

**CITY OF CHIEFLAND, FLORIDA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Principal Officials as of September 30, 2020:

CITY COMMISSION

*Chris Jones, Mayor
Norman Weaver, Vice Mayor
Rollin Hudson
Lewrissa Mainwaring
Lance Hayes*

CITY MANAGER/CLERK

Mary Ellzey, CMC

**CITY OF CHIEFLAND, FLORIDA
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Commissioners
City of Chiefland, Florida:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified audit opinion on the General Fund, Fire Fund, and aggregate remaining fund information; and (2) qualified audit opinion on the governmental activities, business-type activities, and Utility Service Fund.

- 1 -

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Basis for Qualified Opinions on Governmental Activities, Business-type Activities, and Utility Service Fund

As discussed in Note (8) to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and Utility Service Fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, the business-type activities, and the Utility Service Fund has not been determined.

Qualified Opinion on the Governmental Activities, Business-type Activities, and Utility Service Fund

In our opinion, except for the effects of not implementing the provisions of GASB Statement No. 75, as described in the preceding paragraph, 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 the Utility Service Fund of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash City thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the General Fund, Fire Fund, and the Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, Fire Fund, and aggregate remaining fund information of the City 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

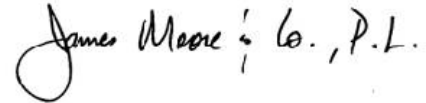
Required Supplementary Information

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

Management has omitted the schedule of changes in the City's total OPEB liability that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
April 20, 2021

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

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

The following are various financial highlights for fiscal year 2020:

- Total ending unrestricted net position was \$485,511.
- The City had total expenses for the year of \$4,984,685, compared to revenues of \$4,795,225.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the City's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenditures are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the City's financial position.

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

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

- *Governmental activities* – Most of the City's basic services are reported here, including administration, fire and police services, and road maintenance. Taxes and charges for services finance most of these activities.
- *Business-type activities* – These activities are financed in whole or in part by fees charged to external parties for goods or services. The activities of the water and sewer system and garbage services are reported as a business-type activity, along with the Industrial Park.

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

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the City's funds.

Governmental funds – The General Fund, Fire Fund and Law Enforcement Trust Fund are the City's only governmental funds. These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.

Proprietary funds – The Utility Service Fund and Industrial Park Fund are the City's only proprietary funds. Proprietary funds are reported using the accrual basis of accounting and, accordingly, there is a correlation between the amounts reported in the fund financial statements and the amounts reported in the government-wide financial statements.

CONDENSED FINANCIAL INFORMATION

Comparative condensed financial information is presented on the following page.

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

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Assets:						
Non-capital assets	\$ 1,829,700	\$ 1,884,818	\$ 1,859,219	\$ 1,865,453	\$ 3,688,919	\$ 3,750,271
Capital assets	2,470,564	2,596,157	4,375,292	4,360,510	6,845,856	6,956,667
Total assets	4,300,264	4,480,975	6,234,511	6,225,963	10,534,775	10,706,938
Deferred outflows of resources	861,676	892,537	107,833	109,829	969,509	1,002,366
Liabilities:						
Current liabilities	157,325	168,964	300,113	290,884	457,438	459,848
Long-term liabilities	2,583,840	3,018,046	337,783	392,924	2,921,623	3,410,970
Total liabilities	2,741,165	3,187,010	637,896	683,808	3,379,061	3,870,818
Deferred inflows of resources	201,409	115,166	25,205	14,171	226,614	129,337
Net position:						
Net investment in capital assets	2,466,622	2,596,157	4,374,006	4,360,510	6,840,628	6,596,667
Restricted	158,342	195,411	68,332	71,560	226,674	266,971
Unrestricted	(405,598)	(720,232)	1,236,905	1,205,743	831,307	485,511
Total net position	\$ 2,219,366	\$ 2,071,336	\$ 5,679,243	\$ 5,637,813	\$ 7,898,609	\$ 7,709,149

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Program revenues:						
Charges for services	\$ 540,608	\$ 430,318	\$ 1,813,802	\$ 1,849,395	\$ 2,354,410	\$ 2,279,713
Operating grants & contributions	2,500	189,141	343,080	-	345,580	189,141
Capital grants & contributions	172,031	110,597	-	-	172,031	110,597
General revenues:						
Property taxes	981,714	997,842	-	-	981,714	997,842
Other taxes and shared revenues	1,157,055	1,191,766	-	-	1,157,055	1,191,766
Miscellaneous	3,277	20,604	-	-	3,277	20,604
Impact Fees	38,856	2,713	-	-	38,856	2,713
Investment earnings	1,118	1,256	1,658	1,593	2,776	2,849
Total revenues	2,897,159	2,944,237	2,158,540	1,850,988	5,055,699	4,795,225
Program expenses:						
General government	530,923	558,320	-	-	530,923	558,320
Public safety	1,978,932	2,037,697	-	-	1,978,932	2,037,697
Physical environment	2,299	2,640	-	-	2,299	2,640
Transportation	207,189	314,815	-	-	207,189	314,815
Culture and recreation	166,791	178,795	-	-	166,791	178,795
Interest on long-term debt	891	-	-	-	891	-
Water and sewer	-	-	1,778,225	1,880,562	1,778,225	1,880,562
Industrial park	-	-	13,688	11,856	13,688	11,856
Total expenses	2,887,025	3,092,267	1,791,913	1,892,418	4,678,938	4,984,685
Transfers	-	-	-	-	-	-
Change in net position	10,134	(148,030)	366,627	(41,430)	376,761	(189,460)
Beginning net position	2,209,232	2,219,366	5,312,616	5,679,243	7,521,848	7,898,609
Ending net position	\$ 2,219,366	\$ 2,071,336	\$ 5,679,243	\$ 5,637,813	\$ 7,898,609	\$ 7,709,149

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

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$730,056 in program revenues, \$2,214,181 of general revenues, and incurred \$3,092,267 of program expenses. This resulted in a \$148,030 decrease in net position.

