury.

Note 2 - Deposits and Investments (continued)

As of September 30, 2021, the carrying amount of the City’s cash, cash equivalents, and investments, were as follows:

	<u>Cash</u>	<u>Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
Cash, cash equivalents, and investments	\$ 5,950,187	\$ 2,043,483	\$ 65,731	\$ 8,059,401
Restricted cash equivalents and investments	-	1,067,431	72,829	1,140,260
	<u>\$ 5,950,187</u>	<u>\$ 3,110,914</u>	<u>\$ 138,560</u>	<u>\$ 9,199,661</u>

As of September 30, 2021, the City’s investment maturities and credit rating were as follows:

	<u>Investments Measured at Amortized Cost</u>	<u>Maturity</u>	<u>Rating</u>
State Board of Administration: Florida Prime	<u>\$ 138,559</u>	49 days	AAAm

Restricted cash equivalents and investments: The proprietary fund maintains cash equivalents and investments restricted for the following purposes:

Renewal and replacement	\$ 50,000
Water capacity	566,778
Sewer capacity	32,032
Customer:	
Deposits and prepayments	<u>491,450</u>
	<u>\$ 1,140,260</u>

Investments - Police Officers' Pension Fund: The Police Officers’ Pension Plan investments are held separately from those of other City funds and are shown in a separate fiduciary fund. As prescribed by the Plan’s investment policies, they are authorized to invest in annuity and life insurance contracts, insured time or savings accounts, obligations guaranteed by the United States government, State of Florida general obligation bonds and corporate bonds or stocks that are listed on a nationally recognized exchange. The aggregate investment in corporate bonds or stocks shall not exceed five percent of the outstanding capital stock of that company nor shall the aggregate of its investments in common stocks exceed sixty percent of the assets of the Plan.

Fair Value Hierarchy - GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Various inputs are used in determining the fair value of investments. These inputs are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 - investments reflect unadjusted quoted prices in active markets for identical assets.

Note 2 - Deposits and Investments (continued)

- Level 2 - investments reflect prices that are based on similar observable assets, either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 - investments reflect prices based upon unobservable sources.

The fair value of financial instruments under GASB No. 72, for the Police Officers’ Pension Fund, are as follows:

<u>Investments</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Mutual Funds	\$ <u>1,423,603</u>	\$ <u>1,423,603</u>

Note 3 - Retirement Plans

Florida Retirement System:

As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System (“FRS”) provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000, or by calling (877) 377-1737 or by visiting the Web site: http://www.dms.myflorida.com/workforce_operations/retirement/publications.

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.

Note 3 - Retirement Plans (continued)

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% times years of service times final average compensation based on the five highest years of salary. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% times years of service times final average compensation based on the five highest years of salary. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% times the years of service times their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% times the years of service times their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% times the years of service (3.33% for judges and justices) times their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before August 1, 2011, the annual cost of living adjustment ("COLA") is three percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after August 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively, were as follows: Regular – 10.00% and 10.82%; Special Risk Administrative Support – 35.84% and 37.76%; Special Risk – 24.45% and 25.89%; Senior Management Service – 27.29% and 29.01%; Elected Officers' – 49.18% and 51.42%; and DROP participants – 16.98% and 18.34%. These employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2020 through September 30, 2021.

Note 3 - Retirement Plans (continued)

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, 2021, 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. For the fiscal year ended September 30, 2021, the HIS contribution was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2021, the City reported liabilities of \$ 507,440 for its proportionate share of the Pension Plan’s net pension liability and \$ 527,047 for the HIS Plan’s net pension liability for a total net pension liability of \$ 1,034,487. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. At June 30, 2021, the City’s proportion was 0.006717628 percent for the Pension Plan and 0.004296636 percent for the HIS Plan, which was a decrease of 0.002008174 percent and 0.000861301 percent respectively, from the proportionate share measured as of June 30, 2020.

