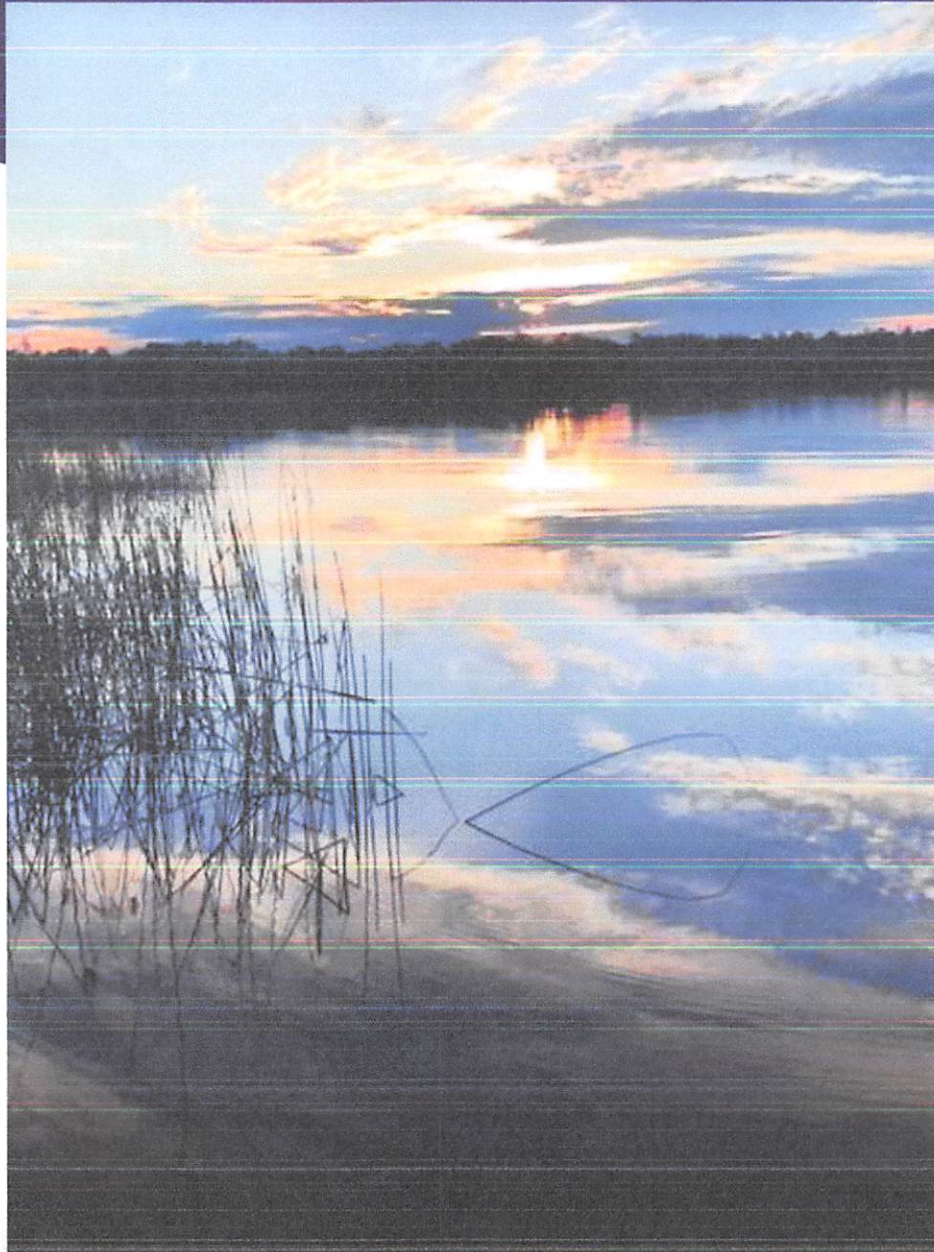
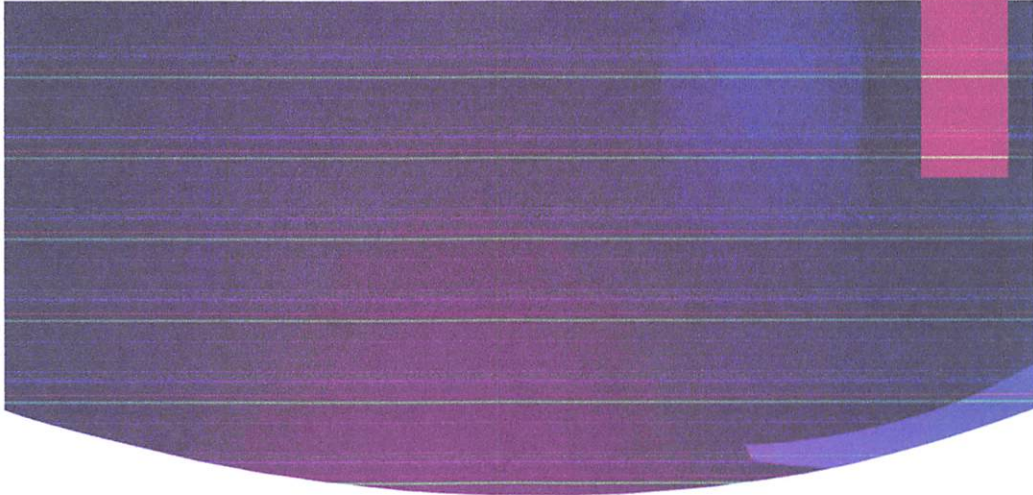


City of Lake Butler, Florida



*Comprehensive Annual Financial Report
For the period ending September 30, 2018*



City Commission

Mayor Fred Sirmones
Vice Mayor Scott Cason
Commissioner Jimmy Beasley
Commissioner Annette Redman
Commissioner Jack Schenck

Administration

City Manager Dale M. Walker
Deputy City Manager/ Director of Finance Sara Owen
City Attorney John Maines IV
Director of Public Works Mike Banks
Assistant Public Works Director Cody Douglas
Code Enforcement Lyn Williams



**City of Lake Butler
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2018**

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INTRODUCTORY SECTION

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Dale M. Walker
City Manager



Sara Owen
Deputy City Manager
Director of Finance

Office of the City Manager

March 27, 2018

Mayor Sirmones, Lake Butler City Commission and Citizens of Lake Butler,

Florida state law requires all municipalities with a financial budget of \$250,000 or more to obtain a financial audit. The audit is due to the state 45 days after the report is provided to the governing body, but no later than 9 months after the end of the fiscal year. Management assumes full responsibility for the completeness and accuracy of the information provided in the report. Powell & Jones, Certified Public Accountants have issued financial statements for the period ending September 30, 2018. Powell & Jones expresses an opinion on the City's compliance based on their examination. After examining the City's financial information and concluded to have no findings. The independent auditor's report is located at end of the financial section of the report.

