



**City of Bonifay, Florida**

**FINANCIAL STATEMENTS**

**September 30, 2021**



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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, 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 on pages 4-11 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 (GASB), 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.

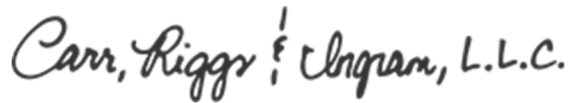
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive, professional style.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama  
November 21, 2022

## **City of Bonifay, Florida Management's Discussion and Analysis**

The City of Bonifay's (the "City") Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the MD&A is designed to present an overview of the City's current year's activities, resulting changes and currently known facts as well as the financial activities for two fiscal years ended September 30, 2021 and September 30, 2020, please read in conjunction with the City's financial statements (beginning on page 12).

### **Financial Highlights**

The assets of the City exceeded its liabilities at September 30, 2021 by \$28,047,244 (net position). Net investment in capital assets was \$26,825,318; \$1,010,157 was restricted as to its use and the City had unrestricted net position of \$211,769.

The City's total net position increased by \$1,885,972 during the year ended September 30, 2021. This increase is due in part to an increase in utility rates during fiscal year 2021.

### **City Highlights**

During 2021, the City has seen many positive changes within the community. The Camp Branch drainage project was completed. The Camp Branch project is designed to move water through the City more efficiently by widening the existing ditch and bridges so that water can flow quicker through the City and does not cause flooding by allowing the waters to overflow from the ditch.

The City continues to work diligently to revitalize the Downtown Area of Bonifay. The City was awarded a Competitive Partnership grant that allowed the City to develop a Strategy Plan and Action Plan for the Downtown Revitalization Project. These plans include the application to have the downtown area designated as a Downtown Historic District. This designation will benefit not only the City, but business owners in the area. The City held community meetings and held an Asset Mapping exercise which allowed the community and State agencies an input into the plans. The City was awarded a CDBG Slum & Blight grant through DEO to assist in this effort. The City was one of the first recipients of this grant.

In fiscal year 2020, the City applied for Rural Infrastructure Funds that were made available due to Hurricane Michael. The City was awarded two (2) applications of the three (3) that were submitted. One of the awards is to develop a plan to improve the drainage issues within the City limits. This plan is to pinpoint issues that need to be addressed to improve the flow of storm water. The Second award is for the renovation of the downtown parking lot. The parking lot is to be completely renovated and will make the area safer for our community and provide more parking for our downtown area and improve the visual appeal of our downtown area. The City also continued the work on a fire station expansion project that began in 2020. Work on these projects continued in fiscal year 2021.

## **City of Bonifay, Florida** **Management's Discussion and Analysis**

The City was the recipient of American Rescue Plan Act (ARPA) funding in the amount of \$677,154. These funds were received near the end of the fiscal year and will be expended in fiscal year 2022.

### **Using this Annual Report**

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

This MD&A is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The focus is on fund types, rather than major funds. The statements combine and consolidate governmental fund current resources (short-term spendable resources) with capital assets and long term obligations. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental and business-type activities of the City presented on the accrual basis of accounting.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, the 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 2021 fiscal year. The focus is on both the gross and net costs of various activities, both governmental and business-type, that are supported by the City's general tax and other revenues. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes earned, and earned but unused vacation leave). This statement is intended to summarize and simplify the user's analysis of cost of various governmental services. An increase or decrease in net position is an indication of whether the City's financial health is improving or deteriorating.

Both of the financial statements distinguish the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, transportation, physical environment, and culture and recreation.

The government-wide financial statements can be found on pages 12 and 13 of this report.



## **City of Bonifay, Florida Management's Discussion and Analysis**

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over the 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 two categories: governmental and proprietary. Traditional users of governmental financial statements will find the fund financial statements' presentation more familiar.

### **Governmental Funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, readers may better understand the long-term impact of the City's near-term financing decisions.

The City maintains two governmental funds and information on these funds is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the budget and is presented as part of the fund financial statements on page 18. The governmental fund financial statements can be found on pages 14 - 17 of this report.

### **Proprietary Funds**

The City maintains three enterprise funds which are proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its water, sewer, and sanitation. The proprietary fund statement provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 19 - 23 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found on pages 24 - 50 of this report.

**City of Bonifay, Florida**  
**Management's Discussion and Analysis**

**Government-Wide Financial Analysis**

This section is used to present condensed financial information from the government-wide statements that compare the current year to the prior year.

**Statement of Net Position**

The following schedule reflects the condensed statements of net position:

<i>September 30,</i>	<b>2021</b>	2020	<b>Change</b>
<b>Governmental Activities</b>			
<b>Assets</b>			
Current assets	\$ 929,220	\$ 213,036	\$ 716,184
Capital assets	<b>1,882,149</b>	1,261,303	620,846
<b>Total assets</b>	<b>2,811,369</b>	1,474,339	1,337,030
<b>Liabilities</b>			
Current liabilities	<b>945,565</b>	332,197	613,368
Non-current liabilities	<b>57,407</b>	88,304	(30,897)
<b>Total liabilities</b>	<b>1,002,972</b>	420,501	582,471
<b>Net Position</b>			
Net investment in capital assets	<b>1,711,656</b>	1,082,184	629,472
Restricted	<b>76,727</b>	7,459	69,268
Unrestricted (deficit)	<b>20,014</b>	(35,805)	55,819
<b>Total net position</b>	<b>\$ 1,808,397</b>	\$ 1,053,838	\$ 754,559
<b>Business-Type Activities</b>			
<b>Assets</b>			
Current assets	\$ 1,855,318	\$ 1,746,653	\$ 108,665
Capital assets	<b>30,541,542</b>	28,969,988	1,571,554
<b>Total assets</b>	<b>32,396,860</b>	30,716,641	1,680,219
<b>Liabilities</b>			
Current liabilities	<b>1,006,916</b>	869,100	137,816
Noncurrent liabilities	<b>5,151,097</b>	5,313,016	(161,919)
<b>Total liabilities</b>	<b>6,158,013</b>	6,182,116	(24,103)
<b>Net Position</b>			
Net investment in capital assets	<b>25,113,662</b>	23,401,919	1,711,743
Restricted	<b>933,430</b>	945,507	(12,077)
<b>Statement of Activities</b>			

**City of Bonifay, Florida**  
**Management's Discussion and Analysis**

The following schedule compares the revenues and expenses for the current year to the prior year change in Net Position.

<i>Years ended September 30,</i>	<b>Total Governmental Funds</b>		
	<b>2021</b>	<b>2020</b>	<b>Change</b>
<b>Program Revenues:</b>			
Charges for services	\$ 368,584	\$ 104,644	\$ 263,940
Operating grants and contributions	775,953	146,582	629,371
Capital grants and contributions	-	4,000	(4,000)
<b>General Revenues:</b>			
Taxes			
Sales tax	275,109	260,629	14,480
Gasoline tax	69,219	57,320	11,899
Utility tax	349,168	355,155	(5,987)
Franchise fees	262,669	278,010	(15,341)
Other taxes	74,416	49,594	24,822
Miscellaneous	126,769	107,734	19,035
Interest	221	182	39
Gain (loss) on sale of assets	(7,921)	2,578	(10,499)
<b>Total revenues</b>	<b>2,294,187</b>	<b>1,366,428</b>	<b>927,759</b>
<b>Expenses:</b>			
General government	374,298	362,861	11,437
Public safety	816,750	769,846	46,904
Transportation	524,982	408,194	116,788
Physical environment	111,351	104,381	6,970
Culture and recreational	157,867	145,864	12,003
<b>Total expenses</b>	<b>1,985,248</b>	<b>1,791,146</b>	<b>194,102</b>
Excess revenue under expenses	308,939	(424,718)	733,657
Transfers in (out)	445,620	372,668	72,952
<b>Increase (decrease) in net position</b>	<b>754,559</b>	<b>(52,050)</b>	<b>806,609</b>
<b>Net Position - beginning</b>	<b>1,053,838</b>	<b>1,105,888</b>	<b>(52,050)</b>
<b>Net Position - ending</b>	<b>\$ 1,808,397</b>	<b>\$ 1,053,838</b>	<b>\$ 754,559</b>