For the year ended September 30, 2021, the City recognized pension expense of \$ (165,221) for the Pension Plan and \$ 20,648 for the HIS Plan for a total pension expense of \$ (144,573). At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Pension Plan	HIS Plan	Total
Differences between expected and actual experience	\$ 86,976	\$ 17,636	\$ 104,612
Changes of assumptions	347,216	41,414	388,630

Note 3 - Retirement Plans (continued)

	Deferred Outflows of Resources		
	Pension Plan	HIS Plan	Total
Net difference between projected and actual earnings on pension plan investments	-	549	549
Changes in proportion and differences between City contributions and proportionate share of contributions	224,968	70,438	295,406
Contributions subsequent to the measurement date	96,982	8,702	105,684
Total	\$ 756,142	\$ 138,739	\$ 894,881

	Deferred Inflows of Resources		
	Pension Plan	HIS Plan	Total
Differences between expected and actual experience	\$ -	\$ 221	\$ 221
Changes of assumptions	-	21,716	21,716
Net difference between projected and actual earnings on pension plan investments	1,770,332	-	1,770,332
Changes in proportion and differences between City contributions and proportionate share of contributions	1,030,684	202,631	1,233,315
Total	\$ 2,801,016	\$ 224,568	\$ 3,025,584

\$ 105,684 of deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability subsequent to the reporting period ending September 30, 2021. The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Employer Share of Deferred Outflows/Inflows		
	Pension Plan	HIS Plan	Total
2022	\$ (400,385)	\$ (6,386)	\$ (406,771)
2023	\$ (455,319)	\$ (18,870)	\$ (474,189)
2024	\$ (546,516)	\$ (16,229)	\$ (562,745)
2025	\$ (637,606)	\$ (12,451)	\$ (650,057)
2026	\$ (190,004)	\$ (14,180)	\$ (204,184)
Thereafter	\$ 87,974	\$ (26,415)	\$ 61,559

Note 3 - Retirement Plans (continued)

Actuarial Assumptions - The Florida Retirement System Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of both pension plans pursuant to section 216.136 (10), Florida Statutes. The Pension Plan's valuation is performed annually. The HIS Plan has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the Pension Plan. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Pension Plan	HIS Plan
Inflation	2.40%	2.40%
Salary increases	3.25%, average, including inflation	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation	N/A
Actuarial cost method	Individual entry age	Individual entry age
Mortality table	PUB2010 base table projected generationally with Scale MP-2018	PUB2010 base table projected generationally with Scale MP-2018

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.2%

(1) As outlined in the Pension Plan's investment policy

Note 3 - Retirement Plans (continued)

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

The discount rate used to measure the total pension liability was 2.16% for the HIS Plan. In general, the discount rate for calculating the HIS Plan’s 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 Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the municipal bond rate of 2.16% was used to determine the total pension liability. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following table presents the sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis, below, shows the impact to the City’s proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2021.

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
City's proportionate share of the net pension liability for HIS Plan	\$ <u>609,317</u>	\$ <u>527,047</u>	\$ <u>459,645</u>
	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
City's proportionate share of the net pension liability for Pension Plan	\$ <u>2,269,308</u>	\$ <u>507,440</u>	\$ <u>(965,283)</u>

Investment Plan:

The SBA (State Board of Administration) administered 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 Annual Comprehensive Financial Report. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS Defined Benefit Plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual members’ 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 percent of payroll and by forfeited benefits of plan members. Allocations to the investment members’ accounts during the 2020-2021 fiscal year, as established by Section 121.72, Florida Statutes, are based on percentage of gross compensation, by class, as follows:

Note 3 - Retirement Plans (continued)

<u>Class</u>	<u>Allocation Rate</u>
Elected Officials	11.34%
Senior Management	7.67%
Special Risk	14.00%
Regular Employees	6.30%

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 vesting 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 these funds. Non-vested 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 his or her account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lumpsum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City’s pension expense for the Investment Plan totaled \$ 86,527 for the fiscal year ended September 30, 2021.