History and Population

The City of Lake Butler was incorporated May 1893. In 2018 the City celebrated its 125th year of existence. While no monumental recognitions were made for this event some preparations were made to commemorate. Plans are to construct entry gates and possibly use the City's 125 years of age as recognition for branding. The current population of Lake Butler is approximately 1,897 residents. Unfortunately, this number has decreased by 20% since 1990, when the population was over 2,300 residents.

Structure of Government

The City has a Commission - City Manager form of government. The city manager oversees day-to-day operations and the commission sets policy. The commission is made up of 5 elected City residents, including the Mayor, who is elected among themselves. The City employs 13 full-time staff, including the manager, which consists of 3 office personnel and 9 maintenance staff. The City employs 4 part-time school crossing guards, a Code Enforcement Officer, and a part-time Animal Control Officer.

Overview of Services, Utilities, Culture and Recreation, Public Safety

City services include water, sewer and solid waste, with solid waste contracted to an outside provider. The water plant is located inside the City and services over 730 residences, both inside and just outside the city limits. Wastewater is collected at a central location and pumped to a nearby prison, Reception and Medical Center (RMC), several miles outside of the City where both

RMC and the City's wastewater is treated. Emergency and Fire services are provided by the County through an interlocal agreement between Union County and City of Lake Butler. The City pays \$50,000 for police protection and contributes \$25,000 for fire and emergency medical services. The City provides recreation to its citizens with three parks and a splash park. Each park provides amenities unique to the neighborhood it is located. For example, Westside Park desired a full-sized basketball court while another park wanted a half-court and more playground equipment. Lakeside Park offers a sandy beach on the water with handicap accessible playground equipment. Lakeside Park is also the home of a splash park that attracts visitors from nearby communities.

Financial Position

Lake Butler has managed to operate within the budget while building adequate reserves for operating emergencies but has not planned for infrastructure replacement. This is a critical missing element since its facilities are or nearly fully depreciated. The City has two long-term debt obligations for wastewater, 1980 bonds and 1996 bonds. The 1980 bonds will be paid in full before September 30, 2019. The 1996 bond will be paid off in 2037. The City's water and wastewater rates have been artificially low, not allowing the City to adequately plan for infrastructure replacement. In 2018 a small rate increase was approved for water and wastewater services, the first in 11 years. In addition to the increase a tiered rate structure was put into place to encourage water conservation among the residents. In February 2018 Financial Policies were put in place regarding Debt Management, Investment, Fund Balance, Grants and Revenue Control and Management. These policies were not in existence prior years but will be needed going forward since infrastructure replacement will be mandatory in upcoming years.

Economics

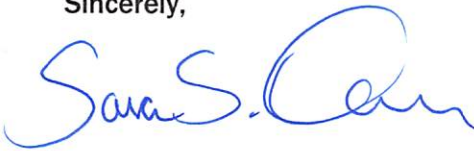
Lake Butler has an unemployment rate of 3.7% and a poverty rate of 24.7%. The area is designated by the Governor as a Rural Area of Economic Opportunity. This designation creates opportunities for additional funding that are not awarded City's with a more substantial tax base. The City's millage rate for 2018 was 2.7500 mills. This generated ad valorem tax revenue in the amount of \$77,568, approximately 9% of the City's budget income for the General Fund. The median household property value is \$79,000 with 16.2% of the City's land mass being exempt from ad valorem taxes. While 84% of the City's land mass is taxable only 1/3 of private property owners pay taxes. This is mostly due to low property values that fall below the homestead exemption allowance. The City is seeing some growth. In the 2017-2018 fiscal year 3 applications for new home construction were issued, 1 mobile home placement, and 1 site plan for a commercial establishment was approved. In addition to new construction 2 buildings became occupied by food service establishments, bringing some much-needed growth and stimulation to the local economy. Most of the City's General Fund revenue is made up of sales and service taxes. This includes a discretionary sales tax of 1%, franchise fees for electrical services provided by Florida, Power & Light, and utility service taxes on electric, gas and communications.

Major Initiatives

Projects that are underway for infrastructure replacement include addressing the wastewater collection system that experiences intake and infiltration (I&I), installing Advanced Metering Infrastructure (AMI), and designing a new Wastewater Treatment Facility (WWTF). Funding is being sought through the Florida Department of Environmental Protection's State Revolving Fund (SRF) for the wastewater collection system and AMI. The collection system will undergo a complete analysis to address precise locations of mandatory line replacement or repairs. After determining

the exact needs of collection system rehabilitation, construction funding will be sought through the SRF. The construction phase of the project is anticipation to be 80% loan forgiveness due to the City being designated a Rural Area of Economic Opportunity by the Governor. The same anticipation of funding will be for the AMI system that will allow meters to be read from a remote location, allowing staff to concentrate efforts elsewhere. This will also give customers more detail of their water consumption, encouraging conservation in the process. Funding for the new WWTF is being sought through State of Florida Legislative Appropriations and the Suwannee River Water Management District's SPRINGS Grant Program. The request is \$750,000 and includes the planning and design phase of the project. After competition of this phase it is anticipated the City will look to several avenues for funding, including the possibility of bond sales. In addition to major water and wastewater projects that are underway the City implemented new technology. After decades of minimal software upgrades, financial software and utility billing software are being used. Accufund, a financial software for small entities is replacing the current system, QuickBooks. Accufund will interface with Muni-Link, the City's new utility billing software. Both systems are a much-needed upgrade that brings the City further into the future and allows staff time to be used more efficiently. These projects will hopefully be the foundation the City uses to improve upon and continue to progress in the years to come.

