

**CITY OF JASPER, FLORIDA**

**FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2020**



**CITY OF JASPER, FLORIDA**

**CITY OFFICIALS**

September 30, 2020

<u>OFFICIALS</u>	<u>ELECTED TERM EXPIRATION</u>
Mayor LaBarfield Bryant	March 2024
City Council Stewart Mitchell, Vice Mayor	March 2022
Garrett Selph, Council Member	March 2022
Jay Daigle, Chairperson	March 2024
Jhelecia Hawkins, Council Member	March 2024
City Manager Marcus Collins	
Chief Financial Officer Margaret Harper	
City Clerk Marcus Collins	
City Attorney Rhett Bullard	



**CITY OF JASPER, FLORIDA**

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**CITY OF JASPER, FLORIDA**

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**KENNETH M. DANIELS**  
**CERTIFIED PUBLIC ACCOUNTANT**

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Jasper, FL 32052

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and City Council  
City of Jasper, Florida

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City

of Jasper, Florida, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9, and budgetary comparison information on pages 48-49, pension trend information on pages 50-51, and OPEB trend information on page 52 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated March 10, 2021, on my consideration of the City of Jasper, Florida's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Jasper, Florida's internal control over financial reporting and compliance.



Kenneth M. Daniels  
Certified Public Accountant  
March 10, 2021



**MANAGEMENT'S  
DISCUSSION &  
ANALYSIS**



## **CITY OF JASPER, FLORIDA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Fiscal Year Ended September 30, 2020

Our discussion and analysis of the City of Jasper, Florida's financial performance provides an overview of City's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the City's financial statements, which begin in page 10.

#### **FINANCIAL HIGHLIGHTS**

The City's significant financial accomplishments during the year ended September 30, 2020, were:

Engineering began on the \$700,000 CDBG Grant Project awarded to the City for utility meter replacement. The Grant's budget is as follows: Administration \$56,000; Engineering \$119,000; Construction – water meter replacement \$525,000.

The City completed improvements to its Wastewater System. The project was funded via an award from the Suwannee River Water Management District (SRWMD) in the amount of \$200,448.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Proprietary fund financial statements offer short and long-term financial information about the activities the government operates like businesses, such as the water/sewer, gas, and solid waste departments.

Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

#### **Reporting the City as a Whole**

Our analysis of the City as a whole begins on page 5. The Statement of Net Position and the Statement of Activities on pages 10-11 report information about the City as a whole and its activities. These statements include all assets and liabilities using the accrual basis of accounting,

which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements also report the City's net position and changes in them. The City's net position, the difference between assets and liabilities, is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. Additional other nonfinancial factors such as changes in the area's economic conditions and the condition of the City's capital assets should be considered in assessing the City's overall health.

In the Statement of Net Position and the Statement of Activities, the City's activities are divided into two categories: 1.) governmental activities: the City's basic services are included here, financial and administrative, police, fire, transportation, and recreation and 2.) business-type: the City charges fees to customers to help it cover the cost of certain utility services it provides. The City's water and sewer, natural gas, and sanitation services are included in the business-type activities.

### Reporting the City's Funds

Our analysis of the City's funds (four major) begins on page 7. The fund financial statements begin on page 12 and provide detailed information about the City's most significant governmental funds – not the City as a whole. A description of the City's Funds follows:

*Governmental funds* – Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year – end that are available for spending. These funds are reported using the modified accounting method, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship or differences between governmental activities reported in the Statement of Net Position and the Statement of Activities and governmental funds is described in the reconciliations accompanying the fund financial statements.

*Proprietary funds* – Services for which the City charges customers a fee is generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City's Enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

### **The City as a Whole**

As indicated below, the City's net position increased five percent or \$433,000. Increases to utility rates and expenditure/expense reductions largely contributed to the accretion.

The analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) for both the City's governmental and business type activities.

Detailed comments follow the tables and explain the significant changes between the current and prior year.

**Table 1**  
**NET POSITION**  
**(In Thousands)**

	Governmental		Business type		Totals	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 990	\$ 939	\$ 2,171	\$ 1,789	\$ 3,161	\$ 2,728
Capital assets	<u>1,697</u>	<u>1,801</u>	<u>7,816</u>	<u>7,820</u>	<u>9,513</u>	<u>9,621</u>
Total assets	<u>2,687</u>	<u>2,740</u>	<u>9,987</u>	<u>9,609</u>	<u>12,674</u>	<u>12,349</u>
Deferred outflows of resources	<u>931</u>	<u>966</u>	<u>241</u>	<u>237</u>	<u>1,172</u>	<u>1,203</u>
Total assets and deferred outflows of resources	<u>\$ 3,618</u>	<u>\$ 3,706</u>	<u>\$ 10,228</u>	<u>\$ 9,846</u>	<u>\$ 13,846</u>	<u>\$ 13,552</u>
Other liabilities	\$ 99	\$ 92	\$ 274	\$ 261	\$ 373	\$ 353
Long term liabilities	<u>2,305</u>	<u>2,147</u>	<u>886</u>	<u>1,199</u>	<u>3,191</u>	<u>3,346</u>
Total liabilities	<u>2,404</u>	<u>2,239</u>	<u>1,160</u>	<u>1,460</u>	<u>3,564</u>	<u>3,699</u>
Deferred inflows of resources	<u>468</u>	<u>475</u>	<u>122</u>	<u>119</u>	<u>590</u>	<u>594</u>
Net position						
Invested in Cap Assets	1,697	1,772	7,599	7,243	9,296	9,015
Restricted	-	-	16	15	16	15
Unrestricted	<u>(951)</u>	<u>(780)</u>	<u>1,331</u>	<u>1,009</u>	<u>380</u>	<u>229</u>
Total net position	<u>746</u>	<u>992</u>	<u>8,946</u>	<u>8,267</u>	<u>9,692</u>	<u>9,259</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,618</u>	<u>\$ 3,706</u>	<u>\$ 10,228</u>	<u>\$ 9,846</u>	<u>\$ 13,846</u>	<u>\$ 13,552</u>

#### Explanation of Significant Changes Table 1

##### Governmental activities

Current and other assets generally remained flat (decrease of 2%).

Deferred outflows and inflows of resources relating to the City's pension and OPEB liability were largely unchanged. (decreases of 4% and 1.5% respectively).

Unrestricted net position declined largely due to depreciation on the City's governmental fixed assets.

##### Business-type activities

Current and other assets gained due to increases in utility rates (cash and accounts receivable).

Other and long-term liabilities decreased due to a significant reduction in the City's note payable. Principal was again reduced via payments in excess of \$350,000.

Unrestricted net assets were augmented because of utility rate increases and cost containment/reduction.

**Table 2**  
**CHANGES IN NET POSITION**  
**(In Thousands)**

Statement of Activities	Governmental Activities		Business-type Activities		Total Primary Government	
	Current	Prior	Current	Prior	Current	Prior
	Year	Year	Year	Year	Year	Year
Program revenues						
General government	\$ 152	\$ 161	\$ -	\$ -	\$ 152	\$ 161
Public safety	137	157	-	-	137	157
Physical environment	9	2	-	-	9	2
Transportation	40	38	-	-	40	38
Economic environment	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Culture/recreation	2	5	-	-	2	5
Water/sewer utility	-	-	1,708	1,562	1,708	1,562
Natural gas utility	-	-	469	466	469	466
Sanitation	-	-	463	424	463	424
General revenues						
Taxes						
Property taxes	367	354	-	-	367	354
Local option fuel tax	393	405	-	-	393	405
Discretionary sales	137	145	-	-	137	145
Commx services	60	47	-	-	60	47
Franchise fees	110	116	-	-	110	116
Utility service tax	87	86	-	-	87	86
Interest	3	5	12	19	15	24
Miscellaneous	40	45	3	33	43	78
Total revenues	<u>1,537</u>	<u>1,566</u>	<u>2,655</u>	<u>2,504</u>	<u>4,192</u>	<u>4,070</u>
Program expenses						
General government	513	544	-	-	513	544
Public safety	970	1,049	-	-	970	1,049
Physical environment	4	8	-	-	4	8
Transportation	287	327	-	-	287	327
Economic environment	-	-	-	-	-	-
Human services	1	2	-	-	1	2
Culture/recreation	16	19	-	-	16	19
Interest on long term debt	2	4	-	-	2	4
Water/sewer utility	-	-	1,260	1,296	1,260	1,296
Natural gas utility	-	-	365	475	365	475
Sanitation	-	-	341	402	341	402
Total expenses	<u>1,793</u>	<u>1,953</u>	<u>1,966</u>	<u>2,173</u>	<u>3,759</u>	<u>4,126</u>
Excess (deficiency) before transfers	(256)	(387)	689	331	433	(56)
Transfers and special item						
Transfers	10	96	(10)	(96)	-	-
Special item	-	6	-	(2)	-	4
Total transfers and special item	<u>10</u>	<u>102</u>	<u>(10)</u>	<u>(98)</u>	<u>-</u>	<u>4</u>
Change in net position	<u>(246)</u>	<u>(285)</u>	<u>679</u>	<u>233</u>	<u>433</u>	<u>(52)</u>
Beginning net position	992	1,277	8,267	8,034	9,259	9,311
Adjustment to beginning net position	-	-	-	-	-	-
Beginning net position restated	<u>992</u>	<u>1,277</u>	<u>8,267</u>	<u>8,034</u>	<u>9,259</u>	<u>9,311</u>
Ending net position	<u>\$ 746</u>	<u>\$ 992</u>	<u>\$ 8,946</u>	<u>\$ 8,267</u>	<u>\$ 9,692</u>	<u>\$ 9,259</u>

### Explanation of Significant Changes Table 2

#### Government Activities

Governmental revenues increased/decreased as follows:

Public safety revenues decreased – the City ceased the animal control function in conjunction with Hamilton County.

Physical environment revenues increased – the sale of cemetery plots.

Miscellaneous revenues decreased due to sales of surplus materials in the prior year.

Governmental expenditures decreased 8 percent. All departments reduced costs. Employees were reduced in public safety.

Business-type activities

Business-type revenues gained due to annual increases in utility rates. Miscellaneous revenues decreased due to sales of scrap in the prior year.

Expenses decreased due to cost cutting efforts. For example, purchases of aluminum sulfate again dropped to \$22,300 from \$33,800 in the prior year.

The City's Funds

At year-end, the City's governmental funds had a total fund balance of approximately \$885,000. The increase of \$45,000 is again the result of expenditure management.

**TABLE 3**  
**CHANGES IN GOVERNMENTAL AND MAJOR FUNDS' TOTAL AND UNRESERVED FUND BALANCES AND NET POSITION**  
**(in Thousands)**

<u>Major Funds</u>	<u>Unreserved Fund Balance</u>			<u>Percent Change</u>
	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	
General	\$ 885	\$ 840	\$ 45	5.4%
	<u>Enterprise Fund</u>			
	<u>Change in Net Position:</u>			
	<u>Invested in Capital Assets</u>			
	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 7,599	\$ 7,243	\$ 356	4.9%
	<u>Restricted</u>			
	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 16	\$ 15	\$ 1	6.7%
	<u>Unrestricted</u>			
	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 1,331	\$ 1,009	\$ 322	31.9%

The enterprise funds' net position increased by approximately \$679,000. The increase can be attributed to the reduced transfers to the City's General Fund \$96,190 in 2019 and \$10,000 in 2020; reductions in expenses including payroll, and increases in utility rates.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The City did not amend its 2020 budget. Actual expenditures were less than budgeted by approximately \$473,000. Actual expenditures were less than budgeted in all departments.

