

**CITY OF WEBSTER, FLORIDA**  
**AUDITED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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## **FINANCIAL SECTION**



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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities and the business-type activities information of the City of Webster, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Webster, Florida’s basic financial statements as listed in the table of contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Webster, Florida, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Webster, Florida, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

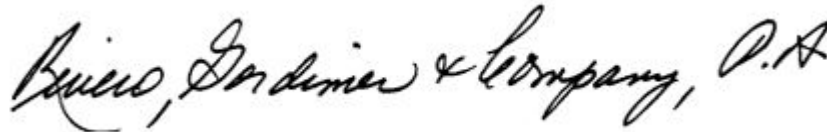
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, pension schedules and budgetary comparison, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and

other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2024, 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, 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.

Tampa, Florida  
March 15, 2024

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

The discussion and analysis of the City of Webster's financial performance provides an overview of the City's financial activities for the fiscal year ending September 30, 2023. Please read it in conjunction with the City's financial statements, which follow this section.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources on September 30, 2023 by \$14,481,147 (net position). Of this amount, \$738,934 (unrestricted net position) may be used to meet the City's ongoing obligations, a \$140,565 (23%) increase from 2022.
- Total revenue for all City activities for the year ended September 30, 2023 was \$2,060,447, an increase of \$237,272 (13%) compared to 2022.
- Total expenses for all City activities for the year ended September 30, 2023 were \$2,165,409, an increase of \$207,557 (11%) compared to 2022.
- As of September 30, 2023, the City's general fund reported ending unassigned fund balance of \$802,661 or 59% of total general fund expenditures compared to 48% as of September 30, 2022.

### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

**CITY OF WEBSTER, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

	Governmental		Business-type		Total	
	Activities		Activities			
<i>As of September 30,</i>	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Non-capital assets	\$ 1,242,051	\$ 1,140,818	\$ 957,996	\$ 810,092	\$ 2,200,047	\$ 1,950,910
Capital assets	<u>1,762,138</u>	<u>1,715,549</u>	<u>12,293,178</u>	<u>12,687,176</u>	<u>14,055,316</u>	<u>14,402,725</u>
Total assets	<u>3,004,189</u>	<u>2,856,367</u>	<u>13,251,174</u>	<u>13,497,268</u>	<u>16,255,363</u>	<u>16,353,635</u>
<b>Deferred outflows of resources</b>						
Pensions	<u>135,715</u>	<u>188,436</u>	<u>-</u>	<u>-</u>	<u>135,715</u>	<u>188,436</u>
<b>Liabilities</b>						
Current liabilities	52,981	22,053	625,758	637,354	678,739	659,407
Long-term liabilities	<u>358,039</u>	<u>416,419</u>	<u>352,764</u>	<u>408,589</u>	<u>710,803</u>	<u>825,008</u>
Total liabilities	<u>411,020</u>	<u>438,472</u>	<u>978,522</u>	<u>1,045,943</u>	<u>1,389,542</u>	<u>1,484,415</u>
<b>Deferred inflows of resources</b>						
Pensions and leases	<u>520,389</u>	<u>471,547</u>	<u>-</u>	<u>-</u>	<u>520,389</u>	<u>471,547</u>
<b>Net position</b>						
Net investment in capital assets	1,677,475	1,633,196	11,940,414	12,278,587	13,617,889	13,911,783
Restricted	-	13,138	124,324	62,819	124,324	75,957
Unrestricted	<u>531,020</u>	<u>488,450</u>	<u>207,914</u>	<u>109,919</u>	<u>738,934</u>	<u>598,369</u>
Total net position	<u>\$ 2,208,495</u>	<u>\$ 2,134,784</u>	<u>\$ 12,272,652</u>	<u>\$ 12,451,325</u>	<u>\$ 14,481,147</u>	<u>\$ 14,586,109</u>

Approximately 94% percent of the City's net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) less any related debt used to acquire those assets that is still outstanding, compared to approximately 95% for the prior year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 1% of the City's net position represents resources that are subject to external restrictions on how they may be used which was the same for the prior year. The remaining balance of unrestricted net position, \$738,934 or approximately 5% of net position may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF WEBSTER, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

On September 30, 2023, the City was able to report positive balances in the net investment in capital assets, restricted categories of net position and unrestricted net position, both for the City as a whole, as well as for its separate governmental activities and business-type activities.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<i>For the year ended September 30,</i>						
Program revenues:						
Charges for services	\$ 78,315	\$ 80,992	\$ 960,180	\$ 870,580	\$ 1,038,495	\$ 951,572
Capital grants & contributions	90,580	-	75,523	31,500	166,103	31,500
General revenues:						
Property taxes	234,002	216,190	-	-	234,002	216,190
Other taxes and shared revenues	544,095	464,967	-	-	544,095	464,967
Other	77,752	158,946	-	-	77,752	158,946
Total revenues	<u>1,024,744</u>	<u>921,095</u>	<u>1,035,703</u>	<u>902,080</u>	<u>2,060,447</u>	<u>1,823,175</u>
Program expenses:						
General government	734,240	656,601	-	-	734,240	656,601
Public safety	163,775	158,248	-	-	163,775	158,248
Transportation	44,619	46,181	-	-	44,619	46,181
Culture and recreation	360,564	245,428	-	-	360,564	245,428
Interest on long term debt	3,460	10,349	-	-	3,460	10,349
Utility services	-	-	858,751	841,045	858,751	841,045
Total expenses	<u>1,306,658</u>	<u>1,116,807</u>	<u>858,751</u>	<u>841,045</u>	<u>2,165,409</u>	<u>1,957,852</u>
Transfers from (to) other funds	355,625	338,775	(355,625)	(338,775)	-	-
Change in net position	73,711	143,063	(178,673)	(277,740)	(104,962)	(134,677)
Beginning net position	2,134,784	1,991,721	12,451,325	12,729,065	14,586,109	14,720,786
Ending net position	<u>\$ 2,208,495</u>	<u>\$ 2,134,784</u>	<u>\$ 12,272,652</u>	<u>\$ 12,451,325</u>	<u>\$ 14,481,147</u>	<u>\$ 14,586,109</u>

**Governmental Activities:** The governmental activities generated \$168,895 in program revenues and \$855,849 of general revenues, \$355,625 of transfers from the business-type activities and incurred \$1,306,658 of program expenses. This resulted in a \$73,711 increase in net position.