Sincerely,

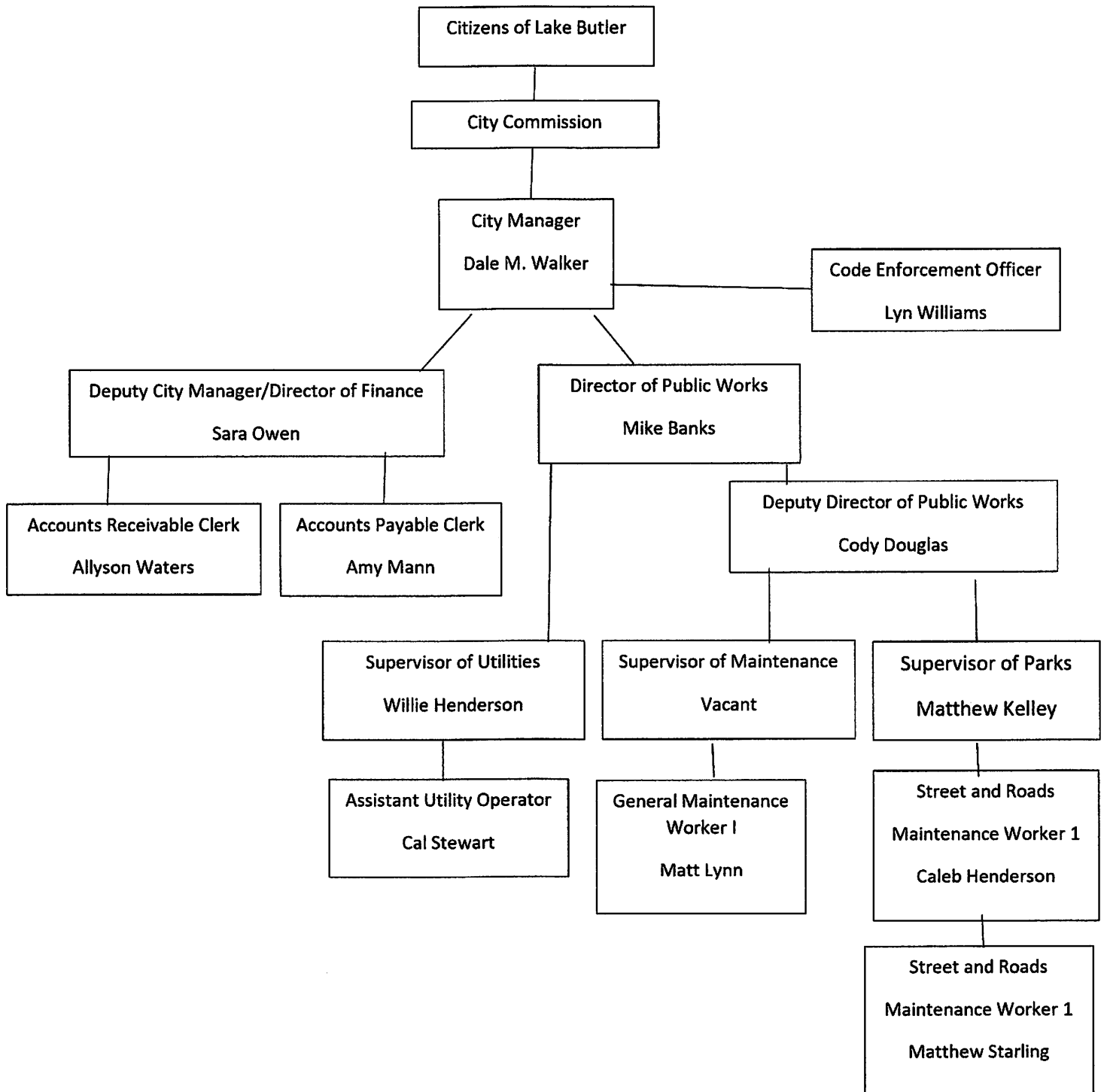


Sara S. Owen, CMC
Deputy City Manager / Director of Finance

City of Lake Butler, Florida

Chart of Organization

2017-2018



City of Lake Butler

City Commission

2017-2018



Front row (l-r): Vice Mayor Scott Cason, Commissioner Jimmy Beasley, Mayor Fred Sirmones, Commissioner Redman, Commissioner Schenck

Back row administration (l-r): Deputy City Manager Sara Owen, City Manager Dale Walker, City Attorney John Maines IV

Brief Bio

- **Mayor Fred Sirmones** has been on the City Commission since 2010 and has served as Mayor for the last few years. He is a self-employed contractor and works at the Florida Department of Corrections and is a former Sheriff's Deputy. He attended Florida State University and is also a professional firefighter. His ability to mentor the youth by coaching was important and now has a passion for the welfare of the elderly. Term expires June 2022.
- **Vice Mayor Scott Cason** has been a member of the City Commission since 2008. Term expires June 2020.
- **Commissioner Jimmy Beasley** was re-elected to the City Commission in 2018. He served for many years previously on the City Commission and a former Mayor of his hometown. A former employee of Lake Butler and Union County, he rose in the ranks of Union County to become the Solid Waste Director. He retired in 2017 and enjoys helping people. Term expires June 2022.
- **Commissioner Annette Redman** has held her seat on the City Commission since 2014. A graduate of Union County High School, she went on to retire from the United States Army. She currently is a paraprofessional at Lake Butler Elementary School. She has many achievement awards and a graduate of the University of Maryland. A strong supporter and volunteer in the community, she is interested in the youth and molding our future. Spearheading the movie night once a month, her efforts have many young people in attendance. Term expires June 2022.
- **Commissioner Jack Schenck** has served on the City Commission since 2016. Retired from the Florida Department of Corrections and the U.S. Army, his goal is to make his hometown visually appealing with service, food, entertainment, business and job opportunities without so much growth that it takes away from our small-town appeal. He would like to upgrade the antiquated infrastructure as well. Term expires 2020.

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FINANCIAL SECTION

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Powell & Jones
Certified Public Accountants

Richard C. Powell, Jr., CPA
Marian Jones Powell, CPA

1359 S.W. Main Blvd.
Lake City, Florida 32025
386 / 755-4200
Fax: 386 / 719-5504
admin@powellandjonescpa.com

INDEPENDENT AUDITOR'S REPORT

To the City Commission
City of Lake Butler
Lake Butler, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lake Butler (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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.

Florida Institute of Certified Public Accountants • American Institute of Certified Public Accountants

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Butler, as of September 30, 2018, 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.

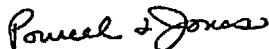
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2019, on our consideration of the City of Lake Butler'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Lake Butler's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accountants
February 11, 2019

CITY OF LAKE BUTLER, FLORIDA
Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the City of Lake Butler (City) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

The City has implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first two statements are condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as law enforcement and fire control, public works, parks and recreation, library, community development and general governmental administration. The City's water, sewer, and solid waste management services are reported as business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the City.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the City owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. For the first time, governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long been reported capital assets and long-term liabilities. Also, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses on gross and net costs of the City's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on governmental and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City has five major governmental funds which are presented in separate columns. A budgetary comparison is presented for each of the governmental funds. Statements for the City's proprietary fund follow the governmental funds and include net position, revenue, expenses and changes in net position, and a statement of cash flows.

- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the City's financial condition.
- The MD&A is intended to serve as an introduction to the City's basic financial statements and to explain the significant changes in financial position and differences in operations between the current and prior years.

City as a Whole

Government-wide Financial Statements

Net Position at September 30, 2018 and 2017

	Governmental Activities	Business-type Activities	Total Government	
			2018	2017
Assets				
Cash and cash equivalents	\$ 1,045,203	\$ 814,495	\$ 1,859,698	\$ 1,809,979
Other assets	90,510	150,861	241,371	266,814
Capital assets	1,781,891	1,074,891	2,856,782	2,959,508
Total assets	2,917,604	2,040,247	4,957,851	5,036,301
Deferred outflows	114,314	124,652	238,966	255,038
Liabilities				
Current liabilities	55,671	201,815	257,486	245,312
Long term liabilities	288,885	1,113,354	1,402,239	1,477,206
Total liabilities	344,556	1,315,169	1,659,725	1,722,518
Deferred inflows	36,749	40,417	77,166	61,332
Net position				
Invested in capital assets, net of related debt	1,781,891	203,891	1,985,782	2,026,508
Restricted for				
Road projects	317,713	-	317,713	332,325
Other purposes	79,533	245,412	324,945	281,697
Unrestricted	471,476	360,010	831,486	866,959
Total net position	\$ 2,650,613	\$ 809,313	\$ 3,459,926	\$ 3,507,489

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

Restricted assets consist of earmarked funds of \$79,533 in the community redevelopment program, \$317,713 for street improvements, and \$245,412 in the City's Proprietary Fund.