**City of Bonifay, Florida**  
**Management's Discussion and Analysis**

<i>For the years ended September 30,</i>	<b>Business-Type Activities</b>		
	<b>2021</b>	2020	<b>Change</b>
<b>Program Revenues:</b>			
Charges for services	\$ 2,803,986	\$ 2,743,040	\$ 60,946
Capital grants and contributions	1,851,775	1,440,665	411,110
<b>General Revenues:</b>			
Miscellaneous	41,165	23,626	17,539
Interest	6,596	8,626	(2,030)
<b>Total revenues</b>	<b>4,703,522</b>	<b>4,215,957</b>	<b>487,565</b>
<b>Expenses:</b>			
Sewer	630,018	592,006	38,012
Water	675,365	651,885	23,480
Sanitation	1,814,693	1,526,298	288,395
<b>Total expenses</b>	<b>3,120,076</b>	<b>2,770,189</b>	<b>349,887</b>
Excess revenue over expenses	1,583,446	1,445,768	137,678
Loss on sale of assets	(441)	-	(441)
Unrealized loss on investments	(5,972)	3,724	(9,696)
Transfers in (out)	(445,620)	(372,668)	(72,952)
Increase in net position	1,131,413	1,076,824	54,589
<b>Net Position - beginning</b>	<b>24,534,525</b>	23,437,112	1,097,413
<b>Prior Period Adjustment - see note 7</b>	<b>572,909</b>	20,589	552,320
<b>Net Position - beginning (as restated)</b>	<b>25,107,434</b>	23,457,701	1,649,733
<b>Net Position - ending</b>	<b>\$ 26,238,847</b>	\$ 24,534,525	\$ 1,704,322

**Financial Analysis of the City's Funds**

This section provides an analysis of the balances and transactions of individual funds. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2021, the City's governmental funds reported a combined ending fund balance of \$138,038. Of this amount, there were funds restricted for capital improvement of \$76,727 leaving an unassigned balance of \$61,311.

## **City of Bonifay, Florida Management's Discussion and Analysis**

### **Proprietary Funds**

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

Proprietary fund net position as of September 30, 2021 was \$26,238,847. \$25,113,662 was invested in capital assets net of related debt, \$933,430 was restricted primarily for capital improvements and debt service, and unrestricted net position was \$191,755.

### **General Fund Budgetary Highlights**

General fund revenues exceeded budgeted revenues by \$561,167 and actual expenditures exceeded budgeted expenditures by \$632,292.

### **Capital Assets and Debt Administration**

**Capital Assets** - The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021 amounts to \$32,423,691 (net of accumulated depreciation), which is an increase of \$2,192,400 over the prior year. The capital assets activity for the year is detailed in Note 2 to the financial statements. Increases during the year represent additions to those categories, while decreases represent retirement of assets during the year and depreciation of depreciable assets for the year. The City scrapped several aging assets during the year that were fully depreciated for both its governmental activities and its business-type activities during fiscal year 2021. The City expended resources to acquire \$3,148,539 in capital asset additions during the year, with approximately \$2 million of these additions being sewer plant upgrade projects transferred from constructions in progress.

**Long-Term Debt** - As of September 30, 2021, the City had \$5,516,231 in notes payable and revenue bonds payable. The long-term debt activity for the year is detailed in Note 2 to the financial statements. The City's total debt decreased by \$171,297 due to payments made on long-term debt during the year.

### **Requests for Information**

The City's financial statements are designed to present users (citizens, taxpayers, customers and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about the report or need additional financial information, contact the City Clerk, City of Bonifay, 301 N. Etheridge Street, Bonifay, Florida, 32425, telephone (850) 547-4238.

**City of Bonifay, Florida**  
**Statement of Net Position**

<i>September 30, 2021</i>	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 737,348	\$ 82,764	\$ 820,112
Investments	-	9	9
Receivables, net	61,310	414,397	475,707
Grant receivable	53,835	307,730	361,565
Restricted assets			
Cash and cash equivalents	76,727	512,430	589,157
Investments	-	537,988	537,988
Capital assets			
Non-depreciable	930,997	963,007	1,894,004
Depreciable, net	951,152	29,578,535	30,529,687
Total assets	2,811,369	32,396,860	35,208,229
<b>Liabilities</b>			
Accounts payable	112,703	509,882	622,585
Accrued liabilities	1,325	81,896	83,221
Payable from restricted assets			
Accrued interest	-	13,216	13,216
Customer deposits	-	105,063	105,063
Short-term debt	82,142	-	82,142
Unearned revenue	677,154	-	677,154
Non-current liabilities			
Due within one year			
Compensated absences	41,297	20,076	61,373
Notes payable	30,944	88,883	119,827
Revenue bonds payable	-	187,900	187,900
Due in more than one year			
Notes payable	57,407	1,168,681	1,226,088
Revenue bonds payable	-	3,982,416	3,982,416
Total liabilities	1,002,972	6,158,013	7,160,985
<b>Net Position</b>			
Net investment in capital assets	1,711,656	25,113,662	26,825,318
Restricted	76,727	933,430	1,010,157
Unrestricted	20,014	191,755	211,769
Total net position	\$ 1,808,397	\$ 26,238,847	\$ 28,047,244

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

**City of Bonifay, Florida**  
**Statement of Activities**

*For the year ended September 30, 2021*

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 374,298	\$ 10,721	\$ 775,953	\$ -
Public safety	816,750	355,593	-	-
Transportation	524,982	2,270	-	-
Physical environment	111,351	-	-	-
Culture and recreation	157,867	-	-	-
<b>Total governmental activities</b>	<b>1,985,248</b>	<b>368,584</b>	<b>775,953</b>	<b>-</b>
Business-type activities				
Sanitation	630,018	640,834	-	-
Water	675,365	882,326	-	350,930
Sewer	1,814,693	1,280,826	-	1,500,845
<b>Total business-type activities</b>	<b>3,120,076</b>	<b>2,803,986</b>	<b>-</b>	<b>1,851,775</b>
<b>Total primary government</b>	<b>\$ 5,105,324</b>	<b>\$ 3,172,570</b>	<b>\$ 775,953</b>	<b>\$ 1,851,775</b>

General revenues and transfers

Taxes

Sales taxes

Gasoline taxes

Utility taxes

Franchise taxes

Other taxes

Interest Income

Loss on sale of assets

Unrealized loss on investments

Miscellaneous

Transfers, net

**Total general revenues**

**Change in net position**

Net position, beginning of year as previously reported

Prior period adjustment (see note 7)

**Net position, beginning of year as restated**

**Net position, end of year**

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

Net (Expense) Revenue and  
Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ 412,376	\$ -	\$ 412,376
(461,157)	-	(461,157)
(522,712)	-	(522,712)
(111,351)	-	(111,351)
(157,867)	-	(157,867)
(840,711)	-	(840,711)
-	10,816	10,816
-	557,891	557,891
-	966,978	966,978
-	1,535,685	1,535,685
(840,711)	1,535,685	694,974
275,109	-	275,109
69,219	-	69,219
349,168	-	349,168
262,669	-	262,669
126,769	-	126,769
221	6,596	6,817
(7,921)	(441)	(8,362)
-	(5,972)	(5,972)
74,416	41,165	115,581
445,620	(445,620)	-
1,595,270	(404,272)	1,190,998
754,559	1,131,413	1,885,972
1,053,838	24,534,525	25,588,363
-	572,909	572,909
1,053,838	25,107,434	26,161,272
\$ 1,808,397	\$ 26,238,847	\$ 28,047,244