- Revenue increased by \$103,649 or 11% compared to the prior year. This increase was mainly due to a \$90,580 increase in capital grants and contributions due to approximately \$86,800 for Florida Recreation Development Assistance Program (FRDAP) grant revenue in 2023.
- Expenses increased by \$189,851 or 17% compared to the prior year. The significant changes in broad expense classifications are as follows:
  - An approximate increase in salaries, wages and payroll taxes of \$84,100. (18%).
  - An approximate increase in pension expense of \$30,400 (59%) due mainly to changes in the City's proportionate share of the Florida Retirement System pension elements.
  - An approximate increase in property and liability insurance of \$12,800 (25%).
  - Remaining changes from the prior year were due to fluctuations over a diverse range of categorical as well as functional expense accounts.

**Business-Type Activities:** Revenues of the business-type activities were \$1,035,703 compared to expenses of \$858,751. The business-type activities also transferred \$355,625 to the governmental activities during 2023 compared to a transfer of \$338,775 in 2022. This resulted in a decrease in net position for the year of \$178,673 compared to a decrease in the prior year of \$277,740.

- Revenue increased by \$133,623 or 15% compared to the prior year mainly due to the following:
  - An approximate increase of \$89,600 (10%) in charges for services to water and sewer customers.
  - An approximate increase in capital grants and contributions of \$44,023 (140%) as the City has implemented and has begun collecting water and sewer impact fees in 2022 with increased amount of collections in 2023 as construction activity has increased during the year.
- Expenses increased by \$17,706 or 2% compared to the prior year over a diverse range of expense accounts due to general price increases or increased need for certain goods or services.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Fund

As of September 30, 2023, the City's general fund reported combined ending fund balance of \$802,661. This is an increase from \$741,656 last year. One hundred percent (100%) of the total fund balance constitutes unassigned fund balance (i.e. available for spending at the City's discretion) at September 30, 2023 compared to 98% in the prior year which is an increase in unassigned fund balance of \$74,143 or 10%.

In the general fund, the City's expenditures exceeded its revenues by \$335,907 as compared to \$715,594 for the prior year.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS (concluded)**

Total revenues increased by \$222,920 (28%) over the prior year and expenditures decreased \$156,767 (10%) from 2022.

- Revenues increased mainly due to increased ad valorem and other taxes totaling an increase of \$80,308 or 14%. The increases are due to increased assessed value of property within the City and due to overall increased economic activity within the City and the State of Florida as a whole. Intergovernmental revenue also increased by \$100,502 or 85% due to grant revenue in 2023 that was not realized in 2022.
- Expenditures decreased mainly due to \$316,235 less debt service expenditures in the current year compared to the prior year as the City paid off long term debt in the prior year so those debt service expenditures were not expected to recur. Furthermore, as previously mentioned personnel related costs increased by approximately \$84,100 (18%) and insurance expenditures increased by approximately \$12,800 (25%).

**Proprietary Fund**

The City has one proprietary fund, an enterprise fund, which provides water, sanitation, and sewer services to City residents. These services combined to generate an operating income of \$111,768 in the current year as compared to an operating income of \$41,489 in 2022. See the business-type activities section for detail of significant changes from the prior year.

**ANALYSIS OF SIGNIFICANT BUDGET VARIANCES**

The City adopts an annual budget each year in September. The budgetary comparison statement is presented for the general fund to demonstrate compliance with the budget which can be found by referencing the table of contents of this report. The original budget was amended on September 21, 2023 with the adoption of Resolution 2023-009. Resolution 2023-009 recognized that actual revenues, expenditures and other financing sources differed from those of the original budget and amended the previously adopted budget to be equal to the actual revenues, expenditures and other financing sources of the City. As a result, there are no budgetary variances with the final amended budget. The result of the budget amendment was a \$303,117 increase in budgeted revenues, a \$283,399 increase in budgeted expenditures and a \$41,287 increase in budgeted other financing sources.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The governmental activities had \$119,820 in capital asset additions during the fiscal year consisting of \$13,000 of construction in process, \$66,713 of furniture and equipment and \$40,107 of right-to-use leased equipment. The business-type activities had \$95,445 of capital asset additions during the year consisting of system improvements and equipment. Please refer to a note to the accompanying financial statements entitled *Capital Asset Activity* for more detailed information about the City's capital asset activity.

**Debt Administration**

Principal of \$102,825 and \$55,825 was paid during the year on governmental activities and business type activities debt, including leases payable, respectively. There was one new lease payable added during the year in the governmental activities consisting of financed purchases of equipment totaling \$40,107.

**Debt Administration** (concluded)

There was no new debt in the business-type activities. Please refer to a note to the accompanying financial statements entitled *Long-term Obligations* for more detailed information about the City's long-term debt activity.