Police Officers’ Pension Fund - Single-employer Plan:

Plan Description - The City has one single-employer pension plan as of September 30, 2021. This defined benefit pension plan covers police officers who did not elect to participate in the FRS. All officers hired on or after January 1, 2005 shall be required to participate in the FRS. The Police Officers’ Pension Fund (the “Plan”) was established October 18, 1989 by the authority of City Ordinance 205.

Plan Administration - The Board of Trustees is comprised of two Council appointees, two members of the Police Department elected by the membership (a Council appointee may serve in the member’s seat since there are less than 10 active police officers in the Plan), and a fifth member elected by the other four and appointed by the Council.

Plan membership as of September 30, 2021 (measurement date):

Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members or beneficiaries	-
	<u>6</u>

Note 3 - Retirement Plans (continued)

Benefits Provided

Normal Retirement - Earlier of 1) age 55 and six years of Credited Service, or 2) 25 years of Credited Service, regardless of age. *Benefit:* 2.5% of average final compensation (AFC) times years of Credited Service prior to January 1, 2005 plus 3.0% of AFC times years of Credited Service on or after January 1, 2005. AFC is the average salary for the best five years preceding retirement or termination.

Early Retirement - 6 years of Credited Service, regardless of age. *Benefit:* Accrued benefit, reduced 3% for each year prior to normal retirement.

Vesting (Termination) - 100% after 10 years of Credited Service. *Benefit Amount:* Member will receive the vested portion of their accrued benefit payable at the otherwise normal retirement date.

Disability - *Service Incurred:* Covered from Date of Employment. *Non-Service Incurred:* 8 years of Credited Service. *Benefit:* Benefit accrued to date of disability but not less than 65% (25% if Non-Service Incurred) of AFC.

Pre-Retirement Death Benefits - *Normal Retirement:* Monthly accrued benefit payable to designated beneficiary for 10 years. *In Line of Duty:* Monthly benefit paid to spouse for life, or youngest child to age 18, equal to 50% of final monthly salary. *Vested and Not in Line of Duty:* Monthly accrued benefit payable to designated beneficiary commencing at member's early or normal retirement age. *Non-Vested and Not in Line of Duty:* Refund of accumulated contributions without interest.

Cost of Living Adjustment - For those retirees who retire after January 1, 2005, the monthly benefit is increased 3% each July 1 following retirement.

City Contributions - City contributions are based upon actuarially determined amounts, which together with earnings and employee contributions are sufficient to fund the Plan. It is the City's policy to fund the actuarially determined contribution. City contributions include amounts required to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Concentrations - The Plan did not hold investments in any one issuer that represents 5% or more of the Plan's fiduciary net position.

Rate of Return - For the year ended September 30, 2021 (measurement date), the annual money-weighted rate of return for the Plan investments, net of pension plan investment expense, was 18.06%.

The DROP balance at September 30, 2021 is \$ 0.

Net Pension Liability (Asset) - The Sponsor's net pension liability(asset) was measured as of September 30, 2021 (measurement date). The total pension liability used to calculate the net pension liability (asset) was determined as of that date.

Note 3 - Retirement Plans (continued)

The components of the net pension liability(asset) of the sponsor on September 30, 2021 (reporting date) were as follows:

Total pension liability	\$	1,211,213
Plan fiduciary net position		<u>(1,453,871)</u>
Sponsor's net pension liability(asset)	\$	<u>(242,658)</u>
Plan fiduciary net position as a percentage of total pension liability(asset)		120.03%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of October 1, 2020, updated for September 30, 2021 (measurement date) using the following actuarial assumptions:

Inflation	2.25%
Salary increases	N/A
Discount rate	7.69%
Investment rate of return	7.69%

Mortality Rate - Healthy Lives:

- Female: PubS.H-2010 for Healthy Retirees, set forward one year.
- Male: PubS.H-2010 for Healthy Retirees, set forward one year.

Mortality Rate - Beneficiary Lives:

- Female: PubG.H-2010 for Healthy Retirees, set forward one year.
- Male: PubS.G-2010 for Healthy Retirees, set forward one year.