**City of Bonifay, Florida**  
**Balance Sheet – Governmental Funds**

<i>September 30, 2021</i>	General	Non-major Fund Fuel Tax Fund	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 737,348	\$ -	\$ 737,348
Accounts receivable	115,145	-	115,145
Restricted cash and cash equivalents	-	76,727	76,727
<b>Total assets</b>	<b>\$ 852,493</b>	<b>\$ 76,727</b>	<b>\$ 929,220</b>
<b>Liabilities and Fund Balances</b>			
Liabilities			
Accounts payable	\$ 112,703	\$ -	\$ 112,703
Accrued liabilities	1,325	-	1,325
Unearned revenue	677,154	-	677,154
<b>Total liabilities</b>	<b>791,182</b>	<b>-</b>	<b>791,182</b>
Fund balances			
Restricted	-	76,727	76,727
Unassigned	61,311	-	61,311
<b>Total fund balances</b>	<b>61,311</b>	<b>76,727</b>	<b>138,038</b>
<b>Total liabilities and fund balances</b>	<b>\$ 852,493</b>	<b>\$ 76,727</b>	<b>\$ 929,220</b>

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

**City of Bonifay, Florida**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**

*September 30, 2021*

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Total fund balances - governmental funds \$ 138,038

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	\$ 4,150,546	
Less accumulated depreciation and amortization	<u>(2,268,397)</u>	1,882,149

Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.	(41,297)
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Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	(170,493)
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Net position of governmental activities	<u>\$ 1,808,397</u>
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*The accompanying notes are an integral part of these financial statements.*

**City of Bonifay, Florida**

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

<i>For the year ended September 30, 2021</i>	General Fund	Nonmajor Fund Fuel Tax Fund	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 888,810	\$ 69,219	\$ 958,029
Licenses and permits	10,721	-	10,721
Intergovernmental	1,219,790	-	1,219,790
Charges for services	32,369	-	32,369
Fines and forfeitures	6,562	-	6,562
Interest income	172	49	221
Miscellaneous	74,416	-	74,416
<b>Total revenues</b>	<b>2,232,840</b>	<b>69,268</b>	<b>2,302,108</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	323,054	-	323,054
Public safety	1,162,493	-	1,162,493
Transportation	762,801	-	762,801
Physical environment	110,389	-	110,389
Culture and recreation	132,553	-	132,553
Capital outlay	141,183	-	141,183
Debt service, principal	285,626	-	285,626
Debt service, interest	8,486	-	8,486
<b>Total expenditures</b>	<b>2,926,585</b>	<b>-</b>	<b>2,926,585</b>
Excess (deficiency) of revenues over (under) expenditures	(693,745)	69,268	(624,477)
<b>Other Financing Sources (Uses)</b>			
Debt proceeds	277,000	-	277,000
Proceeds from sale of capital assets	22,844	-	22,844
Transfers in	445,620	-	445,620
<b>Net other financing sources (uses)</b>	<b>745,464</b>	<b>-</b>	<b>745,464</b>
Net change in fund balances	51,719	69,268	120,987
Fund balances, beginning of year	9,592	7,459	17,051
<b>Fund balances, end of year</b>	<b>\$ 61,311</b>	<b>\$ 76,727</b>	<b>\$ 138,038</b>

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

**City of Bonifay, Florida**

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

<i>For the year ended September 30,</i>	<u>2021</u>
Net change in fund balances - total governmental funds	\$ 120,987
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	815,034
In the statement of activities, the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, disposals are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets.	(30,765)
Depreciation expense on governmental capital assets is included in the governmental activities in the statement of net position.	(163,423)
Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year.	4,100
Governmental funds report debt proceeds as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities.	
Debt proceeds	(277,000)
Repayment of debt	285,626
Change in net position of governmental activities	\$ 754,559

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

**City of Bonifay, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget to Actual – General Fund**

<i>For the year ended September 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Postive (Negative)
<b>Revenues</b>				
Taxes	\$ 806,416	\$ 806,416	\$ 888,810	\$ 82,394
Licenses and permits	12,155	12,155	10,721	(1,434)
Intergovernmental	797,687	797,687	1,219,790	422,103
Charges for services	32,500	32,500	32,369	(131)
Fines and forfeitures	4,000	4,000	6,562	2,562
Interest	75	75	172	97
Miscellaneous	18,840	18,840	74,416	55,576
<b>Total revenues</b>	<b>1,671,673</b>	<b>1,671,673</b>	<b>2,232,840</b>	<b>561,167</b>
<b>Expenditures</b>				
General government	344,996	344,996	323,054	21,942
Public safety	647,889	647,889	1,162,493	(514,604)
Transportation	487,158	487,158	762,801	(275,643)
Physical environment	110,126	110,126	110,389	(263)
Culture and recreation	128,634	128,634	132,553	(3,919)
Capital outaly	533,565	533,565	141,183	392,382
Debt service, principal	34,705	34,705	285,626	(250,921)
Debt service, interest	7,220	7,220	8,486	(1,266)
<b>Total expenditures</b>	<b>2,294,293</b>	<b>2,294,293</b>	<b>2,926,585</b>	<b>(632,292)</b>
Excess (deficiency) of revenues over (under) expenditures	(622,620)	(622,620)	(693,745)	(71,125)
<b>Other Financing Sources (Uses)</b>				
Debt proceeds	-	-	277,000	277,000
Proceeds from sale of capital assets	-	-	22,844	22,844
Transfers in	622,620	622,620	445,620	(177,000)
<b>Net other financing sources (uses)</b>	<b>622,620</b>	<b>622,620</b>	<b>745,464</b>	<b>122,844</b>
Net change in fund balance	-	-	51,719	51,719
Fund balance, beginning of year	9,592	9,592	9,592	-
<b>Fund balance, end of year</b>	<b>\$ 9,592</b>	<b>\$ 9,592</b>	<b>\$ 61,311</b>	<b>\$ 51,719</b>

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

**City of Bonifay, Florida**  
**Statement of Net Position – Proprietary Funds**

<i>September 30, 2021</i>	Business-type Activities - Enterprise Funds			
	Sanitation	Water	Sewer	Total
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 29,854	\$ 52,789	\$ 121	\$ 82,764
Investments	-	-	9	9
Receivables, net	85,763	128,721	199,913	414,397
Grant receivable	-	307,730	-	307,730
Restricted assets				
Cash and cash equivalents	-	195,115	317,315	512,430
Investments	-	-	537,988	537,988
Total current assets	115,617	684,355	1,055,346	1,855,318
Noncurrent assets				
Land and construction in progress	7,952	510,816	444,239	963,007
Capital assets, net of depreciation	-	3,971,254	25,607,281	29,578,535
Total noncurrent assets	7,952	4,482,070	26,051,520	30,541,542
Total assets	123,569	5,166,425	27,106,866	32,396,860
<b>Liabilities</b>				
Current liabilities				
Accounts payable	102,418	342,736	64,728	509,882
Accrued liabilities	-	9,675	72,221	81,896
Compensated absences	-	11,186	8,890	20,076
Notes payable	-	17,250	71,633	88,883
Total current liabilities	102,418	380,847	217,472	700,737
Current liabilities payable from restricted assets				
Accrued interest	-	3,990	9,226	13,216
Deposits	-	105,063	-	105,063
Revenue bonds payable	-	35,000	152,900	187,900
Total current liabilities payable from restricted assets	-	144,053	162,126	306,179

-Continued-

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

**City of Bonifay, Florida**  
**Statement of Net Position – Proprietary Funds (Continued)**

<i>September 30, 2021</i>	Business-type Activities - Enterprise Funds			
	Sanitation	Water	Sewer	Total
<b>Noncurrent liabilities</b>				
Notes payable	-	110,814	1,057,867	1,168,681
Revenue bonds payable	-	1,182,556	2,799,860	3,982,416
<b>Total noncurrent liabilities</b>	-	<b>1,293,370</b>	<b>3,857,727</b>	<b>5,151,097</b>
<b>Total liabilities</b>	<b>102,418</b>	<b>1,818,270</b>	<b>4,237,325</b>	<b>6,158,013</b>
<b>Net Position</b>				
Net investment in capital assets	7,952	3,136,450	21,969,260	25,113,662
Restricted	-	87,353	846,077	933,430
Unrestricted	13,199	124,352	54,204	191,755
<b>Total net position</b>	<b>\$ 21,151</b>	<b>\$ 3,348,155</b>	<b>\$ 22,869,541</b>	<b>\$ 26,238,847</b>