## CAPITAL ASSET AND DEBT ADMINISTRATION

At September 30, 2020, the City had approximately \$18 million invested in capital assets, including police and fire equipment, buildings, park facilities, roads, and water and sewer lines. (See Table 4 below.) The increase in capital assets is due to sewer system improvements and the purchase of pumps.

**Table 4**  
**CAPITAL ASSETS (in Thousands)**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 241	\$ 241	\$ 667	\$ 667	\$ 908	\$ 908
Construction in progress	-	-	70	14	70	14
Buildings	403	403	288	288	691	691
Infrastructure/improvements	1,352	1,352	12,800	12,582	14,152	13,934
Equipment and furniture	312	312	527	513	839	825
Vehicles	<u>1,027</u>	<u>1,027</u>	<u>338</u>	<u>338</u>	<u>1,365</u>	<u>1,365</u>
Total capital assets, gross	<u>\$ 3,335</u>	<u>\$ 3,335</u>	<u>\$ 14,690</u>	<u>\$ 14,402</u>	<u>\$ 18,025</u>	<u>\$ 17,737</u>

## Debt

At year-end, the City had \$3.19 million in outstanding debt. This was a decrease of approximately \$155,000. The City's payments on its note payable was the primary reason for the decrease.

**Table 5**  
**OUTSTANDING DEBT AT YEAR-END**  
**(in Thousands)**

	Governmental		Business-type		Totals	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Compensated absences	\$ 86	\$ 95	\$ 37	\$ 44	\$ 123	\$ 139
Capital leases	-	29	-	-	-	29
Notes payable	-	-	249	608	249	608
OPEB liability	78	49	60	45	138	94
Pension liability	<u>2,141</u>	<u>1,974</u>	<u>540</u>	<u>502</u>	<u>2,681</u>	<u>2,476</u>
Totals	<u>\$ 2,305</u>	<u>\$ 2,147</u>	<u>\$ 886</u>	<u>\$ 1,199</u>	<u>\$ 3,191</u>	<u>\$ 3,346</u>

## CURRENTLY KNOWN FACTS

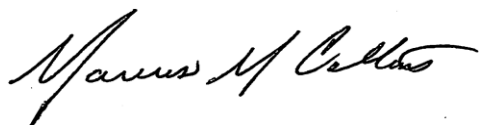
The City's General Fund budget for the fiscal year 2020-21 totals \$2.0 million. Included in the budget is \$77,000 in capital outlay to be used for equipment purchases and \$25,000 in contingency.



## CONTACTING THE CITY 'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, customers, and creditors, with a general overview of the City's finances and to show the City's accountability for the funds that it receives.

If you have questions about this report or need additional financial information, contact the City at 208 W Hatley Street, Jasper, FL 32052.

A handwritten signature in black ink that reads "Marcus M. Collins". The signature is written in a cursive style with a large initial 'M'.

Marcus Collins  
City Manager

A handwritten signature in blue ink that reads "Margaret Harper". The signature is written in a cursive style with a large initial 'M'.

Margaret Harper  
Chief Financial Officer



**BASIC  
FINANCIAL  
STATEMENTS**



**CITY OF JASPER, FLORIDA**  
**STATEMENT OF NET POSITION**

September 30, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 879,314	\$ 1,551,196	\$ 2,430,510
Accounts receivable, net	941	202,258	203,199
Franchise fees receivable	11,123	-	11,123
Utility service tax receivable	7,374	-	7,374
Interfund receivables/payables	51,740	(51,740)	-
Due from other governments	39,717	205,498	245,215
Inventory	-	49,192	49,192
Restricted assets	-	215,031	215,031
Capital assets			
Land	241,442	667,039	908,481
Other capital assets, net of depreciation	<u>1,455,761</u>	<u>7,148,669</u>	<u>8,604,430</u>
Total capital assets	<u>1,697,203</u>	<u>7,815,708</u>	<u>9,512,911</u>
Total assets	<u>2,687,412</u>	<u>9,987,143</u>	<u>12,674,555</u>
<b>Deferred outflows of resources</b>			
Pensions	892,585	220,773	1,113,358
OPEB	<u>38,026</u>	<u>20,476</u>	<u>58,502</u>
Total deferred outflows of resources	<u>930,611</u>	<u>241,249</u>	<u>1,171,860</u>
Total assets and deferred outflows of resources	<u>\$ 3,618,023</u>	<u>\$ 10,228,392</u>	<u>\$ 13,846,415</u>
<b>Liabilities</b>			
Accounts payable	\$ 65,767	\$ 80,197	\$ 145,964
Retirement/insurance payable	32,064	-	32,064
Taxes payable	-	693	693
Deposits	1,410	193,393	194,803
Long-term liabilities			
Due within one year			
Compensated absences	-	36,623	36,623
Notes payable	-	69,341	69,341
Due in more than one year			
Compensated absences	86,141	-	86,141
OPEB liability	77,527	59,630	137,157
Notes payable	-	179,605	179,605
Pension liability	<u>2,141,513</u>	<u>540,370</u>	<u>2,681,883</u>
Total liabilities	<u>2,404,422</u>	<u>1,159,852</u>	<u>3,564,274</u>
<b>Deferred inflows of resources</b>			
Business license fees	6,212	-	6,212
Pensions	427,907	99,462	527,369
OPEB	<u>33,611</u>	<u>22,541</u>	<u>56,152</u>
Total deferred inflows of resources	<u>467,730</u>	<u>122,003</u>	<u>589,733</u>
<b>Net position</b>			
Invested in capital assets, net of related debt	1,697,203	7,599,188	9,296,391
Restricted			
Capital facilities	-	16,414	16,414
Unrestricted	<u>(951,332)</u>	<u>1,330,935</u>	<u>379,603</u>
Total net position	<u>745,871</u>	<u>8,946,537</u>	<u>9,692,408</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,618,023</u>	<u>\$ 10,228,392</u>	<u>\$ 13,846,415</u>

**CITY OF JASPER, FLORIDA**

**STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities							
General government services	\$ 513,241	\$ 11,662	\$ 139,753	\$ -	\$ (361,826)	\$ -	\$ (361,826)
Public safety	970,083	127,958	9,182	-	(832,943)	-	(832,943)
Physical environment	4,112	8,800	-	-	4,688	-	4,688
Transportation	287,693	39,806	-	-	(247,887)	-	(247,887)
Economic environment	169	-	-	-	(169)	-	(169)
Human services	500	-	-	-	(500)	-	(500)
Culture/recreation	15,875	1,750	-	-	(14,125)	-	(14,125)
Interest on long-term debt	<u>1,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,717)</u>	<u>-</u>	<u>(1,717)</u>
Total governmental activities	<u>1,793,390</u>	<u>189,976</u>	<u>148,935</u>	<u>-</u>	<u>(1,454,479)</u>	<u>-</u>	<u>(1,454,479)</u>
Business type activities							
Water/sewer utility	1,259,814	1,453,004	-	255,098	-	448,288	448,288
Natural gas utility	365,083	468,442	-	-	-	103,359	103,359
Sanitation	<u>340,775</u>	<u>463,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,534</u>	<u>122,534</u>
Total business-type activities	<u>1,965,672</u>	<u>2,384,755</u>	<u>-</u>	<u>255,098</u>	<u>-</u>	<u>674,181</u>	<u>674,181</u>
Totals	<u>\$ 3,759,062</u>	<u>\$ 2,574,731</u>	<u>\$ 148,935</u>	<u>\$ 255,098</u>			
General revenues							
Property taxes					367,447	-	367,447
Local option fuel tax					393,352	-	393,352
Discretionary sales surtax					137,257	-	137,257
Communications service tax					60,327	-	60,327
Franchise fees					110,005	-	110,005
Utility service tax					87,377	-	87,377
Interest					3,131	12,181	15,312
Miscellaneous					39,531	3,007	42,538
Transfers					<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total general revenues and transfers					<u>1,208,427</u>	<u>5,188</u>	<u>1,213,615</u>
Change in net position					(246,052)	679,369	433,317
Net position - beginning					<u>991,923</u>	<u>8,267,168</u>	<u>9,259,091</u>
Net position - ending					<u>\$ 745,871</u>	<u>\$ 8,946,537</u>	<u>\$ 9,692,408</u>

**CITY OF JASPER, FLORIDA  
BALANCE SHEET**

**GOVERNMENTAL FUNDS**

September 30, 2020

		General <u>Fund</u>
Assets		
Cash	\$	879,314
Accounts receivable		941
Franchise fees receivable		11,123
Utility service tax receivable		7,374
Interfund receivables		51,740
Due from other governments		<u>39,717</u>
Total assets	\$	<u><u>990,209</u></u>
Liabilities, deferred inflows of resources and fund balances		
Liabilities		
Accounts payable	\$	65,767
Retirement and withholding payable		32,064
Deposits		<u>1,410</u>
Total liabilities		<u>99,241</u>
Deferred inflows of resources		
Business license fees		<u>6,212</u>
Fund balances		
Unassigned		<u>884,756</u>
Total liabilities, deferred inflows of resources and fund balances	\$	<u><u>990,209</u></u>

**CITY OF JASPER, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

September 30, 2020

Total fund balances for governmental funds	\$	884,756
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Total net assets reported for governmental activities in the Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Those assets consist of the following:

Land		241,442
Buildings		402,444
Infrastructure		1,351,991
Vehicles		1,027,244
Machinery and equipment		311,676
Accumulated depreciation		<u>(1,637,594)</u>
Total capital assets		<u>1,697,203</u>

The deferred outflows of resources and deferred inflows of resources related to OPEB benefits and pensions are applicable to future periods and, therefore, are not reported in the governmental funds.

Deferred outflows related to pensions		892,585
Deferred outflows related to OPEB benefits		38,026
Deferred inflows related to pensions		(427,907)
Deferred inflows related to OPEB benefits		(33,611)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. The City's pension liability is not accrued in governmental funds, but rather is recognized as an expenditure when due. Compensated absences are recorded when paid.