Mortality Rate - Disabled Lives:

- Male and Female: 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

The long-term expected rate of return on the Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of the Plan investment expenses and inflation) are developed for each major asset class. For 2021, the inflation rate assumption of the investment advisor was 2.20%. These ranges are combined to produce the Long-Term Expected Rate of Return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 3 - Retirement Plans (continued)

Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.82%	1.00%
US Equity	51.63%	6.61%
Non US Equity	13.70%	7.79%
Fixed Income	29.30%	2.75%
Real Estate	2.55%	6.50%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.69%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset) -

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Police Officers' Pension Fund			
Reporting balance as of 9/30/2020 (measurement date 9/30/20)	\$ 1,246,795	\$ 1,351,302	\$ (104,507)
Changes for the year:			
Interest	91,011	-	91,011
Differences between expected and actual experience	-	-	-
Contributions - employer	-	8,756	(8,756)
Net investment income	-	220,406	(220,406)
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(126,593)	(126,593)	-
Administrative expense	-	-	-
Net changes	(35,582)	102,569	(138,151)
Reporting balance as of 9/30/2021 (measurement date 9/30/21)	\$ 1,211,213	\$ 1,453,871	\$ (242,658)

Note 3 - Retirement Plans (continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.69%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.69%) or 1 percentage point higher (8.69%) than the current rate:

1% Decrease (6.69%)	Current Discount Rate (7.69%)	1% Increase (8.69%)
\$ (184,934)	\$ (242,658)	\$ (339,170)

Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources - For the fiscal year ended September 30, 2021, the City recognized pension expense of \$(29,945). In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 52,506	\$ 52,506
Total	\$ -	\$ 52,506	\$ 52,506

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

<u>Year Ended September 30,</u>	<u>Deferred Outflows/ Inflows of Resources</u>
2022	\$ (6,017)
2023	(5,432)
2024	(16,853)
2025	(24,204)
	<u>\$ (52,506)</u>

Aggregate Amount For All Defined Benefit Pension Plans:

	<u>FRS Pension Plan</u>	<u>FRS HIS Plan</u>	<u>Police Officers' Pension Fund</u>	<u>Total</u>
Net pension liability (asset)	\$ 507,440	\$ 527,047	\$ (242,658)	\$ 791,829
Deferred outflows of resources	\$ 756,142	\$ 138,739	\$ -	\$ 894,881
Deferred inflows of resources	\$ 2,801,016	\$ 224,568	\$ 52,506	\$ 3,078,090
Pension expense	\$ (165,221)	\$ 20,648	\$ (29,945)	\$ (174,518)

Note 4 - Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 240,622	\$ -	\$ -	\$ 240,622
Total capital assets, not being depreciated	<u>240,622</u>	<u>-</u>	<u>-</u>	<u>240,622</u>
Capital assets, being depreciated:				
Buildings and improvements	1,482,432	-	-	1,482,432
Street improvements	5,189,079	293,189	-	5,482,268
Land improvements	312,773	-	-	312,773
City entrances	404,017	9,868	-	413,885
Furniture and equipment	1,225,446	53,720	-	1,279,166
Lighting	141,197	-	-	141,197
Park development	472,219	4,761	-	476,980
Vehicles	<u>386,386</u>	<u>43,083</u>	<u>-</u>	<u>429,469</u>
Total capital assets, being depreciated	<u>9,613,549</u>	<u>404,621</u>	<u>-</u>	<u>10,018,170</u>
Less accumulated depreciation	<u>7,915,069</u>	<u>180,194</u>	<u>-</u>	<u>8,095,263</u>
Total capital assets, being depreciated, net	<u>1,698,480</u>	<u>224,427</u>	<u>-</u>	<u>1,922,907</u>
Governmental activities capital assets, net	<u>\$ 1,939,102</u>	<u>\$ 224,427</u>	<u>\$ -</u>	<u>\$ 2,163,529</u>
	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 132,000	\$ -	\$ -	\$ 132,000
Total capital assets, not being depreciated	<u>132,000</u>	<u>-</u>	<u>-</u>	<u>132,000</u>
Capital assets, being depreciated:				
Buildings and improvements	245,104	-	-	245,104
Improvements other than buildings	4,901,771	-	-	4,901,771
Furniture, fixtures and equipment	145,717	53,677	-	199,394
Vehicles	<u>197,093</u>	<u>94,601</u>	<u>-</u>	<u>291,694</u>
Total capital assets being depreciated	<u>5,489,685</u>	<u>148,278</u>	<u>-</u>	<u>5,637,963</u>
Less accumulated depreciation	<u>3,669,214</u>	<u>208,944</u>	<u>-</u>	<u>3,878,158</u>
Total capital assets, being depreciated, net	<u>1,820,471</u>	<u>(60,666)</u>	<u>-</u>	<u>1,759,805</u>
Business-type activities capital assets, net	<u>\$ 1,952,471</u>	<u>\$ (60,666)</u>	<u>\$ -</u>	<u>\$ 1,891,805</u>