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

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

<i>For the year ended September 30, 2021</i>	Business-type Activities - Enterprise Funds			
	Sanitation	Water	Sewer	Total
<b>Operating Revenues</b>				
Charges for services	\$ 640,834	\$ 839,591	\$ 1,280,826	\$ 2,761,251
Utility tax	-	42,735	-	42,735
<b>Total operating revenues</b>	<b>640,834</b>	<b>882,326</b>	<b>1,280,826</b>	<b>2,803,986</b>
<b>Operating Expenses</b>				
Salaries	39,835	218,205	181,092	439,132
Taxes and licenses	3,036	16,910	13,943	33,889
Retirement expense	1,500	5,750	4,750	12,000
Health insurance	10,718	47,376	43,066	101,160
Other insurance	2,678	35,298	47,094	85,070
Utilities	69	49,940	432,963	482,972
Repairs and maintenance	-	31,688	26,526	58,214
Bad debts	2,360	7,226	7,710	17,296
Depreciation	-	110,409	663,196	773,605
Gas and oil	-	10,089	7,126	17,215
Postage	-	6,528	2,267	8,795
Contractual services	568,983	47,440	35,772	652,195
Chemicals and lab fees	-	5,400	64,039	69,439
Operating supplies	514	13,823	24,608	38,945
Miscellaneous	325	14,435	148,296	163,056
<b>Total operating expenses</b>	<b>630,018</b>	<b>620,517</b>	<b>1,702,448</b>	<b>2,952,983</b>
<b>Operating income (loss)</b>	<b>10,816</b>	<b>261,809</b>	<b>(421,622)</b>	<b>(148,997)</b>
<b>Non-Operating Revenues (Expenses)</b>				
Interest income	-	17	6,579	6,596
Interest expense	-	(54,848)	(112,245)	(167,093)
Grant revenue	-	350,930	1,500,845	1,851,775
Loss on sale of assets	-	-	(441)	(441)
Unrealized loss on investments	-	-	(5,972)	(5,972)
Miscellaneous	372	13,873	26,920	41,165
<b>Total non-operating revenues (expenses)</b>	<b>372</b>	<b>309,972</b>	<b>1,415,686</b>	<b>1,726,030</b>
<b>Income Before Transfers</b>	<b>11,188</b>	<b>571,781</b>	<b>994,064</b>	<b>1,577,033</b>
Transfers in	-	89,472	392,101	481,573
Transfers out	(58,860)	(296,564)	(571,769)	(927,193)
<b>Change in net position</b>	<b>(47,672)</b>	<b>364,689</b>	<b>814,396</b>	<b>1,131,413</b>
Net position, beginning of year as previously reported	68,823	2,983,466	21,482,236	24,534,525
Prior period adjustment - see note 7	-	-	572,909	572,909
Net position, beginning of year as restated	68,823	2,983,466	22,055,145	25,107,434
<b>Net position, end of year</b>	<b>\$ 21,151</b>	<b>\$ 3,348,155</b>	<b>\$ 22,869,541</b>	<b>\$ 26,238,847</b>

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



**City of Bonifay, Florida**  
**Statement of Cash Flows - Proprietary Funds**

<i>For the year ended September 30, 2021</i>	Business-type Activities - Enterprise Funds			
	Sanitation	Water	Sewer	Total
<b>Operating Activities</b>				
Receipts from customers, users and others	\$ 635,847	\$ 864,037	\$ 1,273,621	\$ 2,773,505
Payments to suppliers	(584,061)	13,652	(993,627)	(1,564,036)
Payments to employees	(40,708)	(225,536)	(186,140)	(452,384)
Net cash provided by operating activities	11,078	652,153	93,854	757,085
<b>Noncapital Financing Activities</b>				
Transfers out	(58,860)	(207,092)	(179,668)	(445,620)
Miscellaneous	372	13,873	26,920	41,165
Net cash used in noncapital financing activities	(58,488)	(193,219)	(152,748)	(404,455)
<b>Capital and Related Financing Activities</b>				
Bond principal payments	-	(33,000)	(146,399)	(179,399)
Note principal payments	-	(5,472)	-	(5,472)
Interest payments	-	(54,848)	(112,245)	(167,093)
Proceeds from long-term debt	-	43,200	-	43,200
Acquisition and construction of capital assets	-	(466,344)	(1,878,815)	(2,345,159)
Proceeds from capital grants	-	43,200	2,029,607	2,072,807
Net cash used in capital and related financing activities	-	(473,264)	(107,852)	(581,116)
<b>Investing Activities</b>				
Redemption (purchase) of investments	-	-	(46,353)	(46,353)
Interest received	-	17	6,579	6,596
Net cash provided by (used in) investing activities	-	17	(39,774)	(39,757)
Net (decrease) in cash and cash equivalents	(47,410)	(14,313)	(206,520)	(268,243)
Cash and cash equivalents, beginning of year	77,264	262,217	523,956	863,437
Cash and cash equivalents, end of year	\$ 29,854	\$ 247,904	\$ 317,436	\$ 595,194
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</b>				
Cash and cash equivalents - current assets	\$ 29,854	\$ 52,789	\$ 121	\$ 82,764
Cash and cash equivalents - restricted assets	-	195,115	317,315	512,430
Cash and cash equivalents, end of year	\$ 29,854	\$ 247,904	\$ 317,436	\$ 595,194

-Continued-

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

**City of Bonifay, Florida**  
**Statement of Cash Flows - Proprietary Funds (Continued)**

<i>For the year ended September 30, 2021</i>	Business-type Activities - Enterprise Funds			
	Sanitation	Water	Sewer	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in)</b>				
<b>Operating Activities</b>				
Operating income (loss)	\$ 10,816	\$ 261,809	\$ (421,622)	\$ (148,997)
Adjustments to reconcile operating income cash provided by (used in) operating				
Depreciation and amortization	-	110,409	663,196	773,605
Changes in operating assets and liabilities				
(Increase) decrease in assets				
Accounts receivable	(4,987)	(17,046)	(7,205)	(29,238)
Increase (decrease) in liabilities				
Accounts payable	6,122	305,555	(207,624)	104,053
Accrued payroll liabilities	(690)	(3,544)	(3,111)	(7,345)
Other accrued liabilities	-	-	72,157	72,157
Compensated absences	(183)	(3,787)	(1,937)	(5,907)
Customer deposits	-	(1,243)	-	(1,243)
<b>Total adjustments</b>	<b>262</b>	<b>390,344</b>	<b>515,476</b>	<b>906,082</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 11,078</b>	<b>\$ 652,153</b>	<b>\$ 93,854</b>	<b>\$ 757,085</b>

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

## City of Bonifay, Florida Notes to Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Bonifay, Florida (the “City”), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City’s basic financial statements.

#### ***Reporting Entity***

The City was created by a special act on June 3, 1921 as adopted by the Legislature of Florida at its eighteenth regular session and incorporated into the laws of the State of Florida Chapter 8920-(No. 525). The City is a political subdivision of the State of Florida and operates under an elected City Council. The City provides police and fire protection, general government, recreation, and public works services to its residents. In addition, the City provides water, sewer, and sanitation services. The financial statements of the City include the funds required to account for those financial activities that are related to the City and are controlled by or dependent upon the City’s legislative body.

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for agencies that make up its legal entity. It is also financially accountable for a legally separate agency if its officials appoint a voting majority of that agency’s governing body and either it is able to impose its will on that agency or there is a potential for the agency to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based upon the application of this criterion, it was determined that there were no other entities subject to consideration for inclusion in the City’s financial statements.

#### ***Government-Wide and Fund Financial Statements***

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Government-Wide and Fund Financial Statements (continued)***

requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

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

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when they are collectible within 90 days of the end of the current fiscal period.

## City of Bonifay, Florida Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)***

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

#### ***Government-Wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

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

#### ***Fund Financial Statements***

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

The *Sanitation Fund* accounts for all activity related to providing sanitation services to its citizens.

The *Water Fund* accounts for all activity related to providing water services to its citizens.

The *Sewer Fund* accounts for all activity related to providing sewer services to its citizens.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Budgetary Information***

*Budgetary basis of accounting*

Annual budgets are adopted on a basis consistent with GAAP for the General Fund. Encumbrances outstanding at year-end represent the estimated amounts of expenditures ultimately to be paid on goods on order or unperformed contracts in process at year-end. Because appropriations lapse at year-end, it is the City's policy to close encumbrances at year-end and to re-encumber those amounts, as needed, at the beginning of the next budget cycle.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within government function categories. Transfers of appropriations between government function categories require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the government function category level.