Business-Type Activities

Revenues of the Utility Service Fund and Industrial Park Fund were \$1,850,988 compared to expenses of \$1,892,418. This resulted in a decrease in net position for the year of \$41,430.

THE CITY'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance increased by \$88,952 from \$1,354,860 to \$1,443,812. The ending unassigned balance represents about 17.8% of the General Fund's budget.

Fire Fund

The Fire Fund's fund balance increased by \$38,993 from \$256,040 to \$295,033.

Utility Service Fund

The Utility Service Fund's net position decreased by \$62,627, from \$5,326,453 to \$5,263,826.

BUDGETARY HIGHLIGHTS

Revenues of the General Fund were less than budgeted by \$279,338. General fund expenditures were below budgeted amounts by \$368,290. These budget to actual variances reflect the City's intentions to complete a \$300,000 road paving project that was postponed until future years.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City expended \$252,547 on water line extensions and purchased \$183,102 of new police vehicles. For further information on smaller purchases, please refer to a note to the accompanying financial statements entitled, *Capital Asset Activity*.

Debt Administration

The City did not incur any new debt during the year and decreased its total long-term debt by \$5,228, during the year. Please refer to a note to the accompanying financial statements entitled *Long-term Obligations* for more detailed information about the City's long-term debt activity.

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

ECONOMIC FACTORS

We are not currently aware of any conditions that are expected to have a significant effect on the City's financial position or results of operations.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact City Hall at 214 East Park Avenue, Chiefland, FL 32626.