All liabilities - both current and long term - are reported in the Statement of Net Assets. Long-term liability balances and other adjustments are as follows:

Compensated absences		(86,141)
OPEB liability		(77,527)
Net pension liability		<u>(2,141,513)</u>
Total long-term liabilities and other adjustments		<u>(2,305,181)</u>

Total net position of governmental activities	\$	<u>745,871</u>
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**CITY OF JASPER, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2020

		<u>General Fund</u>
Revenues		
Taxes	\$	1,057,037
Licenses and permits		110,005
Intergovernmental		148,935
Charges for services		162,362
Fines and forfeits		5,787
Interest		3,131
Miscellaneous		50,081
Total revenues		<u>1,537,338</u>
Expenditures		
Current		
General government services		428,342
Public safety		758,306
Physical environment		4,112
Transportation		271,178
Economic environment		169
Human services		500
Culture/recreation		9,030
Capital outlay		-
Debt service		
Principal		28,854
Interest		1,717
Total expenditures		<u>1,502,208</u>
Excess (deficiency) of revenues over expenditures		<u>35,130</u>
Other financing sources (uses)		
Interfund transfers in		<u>10,000</u>
Net change in fund balances		45,130
Fund balances - beginning		<u>839,626</u>
Fund balances - ending	\$	<u><u>884,756</u></u>

**CITY OF JASPER, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2020

Net change in fund balances - total governmental funds \$ 45,130

The change in net assets reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	-	
Depreciation	<u>(104,099)</u>	
Net adjustment		(104,099)

Repayment of principal is an expenditure in the governmental funds but reduces the corresponding liability at the government wide level in the Statement of Net Assets.

Principal payments		28,855
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Pension costs are recorded in the statement of activities under the accrual basis of accounting; however, the expenditure is not recorded in the governmental funds until paid. The change in the contributions verses expense is:

FRS Pension/HIS Expense		(221,893)
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.

Paid time off, due to its classification as a long-term liability is not recorded under the modified basis of accounting. Also, employment benefits that will likely be paid in the future are not recorded under the modified basis of accounting.

However, all expenses are recorded in the Statement of Activities.

The adjustments described above are as follows:

OPEB benefits		(2,557)
Compensated balance adjustment		<u>8,512</u>

Change of net position of governmental activities		<u>\$ (246,052)</u>
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**CITY OF JASPER, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

September 30, 2020

	Water & Sewer Utility Fund	Natural Gas Utility Fund	Sanitation Fund	Total
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 310,014	\$ 760,382	\$ 224,270	\$ 1,294,666
Cash - certificates of deposit	256,530	-	-	256,530
Accounts receivable	151,913	38,297	43,544	233,754
Allowance for doubtful accounts	(24,022)	(2,958)	(4,516)	(31,496)
Interfund receivables	28,375	90,731	-	119,106
Due from State of Florida	11,000	-	-	11,000
Due from Suwannee River Water Management	194,498	-	-	194,498
Inventory	<u>36,951</u>	<u>12,241</u>	-	<u>49,192</u>
Total current assets	<u>965,259</u>	<u>898,693</u>	<u>263,298</u>	<u>2,127,250</u>
Noncurrent assets				
Restricted assets				
Cash - certificates of deposit	16,414	-	-	16,414
Cash	<u>167,227</u>	<u>31,390</u>	-	<u>198,617</u>
Total restricted assets	<u>183,641</u>	<u>31,390</u>	-	<u>215,031</u>
Capital assets				
Land	667,039	-	-	667,039
Construction in progress	69,630	-	-	69,630
Buildings, net	236,780	-	-	236,780
Infrastructure, net	6,030,838	543,527	-	6,574,365
Equipment, net	169,026	42,156	8,555	219,737
Vehicles, net	<u>42,493</u>	<u>5,664</u>	-	<u>48,157</u>
Total capital assets	<u>7,215,806</u>	<u>591,347</u>	<u>8,555</u>	<u>7,815,708</u>
Total noncurrent assets	<u>7,399,447</u>	<u>622,737</u>	<u>8,555</u>	<u>8,030,739</u>
Total assets	8,364,706	1,521,430	271,853	10,157,989
Deferred outflows of resources				
Pensions	220,773	-	-	220,773
OPEB	<u>20,476</u>	-	-	<u>20,476</u>
Total deferred outflows of resources	<u>241,249</u>	-	-	<u>241,249</u>
Total assets and deferred outflows of resources	<u>\$ 8,605,955</u>	<u>\$ 1,521,430</u>	<u>\$ 271,853</u>	<u>\$ 10,399,238</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 30,913	\$ 22,001	\$ 27,283	\$ 80,197
Interfund payables	142,471	-	28,375	170,846
Accrued leave	34,294	2,329	-	36,623
Taxes payable	-	693	-	693
Customer deposits	163,163	30,230	-	193,393
Notes payable, current portion	<u>69,341</u>	-	-	<u>69,341</u>
Total current liabilities	<u>440,182</u>	<u>55,253</u>	<u>55,658</u>	<u>551,093</u>
Noncurrent liabilities				
OPEB liability	59,630	-	-	59,630
Notes payable	179,605	-	-	179,605
Pension liability	<u>540,370</u>	-	-	<u>540,370</u>
Total noncurrent liabilities	<u>779,605</u>	-	-	<u>779,605</u>
Total liabilities	<u>1,219,787</u>	<u>55,253</u>	<u>55,658</u>	<u>1,330,698</u>
Deferred inflows of resources				
Pensions	99,462	-	-	99,462
OPEB	<u>22,541</u>	-	-	<u>22,541</u>
Total deferred inflows of resources	<u>122,003</u>	-	-	<u>122,003</u>
<b>Net position</b>				
Invested in capital assets, net of related debt	6,966,860	622,737	8,555	7,599,188
Restricted for capital facilities - expendable	16,414	-	-	16,414
Unrestricted	<u>280,891</u>	<u>843,440</u>	<u>207,640</u>	<u>1,330,935</u>
Total net position	<u>7,264,165</u>	<u>1,466,177</u>	<u>216,195</u>	<u>8,946,537</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,605,955</u>	<u>\$ 1,521,430</u>	<u>\$ 271,853</u>	<u>\$ 10,399,238</u>

**CITY OF JASPER, FLORIDA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS**

For the Year Ended September 30, 2020

	<u>Water &amp; Sewer Utility Fund</u>	<u>Natural Gas Utility Fund</u>	<u>Sanitation Fund</u>	<u>Totals</u>
Operating revenues				
Charges for services	<u>\$ 1,453,004</u>	<u>\$ 468,442</u>	<u>\$ 463,309</u>	<u>\$ 2,384,755</u>
Operating expenses				
Other general government services				
Operating expenses	5,285	-	-	5,285
Water-sewer combination services				
Personnel services	506,563	-	-	506,563
Operating expenses	715,943	-	-	715,943
Gas utility services				
Personnel services	-	101,997	-	101,997
Operating expenses	-	263,086	-	263,086
Gas utility services				
Personnel services	-	-	(597)	(597)
Operating expenses	<u>-</u>	<u>-</u>	<u>341,372</u>	<u>341,372</u>
Total operating expenses	<u>1,227,791</u>	<u>365,083</u>	<u>340,775</u>	<u>1,933,649</u>
Operating income (loss)	<u>225,213</u>	<u>103,359</u>	<u>122,534</u>	<u>451,106</u>
Nonoperating revenues (expenses)				
Miscellaneous	1,745	1,262	-	3,007
Interest earnings	8,415	3,766	-	12,181
Federal grant	69,000	-	-	69,000
SRWMD contract	186,098	-	-	186,098
Interest expense	<u>(32,023)</u>	<u>-</u>	<u>-</u>	<u>(32,023)</u>
Total nonoperating revenues (expense)	<u>233,235</u>	<u>5,028</u>	<u>-</u>	<u>238,263</u>
Income before transfers and special item	458,448	108,387	122,534	689,369
Transfers and special item				
Interfund transfers in (out)	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Increase (decrease) in net position	448,448	108,387	122,534	679,369
Net position - beginning	<u>6,815,717</u>	<u>1,357,790</u>	<u>93,661</u>	<u>8,267,168</u>
Net position - ending	<u>\$ 7,264,165</u>	<u>\$ 1,466,177</u>	<u>\$ 216,195</u>	<u>\$ 8,946,537</u>

**CITY OF JASPER, FLORIDA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended September 30, 2020

	Water & Sewer <u>Utility Fund</u>	Natural Gas <u>Utility Fund</u>	Sanitation <u>Fund</u>	<u>Total</u>
Cash flows from operating activities				
Cash received from customers and users	\$ 1,514,406	\$ 458,100	\$ 459,538	\$ 2,432,044
Cash payments for employees and benefits	(461,346)	(102,634)	-	(563,980)
Cash payments for goods and services	<u>(445,742)</u>	<u>(246,376)</u>	<u>(341,184)</u>	<u>(1,033,302)</u>
Net cash provided by (used for) operating activities	<u>607,318</u>	<u>109,090</u>	<u>118,354</u>	<u>834,762</u>
Cash flows from noncapital financing activities				
Cash transfers in (out)	(10,000)	-	-	(10,000)
Interfund loans	(95,393)	-	-	(95,393)
Miscellaneous	<u>1,745</u>	<u>-</u>	<u>-</u>	<u>1,745</u>
Net cash provided by (used for) noncapital financing activities	<u>(103,648)</u>	<u>-</u>	<u>-</u>	<u>(103,648)</u>
Cash flows from capital and related financing activities				
SRWMD Grant	63,950	-	-	63,950
Miscellaneous - reimbursements	-	1,262	-	1,262
Interest and other debt service costs paid	(32,023)	-	-	(32,023)
Purchases of capital assets/CIP	(286,773)	-	-	(286,773)
Payment of long-term debt	<u>(358,823)</u>	<u>-</u>	<u>-</u>	<u>(358,823)</u>
Net cash provided by (used for) capital and related financing activities	<u>(613,669)</u>	<u>1,262</u>	<u>-</u>	<u>(612,407)</u>
Cash flows from investing activities				
Interest revenue	8,415	3,766	-	12,181
(Purchase) sale of certificates of deposit	<u>425,870</u>	<u>353,968</u>	<u>-</u>	<u>779,838</u>
Net cash provided by (used for) investing activities	<u>434,285</u>	<u>357,734</u>	<u>-</u>	<u>792,019</u>
Net increase (decrease) in cash	324,286	468,086	118,354	910,726
Cash and cash equivalents - beginning	<u>152,955</u>	<u>323,686</u>	<u>105,916</u>	<u>582,557</u>
Cash and cash equivalents - ending	<u>\$ 477,241</u>	<u>\$ 791,772</u>	<u>\$ 224,270</u>	<u>\$ 1,493,283</u>
Reconciliation of operating loss to net cash provided by operating activities				
Operating income (loss)	<u>\$ 225,213</u>	<u>\$ 103,359</u>	<u>\$ 122,534</u>	<u>\$ 451,106</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	272,909	17,425	1,036	291,370

(Continued)

See notes to financial statements.