The general fund actual expenditures exceeded budgeted expenditures by \$441,292. The excess was funded with unanticipated revenues.

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity***

*Cash and cash equivalents*

Cash and cash equivalents represent cash on hand as well as demand deposits, investments and certificates of deposit with original maturities of three months or less.

*Prepaid Items*

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

*Receivables and Unbilled Revenue - Proprietary Fund*

Provisions for uncollectible utilities charges are charged to revenues in amounts sufficient to maintain the allowance at a level considered adequate to cover current losses. The City grants credit to customers who use its various services, substantially all of whom are local residents or businesses. An amount for unbilled revenue is recorded in the water and sewer funds for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***

*Interfund Activities and Transactions*

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

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

*Restricted Assets*

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. It is the City’s policy to use restricted assets before unrestricted assets when both are available to fund specific expenditures.

*Investments*

The City is authorized under Chapter 218.415, Florida Statutes, to invest and reinvest surplus public funds in its control or possession, in accordance with resolutions to be adopted from time to time in:

1. The Local Government Surplus Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in section 163.01, Florida Statutes.
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
3. Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in section 280.02, Florida Statutes.
4. Direct obligations of the U.S. Treasury.
5. Federal agencies and instrumentalities.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***

*Investments (continued)*

Investments are stated at fair value, except for certificates of deposit, which are carried at amortized cost, in accordance with GASB Statement No. 31. U.S. Treasury notes and U.S. Agency and instrumentalities obligations are valued at quoted market. The reported value of the Local Government Surplus Funds Trust Fund Investment Pool's Prime account ("Prime") is shown at share value as it meets the criteria to be "2A-7 Like" at September 30, 2021. The City invests funds throughout the year in the Prime account, administered by the State Board of Administration ("SBA"), under the regulator oversight of the State of Florida. Throughout the year and as of September 30, 2021, the SBA contained certain floating and variable rate securities which were indexed based on the prime rate and/or one and three month LIBOR rates. These investments were purchased to add relative value to its portfolio. There is a risk of loss of interest on the investments if there are changes in the underlying indexed base. The investments with the SBA represented less than 1% of the City's investment portfolio at September 30, 2021.

*Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and a cost of at least \$1,000.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items with an acquisition date after October 1, 2003. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Interest incurred during the construction phase on loans obtained for long-term construction projects are capitalized into the cost of the asset. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

<u>Capital asset classes</u>	<u>Lives</u>
Buildings	30 – 40 years
Improvements	10 – 15 years
Equipment	5 – 10 years
Office equipment	3 – 5 years



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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had no item that qualified for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City had no item that qualified for reporting in this category.

*Unearned Revenue*

Unearned revenue, reported in the governmental funds balance sheet, represents amounts received before eligibility requirements are met. The governmental funds report unearned revenues from intergovernmental revenues. Intergovernmental revenue includes grant funding from the American Rescue Plan Act.

*Compensated Absences*

The City's vacation pay policies allow an employee to accumulate up to a maximum of 240 hours of unused vacation time, which will be paid to the employee in the event of termination of employment. The City's sick pay policies allow an employee to accumulate up to a maximum of 720 hours of unused sick leave. However, there is no provision for payment of sick leave to the employee in the event of termination of employment. The liability for such leave is reported as incurred in the Government-wide and proprietary fund financial statements. The liability for these amounts in the government-wide statements consists of unpaid, accumulated annual leave balances.

*Long-Term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***

*Long-Term Obligations (continued)*

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

*Categories and Classification of Fund Equity*

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

Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following categories:

*Net Investment in Capital Assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant, unspent proceeds at year-end related to capital assets are reported as restricted funds.

*Restricted* – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

*Unrestricted* – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the City Council.

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***

*Categories and Classification of Fund Equity (continued)*

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

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

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

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

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

*Assigned fund balance* – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

***Revenues and Expenditures/Expenses***

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Revenues and Expenditures/Expenses (continued)***

*Property taxes* – The City’s ad valorem taxes are assessed by the Holmes County Property Appraiser and collected by the Holmes County Tax Collector in accordance with Florida Statutes. The City retains the right and duty to set millage rates. Property taxes are not recorded as receivables at September 30 because, though legally assessed as of January 1, they are not due and payable until after the close of the fiscal year ended the following September 30.

*Proprietary funds operating and nonoperating revenues and expenses* – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Water, Sewer and Sanitation Departments are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Use of Estimates***

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

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 21, 2022, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

***Recently Issued and Implemented Accounting Pronouncements***

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 is effective for the fiscal years beginning after December 15, 2019. The implementation of this statement had no impact on the financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements (continued)***

the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund.

Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The implementation of this statement had no impact on the financial statements.

The GASB has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements (continued)***

Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports,
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan,
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits,
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements,
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition,
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers,
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements (continued)***

- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the City defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing,

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements (continued)***

financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.



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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements (continued)***

In October 2021, the GASB issued GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in GAAP for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021.

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

**Note 2: DETAILED NOTES ON ALL FUNDS**

***Deposits and Investments***

The City maintains its deposits with "Qualified Public Depositories" as defined in chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida, securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories. The City's Demand and time deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) and the multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

Investments were comprised of the following:

<u>September 30,</u>	<u>2021</u>
<i>Reported at amortized cost:</i>	
Certificates of deposit	\$ 37,988
Prime Fund Florida State Board of Administration	9
<i>Reported at fair value:</i>	
<u>U.S. Government and Agency Securities</u>	<u>500,000</u>
<u>Total investments</u>	<u>\$ 537,997</u>

The City invests in the Florida State Board of Administration Local Government Surplus Funds Trust Fund (Florida PRIME). The Local Government Surplus Funds Trust Fund is a "2a-7 like" pool and, therefore, the City's pool account balance (amortized cost) is used as the fair value for financial reporting. At September 30, 2021, the fair value and the carrying value of these funds was \$9. The funds are reported as investments in the statement of net position.

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments (continued)***

Florida PRIME is administered by the SBA, under the regulatory oversight of the State of Florida. Florida PRIME is rated by Standard and Poor’s as AAAM. At September 30, 2021, Florida PRIME’s investments dollar weighted average days to maturity (WAM) was 48 days. Next interest rate reset dates for floating rate securities are used in the calculation of WAM and weighted average life (WAL) is 63 days. Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2020 through September 30, 2021. As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City’s daily access to 100 percent of their account value.

Florida PRIME is governed by Chapters 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration, (the “SBA”). These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at [www.sbafla.com/prime](http://www.sbafla.com/prime). The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (the “SEC”); however, the State has adopted operating procedures consistent with the requirements for a “2a-7 like” pool.

*Custodial credit risk* – Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City’s investments are held by the counterparty(s), or by their respective trust departments, but not in the City’s name. Consequently, these investments are exposed to custodial credit risk. The City has no policy on custodial credit risk.

*Interest rate risk* – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City has limited its interest rate risk by investing in low risk instruments with a maturity of 60 months or less. At September 30, 2021, the City held the following investments:

	Fair Value	Maturities (in years)			
		Less than 1	1-2 Years	2-3 Years	3-5 Years
Prime Fund Florida State Board of Administration	\$ 9	\$ 9	\$ -	\$ -	\$ -
Certificates of Deposit	37,988	37,988	-	-	-
US Government and Agency Securities	500,000	50,590	194,051	102,141	153,218
	\$ 537,997	\$ 88,587	\$ 194,051	\$ 102,141	\$ 153,218

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments (continued)***

*Credit risk* – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations.

*Concentration risk* – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments. Credit quality risk results from potential default of investments that are not financially sound.

Investment Type	Credit Rating	Concentration Risk at Fair Value	Percentage of Total Investments*
US Treasury Bond	AAA	\$ 500,000	93 %

\* Excludes treasury notes, money market funds and SBA. SBA meets the criteria to be recognized as a “2A-7 like” investment company.