The City's net position decreased \$47,563 over the year. The decrease is primarily due to a decrease in grant receipts from prior years.

The following schedule provides a summary of the changes in net position.

A condensed version of the Statement of Activities follows:

Change in Net Position
For the Fiscal Years Ended September 30, 2018 and 2017

	Governmental Activities	Business-type Activities	Total Government	
			2018	2017
Revenues				
Program revenues				
Charges for services	\$ 105,561	\$ 1,203,506	\$ 1,309,067	\$ 1,305,435
Grants and contributions	13,317	-	13,317	345,487
General revenues				
Taxes	386,667	-	386,667	355,608
Franchise fees	130,726	-	130,726	132,953
State shared revenues	141,680	-	141,680	147,618
Interest	687	610	1,297	1,232
Rents, royalties and other	54,601	6,317	60,918	59,222
Total revenues	833,239	1,210,433	2,043,672	2,347,555
Expenses				
General government	384,883	-	384,883	349,251
Public safety	150,770	-	150,770	152,076
Transportation	264,549	-	264,549	209,938
Economic environment	764	-	764	22,527
Human services	8,685	-	8,685	10,843
Culture/recreation	210,368	-	210,368	162,463
Interest on long-term debt	-	42,153	42,153	44,756
Water	-	338,928	338,928	355,947
Garbage services	-	148,075	148,075	130,312
Sewer	-	542,060	542,060	520,448
Total expenses	1,020,019	1,071,216	2,091,235	1,958,561
Transfers in (out)	70,734	(70,734)	-	-
Change in net position	(116,046)	68,483	(47,563)	388,994
Beginning net position	2,766,659	740,830	3,507,489	3,118,495
Ending net position	\$ 2,650,613	\$ 809,313	\$ 3,459,926	\$ 3,507,489

Governmental activities:

Taxes provide 46.4% of the revenues for Governmental Activities, while franchise fees provide 15.7% and grants provided 1.6%. Most of the Governmental Activities resources are spent for General Government 37.7%, Transportation 25.9% and Culture/recreation 20.6%.

Business-type activities:

Business-type activities increased the City's net position by \$68,483.

Budgetary Highlights

The City operated substantially within its budgetary appropriations during the current year.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2018, the City had \$2.86 million invested in capital assets, including fire equipment, park and recreation facilities, buildings, roads, bridges and water and sewer facilities. This amount represents a net decrease (additions, deductions, and depreciation) of \$102,727 or 3.47% less than last year. This decrease was primarily due to the assets' loss of value from depreciation.

Capital Assets at September 30, 2018 and 2017

	Governmental		Business-type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 84,551	\$ 84,551	\$ 541,813	\$ 541,813	\$ 626,364	\$ 626,364
CIP	-	40,337	175,190	169,924	175,190	210,261
Buildings	2,962,761	2,962,761	153,795	153,795	3,116,556	3,116,556
Improvements	15,549,190	15,490,607	5,549,717	5,506,822	21,098,907	20,997,429
Equipment	615,465	600,353	243,800	243,800	859,265	844,153
Subtotal	19,211,967	19,178,609	6,664,315	6,616,154	25,876,282	25,794,763
Accumulated depreciation	(17,430,076)	(17,317,101)	(5,589,424)	(5,518,154)	(23,019,500)	(22,835,255)
Capital assets, net	\$ 1,781,891	\$ 1,861,508	\$ 1,074,891	\$ 1,098,000	\$ 2,856,782	\$ 2,959,508

Debt Outstanding

At year-end, the City had \$871,000 in debt outstanding versus \$933,000 last year, a decrease of \$62,000.

Debt Outstanding at September 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenue bonds	\$ -	\$ -	\$ 871,000	\$ 933,000	\$ 871,000	\$ 933,000
Compensated absences	14,173	22,850	5,188	8,991	19,361	31,841
Net Pension liability	276,838	276,738	302,515	283,780	579,353	560,518
Total	\$ 291,011	\$ 299,588	\$ 1,178,703	\$ 1,225,771	\$ 1,469,714	\$ 1,525,359

More detailed information on the City long-term liabilities is presented in the notes to the financial statements.

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The current unemployment rate for Union County was 4.4%. This rate represents an increase from the prior year rate of 3.2%.
- The official population for the City in 2018 was 1,813 and is estimated to be approximately the same in 2019.
- The ad valorem tax rate for the City was 2.7500 mills in 2018.

Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City Manager at 200 SW First Street, Lake Butler, Florida 32054.

CITY OF LAKE BUTLER, FLORIDA
STATEMENT OF NET POSITION
September 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,045,203	\$ 569,083	\$ 1,614,286
Accounts receivable - net	26,628	60,628	87,256
Due from other governmental units	12,255	84,821	97,076
Prepaid expenses	8,970	12,053	21,023
Internal balances	6,641	(6,641)	-
Total current assets	1,099,697	719,944	1,819,641
Noncurrent assets			
Restricted assets			
Cash	-	106,791	106,791
Cash customer deposits	-	138,621	138,621
Total restricted assets	-	245,412	245,412
Capital assets - net	1,781,891	1,074,891	2,856,782
Total assets	2,881,588	2,040,247	4,921,835
DEFERRED OUTFLOWS	114,314	124,652	238,966
LIABILITIES			
Current liabilities payable from current assets			
Accounts payable	7,439	7,563	15,002
Accrued liabilities	10,090	6,425	16,515
Accrued compensated absences	2,126	1,349	3,475
Total current liabilities payable from current assets	19,655	15,337	34,992
Current liabilities payable from restricted assets			
Accrued interest payable	-	3,276	3,276
Deposits	-	119,202	119,202
Current portion serial bonds	-	64,000	64,000
Total current liabilities payable from restricted assets	-	186,478	186,478
Noncurrent liabilities			
Serial bonds payable	-	807,000	807,000
Accrued compensated absences	12,047	3,839	15,886
Net pension liability	276,838	302,515	579,353
Total noncurrent liabilities	288,885	1,113,354	1,402,239
Total liabilities	308,540	1,315,169	1,623,709
DEFERRED INFLOWS	36,749	40,417	77,166
NET POSITION			
Invested in capital assets net of related debt	1,781,891	203,891	1,985,782
Restricted for:			
Road projects	317,713	-	317,713
Other purposes	79,533	245,412	324,945
Unrestricted	471,476	360,010	831,486
Total net position	\$ 2,650,613	\$ 809,313	\$ 3,459,926