**ECONOMIC FACTORS**

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

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

**CITY OF WEBSTER, FLORIDA**  
Statement of Net Position  
September 30, 2023

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 835,575	\$ 140,823	\$ 976,398
Accounts receivable - net	-	80,815	80,815
Lease receivable	406,476	-	406,476
Restricted cash	-	736,358	736,358
Capital assets:			
Non-depreciable	1,032,845	51,030	1,083,875
Depreciable, net	729,293	12,242,148	12,971,441
Total assets	<u>3,004,189</u>	<u>13,251,174</u>	<u>16,255,363</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	135,715	-	135,715
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	52,981	13,724	66,705
Unearned revenue	-	564,460	564,460
Liabilities payable from restricted assets:			
Accrued interest payable	-	1,929	1,929
Customer deposits	-	45,645	45,645
Long-term obligations:			
Due within one year	31,675	57,685	89,360
Due in more than one year	326,364	295,079	621,443
Total liabilities	<u>411,020</u>	<u>978,522</u>	<u>1,389,542</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	133,980	-	133,980
Lease related	386,409	-	386,409
Total deferred inflows of resources	<u>520,389</u>	<u>-</u>	<u>520,389</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,677,475	11,940,414	13,617,889
Restricted for:			
Wastewater system improvements - expendable	-	29,813	29,813
Water system improvements - expendable	-	59,844	59,844
Loan compliance - expendable	-	34,667	34,667
Unrestricted	531,020	207,914	738,934
Total net position	<u>\$ 2,208,495</u>	<u>\$ 12,272,652</u>	<u>\$ 14,481,147</u>

The accompanying notes are an integral part of these financial statements

**CITY OF WEBSTER, FLORIDA**  
Statement of Activities  
Year Ended September 30, 2023

	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental Activities:</b>							
General government	\$ 734,240	\$ 67,736	\$ -	\$ 3,713	\$ (662,791)	\$ -	\$ (662,791)
Public safety	163,775	2,098	-	-	(161,677)	-	(161,677)
Transportation	44,619	5,731	-	-	(38,888)	-	(38,888)
Culture and recreation	360,564	2,750	-	86,867	(270,947)	-	(270,947)
Interest on long-term-debt	3,460	-	-	-	(3,460)	-	(3,460)
Total governmental activities	1,306,658	78,315	-	90,580	(1,137,763)	-	(1,137,763)
<b>Business-type activities:</b>							
Utility services	858,751	960,180	-	75,523	-	176,952	176,952
Total business-type activities	858,751	960,180	-	75,523	-	176,952	176,952
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 2,165,409</b>	<b>\$ 1,038,495</b>	<b>\$ -</b>	<b>\$ 166,103</b>	<b>(1,137,763)</b>	<b>176,952</b>	<b>(960,811)</b>
General Revenues:							
Taxes:							
Property taxes					234,002	-	234,002
Public service taxes and franchise fees					236,571	-	236,571
Local government infrastructure tax					144,254	-	144,254
Fuel taxes levied for transportation purposes					35,564	-	35,564
State shared revenues					127,706	-	127,706
Investment earnings					10,563	-	10,563
Miscellaneous					66,009	-	66,009
Gain (loss) on sale of capital assets					1,180	-	1,180
Transfers from other funds					355,625	(355,625)	-
Total general revenues and transfers					1,211,474	(355,625)	855,849
<b>Change in Net Position</b>					<b>73,711</b>	<b>(178,673)</b>	<b>(104,962)</b>
Net Position, beginning of year					2,134,784	12,451,325	14,586,109
<b>Net Position, end of year</b>					<b>\$ 2,208,495</b>	<b>\$ 12,272,652</b>	<b>\$ 14,481,147</b>

The accompanying notes are an integral part of these financial statements



**CITY OF WEBSTER, FLORIDA**  
 Balance Sheet – Governmental Funds  
 September 30, 2023

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	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 835,575
Lease receivable	406,476
<b>TOTAL ASSETS</b>	<u><u>\$ 1,242,051</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	<u>\$ 52,981</u>
Total liabilities	<u>52,981</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Lease related	<u>386,409</u>
<b>FUND BALANCES</b>	
Unassigned	<u>802,661</u>
Total fund balances	<u>802,661</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 1,242,051</u></u>

The accompanying notes are an integral part of these financial statements

**CITY OF WEBSTER, FLORIDA**Reconciliation of The Balance Sheet – Governmental Funds to the Statement of Net Position  
September 30, 2023

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<b>Total Fund Balances – Governmental Funds</b>	<b>\$ 802,661</b>
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital assets-net	1,762,138
Long-term liabilities are not reported in the governmental funds.	
Long-term debt	(51,882)
Leases payable	(32,781)
Compensated absences	(13,002)
Net pension liability	(260,374)
Deferred outflows of resources and deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources related to pensions	135,715
Deferred inflows of resources related to pensions	(133,980)
<b>Total Net Position – Governmental Activities</b>	<b><u>\$ 2,208,495</u></b>

The accompanying notes are an integral part of these financial statements

**CITY OF WEBSTER, FLORIDA**

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

Year Ended September 30, 2023

	<b>General Fund</b>
<b>REVENUES</b>	
Taxes	\$ 660,346
Permits, fees and special assessments	17,375
Intergovernmental	219,075
Charges for services	46,488
Fines and forfeitures	2,098
Miscellaneous	78,182
	<hr/>
Total revenues	1,023,564
	<hr/>
<b>EXPENDITURES</b>	
Current:	
General government	700,341
Public safety	162,555
Transportation	41,199
Culture and recreation	299,107
Capital outlay	115,012
Debt service	41,257
	<hr/>
Total expenditures	1,359,471
	<hr/>
Excess of revenues over (under) expenditures	(335,907)
	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>	
Issuance of lease financing	40,107
Sale of general capital assets	1,180
Operating transfers in (out)	355,625
	<hr/>
<b>Net change in fund balances</b>	<b>61,005</b>
	<hr/>
FUND BALANCES, beginning of year	741,656
	<hr/>
<b>FUND BALANCES, end of year</b>	<b>\$ 802,661</b>
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

**CITY OF WEBSTER, FLORIDA**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities  
Year Ended September 30, 2023

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**Net Changes in Fund Balances – Total Governmental Funds** **\$ 61,005**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.