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

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

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

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments (continued)***

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

The following table presents the City's financial assets carried at fair value by level within the valuation hierarchy as of September 30, 2021:

Fair Value Measurements at Reporting Date Using				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair Value				
<b><i>September 30, 2021</i></b>				
US Government and Agency Securities	\$	500,000	\$ 500,000	\$ -
			\$	-

***Restricted Cash and Investments***

Restricted cash and investments are comprised of the following:

	<b>Governmental</b>	<b>Business-Type</b>
<b>Cash</b>		
Restricted to customer deposits	\$ -	\$ 105,063
Restricted to street improvements	76,727	-
Restricted to utility improvements	-	393,855
Restricted to debt service	-	13,512
<b>Total</b>	<b>\$ 76,727</b>	<b>\$ 512,430</b>
<b>Investments</b>		
Restricted to debt service and capital improvements	\$ -	\$ 537,988

***Accounts Receivable***

The City deems all governmental fund amounts collectible therefore an allowance for doubtful accounts is not necessary. All account receivables are shown net of allowances for uncollectible accounts for enterprise funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2021, were as follows:

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Accounts Receivable (continued)***

	General Fund	Sanitation Fund	Water Fund	Sewer Fund	Total
Taxes	\$ 20,041	\$ -	\$ -	\$ -	\$ 20,041
Grants	53,835	-	307,730	-	361,565
Accounts	41,269	85,763	128,721	199,913	455,666
<b>Total</b>	<b>\$ 115,145</b>	<b>\$ 85,763</b>	<b>\$ 436,451</b>	<b>\$ 199,913</b>	<b>\$ 837,272</b>

The principal sources of accounts receivable were comprised of tax revenues due to the City from the State of Florida and receivables arising from utility services (water, sewer, and sanitation). The City grants credit to customers, substantially all of whom are local residents and businesses.

***Capital Assets***

The following is a summary of changes in capital assets during the year ended September 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 110,745	\$ -	\$ (30,442)	\$ 80,303
Construction-in-progress	199,532	651,162	-	850,694
Capital assets, not being depreciated	310,277	651,162	(30,442)	930,997
Capital assets, being depreciated				
Buildings and improvements	1,364,886	-	-	1,364,886
Machinery and equipment	1,804,572	163,872	(113,781)	1,854,663
Capital assets, being depreciated	3,169,458	163,872	(113,781)	3,219,549
Less accumulated depreciation for				
Buildings and improvements	(899,367)	(39,069)	-	(938,436)
Machinery and equipment	(1,319,065)	(124,354)	113,458	(1,329,961)
Total accumulated depreciation	(2,218,432)	(163,423)	113,458	(2,268,397)
Total capital assets, being depreciated, net	951,026	449	(323)	951,152
Governmental activities capital assets, net	\$ 1,261,303	\$ 651,611	\$ (30,765)	\$ 1,882,149

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets (continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital assets, not being depreciated				
Land	\$ 521,589	\$ -	\$ -	\$ 521,589
Construction in progress	9,427,537	2,198,646	(11,184,765)	441,418
Capital assets, not being depreciated	9,949,126	2,198,646	(11,184,765)	963,007
Capital assets, being depreciated:				
Buildings and plant	26,647,624	11,196,723	-	37,844,347
Furniture, vehicles and equipment	1,161,899	134,879	(173,491)	1,123,287
Total capital assets, being depreciated	27,809,523	11,331,602	(173,491)	38,967,634
Less accumulated depreciation	(8,788,661)	(773,605)	173,167	(9,389,099)
Total capital assets being depreciated, net	19,020,862	10,557,997	(324)	29,578,535
Business-type activities capital assets, net	28,969,988	12,756,643	(11,185,089)	30,541,542

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

<i>For the year ended September 30,</i>	2021
Governmental activities	
General government	\$ 45,973
Public safety	90,765
Transportation	1,296
Culture and recreation	25,389
Total depreciation expense – governmental activities	\$ 163,423
Business-type activities	
Water	\$ 110,409
Sewer	663,196
Total depreciation expense – business-type activities	\$ 773,605

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

**Short-Term Debt**

*Line of Credit*

	Governmental Activities
<b>First Federal Bank of Florida</b> – A revolving line of credit for operating purposes with a maximum amount available of \$100,000. The amount available for draw at September 30, 2021 is \$17,858. Interest is due monthly at 4%.	\$ 82,142

Changes in short-term debt for the year ended September 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities	\$61,142	\$277,000	(\$256,000)	\$82,142

**Long-Term Debt and Liabilities**

*Notes Payable*

Notes payable at September 30, 2021 consist of the following:

	Governmental Activities	Business-Type Activities
<b>First Federal Bank of Florida</b> – A note payable in monthly installments of \$1,647 including interest at 4.75%. The note matures September 25, 2024 and is unsecured.	\$ 55,119	\$ -
<b>First Federal Bank of Florida</b> – A note payable in monthly installments of \$1,197 including interest at 3.49%. The note matures February 11, 2024 and is unsecured.	33,232	-

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt and Liabilities (continued)***

*Notes Payable (continued)*

	Governmental Activities	Business-Type Activities
<b>Florida Department of Environmental Protection</b> – A loan to cover the cost of water system improvements and upgrades. The loan is payable in semiannual principal installments of \$1,662 plus accrued interest at 2.71%. The loan matures November 15, 2030 and is secured by a lien on utility system revenues.	-	27,678
<b>Florida Department of Environmental Protection</b> – A loan to cover the cost of water system improvements and upgrades. The loan is payable in semiannual principal installments of \$1,662 plus accrued interest at 2.71%. The loan matures November 15, 2030 and is secured by a lien on utility system revenues.	-	32,186
<b>Florida Department of Environmental Protection</b> – A loan to cover the cost of drinking water system upgrades. The loan is expected to be payable in semiannual principal installments of \$12,175 plus accrued interest at 1.27%. The loan matures May 15, 2023 and is secured by a lien on utility system revenues.	-	68,200
<b>Florida Department of Environmental Protection</b> – A loan to cover the cost of wastewater system upgrades. The loan is payable in semiannual principal installments of \$37,847 plus accrued interest at 0.46%. The loan matures July 15, 2038 and is secured by a lien on utility system revenues.	-	1,129,500
<b>Total</b>	<b>\$ 88,351</b>	<b>\$ 1,257,564</b>



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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt and Liabilities (continued)***

*Bonds Payable*

	Business-Type Activities
<b>Water and Sewer Revenue Bonds – 1985 Series</b> , authorized and issued \$520,300, interest at 5.00%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	\$ 83,000
<b>Water and Sewer Revenue Bonds – 1985 Series</b> , authorized and issued \$100,000, interest at 5.00%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	16,760
<b>Water and Sewer Revenue Bonds – 1990 Series</b> , authorized and issued \$1,498,100, interest at 5.00%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	573,800
<b>Water and Sewer Revenue Bonds – 1990 Series</b> , authorized and issued \$427,600, interest at 5.00%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	164,200
<b>Water and Sewer Revenue Bonds – 2005 A Series</b> , authorized and issued \$1,436,300, interest at 4.25%, principal and interest payable annually at September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	1,025,856
<b>Water and Sewer Revenue Bonds – 2005 B Series</b> , authorized and issued \$246,700, interest at 4.25%, principal and interest payable annually at September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	191,700
<b>Water and Sewer Revenue Bonds – 2012 Series</b> , authorized and issued 2,389,000, interest at 2.75%, principal and interest payable annually at September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	2,115,000
<b>Total</b>	\$ 4,170,316

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Long-Term Debt and Liabilities (continued)***

Debt service requirements on notes and bonds payable at September 30, 2021 are as follows:

<i>Year ending September 30,</i>	Governmental Activities	
	Principal	Interest
2022	\$ 30,944	\$ 3,181
2023	32,271	1,854
2024	25,136	537
Total	88,351	5,572
Current portion	(30,944)	(3,181)
Payable after one year	\$ 57,407	\$ 2,391