**CITY OF CHIEFLAND, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,472,952	\$ 1,352,681	\$ 2,825,633
Restricted cash	55,157	71,560	126,717
Investments	87,955	203,467	291,422
Receivables, net	58,494	219,606	278,100
Internal balances	9,685	(9,685)	-
Due from other governments	145,178	-	145,178
Inventories	-	10,773	10,773
Prepays	55,397	17,051	72,448
Capital assets:			
Land	740,884	203,058	943,942
Buildings and improvements	1,373,327	290,145	1,663,472
Infrastructure (other than buildings)	1,957,842	9,765,842	11,723,684
Equipment	1,847,145	9,539	1,856,684
Accumulated depreciation	(3,323,041)	(5,908,074)	(9,231,115)
Total assets	<u>\$ 4,480,975</u>	<u>\$ 6,225,963</u>	<u>\$ 10,706,938</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 892,537</u>	<u>\$ 109,829</u>	<u>\$ 1,002,366</u>
LIABILITIES			
Accounts payable	\$ 37,955	\$ 61,066	\$ 99,021
Accrued payroll and employee benefits	43,197	4,913	48,110
Customer deposits	1,855	189,029	190,884
Unearned revenue	9,341	-	9,341
Noncurrent liabilities:			
Due within one year:			
Compensated absences	76,616	35,876	112,492
Due in more than one year:			
Compensated absences	30,591	25,309	55,900
Net pension liability	2,987,455	367,615	3,355,070
Total liabilities	<u>\$ 3,187,010</u>	<u>\$ 683,808</u>	<u>\$ 3,870,818</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 115,166</u>	<u>\$ 14,171</u>	<u>\$ 129,337</u>
NET POSITION			
Net investment in capital assets	\$ 2,596,157	\$ 4,360,510	\$ 6,956,667
Restricted for:			
Capital improvements	40,052	71,560	111,612
Building department	101,734	-	101,734
Law enforcement	53,625	-	53,625
Unrestricted	(720,232)	1,205,743	485,511
Total net position	<u>\$ 2,071,336</u>	<u>\$ 5,637,813</u>	<u>\$ 7,709,149</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF CHIEFLAND, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 558,320	\$ 165,091	\$ 2,500	\$ -	\$ (390,729)	\$ -	\$ (390,729)
Public safety	2,037,697	265,227	70,453	112,693	(1,589,324)	-	(1,589,324)
Physical environment	2,640	-	-	-	(2,640)	-	(2,640)
Transportation	314,815	-	116,188	472	(198,155)	-	(198,155)
Culture and recreation	178,795	-	-	145	(178,650)	-	(178,650)
Total governmental activities	<u>3,092,267</u>	<u>430,318</u>	<u>189,141</u>	<u>113,310</u>	<u>(2,359,498)</u>	<u>-</u>	<u>(2,359,498)</u>
Business-type activities:							
Water and sewer	1,880,562	1,816,449	-	-	-	(64,113)	(64,113)
Industrial park	11,856	32,946	-	-	-	21,090	21,090
Total business-type activities	<u>1,892,418</u>	<u>1,849,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,023)</u>	<u>(43,023)</u>
Total primary government	<u>\$ 4,984,685</u>	<u>\$ 2,279,713</u>	<u>\$ 189,141</u>	<u>\$ 113,310</u>	<u>(2,359,498)</u>	<u>(43,023)</u>	<u>(2,402,521)</u>
General revenues:							
Property taxes					997,842	-	997,842
Sales and use taxes					214,386	-	214,386
Franchise and utility taxes					312,825	-	312,825
Public service taxes					394,029	-	394,029
Other taxes					76,793	-	76,793
State revenue sharing					193,733	-	193,733
Investment earnings (loss)					1,256	1,593	2,849
Miscellaneous revenues					20,604	-	20,604
Total general revenues and transfers					<u>2,211,468</u>	<u>1,593</u>	<u>2,213,061</u>
Change in net position					(148,030)	(41,430)	(189,460)
Net position - beginning					2,219,366	5,679,243	7,898,609
Net position - ending					<u>\$ 2,071,336</u>	<u>\$ 5,637,813</u>	<u>\$ 7,709,149</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF CHIEFLAND, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	<u>General</u>	<u>Fire</u>	<u>Nonmajor Fund Law Enforcement Trust</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,236,624	\$ 237,860	\$ 53,625	\$ 1,528,109
Investments	87,955	-	-	87,955
Receivables, net	58,494	-	-	58,494
Due from other governments	84,038	61,140	-	145,178
Due from other funds	9,706	123	-	9,829
Prepaid items	46,037	9,360	-	55,397
Total assets	<u>\$ 1,522,854</u>	<u>\$ 308,483</u>	<u>\$ 53,625</u>	<u>\$ 1,884,962</u>
LIABILITIES				
Accounts payable	\$ 35,026	\$ 2,929	\$ -	\$ 37,955
Accrued payroll and employee benefits	32,676	10,521	-	43,197
Customer deposits	1,855	-	-	1,855
Unearned revenue	9,341	-	-	9,341
Due to other funds	144	-	-	144
Total liabilities	<u>79,042</u>	<u>13,450</u>	<u>-</u>	<u>92,492</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	46,037	9,360	-	55,397
Restricted for:				
Capital improvements	40,052	-	-	40,052
Building department	101,734	-	-	101,734
Law enforcement	-	-	53,625	53,625
Assigned to:				
Subsequent year's budget	300,000	-	-	300,000
Fire protection	-	285,673	-	285,673
Road paving	438,305	-	-	438,305
Unassigned	517,684	-	-	517,684
Total fund balances	<u>1,443,812</u>	<u>295,033</u>	<u>53,625</u>	<u>1,792,470</u>
Total liabilities and fund balances	<u>\$ 1,522,854</u>	<u>\$ 308,483</u>	<u>\$ 53,625</u>	<u>\$ 1,884,962</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF CHIEFLAND, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Fund balances - total governmental funds		\$ 1,792,470
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	5,919,198	
Less: accumulated depreciation	<u>(3,323,041)</u>	2,596,157
On the governmental fund statements, a net pension liability (asset) is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability (asset) of the defined benefit pension plans is reported as a noncurrent liability (asset). Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(2,987,455)	
Deferred outflows related to pensions	892,537	
Deferred inflows related to pensions	<u>(115,166)</u>	(2,210,084)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:		
Compensated absences	<u>(107,207)</u>	(107,207)
Net position of governmental activities		<u><u>\$ 2,071,336</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CHIEFLAND, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Nonmajor Fund Law Enforcement Trust</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 1,740,435	\$ -	\$ -	\$ 1,740,435
Licenses and permits	434,052	810	-	434,862
Intergovernmental	387,784	318,643	-	706,427
Charges for services	11,471	-	-	11,471
Fines and forfeitures	4,975	-	3,450	8,425
Investment income	1,103	117	36	1,256
Miscellaneous	46,818	7,149	-	53,967
Total revenues	<u>2,626,638</u>	<u>326,719</u>	<u>3,486</u>	<u>2,956,843</u>
Expenditures				
Current:				
General government	477,495	-	-	477,495
Public safety	1,212,565	470,689	659	1,683,913
Physical environment	1,465	-	-	1,465
Transportation	270,415	-	-	270,415
Culture and recreation	123,383	-	-	123,383
Debt service:				
Principal	3,942	-	-	3,942
Capital outlay	196,222	69,236	69,395	334,853
Total expenditures	<u>2,285,487</u>	<u>539,925</u>	<u>70,054</u>	<u>2,895,466</u>
Excess (deficiency) of revenues over expenditures	<u>341,151</u>	<u>(213,206)</u>	<u>(66,568)</u>	<u>61,377</u>
Other financing sources (uses)				
Transfers in	-	252,199	-	252,199
Transfers out	(252,199)	-	-	(252,199)
Total other financing sources (uses)	<u>(252,199)</u>	<u>252,199</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>88,952</u>	<u>38,993</u>	<u>(66,568)</u>	<u>61,377</u>
Fund balances, beginning of year	1,354,860	256,040	120,193	1,731,093
Fund balances, end of year	<u>\$ 1,443,812</u>	<u>\$ 295,033</u>	<u>\$ 53,625</u>	<u>\$ 1,792,470</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF CHIEFLAND, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
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	\$	61,377
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures		334,853
Depreciation expense		(209,260)
Bond and loan proceeds are reported as financing sources in the governmental funds. However the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position.		
Principal repayment of general long-term debt		3,942
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.		
Change in net pension liability (asset) and deferred inflows/outflows related to pensions		(338,843)
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. These adjustments are as follows:		
Change in compensated absences liability		(99)
Change in net position of governmental activities	\$	<u>(148,030)</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF CHIEFLAND, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020**