**CITY OF JASPER, FLORIDA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended September 30, 2020

	Water & Sewer <u>Utility Fund</u>	Natural Gas <u>Utility Fund</u>	Sanitation <u>Fund</u>	<u>Total</u>
Reconciliation (continued)				
Changes in assets and liabilities				
Decrease (increase) in				
Accounts receivable, net	\$ 48,887	\$ (11,182)	\$ (3,771)	\$ 33,934
Inventory	1,320	(48)	-	1,272
Deferred outflows	(7,860)	-	-	(7,860)
Increase (decrease) in				
Accounts payable	1,257	(788)	(848)	(379)
OPEB liability	1,377	-	-	1,377
Taxes payable	-	121	-	121
Deposits	12,515	840	-	13,355
Compensated absences	(6,362)	(637)	(597)	(7,596)
Pension liability	<u>58,062</u>	<u>-</u>	<u>-</u>	<u>58,062</u>
Total adjustments	<u>382,105</u>	<u>5,731</u>	<u>(4,180)</u>	<u>383,656</u>
Net cash provided by (used for) operating activities	<u>\$ 607,318</u>	<u>\$ 109,090</u>	<u>\$ 118,354</u>	<u>\$ 834,762</u>
Noncash transactions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of cash reported on statement of net position to cash reported on the statement of cash flows:				
	Water & Sewer <u>Utility Fund</u>	Natural Gas <u>Utility Fund</u>	Sanitation <u>Fund</u>	<u>Total</u>
Per the statement of net position				
Cash and cash equivalents	\$ 310,014	\$ 760,382	\$ 224,270	\$ 1,294,666
Certificates of deposit	256,530	-	-	256,530
Restricted assets				
Cash - certificates of deposit	16,414	-	-	16,414
Cash	<u>167,227</u>	<u>31,390</u>	<u>-</u>	<u>198,617</u>
Total cash	750,185	791,772	224,270	1,766,227
Less certificates of deposit				
Operating	(256,530)	-	-	(256,530)
Impact fees	<u>(16,414)</u>	<u>-</u>	<u>-</u>	<u>(16,414)</u>
Cash reported on the statement of cash flows	<u>\$ 477,241</u>	<u>\$ 791,772</u>	<u>\$ 224,270</u>	<u>\$ 1,493,283</u>

## CITY OF JASPER, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2020

#### **NOTE 1. – Summary of Significant Accounting Policies**

The City of Jasper is a political subdivision of the State of Florida, originally chartered in 1907, under the Laws of the State of Florida, Number 5811 and, accordingly, is subject to restrictions imposed by the Florida Constitution and Statutes as well by its own ordinances. An elected Council governs the City. All other City officials are appointed by the City Council.

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

#### **A. Reporting Entity**

These financial statements present only the City of Jasper, Florida (the primary government). As defined by GASBS No. 14, component units are legally separate entities that are to be included in the City's reporting entity because of the significance of the operating or financial relationships with the City. For the purpose of the City's basic financial statements, the reporting entity consists of those functions and activities administered directly by the City Council and would include the following component units: The Jasper Planning and Zoning Board and the Jasper Planning and Zoning Board of Appeals.

As of and for the year ended September 30, 2020, the Jasper Planning and Zoning Board and the Jasper Planning and Zoning Board of Appeals had no assets or liabilities or financial activity, therefore, no amounts are included in the City's financial statements.

#### **B. Basis of Presentation, Basis of Accounting**

##### **Basis of Presentation**

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary funds and component units that are fiduciary in nature, if applicable. Eliminations have been made to minimize the double counting of internal activities by the elimination of interfund activity.

These statements distinguish between the *governmental* and *business-type activities* of the City.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The City's governmental activities include all services except

the City's utilities, which are considered business-type activities. Business-type activities are financed in whole or, largely, by fees charged to external parties.

In the government-wide statement of net assets, both the government and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The statement of activities presents a comparison, reporting the gross and net costs, between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. There are no indirect expense allocations and, therefore, none have been reversed for the statement of activities.

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds and focus on the determination of financial position and changes in financial position rather than upon net income. Separate statements for each fund category—*governmental and proprietary* are presented.

The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds, if any, are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The focus of the proprietary fund measurement is upon determination of operating income, changes in net position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary fund operating revenues consist only of those resulting directly from the provision of the service provided. Nonoperating revenues represent all other receipts.

The City reports the following major governmental fund:

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



The City reports the following major enterprise funds:

Water and Sewer Utility Fund - this fund accounts for the operation, maintenance, and development of the City's water and sewer services.

Natural Gas Utility Fund - this fund accounts for the operation, maintenance, and development of the City's natural gas services.

Sanitation Utility Fund - this fund accounts for the operation, maintenance, and development of the City's sanitation services.

### **Measurement Focus, Basis of Accounting**

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus or accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental revenues, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

### **C. Assets, Liabilities Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

#### Deposits

The City pools its operating accounts. The City's General, Water/Sewer, Gas, and Sanitation Funds all are part of the pool. Interest earnings on the operating account are budgeted in and credited into the City's General Fund. All other deposit accounts are unique to the intended

purpose (customer deposits, petty cash, debt reserve), and the interest earnings are attributed to the custodial fund.

### Cash and Cash Equivalents

For purposes of the Enterprise Funds' Statement of Cash Flows, the City has defined cash and cash equivalents to include cash on hand, demand deposits, and certain certificates of deposit with original maturities of three months or less.

### Inventories

Inventories of the enterprise funds are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The enterprise funds use the consumption method for accounting for the inventory. The costs of governmental fund-type inventories are recorded as expenditures at the time of purchase. Actual inventories in the governmental funds on hand at year-end would not be material to the financial statements.

### Capital Assets

Capital assets purchased are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over their estimated useful lives. Estimated useful lives and the asset category's capitalization threshold are as follows:

	<u>Useful Life</u>	<u>Capitalization Threshold</u>
Buildings	20-75 years	\$5,000
Infrastructure/improvements	10-50 years	10,000
Equipment	5-10 years	1,000
Vehicles	5-10 years	1,000
Property under capital lease	5-10 years	1,000

GASBS No. 34 required the City to report and depreciate new infrastructure assets effective with the 2004 fiscal year. Infrastructure assets include roads, bridges, underground pipe, traffic signals, sidewalks, etc. In the future, these infrastructure assets are likely to be the City's largest asset class.

As a Phase 3 entity under GASB 34, the City elected not to retroactively report general, governmental, and infrastructure capital assets constructed or purchased prior to the 2004 fiscal year.

## Pensions

In the government-wide statement of net position, liabilities are recognized for the City's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The City's retirement plans and related amounts are described in a subsequent note.

## Other post-employment benefits (OPEB)

*Florida Statutes* 112.0801 requires that "any state agency, county, municipality, special district, community college, or district school board that provides life, health, accident, hospitalization, or annuity insurance, or all of any kinds of such insurance, for its officers and employees and their dependents upon a group insurance plan or self-insurance plan shall allow all former personnel who retired before October 1, 1987, as well as those who retire on or after such date, and their eligible dependents, the option of continuing to participate in the group insurance plan or self-insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. For retired employees and their eligible dependents, the cost of continued participation may be paid by the employer or by the retired employees."

As a result of the above, the City incurs an implicit cost in the provision of its health care to employees. This cost is recognized as an OPEB liability/expense.

The City's OPEB amounts are reported in a subsequent note.

## Long-term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

Changes in long-term liabilities for the current year are reported in a subsequent note.

## Compensated Absences

Compensated absences are absences for which employees will be paid, such as paid time off. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the City and its employees are accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the City and its employees are accounted for in the period in which such services are rendered or such events take place. The calculation for the accrued paid time off is based upon the hourly balances and the employee's rate of pay at year-end.

## Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two item(s) that qualifies for reporting in this category. The deferred outflows of resources related to pensions and OPEB are discussed in a subsequent note.

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: business licenses. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflows of resources related to pensions and OPEB are discussed in subsequent notes.

## Net Position Flow Assumption

The City periodically funds outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Consequently, it is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

## Fund Balance Flow Assumptions

The City may fund outlays for a particular purpose from both restricted and unrestricted resources (unassigned fund balance). To compute the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of

the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers.

Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. At the government-wide statement of activities, transfers between governmental and business type activities are netted.

### Governmental Funds - Fund Balances

GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the City's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the users of those resources.

The City does not have a policy regarding the commitment or assignment of fund balances. As a result, the City does not report any committed fund balance. In accordance with GASB 54, the City reports the amount of the fund balance needed to eliminate expected expenditures over expected revenues in the subsequent year budget as assigned fund balance of the general fund, if applicable.

When restricted, assigned, and unassigned funds are available for use, the City's procedures are to use the restricted funds first, followed by the assigned funds, and then the unassigned funds.

### Property Tax Calendar

Article VII of the Florida Constitution provides that Cities are authorized to impose ad valorem taxes on real and tangible personal property. The City's property taxes, levied by November 1, on assessed valuations as of January 1, are due and payable November 1. Taxes not paid by the following April 1, are considered delinquent and subject to collection through the issuance of tax warrants (personal property taxes) and the sale of tax certificates (real property taxes). All taxes imposed pursuant to the constitution and the laws of the State of Florida constitute a first lien as of January 1, superior to all other liens, continuing in force until discharged by payment or until barred by the provisions of Chapter 95, *Florida Statutes*. Elected officials of Hamilton County, Florida, perform the property assessment and tax collection functions.

## Restricted Assets

The Water and Sewer Utility Fund is required by loan agreement to establish and maintain prescribed amounts of resources (consisting of a certificate of deposit) that can only be used to accumulate and pay for the subsequent year's debt service. Deposits placed by utility customers require that cash be restricted in the deposit amounts. All impact fee collections are also restricted for future capital facility expansion. The restricted amounts at year-end are as follows:

	<u>Amount</u>
Customer deposits	198,617
Capital facilities	<u>16,414</u>
Total	<u>\$ 215,031</u>

In accordance with *Florida Statutes* 163.31801, the City has restricted the amounts collected under the aforementioned Statute, as well as the related net position, for future infrastructure improvements.

The government-wide statement of net position reports restricted net position of \$16,414, none of which is restricted by enabling legislation.

### **NOTE 2. Deposits**

Pursuant to Section 218.415(17), *Florida Statutes*, the City is authorized to invest surplus public funds in:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act of 1969, as provided in s. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02.
- (d) Direct obligations of the U.S. Treasury.

At September 30, 2020, the City's deposits held in Qualified Public Depositories totaled \$3,843,401. Of this balance, \$500,000 was covered by federal depository insurance. The remainder of \$3,343,401 is insured through the Bureau of Collateral Management, Division of Treasury, Department of Financial Services under *Florida Statutes* Chapter 280.

GASBS No. 9 provides that generally only investments with an original maturity of less than three months or less are cash equivalents. Therefore, on the Proprietary Funds' Statement of Cash Flows, the certificates of deposit with maturities of twelve months are deemed investments.

However, per GASBS No. 3, for disclosure purposes, the amounts are considered deposits (cash) and are included in the amounts above.

The City had no investments other than Certificates of Deposit (CDs) at September 30, 2020.