Note 4 - Capital Assets (continued)

Depreciation expense for the fiscal year ended September 30, 2021 was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 43,656
Law enforcement	101,250
Physical environment	<u>35,288</u>
 Total depreciation expense - governmental activities	 \$ <u><u>180,194</u></u>
 Business-Type Activities:	
Water and sewer systems	\$ <u>208,944</u>
 Total depreciation expense - business-type activities	 \$ <u><u>208,944</u></u>

Note 5 - Compensated Absences Payable

Compensated absences payable activity for the year ended September 30, 2021, was as follows:

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021	Due Within One Year
Benefits payable - vacation and sick:					
General Fund	\$ 377,296	\$ 51,163	\$ (10,089)	\$ 418,370	\$ 41,837
Proprietary Fund	<u>69,477</u>	<u>4,820</u>	<u>-</u>	<u>74,297</u>	<u>7,430</u>
	<u>\$ 446,773</u>	<u>\$ 55,983</u>	<u>\$ (10,089)</u>	<u>\$ 492,667</u>	<u>\$ 49,267</u>

Note 6 - Unearned Revenues

Unearned revenues for the year ended September 30, 2021, were as follows:

	Governmental Activities	Business-type Activities	Total
Occupational licenses	\$ 492	\$ -	\$ 492
Building permits	122,996	-	122,996
American Rescue Plan Act Funds	533,159	-	533,159
Other	-	14,097	14,097
Prepaid wastewater capacity	<u>-</u>	<u>291,888</u>	<u>291,888</u>
	<u>\$ 656,647</u>	<u>\$ 305,985</u>	<u>\$ 962,632</u>

Note 7 - Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "457 Plan") created in accordance with Internal Revenue Code Section 457. The 457 Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The City operates the 457 Plan under GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This statement was issued in response to a change in federal law that removes the assets in deferred compensation plans from the general creditors in the event of a government bankruptcy. Qualified deferred compensation plans must be held in a trust that meets the requirements of IRC Section 457(g). No financial statement presentation or note disclosure is required for a plan that meets the requirements of IRC Section 457(g). The City's 457 Plan meets the requirements of IRC Section 457(g) and has been correctly omitted from the current year's financial statements and note disclosures.

Note 8 - Commitments and Contingencies

Risk management: The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the City carries commercial insurance. There were no significant reductions in insurance coverage from coverage in the prior year and there were no settlements that exceeded insurance coverage for each of the past three years. The City provides employee medical benefits through commercial insurance coverage.

The City insures against loss from damage, theft, litigation and other hazards and contingencies through the Preferred Government Insurance Trust.

As a member of each of the Insurance Trusts with the Preferred Government Insurance Trust, the responsibility of the City is to pay those premiums charged by the non-assessable pool for property, liability, and workers' compensation coverages. The pool is responsible for paying all claims incurred by the City, less stop loss deductibles for general/professional and automobile liability coverage in the amounts of \$ 10,000 and \$ 2,500 respectively; and a deductible for property and allied insurance of \$ 500. The City may terminate the membership based on a 60 days' notice to the pool. All pool policies are on an occurrence basis.