	Business-type Activities - Enterprise Funds		
	Utility Service Fund	Industrial Park Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,127,973	\$ 224,708	\$ 1,352,681
Investments	203,467	-	203,467
Accounts receivable, net	217,312	2,294	219,606
Inventory	10,773	-	10,773
Prepaid items	15,343	1,708	17,051
Due from other funds	21	-	21
Total current assets	<u>1,574,889</u>	<u>228,710</u>	<u>1,803,599</u>
Noncurrent assets:			
Restricted cash	71,560	-	71,560
Capital assets:			
Land	166,676	36,382	203,058
Buildings and improvements	-	290,145	290,145
Industrial park	-	9,539	9,539
Water system	3,389,243	-	3,389,243
Sewer treatment plant and system	6,374,912	-	6,374,912
Garbage services	1,687	-	1,687
Accumulated depreciation	<u>(5,719,899)</u>	<u>(188,175)</u>	<u>(5,908,074)</u>
Total noncurrent assets	<u>4,284,179</u>	<u>147,891</u>	<u>4,432,070</u>
Total assets	<u>\$ 5,859,068</u>	<u>\$ 376,601</u>	<u>\$ 6,235,669</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 109,829</u>	<u>\$ -</u>	<u>\$ 109,829</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 60,913	\$ 153	\$ 61,066
Accrued payroll	4,913	-	4,913
Deposits	186,568	2,461	189,029
Due to other funds	9,706	-	9,706
Compensated absences	35,876	-	35,876
Total current liabilities	<u>297,976</u>	<u>2,614</u>	<u>300,590</u>
Noncurrent liabilities:			
Compensated absences	25,309	-	25,309
Net pension liability	367,615	-	367,615
Total noncurrent liabilities	<u>392,924</u>	<u>-</u>	<u>392,924</u>
Total liabilities	<u>\$ 690,900</u>	<u>\$ 2,614</u>	<u>\$ 693,514</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 14,171</u>	<u>\$ -</u>	<u>\$ 14,171</u>
NET POSITION			
Net investment in capital assets	\$ 4,212,619	\$ 147,891	\$ 4,360,510
Restricted for capital improvements	71,560	-	71,560
Unrestricted	979,647	226,096	1,205,743
Total net position	<u>\$ 5,263,826</u>	<u>\$ 373,987</u>	<u>\$ 5,637,813</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CHIEFLAND, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds		
	Utility Service Fund	Nonmajor Fund Industrial Park Fund	Total Enterprise Fund
Operating revenues			
Charges for services	\$ 1,816,249	\$ -	\$ 1,816,249
Miscellaneous income	200	32,946	33,146
Total operating revenues	<u>1,816,449</u>	<u>32,946</u>	<u>1,849,395</u>
Operating expenses			
Personnel services	561,621	-	561,621
Operating expenses	1,055,086	7,175	1,062,261
Depreciation	263,452	4,681	268,133
Total operating expenses	<u>1,880,159</u>	<u>11,856</u>	<u>1,892,015</u>
Operating income (loss)	<u>(63,710)</u>	<u>21,090</u>	<u>(42,620)</u>
Nonoperating revenues (expenses)			
Interest earnings	1,486	107	1,593
Gain (loss) on sale of capital assets	(399)	-	(399)
Interest and amortization expense	(4)	-	(4)
Total nonoperating revenues (expenses)	<u>1,083</u>	<u>107</u>	<u>1,190</u>
Change in net position	<u>(62,627)</u>	<u>21,197</u>	<u>(41,430)</u>
Net position, beginning of year	5,326,453	352,790	5,679,243
Net position, end of year	<u>\$ 5,263,826</u>	<u>\$ 373,987</u>	<u>\$ 5,637,813</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF CHIEFLAND, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Business-type Activities - Enterprise Funds		
	Utility Service Fund	Industrial Park Fund	Total Enterprise Fund
Cash flows from operating activities			
Cash received from customers	\$ 1,809,616	\$ 32,520	\$ 1,842,136
Cash paid to employees	(516,386)	-	(516,386)
Cash paid to suppliers	(1,074,832)	(7,634)	(1,082,466)
Net cash provided by (used in) operating activities	<u>218,398</u>	<u>24,886</u>	<u>243,284</u>
Cash flows from noncapital financing activities			
Interfund loans	2,096	-	2,096
Net cash provided by noncapital financing activities	<u>2,096</u>	<u>-</u>	<u>2,096</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(253,750)	-	(253,750)
Principal payments of long-term debt	(1,286)	-	(1,286)
Interest paid	(4)	-	(4)
Net cash provided by (used in) capital and related financ	<u>(255,040)</u>	<u>-</u>	<u>(255,040)</u>
Cash flows from investing activities			
Interest received	1,486	107	1,593
Purchases of investments	(960)	-	(960)
Net cash provided by (used in) investing activities	<u>526</u>	<u>107</u>	<u>633</u>
Net change in cash and cash equivalents	<u>(34,020)</u>	<u>24,993</u>	<u>(9,027)</u>
Cash and cash equivalents, beginning of year	1,233,553	199,715	1,433,268
Cash and cash equivalents, end of year	<u>\$ 1,199,533</u>	<u>\$ 224,708</u>	<u>\$ 1,424,241</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (63,710)	\$ 21,090	\$ (42,620)
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:			
Depreciation	263,452	4,681	268,133
Changes in assets and liabilities:			
Accounts receivable	(13,403)	(1,147)	(14,550)
Inventories and prepaids	(1,526)	(321)	(1,847)
Accounts payable and accrued liabilities	(18,220)	(138)	(18,358)
Deposits	6,570	721	7,291
Compensated absences	7,452	-	7,452
Net pension liability	37,783	-	37,783
Net cash provided by operating activities	<u>\$ 218,398</u>	<u>\$ 24,886</u>	<u>\$ 243,284</u>
Cash and cash equivalents classified as:			
Unrestricted	\$ 1,127,973	\$ 224,708	\$ 1,352,681
Restricted	71,560	-	71,560
Total cash and cash equivalents	<u>\$ 1,199,533</u>	<u>\$ 224,708</u>	<u>\$ 1,424,241</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) Summary of Significant Accounting Policies:

The financial statements of the City of Chiefland, Florida (the City), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City was established by Section 13948, Laws of Florida, in 1929. As required by generally accepted accounting principles, the accompanying financial statements present the City as a primary government. Component units are entities for which the City is considered financially accountable or entities that would be misleading to exclude. There are no blended or discretely presented component units included in the City's financial reporting entity.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. The more significant of the City's accounting policies are hereafter described.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include: charges for services that are directly related to a given function; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements, but all nonmajor funds are aggregated and displayed in a single column. The City's nonmajor funds are the Law Enforcement Trust Fund reported as Other Governmental Fund and the Industrial Park Fund reported as Other Enterprise Fund in the fund financial statements. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

(c) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal year. Taxes and certain intergovernmental revenues constitute the most significant sources of revenue considered susceptible to accrual. In governmental funds, expenditures are generally recognized when the related liability is incurred. However, debt service expenditures, and expenditures for compensated absences and claims and judgments, are recorded only when payment is due.