CITY OF LAKE BUTLER, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues 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	\$ 384,883	\$ 15,126	\$ -	\$ -	\$ (369,757)	\$ -	\$ (369,757)
Public safety	150,770	10,999	-	-	(139,771)	-	(139,771)
Physical environment	-	1,300	-	-	1,300	-	1,300
Transportation	264,549	78,136	-	-	(186,413)	-	(186,413)
Economic environment	764	-	-	-	(764)	-	(764)
Human services	8,685	-	-	-	(8,685)	-	(8,685)
Culture/recreation	210,368	-	13,317	-	(197,051)	-	(197,051)
Total governmental activities	1,020,019	105,561	13,317	-	(901,141)	-	(901,141)
Business-type activities							
Water services	338,928	295,357	-	-	-	(43,571)	(43,571)
Garbage and solid waste services	148,075	183,212	-	-	-	35,137	35,137
Sewer services	542,060	724,937	-	-	-	182,877	182,877
Interest on long-term debt	42,153	-	-	-	-	(42,153)	(42,153)
Total business-type activities	1,071,216	1,203,506	-	-	-	132,290	132,290
Total government	\$ 2,091,235	\$ 1,309,067	\$ 13,317	\$ -	(901,141)	132,290	(768,851)
			General revenues				
			Ad valorem taxes		129,050	-	129,050
			Franchise fees		130,726	-	130,726
			Utility taxes		98,875	-	98,875
			Sales and use taxes		158,742	-	158,742
			Federal and state shared revenue		141,680	-	141,680
			Interest		687	610	1,297
			Miscellaneous		54,601	6,317	60,918
			Transfers in (out)		70,734	(70,734)	-
			Total general revenues		785,095	(63,807)	721,288
			Change in net position		(116,046)	68,483	(47,563)
			Net assets beginning		2,766,659	740,830	3,507,489
			Net position, ending		\$ 2,650,613	\$ 809,313	\$ 3,459,926

CITY OF LAKE BUTLER, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2018

	Special Revenue Funds			Capital Project Fund	Total Governmental Funds
	General Fund	Downtown Redevelopment	Street Improvement	Community Development Block Grant	
ASSETS					
Cash	\$ 625,016	\$ 78,599	\$ 341,311	\$ 277	\$ 1,045,203
Accounts receivable	26,628	-	-	-	26,628
Due from State	12,255	-	-	-	12,255
Due from other funds	42,000	657	-	-	42,657
Prepaid expenses	8,970	-	-	-	8,970
Total assets	\$ 714,869	\$ 79,256	\$ 341,311	\$ 277	\$ 1,135,713
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 7,439	\$ -	\$ -	-	\$ 7,439
Accrued liabilities	10,090	-	-	-	10,090
Due to other funds	36,016	-	-	-	36,016
Total liabilities	53,545	-	-	-	53,545
FUND BALANCES					
Restricted	-	79,256	317,713	277	397,246
Unassigned	661,324	-	23,598	-	684,922
Total fund balances	661,324	79,256	341,311	277	1,082,168

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	1,781,891
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore are not reported in the governmental funds	114,314
Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore are not reported in the governmental funds	(36,749)
Long-term liabilities are not due in the current period and, therefore, are not reported in the funds	
FRS Pension Liability	(276,838)
Accrued compensated absences	(14,173)
Net position of governmental activities	\$ 2,650,613

CITY OF LAKE BUTLER, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 2018

	Special Revenue Funds			Capital Project Fund	Total Governmental Funds
	General Fund	Downtown Redevelopment	Street Improvement	Community Development Block Grant	
REVENUES					
Taxes	\$ 465,911	\$ 51,482	\$ -	\$ -	\$ 517,393
Licenses and permits	15,126	-	-	-	15,126
Fines	10,999	-	-	-	10,999
Intergovernmental	149,554	-	-	5,443	154,997
Charges for services	79,436	-	-	-	79,436
Miscellaneous	54,285	658	345	-	55,288
Total revenue	775,311	52,140	345	5,443	833,239
EXPENDITURES					
Current expenditures					
General government	367,912	-	-	-	367,912
Public safety	118,822	-	-	-	118,822
Transportation	224,654	-	14,957	-	239,611
Economic environment	-	-	-	-	-
Human services	8,502	-	-	-	8,502
Culture/recreation	146,813	13,270	-	-	160,083
Capital outlay					
General government	1,160	-	-	-	1,160
Culture/recreation	16,156	5,090	-	-	21,246
Transportation	16,647	-	-	-	16,647
Public safety	-	-	-	-	-
Total expenditures	900,666	18,360	14,957	-	933,983
Excess of revenues over (under) expenditures	(125,355)	33,780	(14,612)	5,443	(100,744)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	78,107	852	-	-	78,959
Interfund transfers out	-	(2,764)	-	(5,461)	(8,225)
Total other financing sources (uses)	78,107	(1,912)	-	(5,461)	70,734
Net change in fund balances	(47,248)	31,868	(14,612)	(18)	(30,010)
Fund balances at beginning of year	708,572	47,388	355,923	295	1,112,178
Fund balances at end of year	\$ 661,324	\$ 79,256	\$ 341,311	\$ 277	\$ 1,082,168

CITY OF LAKE BUTLER, FLORIDA

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

For the Fiscal Year Ended September 30, 2018

Net change in fund balances - total government funds		\$ (30,010)
Amounts reported for governmental activities in the of activities are different because:		
Government funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Expenditures for capital assets	39,053	
Less current year depreciation	<u>(118,670)</u>	(79,617)
Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Net decrease in compensated absences		8,677
Net increase in pension liability		(100)
Net change in pension deferred outflows and inflows		<u>(14,996)</u>
Change in net position of governmental activities		<u>\$ (116,046)</u>

**CITY OF LAKE BUTLER, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 September 30, 2018**

ASSETS	<u>Enterprise Fund</u>
Current assets	
Cash	\$ 569,083
Accounts receivable	124,276
Allowance for doubtful accounts	(63,648)
Due from other governmental units	84,821
Due from other funds	35,359
Prepaid expenses	12,053
Total current assets	<u>761,944</u>
Restricted assets	
Cash	106,791
Cash customer deposits	138,621
Total restricted assets	<u>245,412</u>
Noncurrent assets	
Fixed assets	
Land	541,813
Improvements other than buildings	5,703,512
Construction in progress	175,190
Equipment	243,800
Allowance for depreciation	(5,589,424)
Total fixed assets	<u>1,074,891</u>
Total assets	<u>2,082,247</u>
DEFERRED OUTFLOWS	<u>124,652</u>
LIABILITIES	
Current liabilities payable from current assets	
Accounts payable	7,563
Accrued liabilities	6,425
Due from other funds	42,000
Total current liabilities payable from current assets	<u>55,988</u>
Current liabilities payable from restricted assets	
Accrued interest payable	3,276
Deposits	119,202
Current portion serial bonds	64,000
Total current liabilities payable from restricted assets	<u>186,478</u>
Other liabilities	
Accrued leave payable	5,188
Noncurrent liabilities	
Long-term liabilities	
Serial bonds payable	807,000
Net pension liability	302,515
Total long-term liabilities	<u>1,109,515</u>
Total liabilities	<u>1,357,169</u>
DEFERRED INFLOWS	<u>40,417</u>
NET POSITION	
Invested in capital assets net of related debt	203,891
Restricted - debt service	106,791
Restricted - other purposes	138,621
Unrestricted	360,010
Total net position	<u>\$ 809,313</u>