Major uninsurable risks include damage to infrastructure assets. Since the amount of loss cannot be reasonably estimated and the likelihood of occurrence is not determinable, no provision for losses is reflected in the financial statements.

Note 9 - Interfund Balances and Transfers

Interfund balances result from the time lag between the dates (1) Inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments are actually made between funds.

Note 9 - Interfund Balances and Transfers (continued)

A summary of receivables and payables at September 30, 2021 are as follows:

	<u>Receivables</u>	<u>Payables</u>
Governmental Fund:		
General	\$ -	\$ 140,461
Enterprise Fund:		
Water, Sewer and Stormwater	<u>140,461</u>	<u>-</u>
	<u>\$ 140,461</u>	<u>\$ 140,461</u>

Interfund transfers are made up of management fees paid to the General Fund from the Water, Sewer and Stormwater Fund and for payments made for retirement obligations in the Water, Sewer and Stormwater Fund.

Interfund transfers for the year ended September 30, 2021 are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 291,120	\$ -
Water, Sewer and Stormwater Fund	<u>-</u>	<u>291,120</u>
	<u>\$ 291,120</u>	<u>\$ 291,120</u>



REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)

City of Atlantis, Florida
Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes:			
Property taxes, including penalties and interest	\$ 4,258,404	\$ 4,314,212	\$ 55,808
Other taxes	363,000	388,910	25,910
Total taxes	<u>4,621,404</u>	<u>4,703,122</u>	<u>81,718</u>
Licenses and permits:			
Business tax receipts	143,000	96,290	(46,710)
Building and other permits	210,000	281,072	71,072
Total licenses and permits	<u>353,000</u>	<u>377,362</u>	<u>24,362</u>
Franchise fees:			
Electric	280,000	305,444	25,444
Gas	7,500	10,272	2,772
Sanitation	6,000	32,551	26,551
Total franchise fees	<u>293,500</u>	<u>348,267</u>	<u>54,767</u>
Intergovernmental:			
Grants and aid	1,000	-	(1,000)
State revenue sharing	52,000	60,427	8,427
Sales tax	165,000	174,957	9,957
Fuel tax rebate	2,000	549	(1,451)
Alcoholic beverage license	2,200	2,503	303
County shared revenue	5,200	8,998	3,798
Total intergovernmental	<u>227,400</u>	<u>247,434</u>	<u>20,034</u>
Fines and forfeitures	18,000	16,007	(1,993)
Interest income	40,300	5,337	(34,963)
Fundraising and donations	14,000	1,120	(12,880)
Miscellaneous	35,000	64,877	29,877
Interfund transfers	289,275	291,120	1,845
Total revenues	<u>5,891,879</u>	<u>6,054,646</u>	<u>162,767</u>
Expenditures:			
General government:			
Legislative	57,000	56,100	900
Executive	368,542	442,729	(74,187)
Financial	16,100	31,165	(15,065)
Legal services	65,000	131,086	(66,086)
City clerk	110,411	107,776	2,635
Maintenance and supervision	117,064	225,885	(108,821)
Public safety:			
Law enforcement	2,586,204	2,520,115	66,089
Fire control	978,632	978,527	105
Protective inspections	268,200	237,370	30,830
Physical environment	790,526	786,322	4,204
Capital outlay	430,000	372,427	57,573
Contingency	104,200	72,192	32,008
Total expenditures	<u>5,891,879</u>	<u>5,961,694</u>	<u>(69,815)</u>
Excess of revenues over expenditures	\$ <u>-</u>	\$ <u>92,952</u>	\$ <u>92,952</u>