The City's CDs at September 30, 2020, were as follows:

Qualified Public Depository	<u>Balance/Fair Value</u>	<u>Rate</u>	<u>Term</u>	<u>Maturity</u>
First Federal Bank of Florida	\$ 256,530	1.40%	12 months	1/18/2021
First Federal Bank of Florida	<u>16,414</u>	0.65%	12 months	2/29/2020
Total certificates of deposit	<u>\$ 272,944</u>			

**NOTE 3. Receivables**

At September 30, 2020, the City was owed \$233,754 largely for billed services provided. The amounts and established allowances for uncollectible accounts are indicated below:

	<u>General</u>	<u>Water and Sewer</u>	<u>Gas</u>	<u>Sanitation</u>	<u>Totals</u>
Billed amounts	\$ 941	\$ 151,913	\$ 38,297	\$ 43,544	\$ 233,754
Allowance for doubtful accounts	-	<u>(24,022)</u>	<u>(2,958)</u>	<u>(4,516)</u>	<u>(31,496)</u>
Totals	<u>\$ 941</u>	<u>\$ 127,891</u>	<u>\$ 35,339</u>	<u>\$ 39,028</u>	<u>\$ 203,199</u>

The City has assessed approximately \$396,000 in code enforcement fines. During the year ending September 30, 2009, the City suspended all collections. In prior years, liens were filed in a number of instances. Due to the uncertainty of any future collections, the City has not recorded the fines receivable at the government wide level.

**NOTE 4. Due from Other Governments**

Due from other governmental units consists of the following amounts at September 30, 2020:

<u>Description</u>	<u>Amount</u>
State of Florida - Intergovernmental revenues	\$ 32,525
Hamilton County	18,192
SRWMD	<u>194,498</u>
Total	<u>\$ 245,215</u>

## NOTE 5. Capital Assets

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 241,442	\$ -	\$ -	\$ 241,442
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>241,442</u>	<u>-</u>	<u>-</u>	<u>241,442</u>
Capital assets being depreciated				
Buildings	402,445	-	-	402,445
Infrastructure/improvements	1,351,990	-	-	1,351,990
Equipment and furniture	311,676	-	-	311,676
Vehicles	1,027,245	-	-	1,027,245
Property under capital leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets being depreciated	<u>3,093,356</u>	<u>-</u>	<u>-</u>	<u>3,093,356</u>
Less accumulated depreciation for				
Buildings	\$ (194,619)	\$ (5,849)	\$ -	(200,468)
Infrastructure/improvements	(600,997)	(28,149)	-	(629,146)
Equipment and furniture	(162,641)	(12,131)	-	(174,772)
Vehicles	<u>(575,240)</u>	<u>(57,970)</u>	<u>-</u>	<u>(633,210)</u>
Total accumulated depreciation	<u>(1,533,496)</u>	<u>(104,099)</u>	<u>-</u>	<u>(1,637,595)</u>
Total capital assets being depreciated, net	<u>1,559,860</u>	<u>(104,099)</u>	<u>-</u>	<u>1,455,761</u>
Governmental activities capital assets, net	<u>\$ 1,801,302</u>	<u>\$ (104,099)</u>	<u>\$ -</u>	<u>\$ 1,697,203</u>
<b>Business-type activities</b>				
<b>Water and Sewer</b>				
Capital assets not being depreciated				
Land	\$ 667,039	\$ -	\$ -	\$ 667,039
Construction in progress	<u>14,350</u>	<u>272,562</u>	<u>217,282</u>	<u>69,630</u>
Total capital assets not being depreciated	<u>681,389</u>	<u>272,562</u>	<u>217,282</u>	<u>736,669</u>
Capital assets being depreciated				
Buildings	288,160	-	-	288,160
Infrastructure/improvements	11,621,819	217,282	-	11,839,101
Equipment and furniture	429,168	14,212	-	443,380
Vehicles	<u>304,163</u>	<u>-</u>	<u>-</u>	<u>304,163</u>
Total capital assets being depreciated	<u>12,643,310</u>	<u>231,494</u>	<u>-</u>	<u>12,874,804</u>
Less accumulated depreciation for				
Buildings	(48,284)	(3,096)	\$ -	(51,380)
Infrastructure/improvements	(5,570,159)	(238,104)	-	(5,808,263)
Equipment and furniture	(254,701)	(19,653)	-	(274,354)
Vehicles	<u>(249,613)</u>	<u>(12,057)</u>	<u>-</u>	<u>(261,670)</u>
Total accumulated depreciation	<u>(6,122,757)</u>	<u>(272,910)</u>	<u>-</u>	<u>(6,395,667)</u>
Total capital assets being depreciated, net	<u>6,520,553</u>	<u>(41,416)</u>	<u>-</u>	<u>6,479,137</u>
Water and Sewer capital assets, net	<u>\$ 7,201,942</u>	<u>\$ 231,146</u>	<u>\$ 217,282</u>	<u>\$ 7,215,806</u>



(Note 5 continued)

Gas Utility

Capital assets being depreciated				
Infrastructure/improvements	\$ 960,551	\$ -	\$ -	\$ 960,551
Equipment and furniture	66,299	-	-	66,299
Vehicles	<u>33,748</u>	<u>-</u>	<u>-</u>	<u>33,748</u>
Total capital assets being depreciated	<u>1,060,598</u>	<u>-</u>	<u>-</u>	<u>1,060,598</u>
Less accumulated depreciation for				
Infrastructure/improvements	(403,974)	(13,051)	-	(417,025)
Equipment and furniture	(22,393)	(1,748)	-	(24,141)
Vehicles	<u>(25,459)</u>	<u>(2,625)</u>	<u>-</u>	<u>(28,084)</u>
Total accumulated depreciation	<u>(451,826)</u>	<u>(17,424)</u>	<u>-</u>	<u>(469,250)</u>
Gas utility capital assets, net	<u>\$ 608,772</u>	<u>\$ (17,424)</u>	<u>\$ -</u>	<u>\$ 591,348</u>

Sanitation

Capital assets being depreciated				
Equipment and furniture	\$ 17,534	\$ -	\$ -	\$ 17,534
Vehicles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets being depreciated	<u>17,534</u>	<u>-</u>	<u>-</u>	<u>17,534</u>
Less accumulated depreciation for				
Equipment and furniture	(7,943)	(1,037)	-	(8,980)
Vehicles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>(7,943)</u>	<u>(1,037)</u>	<u>-</u>	<u>(8,980)</u>
Sanitation capital assets, net	<u>\$ 9,591</u>	<u>\$ (1,037)</u>	<u>\$ -</u>	<u>\$ 8,554</u>

Depreciation expense was charged to the various functions as follows:

Governmental activities

General government	\$ 1,617
Public safety	75,786
Transportation	19,851
Culture/recreation	<u>6,845</u>
Total governmental activities depreciation expense	<u>\$ 104,099</u>

Business type activities

Water/sewer	\$ 272,910
Gas	17,424
Sanitation	<u>1,037</u>
Total business-type activities depreciation expense	<u>\$ 291,371</u>

**NOTE 6. Interfund Balances and Activity**

Interfund balances at September 30, 2020, were as follows:

Major funds	<u>Due from</u>	<u>Due to</u>
General	\$ 51,740	\$ -
Water and Sewer	28,375	142,471
Gas	90,731	-
Sanitation	-	28,375
Totals	<u>\$ 170,846</u>	<u>\$ 170,846</u>

The above amounts are short term loans. The City expects to extinguish all interfund receivables/payables in the subsequent year.

Interfund transfers during the year ending September 30, 2020, were as follows:

Major funds	<u>Transfer out</u>	<u>Transfer in</u>
General	\$ -	\$ 10,000
Water and Sewer	10,000	-
Total major funds	<u>\$ 10,000</u>	<u>\$ 10,000</u>

The above amounts were payments of short-term interfund loans or budgetary transfers.

**NOTE 7. Long-term Obligations**

Business-type Activities – Notes payable

On June 12, 2012, the City refinanced the Utilities System Revenue Bond Series 1988, Bond Numbers\_1 & 2 via a note payable with First Federal Bank of Florida.

The note requires annual payments of \$90,847 including fixed interest of 3.99%; a note payment account, within which the annual debt service amount is to be accumulated; maintenance of the facilities in good condition, enforcement and collection of rates, and revenues sufficient to pay at least 125% of the principal and interest due each year. It disallows the rendering of free services.

Debt service requirements on business-type long-term debt at September 30, 2020, are as follows:

Year ending September 30,	<u>Business-type Activities</u>	
	<u>Bond Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 69,341	\$ 21,506
2022	72,159	18,688
2023	75,091	15,756
2024	32,355	5,261
Totals	<u>\$ 248,946</u>	<u>\$ 61,211</u>

Pledge Future Revenues for the Note Payable is as follows:	Water/sewer
Collateralized Debt - Revenue Refunding Bond	<u>Fund</u>
Pledged revenue required for future principal and interest on existing note payable	\$ 310,157
Term of commitment fiscal year ending September 30, 2020	4 years
Percentage of revenue pledged	100%
Current fiscal year pledged revenue	\$ 535,825
Current fiscal year principal and interest paid	\$ 397,367

Changes in long-term obligations for the year ended September 30, 2020, are as follows:

	<u>10/1/2019</u>	<u>Adds</u>	<u>Deletes</u>	<u>9/30/2020</u>	Amounts Due Within <u>One Year</u>
Governmental Activities					
Compensated absences	\$ 94,654	\$ 61,096	\$ 69,609	\$ 86,141	\$ -
OPEB liability	49,556	27,971	-	77,527	-
Capital leases	28,855	-	28,855	-	-
Net pension liability	1,973,999	167,514	-	2,141,513	-
Totals	<u>\$ 2,147,064</u>	<u>\$ 256,581</u>	<u>\$ 98,464</u>	<u>\$ 2,305,181</u>	<u>\$ -</u>
Business-type Activities					Due Within <u>One Year</u>
Compensated absences	\$ 44,219	\$ 26,653	\$ 34,249	\$ 36,623	\$ 36,623
OPEB liability	44,568	15,062	-	59,630	-
Notes payable	607,769	-	358,823	248,946	69,341
Net pension liability	502,471	37,899	-	540,370	-
Totals	<u>\$ 1,199,027</u>	<u>\$ 79,614</u>	<u>\$ 393,072</u>	<u>\$ 885,569</u>	<u>\$ 105,964</u>

## NOTE 8. Fund Balance Reporting

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) provides a more structured classification of fund balance and improves the usefulness of fund balance reporting. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on their uses. It provides for two major types of fund balances for governmental funds, which are nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and the principal of permanent or endowment funds. These items are not applicable to the City's governmental funds. However, it does have nonspendable funds relating to its permanent fund.

A hierarchy of spendable fund balances is as follows:

Restricted – Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed – Fund balances that contain self-imposed constraints of the government from the City Council, its highest level of decision-making authority via action during a public meeting.

Assigned – Fund balances that contain self-imposed constraints of the City Council to be used for a particular purpose. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as nonspendable, restricted, or

committed. No policy has been established to authorize any individual or political body the right to assign resources.

Unassigned – Fund balance of the general fund that is not constrained for any particular purpose.

The City has classified its fund balances with the following hierarchy:

Spendable

The City has classified the spendable fund balance as unassigned. At September 30, 2020, the unassigned general fund balance was \$884,756 or fifty-nine percent of the General Fund’s total expenditures.