(d) **Financial statement presentation**—The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The City reports the following major governmental fund:

The **General Fund** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by the General Fund.

The **Fire Fund** accounts for financial activities of the City's fire department.

The City reports the following major proprietary fund:

The **Utility Service Fund** accounts for the financial activities of the City's potable water utility system, including the pumping, treatment, and distribution systems.

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

(f) **Deposits and investments**—The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

The City only invests excess public funds in certificates of deposit with qualified public depositories, which is an authorized form of investment pursuant to the provisions of Section 218.415, Florida Statutes. Such investments are stated at cost and are entirely insured or collateralized. The City does not have any investments recorded a fair value.

(g) **Account receivables**—Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Utility Service Fund are net of a \$39,140 allowance.

(h) **Inventories and prepaids**—Inventories are stated at cost, based on the first-in, first out method.

In the General Fund, the inventory is reported using the consumption method. An offsetting “nonspendable fund balance” is reported to indicate that inventory does not represent available spendable resources.

Prepaid insurance consists of insurance premiums, which have been paid prior to the end of the fiscal year, but represent expenses which are applicable to future accounting periods. These amounts do not constitute available spendable resources even though they are a component of current assets.

(i) **Capital assets**—Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets which are recorded at acquisition value at the date of contribution. The City uses a capitalization threshold of \$1,000 for all classes of capital assets.

The City has elected not to report general infrastructure assets acquired prior to October 1, 2003. Depreciation of capital assets is provided using the straight-line method over the estimated useful lives of the assets, which range as follows:

Assets	Years
Buildings and improvements	30
Furniture, equipment and vehicles	5 – 15
Water and sewer system	40 – 50

(j) **Compensated absences**—The City’s policy is to allow limited vesting of employee vacation pay and accumulated sick leave. A liability for accrued compensated absences of employees of the governmental funds has been accrued. Since this liability will not be liquidated with expendable available financial resources, the liability has not been reported in the governmental funds. A liability for compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements.

(k) **Property Taxes**—The Levy County Tax Collector bills and collects property taxes for the City. In governmental funds, property tax revenues are recognized when levied, to the extent that they result in current receivables.

Levy Date:	October 1, 2019
Due Date:	March 31, 2020
Lien Date:	January 1, 2020

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

(l) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (8).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the two items in this category are unavailable revenues, which will be recognized as inflows of resources in the period that the amounts become available, and deferred inflows of resources related to pensions, as discussed further in Note (8).

(m) **Fund balance**—The City follows the provisions of the GASB Codification to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Those classifications are as follows:

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

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

Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the City’s highest level of decision-making authority, which is an ordinance. Committed amounts cannot be used for any other purpose unless the City removes those constraints by taking the same type of action.

Assigned – Assigned fund balances are amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the City Commission or (b) a body or official to which the City Commission has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, is the City’s policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted.

(n) **Operating revenues and expenses**—The enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

(o) **Restricted net position**—In the accompanying government-wide and proprietary funds' statements of net position, *restricted net position* is subject to restrictions beyond the City's control. The restriction is either externally imposed (for instance, by creditors, grantors, contributors, or laws/regulations of other governments) or is imposed by law through constitutional provisions or enabling legislation.

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

(2) **Reconciliation of Government-Wide and Fund Financial Statement:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Deposits and Investments:**

The City's cash and equivalents and investments consist of legally authorized demand deposits and certificates of deposit. The institutions in which these deposits are kept are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, in addition to applicable Federal Depository Insurance Corporation (FDIC) insurance, these balances on deposit at September 30, 2020, are insured or collateralized through the Bureau of Collateral Management, Florida Department of Financial Services.

State statutes authorize the City to invest excess funds in time deposits, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

The City held no assets or investments carried at fair value at September 30, 2020, and subject to the required disclosures of GASB 72.

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(4) Interfund Balances and Transfers:

The interfund balances resulted from the normal course of operations and are expected to be repaid within one year. Interfund transfers were consistent with the purpose of the fund making the transfer.

At September 30, 2020, interfund balances were as follows:

Receivable Funds	Amount	Payable Funds
General Fund	\$ 9,706	Utility Service Fund
Fire Fund	123	General Fund
Utility Service Fund	21	General Fund
Total	\$ 9,850	

For the year ended September 30, 2020, the General Fund transferred \$252,199 to the Fire Fund.

(5) Capital Assets:

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 740,884	\$ -	\$ -	\$ 740,884
Total assets not being depreciated	740,884	-	-	740,884
Capital assets being depreciated:				
Land improvements	830,435	13,863	-	844,298
Infrastructure	1,113,544	-	-	1,113,544
Buildings and improvements	1,338,647	34,680	-	1,373,327
Furniture and equipment	1,743,016	286,310	(182,181)	1,847,145
Total assets being depreciated	5,025,642	334,853	(182,181)	5,178,314
Less accumulated depreciation for:				
Land improvements	(727,323)	(27,291)	-	(754,614)
Infrastructure	(185,668)	(37,118)	-	(222,786)
Buildings and improvements	(891,346)	(32,764)	-	(924,110)
Furniture and equipment	(1,491,625)	(112,087)	182,181	(1,421,531)
Total accumulated depreciation	(3,295,962)	(209,260)	182,181	(3,323,041)
Total capital assets being depreciated, net	1,729,680	125,593	-	1,855,273
Governmental activities capital assets, net	\$ 2,470,564	\$ 125,593	\$ -	\$ 2,596,157