CITY OF LAKE BUTLER, FLORIDA

**PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2018**

OPERATING REVENUES	<u>Enterprise Fund</u>
Charges for services	
Water utility services	\$ 282,970
Sewer utility services	714,564
Garbage solid waste services	183,212
Water tap in and connection	12,387
Sewer tap in and connection	10,373
Miscellaneous	6,317
Total operating revenues	<u>1,209,823</u>
OPERATING EXPENSES	
Water services	
Personnel services	163,975
Operating expenses	174,953
Total water services	<u>338,928</u>
Sewer services	
Personnel services	189,865
Operating expenses	352,195
Total sewer services	<u>542,060</u>
Garbage and solid waste services	
Operating expenses	148,075
Total operating expenses	<u>1,029,063</u>
Operating income	<u>180,760</u>
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	610
Interest expense	(42,153)
Total nonoperating revenues (expenses)	<u>(41,543)</u>
Net income before operating transfers	<u>139,217</u>
OPERATING TRANSFERS	
Interfund transfer in from CDBG	5,266
Interfund transfers out	
Water	(16,000)
Sewer	(60,000)
	<u>(70,734)</u>
Net income	68,483
Net position, beginning of year	740,830
Net position, end of year	<u>\$ 809,313</u>

CITY OF LAKE BUTLER, FLORIDA

**PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2018**

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers, including cash deposits	\$ 1,192,132
Cash paid to suppliers	(643,695)
Cash paid for employees and benefits	(342,087)
Net cash provided by operating activities	<u>206,350</u>
Cash flows from non-capital related financing activities:	
Interfund transfers	(28,734)
Net cash used in non-capital related financing activities	<u>(28,734)</u>
Cash flows from capital and related financing activities:	
Acquisition of fixed assets	(48,161)
Principal payments	(62,000)
Interest payments	(42,153)
Net cash used in capital and related financing activities	<u>(152,314)</u>
Cash flows from investing activities:	
Investment income	610
Net Increase in cash	25,912
Cash, at beginning of year	788,583
Cash, at end of year	<u>\$ 814,495</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating Income	\$ 180,760
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	71,270
Deferred Inflows	8,392
Deferred outflows	8,518
Net Pension liability	112
Changes in assets decrease (Increase) and liabilities (decrease) increase:	
Accounts receivable	13,049
Due from other governments	(42,076)
Accounts payable	(27,689)
Accrued liabilities	(1,466)
Customer deposits	11,336
Compensated absences	(3,803)
Prepaid expenses	(12,053)
Total adjustments	<u>25,590</u>
Net cash provided by operating activities	<u>\$ 206,350</u>

CITY OF LAKE BUTLER, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lake Butler (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement 34-Basic Financial Statement and Management's Discussion and Analysis - for State and Local Governments. As provided by GASB 34, the City has elected not to report retroactive infrastructure improvements in its financial statements due to the fact that its annual revenues are less than ten million. The City has implemented all other applicable provisions of this Statement.

A. Reporting Entity - The City of Lake Butler, Florida is a municipality created under Chapter 5507, *Laws of Florida, 1905*, and is governed by a five member City Commission, all of whom are individually elected, who select from among themselves one member to serve as Mayor.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that the following component unit existed which should be included within the reporting entity on a blended basis.

City of Lake Butler Community Redevelopment Agency - This dependent special district was established for the fostering of economic development within the downtown district under Ordinance #96-05. The governing board is the City Commission which also establishes the agency's annual budget. Because this component unit is in substance part of the City's operations, it has been reported on a blended basis in the City's financial statements as a separate special revenue fund.

B. Measurement Focus and Basis of Accounting - The basic financial statements of the City are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type 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 and charges for support. Likewise, the primary government is reported separately from any legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. As applicable, the City also chooses to eliminate the indirect costs between governmental activities to avoid the "doubling up" effect.

2. Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the City's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually, and nonmajor funds in the aggregate for governmental and enterprise funds.

Governmental Funds - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the City.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be measure of "available spendable resources." Governmental funds operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Any non-current portions of long-term receivables (special assessments) due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds - The City's Water and Sewer Enterprise Fund is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The City applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

Proprietary fund operation revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in

which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

C. Basis of Accounting - GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures, expenses of both fund category and the governmental and enterprise combined) for the determination of major funds. The City has used GASB 34 minimum criteria for major fund determination. The City has five major funds and four nonmajor funds.

1. Governmental Major Funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Downtown Redevelopment Fund - Used to account for tax increment and other revenues associated with the City's Community Redevelopment Agency and the expenditure of these funds in the redevelopment district.

Street Improvement Fund - used to account for expenditures associated with the City's street paving program.

Community Development Block Grant Fund - Established by the City to administer its Community Development Block Grant Program, which was awarded the City by the Department of Economic Opportunity to assist in sewer system upgrades.

2. Proprietary Major Fund:

Enterprise Fund - The Enterprise Fund accounts for the revenues, expenses, assets, and liabilities associated with the City operated water, sewer, and solid waste disposal services.

3. Non-current Governmental Assets/Liabilities:

GASB Statement 34 requires non-current governmental assets, such as land and building, and non-current governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide statement of net position.

D. Assets, Liabilities and Net Position or Equity

1. Cash and Investments - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.

2. Cash Equivalents - For purposes of the statement of cash flows, the City considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. As

of September 30, 2018, the City's cash consisted solely of checking accounts and money market accounts; it has no other cash equivalents.

3. **Allowance for Doubtful Accounts** - The City provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2018, this allowance account totaled \$63,648 based upon prior collection history. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered to be fully collectible as reported at September 30, 2018.
4. **Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."
5. **Inventories** - The costs of governmental inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any such inventory type goods on hand at year end would not be material.
6. **Restricted Assets** - As applicable, year to year, certain proceeds of enterprise fund debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

The fund balance related to the City Community Redevelopment Agency is also classified as restricted due to legal limitations on the use of these funds.

7. **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the City.
8. **Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, right-of-ways, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are generally not reported. Donated capital assets are recorded at estimated fair market value at the date of donations.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City, as well as of component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	40
Machinery and equipment	5 - 10
Street and related infrastructure	20 - 40

- 9. Capitalization of Interest** - Interest related to borrowings are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the City did not have any capitalized interest.
- 10. Deferred Revenues** - Deferred revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues. During the current period, the City did not have any deferred revenues.
- 11. Accrued Compensated Absences** - The City accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentation.
- 12. Fund Balances -**

A. Governmental Funds

As of September 30, 2018, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Commission. The Commission is the highest level of decision making authority for the Commission. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Commission.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only the Commission may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of September 30, 2018, fund balances are composed of the following:

	<u>Governmental Funds</u>
Restricted, transportation	\$ 317,713
Restricted, community redevelopment	79,256
Restricted, CDBG	277
Unassigned	684,922
	<u>\$ 1,082,168</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spend first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spend first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commission has provided otherwise in its commitment or assignment actions.