Current year depreciation expense	(73,231)
Capital assets recorded in the current period	119,820

Governmental funds report the issuance of long-term debt or lease financing as an other financing source. However, in the statement of activities, issuance of long-term debt and lease financing is reported as a long-term obligation.

This is the amount of lease financing issued during the year.	(40,107)
---	----------

Governmental funds report debt and lease payable principal repayments as expenditures. However, in the statement of activities no expense is reported.

This is the amount of long-term debt principal repayments made during the year.	28,270
This is the amount of lease payable principal repayments made during the year.	9,527

Compensated absences are long-term obligations and are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds.

This is the change in accrued compensated absences during the year.	(4,338)
---	---------

Pension costs are recorded in the statement of activities under the full accrual basis of accounting, but are not recorded in the governmental fund until paid. The net change in the pension related elements in the current year are as follows:

This amount represents the change in deferred outflows related to pensions	(52,721)
This amount represents the change in deferred inflows related to pensions	(39,542)
This amount represents the change in the net pension liability.	65,028

**Changes in Net Position of Governmental Activities** **\$ 73,711**

**CITY OF WEBSTER, FLORIDA**  
Statement of Net Position – Proprietary Fund  
September 30, 2023

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 140,823
Accounts receivable - net	80,815
Total current assets	<u>221,638</u>
Noncurrent assets:	
Restricted cash and cash equivalents	736,358
Capital assets	
Non-depreciable	51,030
Depreciable, net	<u>12,242,148</u>
Total noncurrent assets	<u>13,029,536</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 13,251,174</u></u></b>
<b>LIABILITIES AND NET POSITION</b>	
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 13,724
Current portion of long-term debt	<u>57,685</u>
Total current liabilities	<u>71,409</u>
Noncurrent liabilities:	
Liabilities payable from restricted assets:	
Accrued interest payable	1,929
Customer deposits	45,645
Unearned revenue	564,460
Long-term debt, noncurrent portion	<u>295,079</u>
Total noncurrent liabilities	<u>907,113</u>
Total liabilities	<u>978,522</u>
<b>NET POSITION</b>	
Net investment in capital assets	11,940,414
Restricted for:	
Debt service	34,667
Wastewater system improvements	29,813
Water system improvements	59,844
Unrestricted	<u>207,914</u>
Total net position	<u>12,272,652</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u><u>\$ 13,251,174</u></u></b>

The accompanying notes are an integral part of these financial statements

**CITY OF WEBSTER, FLORIDA**Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund  
Year Ended September 30, 2023

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	<b>Enterprise Fund</b>
<b>OPERATING REVENUES</b>	
User fees	\$ 960,180
Total operating revenues	<u>960,180</u>
<b>OPERATING EXPENSES</b>	
Operating expenses	358,969
Depreciation	489,443
Total operating expenses	<u>848,412</u>
<b>OPERATING INCOME (LOSS)</b>	<u>111,768</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>	
Interest expense	<u>(10,339)</u>
Total nonoperating revenues (expenses)	<u>(10,339)</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	101,429
Capital contributions - grants	17,023
Capital contributions - impact fees	58,500
Transfers to other funds	<u>(355,625)</u>
<b>CHANGE IN NET POSITION</b>	<b>(178,673)</b>
Net position - beginning of year	<u>12,451,325</u>
<b>Net position - end of year</b>	<b><u>\$ 12,272,652</u></b>

The accompanying notes are an integral part of these financial statements

**CITY OF WEBSTER, FLORIDA**  
Statement of Cash Flows – Proprietary Fund  
Year Ended September 30, 2023

	<b>Enterprise Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from customers	\$ 948,115
Payments to suppliers	(356,823)
Net cash provided (used) by operating activities	<u>591,292</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Transfers (to) from other funds, net of change in due to/from	(355,625)
Net cash provided (used) by noncapital financing activities	<u>(355,625)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition of capital assets, net of related payables	(95,445)
Capital grants received, net of change in related receivable	5,001
Impact fees received	58,500
Principal paid on debt	(55,825)
Interest paid on debt	(10,643)
Net cash provided (used) by capital and related financing activities	<u>(98,412)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	137,255
Cash and cash equivalents - beginning of year	<u>739,926</u>
Cash and cash equivalents - end of year	<u><u>\$ 877,181</u></u>
<b>As shown in the Accompanying Financial Statements:</b>	
Cash and cash equivalents	\$ 140,823
Restricted cash and cash equivalents	736,358
Total cash and cash equivalents	<u><u>\$ 877,181</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ 111,768
Depreciation expense	489,443
Change in:	
Accounts receivable	(10,649)
Accounts payable	2,146
Customer deposits	(1,416)
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ 591,292</u></u>

The accompanying notes are an integral part of these financial statements

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### Reporting Entity

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

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

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

The City is authorized to levy ad valorem taxes on the taxable value of real and tangible personal property within the jurisdiction of the City limits. The City assessed a millage rate of 8.0000 for fiscal year ended September 30, 2023.

##### Basis of Presentation - Government-wide Financial Statements

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



**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Basis of Presentation - Fund Financial Statements

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary fund:

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

Measurement Focus and Basis of Accounting

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

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

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

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

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

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

Cash and Cash Equivalents

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

Cash Deposits

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

Investments

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

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

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Accounts Receivables

Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Enterprise Fund are net of a \$107,795 allowance.

Capital Assets

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

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

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

	<u>Years</u>
Buildings and improvements	39
Furniture, equipment and vehicles	3 - 10
Infrastructure	40
Water and sewer distribution system	20 - 40

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

Compensated Absences

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

Pension

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

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure).