City of Atlantis, Florida
Schedule of Changes in Net Pension Liability and Related Ratios
Police Officers' Pension Fund
Last Ten Fiscal Years *
(Unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 91,011	\$ 105,395	\$ 106,932	\$ 108,871	\$ 105,583	\$ 98,242	\$ 100,679	\$ 102,838
Interest	-	(143,097)	-	-	74,117	-	-	-
Differences between expected and actual experience	-	(24,480)	-	-	-	132,285	-	-
Changes of assumptions	(126,593)	(123,126)	(130,731)	(137,445)	(136,434)	(133,693)	(131,033)	(130,806)
Benefit payments, including refunds of member contributions	(35,582)	(185,308)	(23,799)	(28,574)	43,266	96,834	(30,354)	(27,968)
Net change in total pension liability	1,246,795	1,432,103	1,455,902	1,484,476	1,441,210	1,344,376	1,374,730	1,402,698
Total pension liability - beginning	1,211,213	1,246,795	1,432,103	1,455,902	1,484,476	1,441,210	1,344,376	1,374,730
Total pension liability - ending (a)	\$ 8,756	\$ 71,423	\$ 71,423	\$ 71,423	\$ 49,489	\$ 49,489	\$ 66,766	\$ 66,766
Plan fiduciary net position								
Contributions - employer	-	-	-	-	-	-	-	-
Contributions - member	-	-	-	-	-	-	-	-
Contributions - nonemployer contributing member	220,406	64,451	45,161	102,589	170,777	110,263	(17,096)	122,520
Net investment income	(126,593)	(123,126)	(130,731)	(137,445)	(136,434)	(133,693)	(131,033)	(130,806)
Benefit payments, including refunds of member contributions	-	(6,801)	-	(12,250)	(3,250)	(3,250)	(10,250)	-
Administrative expenses	102,569	5,947	(14,147)	24,317	80,582	22,809	(91,613)	58,480
Net change in plan fiduciary net position	1,351,302	1,345,355	1,359,502	1,335,185	1,254,603	1,231,794	1,323,407	1,264,927
Plan fiduciary net position - beginning	1,453,871	1,351,302	1,345,355	1,359,502	1,335,185	1,254,603	1,231,794	1,323,407
Plan fiduciary net position - ending (b)	(242,658)	(104,507)	86,748	96,400	149,291	186,607	112,582	51,323
City net pension liability - ending (a) - (b)	\$ 120.03%	\$ 108.38%	\$ 93.94%	\$ 93.38%	\$ 89.94%	\$ 87.05%	\$ 91.63%	\$ 96.27%
Plan fiduciary net position as a percentage of the total pension liability	**	**	**	**	**	**	**	**
Covered payroll								
City net pension liability as percentage of covered payroll	**	**	**	**	**	**	**	**

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

** There is no covered payroll because all members included in the Plan are inactive or beneficiaries currently receiving benefits.

**City of Atlantis, Florida
Schedule of Contributions
Police Officers' Pension Fund
Last Ten Fiscal Years *
(Unaudited)**

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 8,756	\$ 71,423	\$ 71,423	\$ 71,423	\$ 49,489	\$ 49,489	\$ 49,489	\$ 66,766
Contributions in relation to the actuarially determined contribution	<u>8,756</u>	<u>71,423</u>	<u>71,423</u>	<u>71,423</u>	<u>49,489</u>	<u>49,489</u>	<u>66,766</u>	<u>66,766</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,277)</u>	<u>\$ -</u>
Covered payroll	\$ **	\$ **	\$ **	\$ **	\$ **	\$ **	\$ **	\$ **
Contributions as a percentage of covered payroll	**	**	**	**	**	**	**	**

Notes to Schedule

Valuation date: October 1, 2020

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry Age Normal Actuarial Cost Method
- Asset valuation method: Actuarial value of assets utilizes a five-year smoothing methodology. The annual difference between expected and actual investment earnings (Market Value, net of investment-related expenses), is phased-in over a five-year period.
- Salary increases: N/A
- Investment rate of return: 7.69% per year compounded annually, net of investment related expenses.
- Retirement rate: 100% at normal retirement age
- Mortality: Female: RP 2000 Generational, 100% Annuitant White Collar, Scale BB
Male: RP 2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

** There is no covered payroll because all members included in the Plan are inactive or beneficiaries currently receiving benefits.