A summary of the fund balances at September 30, 2020, is as follows:

Description	<u>General Fund</u>
Fund balances:	
Unassigned	<u>\$ 884,756</u>

**NOTE 9. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance via the Preferred Governmental Insurance Trust. Under this insurance pool, the City pays annual premiums to the pool for its insurance coverage. The agreement for formation of the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specific amounts. In addition, the City carries commercial insurance for dishonesty bonding.

Claims resulting from the above risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreements of the Preferred Governmental Insurance Trust allows for the pool to make additional assessments to make the pools self-sustaining. It is not possible to estimate the amount of such additional assessments, which might have to be paid by the City.

**NOTE 10. Florida Retirement System (FRS) - Defined Benefit Pension Plan**

General Information

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the City are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature.

The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site.

The City's pension expense (FRS \$439,125 and HIS \$27,584) totaled \$466,709 for the fiscal year ended September 30, 2020.

### **FRS Pension Plan:**

Plan Description: The FRS Pension Plan (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 are as follows:

*Regular Class* – Members of the FRS who do not qualify for membership in the other classes.

*Elected County Officers Class* – Members who hold specified elective offices in local government.

*Senior Management Service Class (SMSC)* – Members in senior management level positions.

*Special Risk Class* – Members who are employed as law enforcement officers and select other public safety positions meet the criteria to qualify for this class

*Special Risk Administrative Support Class* – Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service except for members classified as special risk that are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk that are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision;

however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided: Benefits under the 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 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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 class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service</u></b>	<b><u>% Value</u></b>
<b><i>Regular Class members initially enrolled before July 1, 2011</i></b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<b><i>Regular Class members initially enrolled on or after July 1, 2011</i></b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<b><i>Elected County Officers</i></b>	3.33
<b><i>Senior Management Service Class</i></b>	2.00
<b><i>Special Risk Regular</i></b>	
Service from December 1, 1970, through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by

dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions: The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2019-20 fiscal year were as follows:

Class	<u>Percent of Gross Salary</u>		<u>Total Contribution Rate</u>
	<u>Employee</u>	<u>Employer (1)</u>	
FRS, Regular	3.00%	6.75%	9.75%
FRS, Elected County Officers	3.00%	47.10%	50.10%
FRS, Senior Management Service	3.00%	23.69%	26.69%
FRS, Special Risk Regular	3.00%	23.76%	26.76%
FRS, Special Risk Administrative	3.00%	36.87%	39.87%
DROP - Applicable to member from all of the above classes	0.00%	12.94%	12.94%

Notes

1. Rates include the normal cost and unfunded liability contributions but do not include the 1.66 percent contribution for the Retiree Health Insurance Subsidy and the fee of 0.06 percent for administration of the FRS Investment Plan and provision of educational tools for both plans.

The City's contributions to the Plan totaled \$175,079 (including employee contributions totaled \$202,413) for the fiscal year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2020, the City reported a liability of \$2,062,048 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The City's proportionate share of the net pension liability was based on the City's 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2020, the City's proportionate share was .004758894 percent, which was a decrease of .0005828319 percent from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the City recognized pension expense of 264,046. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ (87,196)	\$ 160,167
Changes in assumptions	403,619	-
Net difference between projected and actual earnings on FRS pension plan investments	583,501	(304,015)
Changes in proportion and differences between City's FRS contributions and proportionate share of contributions	(41,564)	(286,974)
City FRS contributions subsequent to the measurement date	3,641	-
Total	<u>\$ 862,001</u>	<u>\$ (430,822)</u>

The deferred outflows of resources related to pensions, totaling \$38,174, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ending September 30		<u>Amount</u>
2021	\$	(25,167)
2022		(25,167)
2023		(25,167)
2024		(25,167)
2025		(22,650)
Thereafter		-

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

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent

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

The actuarial assumptions used were developed as of a June 30, 2020, measurement date and are based on an actuarial valuation date of July 1, 2020. Valuations are performed annually.

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

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

1. As outlined in the FRS Pension Plan's investment policy available from Funds We Manage on the SBA's website at [www.sbafla.com](http://www.sbafla.com).



Discount Rate: The discount rate used to measure the total pension liability was 6.80 percent. The 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.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate: The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.80 percent) or 1 percentage-point higher (7.80 percent) than the current rate:

	1% Decrease <u>5.80%</u>	Current Discount Rate <u>6.80%</u>	1% Increase <u>7.80%</u>
City's proportionate share of the net pension liability	\$ <u>3,292,744</u>	\$ <u>2,062,048</u>	\$ <u>3,089,931</u>

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

Payables to the Pension Plan: At September 30, 2020, the City reported a payable of \$17,844 (FRS \$10,637, HIS \$1,400, INV \$5,807) for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2020.

### **HIS Pension Plan**

Plan Description: The HIS Pension Plan (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 June 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2020, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS Plan totaled \$27,584 for the fiscal year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2020, the City reported a net pension liability of \$619,835 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and based on an actuarial valuation performed July 1, 2020. The total pension liability used to calculate the net pension liability was determined on the same basis used as the plan. The City's proportionate share of the net pension liability was based on the City's 2019-20 fiscal year contributions relative to the June 30, 2020, fiscal year contributions of all participating members.

At June 30, 2020, the City's proportionate share was .003521516 percent, which was a decrease of .0004793641 percent from its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$27,584. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ 29,182	\$ (699)
Changes in assumptions	57,337	(65,851)
Net difference between projected and actual earnings on FRS pension plan investments	-	418
Changes in proportion and differences between City's FRS contributions and proportionate share of contributions	160,316	(30,415)
City FRS contributions subsequent to the measurement date	<u>4,522</u>	<u>-</u>
Total	<u>\$ 251,357</u>	<u>\$ (96,547)</u>

The deferred outflows of resources, totaling \$4,428 was related to pensions resulting from City contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ending September 30	<u>Amount</u>
2021	\$ (7,098)
2022	(7,098)
2023	(7,098)
2024	(7,098)
2025	(7,098)
Thereafter	(8,517)

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

Inflation	2.40 percent
Salary increases	3.25 percent
Municipal bond rate	2.21 percent

Mortality rates were based on the PUB-2010 base table.

The actuarial assumptions used in the June 30, 2020, valuation was developed as of a June 30, 2020, measurement date, based on an actuarial valuation date of July 1, 2020, using procedures to update the liability through June 30, 2020. HIS plan valuations occur on a biennial basis.

Discount Rate The discount rate used to measure the total pension liability was 3.50 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 2.21 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.21 percent) or 1 percentage-point higher (3.21 percent) than the current rate:

	1% Decrease <u>1.21%</u>	Current Discount <u>2.21%</u>	1% Increase <u>3.21%</u>
City's proportionate share of the net pension liability	\$ <u>716,502</u>	\$ <u>619,835</u>	\$ <u>540,714</u>

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

Payables to the Pension Plan at September 30, 2020, the City reported a payable of \$1,400 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended September 30, 2020.

### **FRS – Defined Contribution Pension Plan**

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees

participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.

The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit 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 plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

Allocations to the investment member’s accounts during the 2019-20 fiscal year were as follows:

Class	Contributions		
	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
FRS, Regular	3.00%	3.30%	6.30%
FRS, Elected County/Local Officers	3.00%	8.34%	11.34%
FRS, Senior Management Service	3.00%	4.67%	7.67%

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS 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 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. At September 30, 2020, the City does not know the amount of forfeited funds, if any, but estimates that the amount would be immaterial.

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 FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City’s Investment Plan pension expense totaled \$59,084, for the fiscal year ended September 30, 2020.

## Note 11. Postemployment Benefits Other Than Pensions (OPEB)

### General Information

#### Plan description

The City of Jasper, Florida, sponsors and administers the single-employer OPEB unfunded plan. The plan covers fourteen active employees with no inactive employees and beneficiaries currently receiving benefits and no inactive employees entitled to and not yet receiving benefits. The City's retirees' contribution requirement is an amount determined periodically by the City equal to one hundred percent of the applicable health insurance premium charged by the insurance carrier. There are no minimum required employer contributions. No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph 4 to pay for related benefits.

#### Benefits provided

Benefits are provided to regular, full-time employees of the City. Benefits provided are post-retirement medical benefits. The plan provides for post-retirement medical coverage to eligible employees under the same fully-insured plan that covers active employees. No explicit subsidy is provided to retirees. *Florida Statutes* 112.0801 requires the City to offer retirees health insurance on the same basis as employees provided that the retiree pays the full premium for the relevant coverage. There were no changes in benefit terms from the prior measurement date.

#### Total OPEB Liability

The City's total OPEB liability of \$137,157, was measured as of September 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs: The total OPEB liability in the September 30, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.14% per annum: this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
Salary increases	3.00% per annum
Cost of living increases	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 7.00% for the 2019/20 fiscal year graded down by 0.50% per year to 5.00% for the 2023/24 and later fiscal years.
Age related morbidity	Insurance premiums are assumed to increase with each year of age in accordance with the rates set forth in the Society of Actuaries report "Health Care Costs - From Birth to Death" prepared by Dale H. Yamamoto (June 2013). Rates set forth in Chart 2 (Group Costs by Age for 2009-10) were used to develop the morbidity rates prior to age 65 and the rates set forth in Table 4 (Development of Plan Specific Medicare Age Curve) were used to develop the morbidity rates after age 65.
Implied subsidy	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy has been assumed for the 2019/20 fiscal year based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates. The implied subsidy is assumed to disappear at age 65.
Mortality basis	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general and public safety employees, with full generational improvements in mortality using Scale MP-2017
Retirement	For general employees, retirement is assumed to occur at age 62. For firefighters and police officers, retirement is assumed to occur at age 55.
Other decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1 for general employees and Class 4 for firefighters and police officers).
Covered election	50% of eligible employees are assumed to elect medical coverage upon retirement or disability, with one-third of electing retirees also covering their spouse.
Spouses and dependents COBRA	Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children. Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.
Changes	Since the prior measurement date, the discount rate was decreased from 3.58% per annum to 2.14% per annum, and the morbidity assumption was changed from 3.50% to each age to the rates described above.