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

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

Property Taxes

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

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

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

Equity Classification – Net Position

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

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

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

Equity Classifications – Fund Balance

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

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

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

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

Use of Estimates

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

Leases

*Lessee*: The City is a lessee for noncancellable leases of equipment and recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$1,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term, subsequently reduced by the principal portion of the lease payments made.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgements related to leases include the determination of the discount rate used to discount the lease payments to present value and determination of the lease term.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate for a similar transaction as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

*Lessor:* The City is a lessor for a noncancellable lease of City property for cell phone antenna placement. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date and recognized as revenue over the life of the lease term on a straight-line basis. Key estimates and judgements include how the City determines the discount rate it uses to discount the lease receipts to present value and determination of the lease term.

- The City's lease agreement does not contain an explicit interest component that is charged to the lessee and has decided to discount the lease receipts using the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices as a proxy for the incremental borrowing rate for general City obligations.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the leases receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**NOTE B - INTERFUND BALANCES**

Interfund transfers for the year ending September 30, 2023 consisted of:

Receiving Fund	Paying Fund	Amount
General Fund	Enterprise Fund	\$ 355,625

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

**NOTE C - CAPITAL ASSET ACTIVITY**

The following changes in capital assets occurred:

	Balance October 1, 2022	Transfers	Increases	Decreases	Balance September 30, 2023
<b>Governmental Activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 1,032,845	\$ -	\$ -	\$ -	\$ 1,032,845
Construction in process	151,919	(164,919)	13,000	-	-
Total capital assets, not being depreciated	<u>1,184,764</u>	<u>(164,919)</u>	<u>13,000</u>	<u>-</u>	<u>1,032,845</u>
<b>Capital assets, being depreciated:</b>					
Buildings and improvements	878,455	164,919	-	-	1,043,374
Furniture and equipment	468,047	-	66,713	-	534,760
Right to use leased equipment	2,771	-	40,107	-	42,878
Total capital assets, being depreciated	<u>1,349,273</u>	<u>164,919</u>	<u>106,820</u>	<u>-</u>	<u>1,621,012</u>
Less accumulated depreciation for:					
Buildings and improvements	(495,664)	-	(33,725)	-	(529,389)
Furniture and equipment	(322,197)	-	(38,845)	-	(361,042)
Less accumulated amortization for:					
Right to use leased equipment	(627)	-	(661)	-	(1,288)
Total accumulated depreciation/amortization	<u>(818,488)</u>	<u>-</u>	<u>(73,231)</u>	<u>-</u>	<u>(891,719)</u>
Total capital assets being depreciated, net	<u>530,785</u>	<u>164,919</u>	<u>33,589</u>	<u>-</u>	<u>729,293</u>
Governmental activities capital assets, net	<u>\$ 1,715,549</u>	<u>\$ -</u>	<u>\$ 46,589</u>	<u>\$ -</u>	<u>\$ 1,762,138</u>

**NOTE C - CAPITAL ASSET ACTIVITY – CONTINUED**

	Balance October 1, 2022	Transfers	Increases	Decreases	Balance September 30, 2023
<b><u>Business-type activities:</u></b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 51,030	\$ -	\$ -	\$ -	\$ 51,030
Total capital assets, not being depreciated	<u>51,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,030</u>
<b>Capital assets, being depreciated:</b>					
Water distribution system	4,368,936	-	9,475	-	4,378,411
Sewer system	16,916,395	-	38,929	-	16,955,324
Equipment	33,247	-	47,041	-	80,288
Total capital assets, being depreciated	<u>21,318,578</u>	<u>-</u>	<u>95,445</u>	<u>-</u>	<u>21,414,023</u>
Less accumulated depreciation for:					
Water distribution system	(3,402,411)	-	(56,634)	-	(3,459,045)
Sewer system	(5,267,435)	-	(428,472)	-	(5,695,907)
Equipment	(12,586)	-	(4,337)	-	(16,923)
Total accumulated depreciation	<u>(8,682,432)</u>	<u>-</u>	<u>(489,443)</u>	<u>-</u>	<u>(9,171,875)</u>
Total capital assets being depreciated, net	<u>12,636,146</u>	<u>-</u>	<u>(393,998)</u>	<u>-</u>	<u>12,242,148</u>
Business-type activities capital assets, net	<u>\$ 12,687,176</u>	<u>\$ -</u>	<u>\$ (393,998)</u>	<u>\$ -</u>	<u>\$ 12,293,178</u>

Depreciation expense was charged to functions as follows:

**Governmental Activities:**

General government	\$ 27,238
Public safety	1,220
Transportation	3,361
Culture and recreation	41,412
Total depreciation expense - governmental activities	<u>\$ 73,231</u>

**Business-type Activities:**

Water	\$ 60,522
Sewer	428,921
Total depreciation expense - business-type activities	<u>\$ 489,443</u>



**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS**

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

Pension Plan

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

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

**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

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

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

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

**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

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

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

The employer contribution rates by job class for the fiscal year ending September 30, 2023 were as follows:

	October 1, 2022 to June 30, 2023	July 1, 2023 to September 30, 2023
Regular	10.19%	13.57%
Senior Management Service	29.85%	34.52%
DROP Participants	16.94%	21.13%

These employer contribution rates do not include the HIS Plan contribution rate and the administrative cost assessment.

For the fiscal year ended September 30, 2023, City contributions to the Pension Plan totaled \$25,412.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resource and Deferred Inflows of Resources Related to Pensions* – On September 30, 2023, the City reported liabilities of \$191,112 for its proportionate share of the Pension Plan’s net pension liability. The net pension liabilities were measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2023. The City’s proportionate share of the net pension liability was based on its share of the City’s 2022-23 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. On June 30, 2023, the City’s proportionate share was 0.000479614%, which was a decrease of 17% from its proportionate share measured as of June 30, 2022.