B. Proprietary Funds

Restrictions of equity show amounts that are not appropriated for expenditure or are legally restricted for specific uses.

As of September 30, 2018, net position balances are composed of the following:

	<u>Amount</u>
Invested in capital assets, net	\$ 203,891
Restricted - debt service	106,791
Restricted - customer deposits	138,621
Unrestricted	360,010
	<u>\$ 809,313</u>

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position.

“Total fund balances” of the City’s governmental funds \$1,082,168 differs from “net position” of governmental activities \$2,650,613 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 19,211,967
Accumulated depreciation	<u>(17,430,076)</u>
Total	<u><u>\$ 1,781,891</u></u>

Long-term debt transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2018, were:

Compensated absences	\$ (14,173)
Net pension liability	<u>(276,838)</u>
Total	<u><u>\$ (291,011)</u></u>

Deferred outflows/inflows of resources

Deferred outflows of resources represent a consumption of net position in a future period while deferred inflows of resources represent an acquisition of net position in a future period and accordingly, are not reported in the governmental fund statements. However, the statement of net position included those deferred outflows/inflows of resources.

Deferred outflows	\$ 114,314
Deferred inflows	<u>(36,749)</u>
Total	<u><u>\$ 77,565</u></u>

CITY OF LAKE BUTLER, FLORIDA

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance and the Government-wide Statement of Net Position

	Total Governmental Funds	Capital Related Items	Pension Liability Deferred Inflows/Outflows	Long-Term Debt Transactions	Statement of Net Position
ASSETS					
Cash and cash equivalents	\$ 1,045,203	\$ -	\$ -	\$ -	\$ 1,045,203
Accounts receivable, net	26,628	-	-	-	26,628
Due from other governments	12,255	-	-	-	12,255
Due from other funds	42,657	-	-	-	42,657
Prepaid expenses	8,970	-	-	-	8,970
Capital assets, net	-	1,781,891	-	-	1,781,891
Total assets	1,135,713	1,781,891	-	-	2,917,604
DEFERRED OUTFLOWS					
	-	-	114,314	-	114,314
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	7,439	-	-	-	7,439
Accrued liabilities	10,090	-	-	-	10,090
Due to other funds	36,016	-	-	-	36,016
Accrued compensated absences	-	-	-	14,173	14,173
Net pension liability	-	-	276,838	-	276,838
Total liabilities	53,545	-	276,838	14,173	344,556
DEFERRED INFLOWS					
	-	-	36,749	-	36,749
FUND BALANCE/NET POSITION	\$ 1,082,168	\$ 1,781,891	\$ (199,273)	\$ (14,173)	\$ 2,650,613

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for governmental funds \$(30,010) differs from the "change in net position" for governmental activities \$(116,046) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charges for the year.

Capital outlay	\$	39,053
Depreciation expense		(118,670)
Difference	\$	<u>(79,617)</u>

Long-term debt related items

Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net decrease in compensated absences	\$	8,677
Net increase in pension liability		(100)
Net change in deferred outflows and inflows		(14,996)
Total	\$	<u>(6,419)</u>

CITY OF LAKE BUTLER, FLORIDA

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities

	Total Governmental Funds	Capital Related Items	Pension Liability Deferred Inflows/Outflows	Long-Term Debt Transactions	Statement of Activities
REVENUES					
Taxes	\$ 517,393	\$ -	\$ -	\$ -	\$ 517,393
Licenses and permits	15,126	-	-	-	15,126
Fines	10,999	-	-	-	10,999
Intergovernmental	154,997	-	-	-	154,997
Charges for services	79,436	-	-	-	79,436
Miscellaneous	55,288	-	-	-	55,288
Total revenue	833,239	-	-	-	833,239
EXPENDITURES					
Current expenditures					
General government	367,912	16,013	9,635	(8,677)	384,883
Public safety	118,822	31,218	730	-	150,770
Physical environment	-	-	-	-	-
Transportation	239,611	22,047	2,891	-	264,549
Economic environment	-	764	-	-	764
Human services	8,502	-	183	-	8,685
Culture/recreation	160,083	48,628	1,657	-	210,368
Capital outlay					
General government	1,160	(1,160)	-	-	-
Transportation	16,647	(16,647)	-	-	-
Culture/recreation	21,246	(21,246)	-	-	-
Public Safety	-	-	-	-	-
Total expenditures	933,983	79,617	15,096	(8,677)	1,020,019
Excess of revenues over (under) expenditures	(100,744)	(79,617)	(15,096)	8,677	(186,780)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	78,959	-	-	-	78,959
Interfund transfers out	(8,225)	-	-	-	(8,225)
Total other financing sources (uses)	70,734	-	-	-	70,734
Net change in fund balances/net position	(30,010)	(79,617)	(15,096)	8,677	(116,046)
Fund balances/net position at beginning of year	1,112,178	1,861,508	(184,177)	(22,850)	2,766,659
Fund balances/net position at end of year	\$ 1,082,168	\$ 1,781,891	\$ (199,273)	\$ (14,173)	\$ 2,650,613

NOTE 3. LEGAL COMPLIANCE–BUDGETS

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

1. Prior to September 1, the City Manager develops 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. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted by the City Commission through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund must be approved by the City Commission.
5. Budgets for all City funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Commission. Individual amendments were not material in relation to the original appropriations which were amended.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits. The book balances of the City deposits totaling \$1,859,698 were insured by federal depository insurance or pledged collateral under state law.

Investments. Under state law, the City is allowed to invest surplus funds in guaranteed obligations of the U.S. government, interest bearing accounts of financial institutions which are legally secured, and the Local Government Surplus Funds Trust Fund. At year end, all invested funds consisted of bank cash accounts which were fully insured or collateralized. These deposits are classified as Category 1 in accordance with GASB Standard No. 3, "Deposits with Financial Institutions, Investments, and Reserve Repurchase Agreements."