<i>Year ending September 30,</i>	Business-type Activities			
	Notes Payable		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2022	\$ 88,883	\$ 7,208	\$ 187,900	\$ 155,008
2023	83,370	6,887	194,700	147,230
2024	83,928	6,328	201,460	138,538
2025	84,492	5,765	174,900	129,891
2026	85,062	7,190	184,300	122,597
2027-2031	430,533	15,172	819,500	495,788
2032-2036	401,296	5,368	592,000	372,385
2037-2041	-	-	699,000	264,419
2042-2046	-	-	649,000	139,015
2047-2051	-	-	458,000	62,610
2052-2056	-	-	99,000	7,893
Less remaining funds available for use	-	-	(89,444)	-
Total	\$ 1,257,564	\$ 53,918	\$ 4,170,316	\$ 2,035,374
Current portion	\$ (88,883)	\$ (7,208)	\$ (187,900)	\$ (155,008)
Payable after one year	\$ 1,168,681	\$ 46,710	\$ 3,982,416	\$ 1,880,366

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Changes In Long-Term Liabilities***

Long-term liability activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Compensated absences	\$ 45,397	\$ -	\$ (4,100)	\$ 41,297	\$ 41,297
Notes payable from direct borrowings	117,977		(29,626)	88,351	30,944
<b>Governmental activities long-term liabilities</b>	<b>\$ 163,374</b>	<b>\$ -</b>	<b>\$ (33,726)</b>	<b>\$ 129,648</b>	<b>\$ 72,241</b>
<b>Business-type activities</b>					
Compensated absences	\$ 25,983	\$ -	\$ (5,907)	\$ 20,076	\$ 20,076
Notes payable from direct borrowings	1,219,836	43,200	(5,472)	1,257,564	88,883
Revenue bonds payable	4,349,715	-	(179,399)	4,170,316	187,900
<b>Business-type activities long-term liabilities</b>	<b>\$ 5,595,534</b>	<b>\$ 43,200</b>	<b>\$ (190,778)</b>	<b>\$ 5,447,956</b>	<b>\$ 296,859</b>

***Interfund Transfers***

Operating Transfers	Transfers		Net
	In	Out	
<b>Major Funds</b>			
General fund	\$ 445,620	\$ -	\$ 445,620
Sanitation	-	(58,860)	(58,860)
Water	89,472	(296,564)	(207,092)
Sewer	392,101	(571,769)	(179,668)
<b>Total</b>	<b>\$ 927,193</b>	<b>\$ (927,193)</b>	<b>\$ -</b>

Interfund transfers are generally used to meet cash demands necessary to pay operating expenditures or to fund capital projects. These amounts should be repaid during the next fiscal year.

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

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Net Investment in Capital Assets***

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets (net)	\$ 1,882,149	\$ 30,541,542	\$ 32,423,691
Outstanding debt related to capital assets	(170,493)	(5,427,880)	(5,598,373)
Net investment in capital assets	\$ 1,711,656	\$ 25,113,662	\$ 26,825,318

**Note 3: DEFERRED COMPENSATION PLAN**

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

**Note 4: RETIREMENT PLAN**

The City has established a noncontributory, defined contribution retirement plan under Internal Revenue Code Section 457(b). This plan covers all full-time employees of the City who have completed at least 12 months of service and are at least 18 years of age. The amount of contribution each plan year is by the City Council at their discretion. The total contribution to the plan for the year ended September 30, 2021 was \$37,125.

**Note 5: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, worker's compensation claims, errors and omissions, and natural disasters for which the City carries commercial insurance effectively transferring substantially all risk.

**Note 6: COMMITMENTS AND CONTINGENCIES**

During the ordinary course of its operation, the City is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the City, the liabilities which may arise from such actions would not result in

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

**Note 6: COMMITMENTS AND CONTINGENCIES (Continued)**

losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the City or results of activities.

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

The City has active construction projects as of September 30, 2021. At year-end, the City's commitments with contractors are as follows:

<b>Project</b>	<b>Contract Amount</b>	<b>Expended to Date</b>	<b>Estimated Remaining Commitment</b>
<b><i>Business-type Activities:</i></b>			
2018 CDBG Project	\$ 650,000	\$ 129,265	\$ 520,735
RIF Downtown Parking Lot Project	446,163	69,185	376,978
Fire Station Expansion Project	854,430	375,373	479,057
<b>Total outstanding commitments</b>	<b>\$ 1,950,593</b>	<b>\$ 573,823</b>	<b>\$ 1,376,770</b>

**Note 7: PRIOR PERIOD ADJUSTMENT**

An error was discovered in which the City did not appropriately record accounts receivable for reimbursements of costs incurred on a construction project for the sewer fund in the prior year in the amount of \$572,909. The correction of this error resulted in an increase in the balance of previously reported construction in progress and net investment in capital assets for the water fund in the amount of \$572,909. This project completed during the year ended September 30, 2021.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bonifay, 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 November 21, 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 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

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

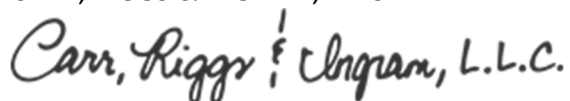
## **City of Bonifay's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 City'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.

CARR, RIGGS & INGRAM, L.L.C.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." with a stylized flourish at the end.

Enterprise, Alabama  
November 21, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Honorable Mayor and Members of the City Council  
Bonifay, Florida

***Report on Compliance for Each Major Federal Program***

We have audited City of Bonifay (the "City's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2021. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended September 30, 2021.



## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

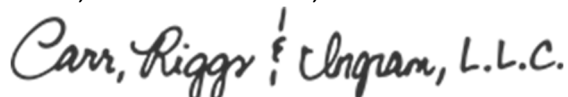
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-002 that we consider to be a material weakness.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CARR, RIGGS & INGRAM, L.L.C.



Enterprise, Alabama  
November 21, 2022

**City of Bonifay, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2021**

**Section I: Summary of Auditors' Results**

***Financial Statements***

- |  |            |
|--|------------|
| 1. Type of auditors' report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses? | No         |
| c. Noncompliance material to the financial statements noted?                     | No         |

***Federal Awards***

- |  |            |
|--|------------|
| 1. Type of auditors' report issued on compliance for major programs  | Unmodified |
| 2. Internal control over major programs:   |            |
| a. Material weaknesses identified?   | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses?                             | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | Yes        |
| 4. Identification of major programs  |            |

<b>Assistance Listing Number</b>	<b>Federal Program</b>
97.039	Hazard Mitigation Grant

- |  |           |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520                        | No        |

**Section II: Financial Statement Findings (Repeat)**

**2021-001 Preparation of Schedule of Expenditures of Federal Awards and State Financial Assistance (Repeat)**

**Criteria** – As described in §200.510(b)(3) of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida, the City must complete the schedule of expenditures

of federal awards and state financial assistance and include Assistance Listing or CSFA numbers provided in federal or state awards and associated expenditures.

**Condition** – The external auditors’ assistance was necessary to prepare the schedule of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida.

**Cause** – City personnel lack the skills and experience necessary to enable them to prepare the City’s schedule of expenditures of federal awards and state financial assistance including note disclosures.

**Effect** – The finding could adversely affect the City’s ability to prepare the schedule of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida.

**Recommendation** – We recommend that City personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare or provide technical reviews of the schedule of expenditures of federal awards and state financial assistance.

**Views of Responsible Officials and Planned Corrective Actions** – The City is in agreement with the finding noted. The City will seek additional training and technical assistance for the accounting staff in the area of grants and contract accounting in an effort to resolve this condition.

**Item 2021-002 Uniform Guidance Written Policies, Procedures and Standards of Conduct (Repeat)  
(See detail in Section III)**

**Section III: Federal Award Findings and Questioned Costs**

**Item 2021-002 Uniform Guidance Written Policies, Procedures and Standards of Conduct (Repeat)  
Hazard Mitigation Grant #97.039  
US Department of Homeland Security  
Florida Division of Emergency Management  
19-HM-9J-02-41-02-032 (10/1/2020 – 9/30/2021)**

**Condition** – The City’s written policies, procedures and standards of conduct do not conform to the requirements of the Uniform Guidance.