**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$39,582. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,944	\$ -
Change in assumptions	12,458	-
Difference between projected and actual earnings on Plan investments	7,981	-
Changes in proportion and differences between the City contributions and proportionate share of contributions	40,293	43,761
City contributions subsequent to the measurement date	10,576	-
Total	\$ 89,252	\$ 43,761

The deferred outflows of resources as of September 30, 2023 related to the Pension Plan resulting from contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year ending September 30,	Amount
2024	\$ 7,192
2025	(3,835)
2026	32,630
2027	(296)
2028	(776)
	\$ 34,915

**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

*Actuarial Assumptions* – The total Pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Investment Rate of Return	6.70%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

For the Pension Plan’s fiscal year ended June 30, 2023:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.90%	2.90%	1.10%
Fixed Income	19.80%	4.50%	4.40%	3.40%
Global Equity	54.00%	8.70%	7.10%	18.10%
Real Estate (Property)	10.30%	7.60%	6.60%	14.80%
Private Equity	11.10%	11.90%	8.80%	26.30%
Strategic Investment	<u>3.80%</u>	6.30%	6.10%	7.70%
Total	<u><u>100.00%</u></u>			
Assumed Inflation Mean			2.40%	1.40%

*Discount Rate* - The discount rate used to measure the total pension liability as of July 1, 2023 was 6.70%. The Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

*Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate* – The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.70% as of September 30, 2023, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

As of September, 9/30/2023	Current Discount Rate 6.70%	1% Decrease	Current Rate	1% Increase
		\$ 326,457	\$ 191,112	\$ 77,878

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

*Payables to the Pension Plan* – On September 30, 2023, the City reported no payables outstanding for contributions to the pension plan required for the fiscal year ended September 30, 2023.

HIS Plan

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

*Benefits Provided* - For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

*Contributions* - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. The employer contribution rates for fiscal year ended September 30, 2023 were 1.66%. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

For the fiscal year ended September 30, 2023, the City’s contribution to the HIS Plan totaled \$3,311.

**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resource and Deferred Inflows of Resources Related to Pensions* – On September 30, 2023, the City reported liabilities of \$69,262 for its proportionate share of the HIS Plan’s net pension liability. The net pension liabilities were measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2022. The City’s proportionate share of the net pension liability was based on its share of the City’s 2022-23 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. On June 30, 2023, the City’s proportionate share was 0.000436116%, which was a 58% decrease from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$21,484. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,014	\$ 162
Change in assumptions	1,821	6,002
Net difference between projected and actual earnings on Plan investments	36	-
Changes in proportion and differences between the City contributions and proportionate share of contributions	41,315	84,055
City contributions subsequent to the measurement date	<u>2,277</u>	<u>-</u>
Total	<u>\$ 46,463</u>	<u>\$ 90,219</u>

The deferred outflows of resources as of September 30, 2023 related to HIS Plan resulting from contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Year ending September 30,	Amount
2024	\$ (4,109)
2025	(2,618)
2026	(13,647)
2027	(11,577)
2028	(10,824)
Thereafter	<u>(3,258)</u>
	<u>\$ (46,033)</u>

**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

*Actuarial Assumptions* – Actuarial valuations for the HIS plan are conducted biennially. The July 1, 2022 HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2023. The total pension liabilities as of June 30, 2023 were determined using the following actuarial assumptions:

Inflation	2.40%
Salary Increases	3.25% average, including inflation
Discount Rate	3.65%

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

The actuarial assumptions that determined the total pension liability as of June 30, 2022 were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

*Discount Rate* – The discount rate used to measure the total pension liability on June 30, 2023 was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

*Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate* – The following represents the City’s proportionate share of the net pension liability calculated as of September 30, 2023 using the discount rate of 3.65% as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage lower or one percentage point higher than the current rate:

As of September,	Current Discount Rate	1% Decrease	Current Rate	1% Increase
9/30/2023	3.65%	\$ 79,016	\$ 69,262	\$ 61,175

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



**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

*Payables to the HIS Plan* - On September 30, 2023 the City reported no payables outstanding for contributions to the HIS plan required for the fiscal year ended September 30, 2023.

The aggregate net pension liability, deferred inflows of resources related to pensions, deferred outflows of resources related to pensions, and pension expense for the City as of September 30, 2023 are as follows:

	FRS	HIS	Total
Deferred outflows of resources related to pensions	\$ 89,252	\$ 46,463	\$ 135,715
Net pension liability	191,112	69,262	260,374
Deferred inflows of resources related to pensions	43,761	90,219	133,980
Pension expense (benefit)	39,582	21,484	61,066

Investment Plan

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

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

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

If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over the account. For the fiscal year ended September 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

**NOTE D - EMPLOYEE DEFERRED COMPENSATION AND RETIREMENT PLANS - CONTINUED**

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

The Investment Plan pension expense for the City totaled \$-0- for the fiscal year ended September 30, 2023.

*Payables to the Investment Plan* – As of September 30, 2023, the City reported no payables outstanding for contributions to the Investment Plan.

**NOTE E - LEASES**

*Lease Receivable* – The City reports a lease receivable related to an antenna lease agreement originally executed in 2008. The lease term was originally for an initial 5-year period with the option of 4 separate 5-year renewal periods thereafter. The City receives annual payments which are increased each year by 3% and the City recognized \$38,771 in lease revenue and \$10,563 in interest revenue during the fiscal year related to this lease. On September 30, 2023, the City’s receivable for lease payments was \$406,476. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. On September 30, 2023, the balance of the deferred inflow of resources was \$386,409.