**Net OPEB liability at September 30, 2020:**

Total OPEB liability *	\$ 137,157
Less fiduciary net position	<u>-</u>
Net OPEB liability **	<u>\$ 137,157</u>

\* rolled forward from October 1, 2019

\*\* recognized as follows:

Long-term obligations	\$ 77,527
Water/sewer Fund	<u>59,630</u>
Net OPEB liability	<u>\$ 137,157</u>

Service cost	\$ 10,454
Other recognized changes in net pension	
Expected interest growth	2,147
Investment gain/loss	-
Demographic gain/loss	(3,459)
Employee contributions	-
Benefit payments & refunds	(8,566)
Administrative expenses	-
Changes in benefit terms	-
Assumption changes	<u>3,358</u>
OPEB expense *	<u>\$ 3,934</u>

\* expense recognized as follows:

Statement of Activities - governmental	\$ 2,557
Water/sewer Fund	<u>1,377</u>
Total OPEB expense recognized	<u>\$ 3,934</u>

**Deferred Inflows of Resources and Deferred Outflows of Resources Related to OPEB**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2019	\$ -	<u>\$ 36,749</u>
Change due to:		
Amortization payments	(7,718)	(7,819)
Investment gain/loss	-	-
Demographic gain/loss	-	27,222
Assumption changes	<u>66,220</u>	<u>-</u>
Total change	<u>58,502</u>	<u>19,403</u>
Balance as of September 30, 2020 *	<u>\$ 58,502</u>	<u>\$ 56,152</u>
* recognized as follows:		
Long-term obligations	\$ 38,026	\$ 33,611
Water/sewer Fund	<u>20,476</u>	<u>22,541</u>
Deferred outflows/inflows of resources	<u>\$ 58,502</u>	<u>\$ 56,152</u>

**Balance Equation**

Net OPEB liability as of September 30, 2019	\$	94,124
Plus OPEB expense for the year ending September 30, 2020		3,934
Minus employer contribution for the year ending September 30, 2020		-
Plus change in balance of deferred outflows of resources		58,502
Minus change in balance of deferred inflows of resources		(19,403)
Net OPEB liability as of September 30, 2020	<u>\$</u>	<u>137,157</u>

<b>Changes in the net OPEB liability</b>	Total OPEB <u>Liability</u>	Fiduciary <u>Net Position</u>	Net OPEB <u>Liability</u>
Balance as of September 30, 2019	\$ 94,124	\$ -	\$ 94,124
Change due to:			
Service cost	10,454	-	10,454
Expected interest growth	2,147	-	2,147
Unexpected investment income	-	-	-
Demographic experience	(27,222)	-	(27,222)
Employer contributions	-	-	-
Employee contributions	-	-	-
Benefit payments & refunds	(8,566)	-	(8,566)
Administrative expenses	-	-	-
Changes in benefit terms	-	-	-
Assumption changes	66,220	-	66,220
Balance as of September 30, 2020	<u>\$ 137,157</u>	<u>\$ -</u>	<u>\$ 137,157</u>

**Comparison of net OPEB liability using alternative discount rates**

	<u>Discount Rate minus 1.00%</u>	<u>2.14% Discount Rate</u>	<u>Discount Rate plus 1.00%</u>
Total OPEB liability	\$ 147,153	\$ 137,517	\$ 128,044
Less fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 147,153</u>	<u>\$ 137,517</u>	<u>\$ 128,044</u>

**Comparison of net OPEB liability using Alternative Healthcare Cost Trend Rates**

	<u>Trend rates minus 1.00%</u>	7.00% graded <u>down to 5.00%</u>	<u>Trend rates plus 1.00%</u>
Total OPEB liability	\$ 123,074	\$ 137,157	\$ 154,195
Less fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 123,074</u>	<u>\$ 137,157</u>	<u>\$ 154,195</u>

**Note 12. Economic Dependency**

The City receives a significant portion of its utility revenues from the Florida Department of Corrections – approximately forty-eight percent. If this customer ceased operations, the financial condition of City could be adversely affected.

## **Note 13. Commitments**

### **Refuse Collection**

On December 1, 2015, the City “amended in its entirety and replaced” its contract with Waste Pro of Florida, Inc., for the collection of residential, commercial, and front-end load collection of household refuse and yard waste.

The solid waste agreement is for the period December 1, 2015, to December 1, 2020. The agreement automatically is extended for successive five (5) year terms unless either party give the other party three hundred and sixty (360) days’ notice in writing prior to the then current expiration date of its intention not to renew the Contract.

Per the agreement, residential rates are fixed for the period and commercial rates increase five (5) percent annually.

### **Regulatory Compliance Agreement**

The City has an agreement with City Services, Inc., for “proper and necessary regulatory compliance services.”

The agreement is for a three-year period ending in May 2021. It automatically renews for successive three-year terms unless prior written notice is provided.

The fee for the services is as follows: 1. Monthly maintenance charge of \$650 2. \$60 per hour for on-site programs and procedures 3. Mileage of .85 per actual mile traveled 4. Per diem expense of \$165 per night of overnight stay.

### **Florida Department of Environmental Protection – Consent Order (Second Amendment)**

The City is operating under a Consent Order from the Florida Department of Environmental Protection, OGC File No.: 15-0414.

The Consent Order requires the City to submit a proposal and a corrective action plan to the Department to meet and address final effluent limits for total nitrogen, ammonia and total nitrogen, unionized ammonia at the City’s sewer plant. Reports monitoring the effluent are required quarterly through July 28, 2021.

Penalties of \$100 per day are stipulated if any of the Order’s requirements are not met.

The City is in compliance with the Order through the date of the audit report.



## CDBG Grant

The City has CDBG related agreements as follows:

<u>Vendor</u>	<u>Description</u>	<u>Contract Amount</u>	<u>Payments through September 30, 2020</u>	<u>Remaining Balance</u>
Fred Fox Enterprises	Administration	\$ 52,000	\$ 11,000	\$ 41,000
Mittauer & Associates, Inc.	Engineering	119,000	58,000	61,000

### NOTE 14. Current/Future Accounting Pronouncements

Due to the Covid-19 Virus, the Governmental Accounting Standards Board (GASB) postponed the effective dates of upcoming pronouncements via the issuance of GASB 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. The extensions range from twelve to eighteen months. The extended dates are as follows (effective fiscal year indicated):

Statement 84 and Implementation Guide 2019-2—reporting periods beginning after December 15, 2019: FY 2020-21

Statement 87 and Implementation Guide 2019-3—fiscal years beginning after June 15, 2021, and all reporting periods thereafter: FY 2021-22

Statement 89—reporting periods beginning after December 15, 2020: FY 2021-22

Statement 90—reporting periods beginning after December 15, 2019: FY 2020-21

Statement 91—reporting periods beginning after December 15, 2021: FY2022-23

Statement 92, paragraphs 6 and 7—fiscal years beginning after June 15, 2021: FY 2021-22

Statement 92, paragraphs 8, 9, and 12—reporting periods beginning after June 15, 2021: FY 2021-22

Statement 92, paragraph 10—government acquisitions occurring in reporting periods beginning after June 15, 2021: FY 2021-22

Statement 93, paragraphs 13 and 14—fiscal years beginning after June 15, 2021, and all reporting periods thereafter: FY 2021-22

The City is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2021, and beyond.

### Note 15. Subsequent Events

The City's Management has evaluated subsequent events through the date of the audit report – March 10, 2021, the date which the financial statements were available for issuance and reports the following:

#### Grant Award

In January 2021, the State of Florida, Department of Environmental Protection awarded the City a grant for the relocation of the wastewater effluent discharge point from Baisden Swamp to Rapid Infiltration Basins. The grant award is in the amount of \$1,374,997. The project is to be completed by May 31, 2023.

#### Extinguishment of note payable

On October 7, 2020, the City paid off the note payable to First Federal Bank of Florida in its entirety via a payment of \$259,854.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**



**CITY OF JASPER, FLORIDA**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

For the Year Ended September 30, 2020

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Fund balance - beginning	\$ -	\$ -	\$ 839,626	\$ 839,626
Estimated receipts				
Taxes	1,060,651	1,060,651	1,057,037	(3,614)
Licenses and permits	100,000	100,000	110,005	10,005
Intergovernmental revenue	147,781	147,781	148,935	1,154
Charges for services	157,910	157,910	162,362	4,452
Fines and forfeits	3,950	3,950	5,787	1,837
Miscellaneous	16,012	16,012	53,212	37,200
Other sources	<u>489,189</u>	<u>489,189</u>	<u>10,000</u>	<u>(479,189)</u>
Total estimated receipts and balances	<u>1,975,493</u>	<u>1,975,493</u>	<u>2,386,964</u>	<u>411,471</u>
Appropriations				
General government	591,064	591,064	428,342	162,722
Public safety	919,763	919,763	788,877	130,886
Physical environment	8,850	8,850	4,112	4,738
Transportation	425,316	425,316	271,178	154,138
Economic environment	1,000	1,000	169	831
Human services	6,000	6,000	500	5,500
Culture/recreation	23,500	23,500	9,030	14,470
Other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations	<u>1,975,493</u>	<u>1,975,493</u>	<u>1,502,208</u>	<u>473,285</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 884,756</u>	<u>\$ 884,756</u>

**CITY OF JASPER, FLORIDA**

**NOTES TO BUDGETARY COMPARISON SCHEDULE**

For the Year Ending September 30, 2020

**NOTE 1. BUDGET**

An annual budget, as required by state statutes and Article V of the Charter of the City of Jasper, Florida, is adopted on a basis consistent with GAAP for all governmental funds. All annual appropriations lapse at fiscal year-end. The budget process is as follows:

On or before September 1, all department heads submit requests for appropriations to the City Manager who compiles the requests and submits a comprehensive budget request to the City Council. The City Council conducts public hearings on the proposed budget after September 1, but prior to September 30. On or before September 30, the budget is adopted by the City Council.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments require the approval of the City Manager. The legal level of budgetary control is the fund level. Any budget amendments affecting expenditures at the fund level must be approved by the City Council.

The City made no supplementary budget amendment for the fiscal year ending September 30, 2020.

**NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES**

	<u>General Fund</u>
Sources/inflows of resources	
Financial statement major funds	
Actual amount (budgetary basis) of the estimated receipts and balances from the budgetary comparison schedules	\$ 2,386,964
Adjustments	
Budgetary fund balance is an amount available for appropriation but is not considered a revenue for GAAP reporting	(839,626)
Transfers in are available for appropriation but are not revenues for GAAP reporting	<u>(10,000)</u>
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,537,338</u>
Uses/outflows of resources	
Actual amounts (budgetary basis) "Total appropriations" from the budgetary comparison schedules	<u>\$ 1,502,208</u>

**CITY OF JASPER, FLORIDA**  
**SCHEDULES OF PROPORTINATE SHARE OF NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS\***

<b>Florida Retirement System</b>							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Jasper, Florida's proportion of the net pension liability (asset)	0.004759%	0.005342%	0.006523%	0.005772%	0.005276%	0.005037%	0.004800%
City of Jasper, Florida's proportionate share of the net pension liability (asset)	\$ 2,062,575	\$ 1,839,616	\$ 1,964,847	\$ 1,707,765	\$ 1,457,315	\$ 745,470	\$ 292,858
City of Jasper, Florida's covered-employee payroll	\$ 1,176,810	\$ 1,272,154	\$ 1,468,047	\$ 1,377,037	\$ 1,277,609	\$ 1,254,727	\$ 1,245,908
City of Jasper, Florida's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	175.27%	144.61%	133.84%	124.02%	114.07%	59.41%	23.51%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

<b>Health Insurance Subsidy Program</b>							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Jasper, Florida's proportion of the net pension liability (asset)	0.003522%	0.004000%	0.005086%	0.004108%	0.004040%	0.004156%	0.038232%
City of Jasper, Florida's proportionate share of the net pension liability (asset)	\$ 429,971	\$ 447,570	\$ 538,324	\$ 439,218	\$ 470,815	\$ 423,842	\$ 3,574,813
City of Jasper, Florida's covered-employee payroll	1,176,810	\$ 1,272,154	\$ 1,468,047	\$ 1,377,037	\$ 1,277,609	\$ 1,254,727	\$ 1,245,908
City of Jasper, Florida's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.54%	35.18%	36.67%	31.90%	36.85%	33.78%	286.92%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