**City of Atlantis, Florida
 Schedule of Investment Returns
 Police Officers' Pension Plan
 Last 10 Fiscal Years *
 (Unaudited)**

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted annual rate of return, net of investment expenses	18.06%	6.03%	3.45%	7.74%	13.85%	9.10%	(1.30%)	9.72%

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**City of Atlantis, Florida
Schedule of Proportionate Share of Net Pension Liability
and Related Ratios - Florida Retirement System Pension Plan
Last Ten Fiscal Years *
(Unaudited)**

	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.0067%	0.0087%	0.0115%	0.0094%	0.0099%	0.0103%
Proportionate share of the net pension liability	\$ 507,440	\$ 3,781,891	\$ 3,965,943	\$ 2,854,832	\$ 2,946,064	\$ 2,597,062
Covered payroll	\$ 1,752,213	\$ 1,809,941	\$ 2,297,543	\$ 1,834,588	\$ 1,794,096	\$ 1,749,143
Proportionate share of the net pension liability as a percentage of its covered payroll	28.96%	208.95%	172.62%	155.61%	164.21%	148.48%
Plan fiduciary net position as a percentage of total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

City of Atlantis, Florida
Schedule of Proportionate Share of Net Pension Liability
and Related Ratios - Health Insurance Subsidy Plan
Last Ten Fiscal Years *
(Unaudited)

	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.0043%	0.0052%	0.0067%	0.0055%	0.0055%	0.0057%
Proportionate share of the net pension liability	\$ 527,047	\$ 629,776	\$ 746,129	\$ 584,977	\$ 592,823	\$ 661,368
Covered payroll	\$ 1,752,213	\$ 1,809,941	\$ 2,297,543	\$ 1,834,588	\$ 1,794,096	\$ 1,749,143
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	30.08%	34.80%	32.48%	31.89%	33.04%	37.81%
Plan fiduciary net position as a percentage of total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

City of Atlantis, Florida
Schedule of Contributions
Florida Retirement System Pension Plan
Last 10 Fiscal Years *
(Unaudited)

	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 277,962	\$ 280,562	\$ 235,027	\$ 256,450	\$ 267,086	\$ 251,458
Contributions in relation to the contractually required contribution	277,962	280,562	235,027	256,450	267,086	251,458
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,908,850	\$ 1,752,213	\$ 2,344,515	\$ 1,829,562	\$ 1,415,330	\$ 1,355,326
Contributions as a percentage of covered payroll	14.56%	16.01%	10.02%	14.02%	18.87%	18.55%

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.

City of Atlantis, Florida
Schedule of Contributions
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years *
(Unaudited)

	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 31,687	\$ 29,087	\$ 38,919	\$ 30,371	\$ 58,176	\$ 58,357
Contributions in relation to the contractually required contribution	31,687	29,087	38,919	30,371	58,176	58,357
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,908,850	\$ 1,752,213	\$ 2,344,515	\$ 1,829,562	\$ 1,794,096	\$ 1,749,143
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	3.24%	3.34%

* This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.



OTHER REPORTS OF
INDEPENDENT AUDITORS

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

To the Honorable Mayor and
Members of the City Council
City of Atlantis, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of City of Atlantis, Florida (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
June 27, 2022

INDEPENDENT AUDITOR'S REPORT TO CITY MANAGEMENT

To the Honorable Mayor and
Members of the City Council
City of Atlantis, Florida

Report on Financial Statements

We have audited the financial statements of the City of Atlantis, Florida (the "City"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 27, 2022.

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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 27, 2022, 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.

Official Title and Legal Authority

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

CPA's + Trusted Advisors

Financial Condition and Management

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

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

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those 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, the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
June 27, 2022

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

To the Honorable Mayor and
Members of the City Council
City of Atlantis, Florida

We have examined the City of Atlantis, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management is responsible for the City's compliance with those specific requirements. Our responsibility is to express an opinion on the City's compliance with the specific requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
June 27, 2022