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(5) **Capital Assets:** (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 203,058	\$ -	\$ -	\$ 203,058
Total assets not being depreciated	<u>203,058</u>	<u>-</u>	<u>-</u>	<u>203,058</u>
Capital assets being depreciated:				
Buildings and improvements	290,145	-	-	290,145
Industrial park	9,539	-	-	9,539
Water system	3,147,302	253,750	(11,809)	3,389,243
Sewer treatment plant and system	6,386,892	-	(11,980)	6,374,912
Garbage services	1,687	-	-	1,687
Total assets being depreciated	<u>9,835,565</u>	<u>253,750</u>	<u>(23,789)</u>	<u>10,065,526</u>
Less accumulated depreciation for:				
Building & Improvements	(174,882)	(4,304)	-	(179,186)
Industrial park	(8,612)	(377)	-	(8,989)
Water system	(1,953,754)	(73,263)	11,809	(2,015,208)
Sewer treatment plant and system	(3,524,469)	(190,116)	11,581	(3,703,004)
Garbage services	(1,614)	(73)	-	(1,687)
Total accumulated depreciation	<u>(5,663,331)</u>	<u>(268,133)</u>	<u>23,390</u>	<u>(5,908,074)</u>
Total capital assets being depreciated, net	<u>4,172,234</u>	<u>(14,383)</u>	<u>(399)</u>	<u>4,157,452</u>
Business-type activities capital assets, net	<u>\$ 4,375,292</u>	<u>\$ (14,383)</u>	<u>\$ (399)</u>	<u>\$ 4,360,510</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 19,622
Public safety	98,199
Physical environment	1,175
Transportation	39,237
Culture and recreation	51,027
Total depreciation expense – governmental activities	<u>\$ 209,260</u>
Business-type activities:	
Utility service	\$ 263,452
Industrial park	4,681
Total depreciation expense – business-type activities	<u>\$ 268,133</u>

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(6) Long-Term Obligations:

Following is a summary of changes in long-term obligations:

Governmental activities	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020	Due Within One Year
Notes payable	\$ 3,942	\$ -	\$ 3,942	\$ -	\$ -
Compensated balances	107,108	95,757	95,658	107,207	76,616
Net pension liability	2,531,508	455,947	-	2,987,455	-
Total	<u>\$ 2,642,558</u>	<u>\$ 551,704</u>	<u>\$ 99,600</u>	<u>\$ 3,094,662</u>	<u>\$ 76,616</u>

Business-type activities	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020	Due Within One Year
Notes payable	\$ 1,286	\$ -	\$ 1,286	\$ -	\$ -
Compensated balances	53,733	38,192	30,740	61,185	35,876
Net pension liability	316,802	50,813	-	367,615	-
Total	<u>\$ 371,821</u>	<u>\$ 89,005</u>	<u>\$ 32,026</u>	<u>\$ 428,800</u>	<u>\$ 35,876</u>

(7) Pension Plan:

A. Florida Retirement System

Plan Description and Administration

The City participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the City's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. 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. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the City are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(7) **Pension Plan:** (Continued)

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight 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. 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. Members of both Plans may include up to four 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. 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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 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.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(7) **Pension Plan:** (Continued)

Contributions

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2019-2020 fiscal year were as follows:

<u>FRS Membership Plan & Class</u>	<u>Through June 30, 2020</u>	<u>After June 30, 2020</u>
Regular Class	8.47%	10.00%
Senior Management	25.41%	27.29%
Special Risk	25.48%	24.45%
City Elected Officers	48.82%	49.18%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, including in the above rates.

Actual contributions made for City employees participating in FRS and HIS for the plan year ended June 30, 2020, were as follows:

Contributions – FRS	\$ 217,780
Contributions – HIS	24,269
Employee Contributions – FRS	43,859

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2020, the entity reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 2,840,857
HIS	514,213
Total	<u>\$ 3,355,070</u>

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 that date. The employer's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2020 and June 30, 2019, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2020</u>	<u>2019</u>
FRS	0.006554592%	0.006868922%
HIS	0.004211464%	0.004314500%

For the plan year ended June 30, 2020, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 585,391
HIS	35,685
Total	<u>\$ 621,076</u>

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(7) **Pension Plan:** (Continued)

Deferred outflows/inflows related to pensions:

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 108,725	\$ -	\$ 21,034	\$ (397)
Changes of assumptions	514,285	-	55,293	(29,899)
Net difference between projected and actual investment earnings	169,147	-	411	-
Change in City's proportionate share	52,261	-	17,492	-
Contributions subsequent to measurement date	56,931	(82,847)	6,427	(16,194)
	<u>\$ 901,709</u>	<u>\$ (82,847)</u>	<u>\$ 100,657</u>	<u>\$ (46,490)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from entity contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 177,245
2022	260,454
2023	211,379
2024	127,821
2025	27,116
Thereafter	5,656
Total	<u>\$ 809,671</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(7) **Pension Plan:** (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.80%. This rate decreased from the prior year rate, which was 6.90%. 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. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.50%. Mortality assumptions for both plans were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2020, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	2.2%
Fixed income	19.0%	3.0%
Global equities	54.2%	8.0%
Real estate	10.3%	6.4%
Private equity	11.1%	10.8%
Strategic investments	4.4%	5.5%
Total	100.0%	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the City calculated using the current discount rates, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.80%	\$ 4,536,371	\$ 2,840,857	\$ 1,424,756
HIS	2.21%	594,407	514,213	448,574

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(8) Other Postemployment Benefits:

The City provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits. The City contributes, along with its employees and retirees, to the Blue Cross and Blue Shield of Florida Health Care Plan (Plan) to provide certain healthcare benefits to active and retired employees and their dependents. The Plan is a single-employer plan administered by Blue Cross and Blue Shield of Florida and the City. The benefits, benefit levels, employee contributions and employer contributions are governed by the Plan.

Post-employment health care benefits are offered to retired employees and their dependents. To be eligible for benefits, an employee must have completed at least six years of service and started receiving pension benefits at termination. All health care benefits are provided through the City's Blue Cross Blue Shield employee health care plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental and substance abuse care; dental care; and prescriptions. Upon retirees reaching 65 years of age, Medicare becomes the primary insurer and the City's plan will not pay benefits already paid by Medicare.