*Lease Payable* – The City reports the following leases payable at September 30, 2023:

- Lease executed in 2021 for the right-to-use a multifunction copier. The City is required to make monthly principal and interest payments of \$59 and maturing in February 2026. The lease agreement does not have an explicit interest rate and the City utilized an estimated incremental borrowing rate of 5.5% to determine the lease liability. The book value of this right-to-use asset as the end of the current fiscal year is \$1,516 and is being amortized on a straight-line basis over a 60-month term from the lease origination date (29 months remaining on September 30, 2023).
- Lease executed in 2023 for the right-to-use a 2022 Ford F-250 flatbed truck. City is required to make annual principal and interest payments of \$8,925 and maturing in January 2028. The lease agreement does not have an explicit interest rate and the City utilized an estimated incremental borrowing rate of 5.5% to determine the lease liability. The book value of this right-to-use asset as the end of the current fiscal year is \$40,073 and is being amortized on a straight-line basis over a 60-month term from the lease origination date (4 years remaining on September 30, 2023).

The future principal and interest lease payments as of September 30, 2023, were as follows:

Fiscal Year Ending	Governmental Activities	
	Principal	Interest
2024	\$ 7,802	\$ 1,791
2025	8,242	1,356
2026	8,288	927
2027	8,449	476
<b>Total</b>	<b>\$ 32,781</b>	<b>\$ 4,550</b>

**NOTE E - LONG-TERM OBLIGATIONS**

Long-term debt of the City is as follows:

**Governmental Activities**

A loan used to finance the purchase of a new City vehicle that bears interest at 5.00% and maturing in December 2025. The loan is secured by the mower that was purchased with the loan financing and require annual payments of \$7,965.

21,433

A loan used to finance the purchase of a new mower that bears interest at 0.00% and maturing in October 2024. The loan is secured by the mower that was purchased with the loan financing and require monthly payments of \$473.

6,095

A loan used to finance the purchase of a new tractor/loader, including interest of 3.95% and maturing in October 2025. The loan is secured by the equipment that was purchased with the loan financing and requires monthly payments of \$1,016.

24,354

A loan used to finance the purchase of a new City vehicle, including interest of 5.775% and maturing in January 2023. The loan was secured by the vehicle that was purchased with the loan financing and required an annual payment of \$5,510. This loan was paid off in 2023.

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**Total Governmental Activities Long Term Debt**

\$51,882

**NOTE E - LONG-TERM OBLIGATIONS - CONTINUED**

**Business-type Activities**

*State Revolving Fund Loan*

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

\$275,764

*Water Revenue Bonds (1989 Series)*

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

77,000

**Total Business-Type Activities Long Term Debt**

\$352,764

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

Aggregate maturities of long-term debt are as follows:

Fiscal Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 23,873	\$ 1,973	\$ 57,685	\$ 9,147
2025	19,457	1,124	59,562	7,570
2026	8,552	428	60,457	5,925
2027	-	-	62,370	4,262
2028	-	-	64,301	2,531
2029-2033	-	-	48,389	734
<b>Total</b>	<u><u>\$ 51,882</u></u>	<u><u>\$ 3,525</u></u>	<u><u>\$ 352,764</u></u>	<u><u>\$ 30,169</u></u>

**NOTE E - LONG-TERM OBLIGATIONS – CONTINUED**

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

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

The following is a summary of changes in long-term obligations for the year ended September 30, 2023:

	Balance October 1, 2022	Increases	Decreases	Balance September 30, 2023	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>					
Compensated absences	\$ 8,664	\$ 4,338	\$ -	\$ 13,002	\$ -
Net pension liability	325,402	-	(65,028)	260,374	-
Leases payable	2,201	40,107	(9,527)	32,781	7,802
Long-term debt	80,152	-	(28,270)	51,882	23,873
Total long-term obligations	<u>\$ 416,419</u>	<u>\$ 44,445</u>	<u>\$ (102,825)</u>	358,039	<u>\$ 31,675</u>
Less amounts due in one year				(31,675)	
Net long-term obligations in excess of one year				<u>\$ 326,364</u>	
<b><u>Business-type Activities:</u></b>					
Long-term debt	\$ 408,589	\$ -	\$ (55,825)	\$ 352,764	\$ 57,685
Total long-term obligations	<u>\$ 408,589</u>	<u>\$ -</u>	<u>\$ (55,825)</u>	352,764	<u>\$ 57,685</u>
Less amounts due in one year				(57,685)	
Net long-term obligations in excess of one year				<u>\$ 295,079</u>	

**NOTE F - PLEDGED REVENUES**

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

<u>Pledged Revenue</u>	<u>Revenue Pledged Through</u>	<u>Total Principal and Interest Outstanding</u>	<u>Current Year Principal and Interest Paid</u>	<u>Current Year Net Revenue</u>	<u>Percentage of Net Revenues to Principal and Interest Paid</u>
Water, sewer and sanitation revenue	12/1/2046	\$ 382,933	\$ 66,468	\$ 601,211	905%

**NOTE G - RISK MANAGEMENT**

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

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## **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF WEBSTER, FLORIDA**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability (asset)	0.00047961%	0.00058110%	0.00049448%	0.00043306%	0.00065449%
City's proportionate share of the net pension liability (asset)	\$ 191,112	\$ 216,218	\$ 37,354	\$ 187,697	\$ 225,397
City's covered payroll	\$ 172,831	\$ 375,723	\$ 341,265	\$ 301,386	\$ 470,542
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	110.58%	57.55%	10.95%	62.28%	47.90%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.00028980%	0.00048803%	0.008757000%	0.000793930%	0.000730061%
City's proportionate share of the net pension liability (asset)	\$ 87,290	\$ 144,355	\$ 221,114	\$ 102,547	\$ 44,544
City's covered payroll	\$ 146,084	\$ 172,590	\$ 190,241	\$ 205,794	\$ 184,583
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	59.75%	83.64%	109.13%	51.14%	22.18%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%