\* Information is presented for those years available

**Notes to Schedules**

**Note 1. Measurement Date**

The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

**Note 2. Covered Employees**

Covered employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

**CITY OF JASPER, FLORIDA  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
LAST 10 FISCAL YEARS\***

<b>Florida Retirement System</b>							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 194,617	\$ 199,417	\$ 243,108	\$ 186,982	\$ 154,030	\$ 146,404	\$ 137,500
Contributions in relation to the contractually required contribution	<u>194,617</u>	<u>199,417</u>	<u>243,108</u>	<u>186,982</u>	<u>154,030</u>	<u>146,404</u>	<u>137,500</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Jasper, Florida's covered-employee payroll	\$ 1,176,810	\$ 1,272,154	\$ 1,468,047	\$ 1,377,037	\$ 1,277,609	\$ 1,254,727	\$ 1,245,908
Contributions as a percentage of covered-employee payroll	16.54%	15.68%	16.56%	13.58%	12.06%	11.67%	11.04%
<b>Health Insurance Subsidy Program</b>							
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 19,535	\$ 21,118	\$ 24,370	\$ 22,859	\$ 21,208	\$ 16,997	\$ 15,963
Contributions in relation to the contractually required contribution	<u>19,535</u>	<u>21,118</u>	<u>24,370</u>	<u>22,859</u>	<u>21,208</u>	<u>16,997</u>	<u>15,963</u>
Contribution deficiency (excess)	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Jasper, Florida's covered-employee payroll	\$ 1,176,810	\$ 1,272,154	\$ 1,468,047	\$ 1,377,037	\$ 1,277,609	\$ 1,254,727	\$ 1,245,908
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.35%	1.28%

\* Information is presented for those years available

**Note to Schedules**

Note 1. Covered Employees

Covered employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.



**CITY OF JASPER, FLORIDA**  
**SCHEDULES OF OPEB LIABILITY AND COVERED PAYROLL**  
**LAST TEN FISCAL YEARS \***

<u>Measurement Date</u>	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>	<u>Funded Percentage</u>	<u>Covered Payroll</u>	<u>Net OPEB Liability as a % of Covered Payroll</u>
9/30/2020	\$ 137,157	\$ -	\$ 137,157	\$ -	\$ 589,592	23.26%
9/30/2019	94,124	-	94,124	-	766,651	12.28%
9/30/2018	128,302	-	128,302	-	856,156	14.99%
9/30/2017	124,053	-	124,053	-	856,156	14.49%

\* Information is presented for those years available

**CITY OF JASPER, FLORIDA**  
**SCHEDULES OF CHANGES IN THE OPEB LIABILITY BY SOURCE**  
**LAST TEN FISCAL YEARS \***

<u>Fiscal Year Ending</u>	<u>Service Cost</u>	<u>Expected Interest Growth</u>	<u>Unexpected Investment Income</u>	<u>Demographic Experience</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>	<u>Benefit Payments &amp; Refunds</u>	<u>Administrative Expenses</u>	<u>Changes in Benefit Terms</u>	<u>Assumption Changes</u>
9/30/2020	\$ 10,454	\$ 2,147	\$ -	\$ (27,222)	\$ -	0.00%	\$ (8,556)	\$ -	\$ -	\$ 66,220
9/30/2019	8,935	4,797	-	(2,549)	-	-	(6,515)	-	-	(38,846)
9/30/2018	9,113	4,675	-	-	-	0.00%	(9,536)	-	-	-

\* Information is presented for those years available

Notes to Schedule

1. Changes in Benefit Terms

There were no changes in the benefit terms.

2. Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used for each fiscal year:

<u>Year</u>	<u>Rate</u>
2020	2.14%
2019	3.58%
2018	3.64%



**COMPLIANCE**  
**SECTION**



**KENNETH M. DANIELS**  
**CERTIFIED PUBLIC ACCOUNTANT**

107 2nd Ave S.E.  
Jasper, FL 32052

Phone 386-792-1906  
Fax 386-792-1925  
[kmdcpa@windstream.net](mailto:kmdcpa@windstream.net)

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

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

I 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 Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of City of Jasper, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Jasper, Florida's basic financial statements, and have issued my report thereon dated March 10, 2021.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the City of Jasper, Florida's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Jasper, Florida's internal control. Accordingly, I do not express an opinion on the effectiveness of City of Jasper, Florida's internal control.

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Jasper, Florida's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Kenneth M. Daniels  
Certified Public Accountant  
March 10, 2021

**KENNETH M. DANIELS**  
**CERTIFIED PUBLIC ACCOUNTANT**

107 2nd Ave S.E.  
Jasper, FL 32052

Phone 386-792-1906  
Fax 386-792-1925  
[kmdcpa@windstream.net](mailto:kmdcpa@windstream.net)

**INDEPENDENT ACCOUNTANT'S REPORT**

Honorable Mayor and City Council  
City of Jasper, Florida

I have examined the City of Jasper, Florida's compliance with *Florida Statutes* 218.415 during the period October 1, 2019, to September 30, 2020. Management of the City of Jasper, Florida, is responsible for the City of Jasper's compliance with those requirements. My responsibility is to express an opinion on the City of Jasper, Florida's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether the City of Jasper, Florida, complied in all material respects with the specified requirements above. An examination involves performing procedures to obtain evidence about whether the City of Jasper, Florida, complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. I believe that my examination provides a reasonable basis for my opinion.

My examination does not provide a legal determination on the City of Jasper, Florida's compliance with the specified requirements.

In my opinion, the City of Jasper, Florida, complied in all material respects, with the aforementioned requirements for the period October 1, 2019, to September 30, 2020.



Kenneth M. Daniels  
Certified Public Accountant  
March 10, 2021

**KENNETH M. DANIELS**  
**CERTIFIED PUBLIC ACCOUNTANT**

107 2nd Ave S.E.  
Jasper, FL 32052

Phone 386-792-1906  
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[kmdcpa@windstream.net](mailto:kmdcpa@windstream.net)

**MANAGEMENT LETTER**

To the Honorable Mayor and City Council Members  
Jasper, Florida

**Report on the Financial Statements**

I have audited the financial statements of the City of Jasper, Florida, as of and for the fiscal year ended September 30, 2020, and have issued my report thereon dated March 10, 2021.

**Auditor's Responsibility**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Other Reporting Requirements**

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in that report, which is dated March 10, 2021, should be considered in conjunction with this management letter.

**Prior year findings**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

**2016-002 Utility (Water) Meters (Finding's Fifth Year)**

Criteria: Water meters should be replaced and/or tested periodically to ensure that billings are correct based on consumption.

Condition: Per estimate by the prior Utility Director, the City's residential water meters average between twenty-five to thirty years of age with the life of an accurate meter estimated to be ten years.



Context: After two years of significant declining billings (September 2015), the City replaced the water meters at Hamilton Correctional Institution (HCI). Revenues recovered. Based on the analysis/comparison of the fiscal years since 2014, the annual loss could range from \$88,500 to \$395,000 annually (unable to determine exactly given numerous factors that affect billings).

Effect: The failure to systematically replace or repair the City's water meters could result in a significant loss of revenue and incorrect billings. For the year ending September 30, 2020, HCI represents approximately sixty-one percent of the City's water sales by gallons billed and approximately forty-eight percent of the water sales by dollars billed. In relative terms, if the loss per all other meters were comparable to the prior loss at HCI, the loss of revenue for the most recent year would be estimated at \$95,000.

Recommendation: Develop a plan to determine the accuracy of the current water meters in use. If inaccurate, replace and periodically test meters to ensure continued accuracy.

(Note to finding: The City began the process of replacing its water meters via a CDBG Grant. Administration and engineering on the utility meter replacement is ongoing.)

### **Current year findings**

There were no current year findings.

### **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. See Note 1. The City of Jasper Florida's financial statements included no component units.

### **Financial Condition**

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

Pursuant to Sections 10.554(1)(i)5. b. and 10.556(8), *Rules of the Auditor General*, I applied financial condition assessment procedures. It is management's responsibility to monitor the City of Jasper's financial condition, and my financial assessment was based in part on representations made by management and the review of financial information provided by the same. The financial condition assessment was performed as of September 30, 2020.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that I communicate any recommendations to improve financial management. See the above finding.

## **Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires me 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 my audit, I did not have any such findings.

## **Purpose of this Letter**

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



Kenneth M. Daniels  
Certified Public Accountant  
March 10, 2021

**CITY'S  
RESPONSE TO  
AUDIT FINDINGS**



COUNCIL MEMBERS

LABARFIELD BRYANT, *Mayor*  
WILLIAM S. MITCHELL, V, *Vice Mayor*  
JAY DAIGLE, III, *Chairperson*  
CARLTON G. SELPH, *Council Member*  
JHELECIA HAWKINS, *Council Member*

*City of Jasper*



MARCUS COLLINS  
*City Manager / City Clerk*

MARGARET HARPER  
*Chief Financial Officer*

March 10, 2021

Kenneth Daniels, CPA  
107 2nd Avenue SE  
Jasper, FL 32052

RE: 2020 Management Letter Findings

Dear Mr. Daniels:

Please find below the City's responses to the referenced findings as indicated in the Audit's Management Letter, page 58:

2016-002 Utility (Water) Meters

A CDBG Grant in the amount of \$700,000 has been awarded to the City for the purpose of replacing the City's utility meters. We expect the project to take approximately two years to complete and look forward to clearing this finding with the installation of the new meters.

As indicated above, the City is in the process of implementing the recommendation of the finding.

The City remains committed to providing the highest quality financial records to its residents.

Sincerely,

Marcus Collins  
City Manager  
City of Jasper, Florida

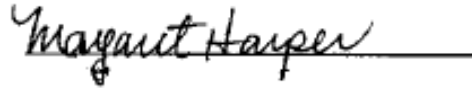
**CITY OF JASPER, FLORIDA  
AFFIDAVIT OF COMPLIANCE  
FLORIDA STATUTES 163.31801**

**For the Year Ending September 30, 2020**

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

1. I am the Chief Financial Officer of the City of Jasper, Florida, which is a local governmental entity of the State of Florida;
2. The City of Jasper, Florida, adopted Ordinance No. **2005-02-03** implementing an impact fee; and
3. The City of Jasper, Florida, has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

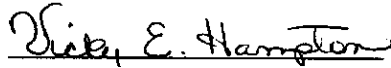
FURTHER AFFIANT SAYETH NAUGHT.



Margaret Harper, Chief Financial Officer

STATE OF FLORIDA  
COUNTY OF Hamilton

SWORN TO AND SUBSCRIBED before me this 10th day of March, 2021.



NOTARY PUBLIC  
Vicky Hampton

Personally known   X   or produced identification \_\_\_\_\_

Type of identification produced: N/A

My Commission Expires:

12-19-24