The City does not contribute any portion of the premiums for current retired employees. All premiums are paid entirely by the plan participant. The use of age-adjusted premiums results in an implicit rate subsidy funded by the City since the healthcare premiums for retirees and active employees are identical.

The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

(9) Risk Management:

The City is exposed to various risks of loss related to general liability, workers' compensation, public liability, law enforcement liability, property damage, and errors and omissions. To manage its risks, the City participates in the Florida League of Cities Self Insurance Fund (the "Fund") a public entity risk pool currently operating as a common risk management and insurance program for member cities. The City pays an annual premium to the Fund for its coverage. The premiums are designed to fund the liability risks assumed by the Fund and are based on certain actual exposures of each member.

(10) Contingencies and Uncertainties:

The City is sometimes a party to lawsuits and claims arising out of the normal conduct of its activities. While the results of lawsuits or other proceedings against the City cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial condition of the City.

During the year ended September 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the City as of September 30, 2020, management believes that a material impact on the City's financial position and results of future operations is reasonably possible.

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(11) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City’s financial statements:

- (a) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2019.
- (b) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

CITY OF CHIEFLAND, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,747,242	\$ 1,747,242	\$ 1,740,435	\$ (6,807)
Licenses and permits	386,600	386,600	434,052	47,452
Intergovernmental	287,113	399,498	387,784	(11,714)
Charges for services	14,594	14,594	11,471	(3,123)
Fines and forfeitures	6,000	6,000	4,975	(1,025)
Interest revenues	1,200	1,200	1,103	(97)
Miscellaneous	350,842	350,842	46,818	(304,024)
Total revenues	<u>2,793,591</u>	<u>2,905,976</u>	<u>2,626,638</u>	<u>(279,338)</u>
Expenditures				
Current:				
General government	652,422	617,742	477,495	140,247
Public safety	1,212,628	1,243,525	1,212,565	30,960
Community development	2,000	2,000	1,465	535
Public works	499,415	499,415	270,415	229,000
Parks and recreation	136,352	136,352	123,383	12,969
Debt Service:				
Principal	5,262	5,262	3,942	1,320
Interest and fiscal charges	13	13	-	13
Capital outlay	33,300	149,468	196,222	(46,754)
Total expenditures	<u>2,541,392</u>	<u>2,653,777</u>	<u>2,285,487</u>	<u>368,290</u>
Excess (deficiency) of revenues over expenditures	<u>252,199</u>	<u>252,199</u>	<u>341,151</u>	<u>88,952</u>
Other financing sources (uses)				
Transfers out	<u>(252,199)</u>	<u>(252,199)</u>	<u>(252,199)</u>	<u>-</u>
Total other financing sources (uses)	<u>(252,199)</u>	<u>(252,199)</u>	<u>(252,199)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>88,952</u>	<u>88,952</u>
Fund balances, beginning of year	1,354,860	1,354,860	1,354,860	-
Fund balances, end of year	<u>\$ 1,354,860</u>	<u>\$ 1,354,860</u>	<u>\$ 1,443,812</u>	<u>\$ 88,952</u>

The accompanying notes to the schedule of revenues, expenses, and changes in fund balance budget to actual are an integral part of this schedule.

CITY OF CHIEFLAND, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FIRE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 810	\$ 810
Intergovernmental	254,054	321,732	318,643	(3,089)
Interest revenues	-	-	117	117
Miscellaneous	-	-	7,149	7,149
Total revenues	254,054	321,732	326,719	4,987
Expenditures				
Current:				
Public safety	504,253	504,253	470,689	33,564
Capital outlay	2,000	69,678	69,236	442
Total expenditures	506,253	573,931	539,925	34,006
Excess (deficiency) of revenues over expenditures	(252,199)	(252,199)	(213,206)	38,993
Other financing sources (uses)				
Transfers in	252,199	252,199	252,199	-
Total other financing sources (uses)	252,199	252,199	252,199	-
Net change in fund balances	-	-	38,993	38,993
Fund balances, beginning of year	256,040	256,040	256,040	-
Fund balances, end of year	\$ 256,040	\$ 256,040	\$ 295,033	\$ 38,993

The accompanying notes to the schedules of revenues, expenses, and changes in fund balance budget to actual are an integral part of this schedule.

**CITY OF CHIEFLAND, FLORIDA
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEPTEMBER 30, 2020**

The City adopts an annual budget for the General and Fire Funds. The City generally follows these procedures in establishing the budgetary data reflected in the schedule:

1. Prior to September 1, the City Clerk submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. Budgetary control is maintained at the department level. The fund is the legal level of control.
5. Appropriations lapse at the end of the fiscal year.
6. The budget amounts presented in the accompanying financial schedules were prepared on a basis that does not materially differ from the modified accrual basis of accounting.

CITY OF CHIEFLAND, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)							
Proportion of the net pension liability	0.006554592%	0.006868922%	0.006752876%	0.006592978%	0.006849702%	0.006155151%	0.006346372%
Proportionate share of the net pension liability	\$ 2,840,857	\$ 2,365,561	\$ 2,034,001	\$ 1,950,828	\$ 1,729,555	\$ 795,020	\$ 387,222
Covered payroll	1,461,970	1,443,253	1,372,502	1,354,631	1,306,117	1,271,471	1,213,482
Proportionate share of the net pension liability as a percentage of covered payroll	194.32%	163.90%	148.20%	144.01%	132.42%	62.53%	31.91%
Plan fiduciary net position as a percentage of the total	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)							
Proportion of the net pension liability	0.004211464%	0.004314500%	0.004201260%	0.004146347%	0.004203430%	0.004002653%	0.004190484%
Proportionate share of the net pension liability	\$ 514,213	\$ 482,749	\$ 444,666	\$ 443,347	\$ 489,892	\$ 408,208	\$ 391,820
Covered payroll	1,461,970	1,443,253	1,372,502	1,966,451	1,306,117	1,271,471	1,213,482
Proportionate share of the net pension liability as a percentage of covered payroll	35.17%	33.45%	32.40%	22.55%	37.51%	32.11%	32.29%
Plan fiduciary net position as a percentage of the total	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