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

**CITY OF WEBSTER, FLORIDA**

Schedule of the City's Contributions - Florida Retirement System Pension Plan  
Last Ten Fiscal Years\*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 23,073	\$ 24,797	\$ 18,838	\$ 14,389	\$ 20,294
Contributions in relation to the contractually required contribution	(23,073)	(24,797)	(18,838)	(14,389)	(20,294)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The City of Webster, Florida's covered payroll	\$ 172,831	\$ 375,723	\$ 341,265	\$ 301,386	\$ 470,542
Contributions as a percentage of covered payroll	13.35%	6.60%	5.52%	4.77%	4.31%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,259	\$ 12,705	\$ 21,355	\$ 19,357	\$ 15,991
Contributions in relation to the contractually required contribution	(8,259)	(12,705)	(21,355)	(19,357)	(15,991)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The City of Webster, Florida's covered payroll	\$ 146,084	\$ 172,590	\$ 190,241	\$ 205,794	\$ 184,583
Contributions as a percentage of covered payroll	5.65%	7.36%	11.23%	9.65%	7.96%

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

**CITY OF WEBSTER, FLORIDA**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability (asset)	0.000436116%	0.001030846%	0.000963787%	0.000868154%	0.001406709%
City's proportionate share of the net pension liability (asset)	\$ 69,262	\$ 109,184	\$ 118,223	\$ 106,000	\$ 157,397
City's covered payroll	\$ 172,831	\$ 375,723	\$ 341,265	\$ 301,386	\$ 470,542
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.07%	29.06%	34.64%	35.17%	33.45%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.000447145%	0.000541261%	0.000616171%	0.000678222%	0.000646528%
City's proportionate share of the net pension liability (asset)	\$ 47,326	\$ 57,874	\$ 71,812	\$ 69,168	\$ 60,452
City's covered payroll	\$ 146,084	\$ 172,590	\$ 190,241	\$ 205,794	\$ 184,583
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	32.40%	33.53%	37.75%	33.61%	32.75%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

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

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

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Contractually required contribution	\$ 2,869	\$ 6,237	\$ 5,665	\$ 5,003	\$ 7,811
Contributions in relation to the contractually required contribution	(2,869)	(6,237)	(5,665)	(5,003)	(7,811)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City of Webster, Florida's covered payroll	\$ 172,831	\$ 375,723	\$ 341,265	\$ 301,386	\$ 470,542
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 2,425	\$ 2,865	\$ 3,158	\$ 2,593	\$ 2,215
Contributions in relation to the contractually required contribution	(2,425)	(2,865)	(3,158)	(2,593)	(2,215)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City of Webster, Florida's covered payroll	\$ 146,084	\$ 172,590	\$ 190,241	\$ 205,794	\$ 184,583
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.26%	1.20%

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

**CITY OF WEBSTER, FLORIDA**

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund  
 Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 544,047	\$ 660,346	\$ 660,346	\$ -
Permits, fees and special assessments	8,500	17,375	17,375	-
Intergovernmental	114,300	219,075	219,075	-
Charges for services	41,200	46,488	46,488	-
Fines and forfeitures	1,500	2,098	2,098	-
Miscellaneous	10,900	78,182	78,182	-
Total revenues	720,447	1,023,564	1,023,564	-
<b>EXPENDITURES</b>				
Current:				
General government	554,795	700,341	700,341	-
Public safety	163,500	162,555	162,555	-
Transportation	23,250	41,199	41,199	-
Culture and recreation	298,527	299,107	299,107	-
Capital outlay	10,000	115,012	115,012	-
Debt service	26,000	41,257	41,257	-
Total expenditures	1,076,072	1,359,471	1,359,471	-
Excess of revenues over (under) expenditures	(355,625)	(335,907)	(335,907)	-
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Issuance of lease financing	-	40,107	40,107	-
Sale of general capital assets	-	1,180	1,180	-
Operating transfers in (out)	355,625	355,625	355,625	-
Total other financing sources and (uses)	355,625	396,912	396,912	-
Net change in fund balance	-	61,005	61,005	-
FUND BALANCES, beginning of year	741,656	741,656	741,656	-
<b>FUND BALANCES, end of year</b>	<b>\$ 741,656</b>	<b>\$ 802,661</b>	<b>\$ 802,661</b>	<b>\$ -</b>

## **OTHER REPORTS**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Webster, Florida (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 15, 2024.

**Report on 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, detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

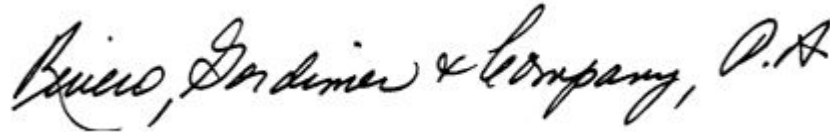
## Report on Compliance and Other Matters

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

## Purpose of this Report

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

Tampa, Florida  
March 15, 2024

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





RIVERO, GORDIMER & COMPANY, P.A.

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

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

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

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

We have examined the City of Webster, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes during the year ended September 30, 2023. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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 specified compliance requirements above during the year ended September 30, 2023.

Tampa, Florida  
March 15, 2024





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

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

**Report on the Financial Statements**

We have audited the financial statements of the City of Webster, Florida (the “City”), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 15, 2024.

**Auditor’s Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant’s Report on Compliance with the Requirements of Section 218.415, Florida Statutes on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 15, 2024, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title and Legal Authority**

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

## Financial Condition and Management

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

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

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

## Additional Matters

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

## Purpose of this Letter

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

Tampa, Florida  
March 15, 2024