**Criteria** – Grantees should have written policies, procedures, and standards of conduct as required by 2 CFR 200, Subparts D & E of the Uniform Guidance. 2 CFR 200, Subparts D & E requires the non-Federal entity to establish and maintain written policies, procedures, and standards of conduct including internal controls over the Federal awards that provides reasonable assurance that the non-Federal entity is managing the Federal statutes, regulations, and the terms and conditions of the Federal award. Specific requirements relate to the following:

- § 200.302 Financial management
- § 200.305 Payment
- § 200.319 Competition
- § 200.320 Methods of procurement to be followed

- § 200.430 Compensation—personal services
- § 200.431 Compensation—fringe benefits

**Cause** – The City has not fully complied with the requirements to prepare written policies, procedures, and standards of conduct as required by 2 CFR 200, Subparts D & E of the Uniform Guidance.

**Questioned Costs** – Not determinable

**Effect** – Lack of written policies, procedures, and standards of conduct could result in noncompliance related to federal awards.

**Recommendation** – We recommend that the City update its written policies, procedures, and standards of conduct to include all the required elements as provided in 2 CFR 200, Subparts D & E of the Uniform Guidance.

**Management’s Response** – Management is in agreement with the finding noted and is in the process of formally updating its written policies and procedures to ensure that they conform to the requirements contained in the Uniform Guidance.

### **2021-003 Accrual Accounting**

**Condition** – The City maintains its general ledgers for all funds on the cash basis of accounting. Due to the client’s basis of accounting, income is generally not recorded until cash is received and expenditures when paid. This practice can result in revenue and expenditures being misappropriated, omitted or recorded in an incorrect period.

**Criteria** – Generally accepted accounting standards (GAAP) for governmental entities requires that governmental funds prepare financial statements using the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary fund reporting standards require the current economic resources measurement focus and the accrual basis of accounting. Accounting for all funds on the cash basis of accounting necessitates significant adjustments to the City’s books of record in order to prepare financial statements in conformity with GAAP.

**Cause** – Management elected to prepare interim financial statements on the cash basis of accounting.

**Effect** – Revenue was not recorded when earned and expenditures when incurred. This could adversely affect City personnel’s ability to prepare financial statements in accordance with GAAP with adequate and proper disclosures and free of material misstatements.

**Recommendation** – We recommend interim and year-end financial statements be prepared using the modified accrual basis of accounting.

**Views of Responsible Officials and Planned Corrective Actions** – The City acknowledges the finding and will strive to appropriately record revenue and expenditures in the period earned or incurred.

**City of Bonifay, Florida**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2021**

Federal Agency/Pass-Through Grantor/Program Title	Assistance Listing Number	Contract/Grant Number	Expenditures	Payments to Subrecipients
<b>U.S. Environmental Protection Agency</b>				
Passed through Florida Department of Environmental Protection				
Capitalization Grants for Drinking Water	66.468	DW 300140	\$ 394,130	\$ -
State Revolving Funds *	66.468	DW 300132	142,008	-
Total U.S. Environmental Protection Agency			536,138	
<b>U.S. Department of Housing &amp; Urban</b>				
Passed through Florida Department of Economic Opportunity				
Community Development Block Grant	14.228	20DB-OO-02-42-02-C01	10,183	-
<b>U.S. Department of Homeland Security</b>				
Passed through Florida Division of Emergency Management				
Disaster Grants - Public Assistance				
Hazard Mitigation Grant (HMGP)	97.039	19-HM-9J-02-41-02-032	1,500,845	-
<b>U.S. Department of Agriculture</b>				
Passed through Florida Department of Agriculture				
Community Facilities Program**	10.776	N/A	85,200	-
Total expenditures of federal awards			\$ 2,132,366	\$ -

\* Drinking Water State Revolving Fund Cluster

\*\* Community Facilities Loans and Grants Cluster

*See independent auditors' report and accompanying notes to the schedule of expenditures of federal awards.*

**City of Bonifay, Florida**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2021**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of presentation***

The accompanying schedule of expenditures of federal awards includes the federal spending of the City of Bonifay, Florida (the "City") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not represent the financial position of the City.

**Note 2: INDIRECT COST RATE**

The Uniform Guidance allows an organization to elect a 10% de minimums indirect cost rate. For the year ended September 30, 2021, the City did not elect to use this rate.

**Note 3: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES**

The City received \$43,200 in federal loans during the year ended September 30, 2021.

**Note 4: SUB-RECIPIENTS**

During the year ended September 30, 2021 the City had no sub-recipients.

**Note 5: NONCASH ASSISTANCE AND OTHER**

The City did not receive any noncash assistance or federally funded insurance during the year ended September 30, 2021.

**Note 6: CONTINGENCIES**

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowance, if any, would have a material effect on the financial position of the City.

**City of Bonifay, Florida**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2021**

**Note 7: FEDERAL PASS-THROUGH FUNDS**

The City is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as “pass-through” are considered direct.

**City of Bonifay  
301 N. Etheridge Street  
Bonifay, Florida 32425  
(850) 547-4238  
Fax (850) 547-9014**

**Travis Cook, Mayor  
Rickey Callahan, City Clerk**

**Ryan Martin, Vice Mayor  
Rick Crews, Seat 2  
Emily McCann, Seat 3  
Sierra Smith, Seat 4**

### **Summary Schedule of Prior Year Audit Findings**

2010-001 – Corrected in the current year

2020-001 – Repeat finding in the current year

2020-002 – Repeat finding in the current year



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**Corrective Action Plan**

**2021-001** Internal Controls over the Schedule of Expenditure of Federal and State Financial Assistance (Repeat)

*Recommendation:* We recommend that City personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare or provide technical reviews of the schedule of expenditures of federal awards and state financial assistance.

*Action Taken:* The City will seek additional training and technical assistance for the accounting staff in the area of grants and contract accounting in an effort to resolve this condition.

*Anticipated Completion:* September 30, 2022

*Responsible Party:* Rickey Callahan, City Clerk

**2021-002** Uniform Guidance Written Policies, Procedures and Standards of Conduct – Management’s Response (Repeat)

*Recommendation:* We recommend that the City update its written policies, procedures, and standards of conduct to include all the required elements as provided in 2 CFR 200, Subparts D & E of the Uniform Guidance.

*Action Taken:* Management is in the process of formally updating its written policies and procedures to ensure that they conform to the requirements contained in the Uniform Guidance.

*Anticipated Completion:* September 30, 2022

*Responsible Party:* Rickey Callahan, City Clerk

**2021-003** Accrual Accounting

*Recommendation:* We recommend City personnel continue to develop their knowledge of generally accepted accounting principles.

*Action Taken:* The City is in agreement with the finding noted; however, the City does not have the financial resources to hire a CPA to perform the required duties. The City will provide training to its accounting personnel to ensure that is condition is corrected as soon as possible.

*Anticipated Completion:* September 30, 2022

*Responsible Party:* Rickey Callahan, City Clerk

## **MANAGEMENT LETTER**

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

### **Report on the Financial Statements**

We have audited the financial statements of the City of Bonifay, Florida (the "City") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated November 21, 2022.

### **Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated November 21, 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 annual financial audit report except as noted below under the Prior Year Findings and Recommendations.

<b>Tabulation of Uncorrected Audit Findings</b>		
<b>Current Year Finding No.</b>	<b>2020-21 FY Finding No.</b>	<b>2019-20 FY Finding No.</b>
2021-001	2020-001	2016-001
2021-002	2020-002	2016-004

**Official Title and Legal Authority**

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

**Financial Condition and Management**

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

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

**Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

**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 note any such findings.

**Purpose of this Letter**

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

CARR, RIGGS & INGRAM, L.L.C.

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

Enterprise, Alabama  
November 21, 2022



Carr, Riggs & Ingram, LLC  
1117 Boll Weevil Circle  
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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL  
GOVERNMENT INVESTMENT POLICIES**

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

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all the 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 judgment, 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 specified requirements.

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021.

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

CARR, RIGGS & INGRAM, L.L.C.

A handwritten signature in black ink that reads "Carr, Riggs &amp; Ingram, L.L.C." in a cursive style.

Enterprise, Alabama  
November 21, 2022