**CITY OF CHIEFLAND, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)**

	As of the Plan Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)							
Contractually required contribution	\$ 217,780	\$ 212,986	\$ 192,452	\$ 187,260	\$ 171,821	\$ 164,153	\$ 145,543
Contributions in relation to the contractually required	217,780	212,986	192,452	187,260	171,821	164,153	145,543
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,461,970	\$ 1,443,253	\$ 1,372,502	\$ 1,354,631	\$ 1,306,117	\$ 1,271,471	\$ 1,213,482
Contributions as a percentage of covered payroll	14.90%	14.76%	14.02%	13.82%	13.16%	12.91%	11.99%
Health Insurance Subsidy Program (HIS)							
Contractually required contribution	\$ 24,269	\$ 23,958	\$ 22,784	\$ 22,487	\$ 21,682	\$ 17,331	\$ 14,719
Contributions in relation to the contractually required	24,269	23,958	22,784	22,487	21,682	17,331	14,719
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,461,970	\$ 1,443,253	\$ 1,372,502	\$ 1,354,631	\$ 1,306,117	\$ 1,271,471	\$ 1,213,482
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.36%	1.21%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

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

To the Honorable Mayor and City Commission,
City of Chiefland, Florida:

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chiefland, Florida, (the City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 20, 2021.

Internal Control over Financial Reporting

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

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

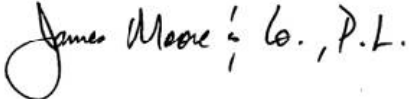
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
April 20, 2021

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor and City Commission,
City of Chiefland, Florida:

Report on the Financial Statements

We have audited the financial statements of the City of Chiefland, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated April 20, 2021.

As discussed in Note (8) to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities, business-type activities and the utility service fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, business-type activities, and the utility service fund, has not been determined.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 20, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no such findings and recommendations identified in the preceding annual financial report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted the following recommendation:

2020-001 – Unexpended Balance – Building Permits

Section 553.80(7)(a) of Florida Statutes has been updated to limit the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees. The City's unexpended building permit funds at September 30, 2020, exceeded the City's average operating budget for enforcing the Florida Building Code for the previous four fiscal years by approximately \$102,000. The City should identify how it intends to reduce the amount of unexpected building code balances in order to comply with Section 553.80(7)(a) of Florida Statutes. Such action may require the City to modify subsequent fiscal year budgets.

Additional Matters

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

Purpose of this Letter

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



Gainesville, Florida
April 20, 2021

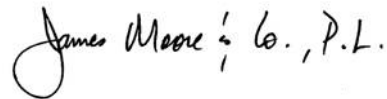
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, City Commission, and City Administrator,
City of Chiefland, Florida

We have examined the City of Chiefland, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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



Gainesville, Florida
April 20, 2021



City of Chiefland

~ The Gem of the Suwannee Valley ~

John C. Jones
Mayor

Norman Weaver
Vice Mayor

Lance Hayes
Commissioner

Rollin Hudson
Commissioner

Lewrissa Mainwaring
Commissioner

AFFIDAVIT

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

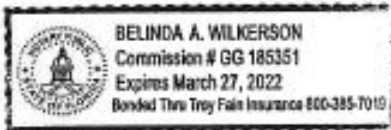
1. I am the Chief Financial Officer of the City of Chiefland, a local governmental entity of the State of Florida;
2. The City of Chiefland adopted:
 - a. Ordinance Number 07-06 implementing the Parks/Recreation Impact Fee; and
 - b. Ordinance Number 07-07 implementing the Transportation Impact Fee; and
 - c. Ordinance Number 07-08 implementing the Law Enforcement Impact Fee; and
 - d. Ordinance Number 07-09 implementing the Fire Rescue Impact Fee.
3. The City of Chiefland has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Laura Cain
Laura Cain, Interim City Manager

STATE OF FLORIDA
COUNTY OF LEVY

SWORN TO AND SUBSCRIBED before me this 14 day of April, 2021



Belinda A. Wilkerson
NOTARY PUBLIC
Print Name Belinda A. Wilkerson

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires: 3-27-2022



City of Chiefland

~ The Gem of the Suwannee Valley ~

John C. Jones
Mayor

Norman Weaver
Vice Mayor

Lance Hayes
Commissioner

Rollin Hudson
Commissioner

Lewrissa Mainwaring
Commissioner

April 20, 2021

Sherrill F. Norman, CPA
State of Florida Auditor General
Local Government Audits/342
Claude Pepper Building
111 W. Madison Street
Tallahassee, FL. 32399-1450

RE: 2020 Annual Audit Report

Dear Mrs. Norman,

The firm James Moore & Company, P.L. prepared an independent annual audit of the City of Chiefland financial records for fiscal year ending September 30, 2020.

The City provided all records upon request for all aspects of financial activity and I believe the audit was prepared in accordance with generally accepted auditing standards, Government Auditing Standards and Rules of the Auditor General.

Please accept my response, attached to the findings as a result of the review of the City's financial records for transactions that occurred during the 2020 fiscal year period.

Sincerely,

Laura Cain
Interim City Manager

Attachement

City of Chiefland Management Response
Schedule of Findings for Fiscal Year Ending September 30, 2020

2020-001- Unexpended Balance – Building Permits

Section 553.80(7)(a) of Florida Statutes has been updated to limit the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City's average operating budget for enforcing the Florida Building Code for the previous four years. A local government must use any funds in excess of this limitation to rebate or reduce fees.

Upon hearing of this deficiency, myself and staff are taking this information under advisement and coming up with a plan to expend the excess funds in the future.