NOTE 5. PROPERTY TAX REVENUES

All real and tangible personal property taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified by the County Property Appraiser. The County Tax Collector mails to each property owner on the assessment roll a notice of taxes levied by the City and other governmental entities in the County. Taxes may be paid upon receipt of such notice with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount. All unpaid taxes on real and tangible personal property become delinquent taxes, including applicable tax certificate sales, tax deed sales, and tangible personal property seizure and sales are provided for by the laws of Florida. Due to those collection procedures, no material amounts of delinquent taxes were due the City at year end. Collections of City taxes and remittances are accounted for in the County Tax Collector's office.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets:				
Land	\$ 84,551	\$ -	\$ -	\$ 84,551
CIP	40,337	-	(40,337)	-
Buildings	2,962,761	-	-	2,962,761
Other Improvements	15,490,607	58,583	-	15,549,190
Machinery and equipment	600,353	20,807	(5,695)	615,465
Total capital assets	19,178,609	79,390	(46,032)	19,211,967
Less accumulated depreciation	(17,317,101)	(118,670)	5,695	(17,430,076)
Governmental activities capital assets, net	\$ 1,861,508	\$ (39,280)	\$ (40,337)	\$ 1,781,891
Business-type activities:				
Land	\$ 541,813	\$ -	\$ -	\$ 541,813
Buildings	153,795	-	-	153,795
Improvements other than buildings	5,506,822	42,895	-	5,549,717
CIP	169,924	5,266	-	175,190
Machinery and equipment	243,800	-	-	243,800
Total capital assets	6,616,154	48,161	-	6,664,315
Less accumulated depreciation	(5,518,154)	(71,270)	-	(5,589,424)
Business-type activities capital assets, net	\$ 1,098,000	\$ (23,109)	\$ -	\$ 1,074,891

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General Government	\$ 16,013
Public Safety	31,218
Transportation	22,047
Parks and recreation	48,628
Economic	764
Total depreciation expense - governmental entities	\$ 118,670
Business-type activities:	
Water	\$ 40,980
Sewer	30,290
	\$ 71,270

NOTE 7. INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at September 30, 2018.

Fund	Receivable	Payable
General	\$ 42,000	\$ 36,016
Enterprise	35,359	42,000
CRA	657	-
	<u>\$ 78,016</u>	<u>\$ 78,016</u>

NOTE 8. INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2018, consisted of the following:

Fund	Transfers in	Transfers out
General	\$ 78,107	\$ 657
Enterprise	5,266	76,000
CDBG	-	5,461
CRA	852	2,107
	<u>\$ 84,225</u>	<u>\$ 84,225</u>

Transfers were used for grant funded capital projects and operating expenditures.

NOTE 9. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2018, were as follows:

	Account	Due from Others/ Governmental Units	Total Receivables
Governmental activities:	\$ 26,628	\$ 12,255	\$ 38,883
Business-type activities:	60,628	84,821	145,449
	<u>\$ 87,256</u>	<u>\$ 97,076</u>	<u>\$ 184,332</u>

Based upon collection history, the City has included a reserve for doubtful accounts for its Enterprise Fund accounts receivable of \$63,648.

Payables

Payables at September 30, 2018, were as follows:

	Vendors
Governmental activities:	\$ 7,439
Business-type activities:	7,563
	<u>\$ 15,002</u>

NOTE 10. LONG-TERM LIABILITIES

Governmental Activities

Summary of changes in governmental activities long-term liabilities

The following summarizes the changes in the City's governmental long-term liabilities during the year ended September 30, 2018:

	Balance			Balance	Due Within
	October 1, 2017	Increases	Decreases	September 30, 2018	One Year
Compensated absences	\$ 22,850	\$ -	\$ (8,677)	\$ 14,173	\$ 2,126
Pension liability	276,738	100	-	276,838	-
	<u>\$ 299,588</u>	<u>\$ 100</u>	<u>\$ (8,677)</u>	<u>\$ 291,011</u>	<u>\$ 2,126</u>

Business-type Activities

A summary of proprietary fund debt as of September 30, 2018, follows:

Water and Sewer Revenue Bonds 1980 - Gross revenues of the water and sewer system primarily, and secondarily the City's proceeds of its utility services taxes and guaranteed entitlement portion of State Revenue Sharing are pledged to service this debt. The outstanding balance at September 30, 2018, is \$35,000. The remaining bonds mature annually from September 1, 2009 through September 1, 2019, at averaged annual payments of \$37,000, including interest at 5%.

Water and Sewer Revenue Bonds 1998 - Gross revenues of the water and sewer system primarily, and secondarily the City's proceeds of its utility services taxes are pledged to service this debt. The outstanding balance at September 30, 2018, is \$836,000. The remaining bonds mature annually from September 1, 2006 through September 1, 2037, at averaged payments of \$66,377, including interest at 4.5%.

Reserve Funds - The following reserves are required to be maintained for the revenue bonds:

Water and Sewer Revenue Bonds 1980 - A reserve is required by the bond ordinance to accumulate sufficient funds to be used for: (a) repair and replacement of the water system due to catastrophe, (b) constructing improvements to increase net revenues of the Enterprise Fund, and (c) payment of any principal and interest if the funds of the Sinking Fund are insufficient. The reserve is maintained by transferring monthly from the revenue account \$310, until a maximum amount of \$37,200 is attained. This reserve was fully funded at September 30, 2018.

Water and Sewer Revenue Bonds 1998 - A reserve is required by the bond ordinance to accumulate sufficient funds to be used for: (a) repair and replacement of the water system due to catastrophe, (b) constructing improvements to increase net revenues of the Enterprise Fund, and (c) payment of any principal and interest if the funds of the Sinking Fund are insufficient. The reserve is maintained by transferring monthly from the revenue account \$560, until a maximum amount of \$67,148 is attained. This reserve was fully funded at September 30, 2018.

Revenue bond debt service requirements to maturity, including \$426,660 of interest, are as follows:

Fiscal year ending September 30	1980 Bonds	1998 Bonds	Total
2019	\$ 36,750	\$ 66,562	\$ 103,312
2020	-	66,460	66,460
2021	-	67,010	67,010
2022-2026	-	331,366	331,366
2027-2031	-	332,947	332,947
2032-2036	-	331,775	331,775
2037-2040	-	64,790	64,790
	<u>\$ 36,750</u>	<u>\$ 1,260,910</u>	<u>\$ 1,297,660</u>

A schedule of changes in proprietary fund debt follows:

	<u>10/1/2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>9/30/2018</u>	<u>Due Within 1 year</u>
Bonds payable	\$ 933,000	\$ -	\$ (62,000)	\$ 871,000	\$ 64,000
Compensated absences	8,991	-	(3,803)	5,188	1,349
Net pension liability	302,403	112	-	302,515	-
	<u>\$ 1,244,394</u>	<u>\$ 112</u>	<u>\$ (65,803)</u>	<u>\$ 1,178,703</u>	<u>\$ 65,349</u>

NOTE 11. COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS FLORIDA RETIREMENT SYSTEM PENSION PLAN AND THE RETIREE HEALTH INSURANCE SUBSIDY PROGRAM

Florida Retirement System:

General Information - All of the City's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county, government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may

be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

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

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

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a

period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2018, respectively, were as follows: Regular—7.92% and 8.26%; Special Risk Administrative Support—34.63% and 34.98%; Special Risk—23.27% and 24.50%; Senior Management Service—22.71% and 24.06%; Elected Officers—45.50% and 48.70%; and DROP participants—13.26% and 14.03%. These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2018, respectively.

The City's contributions, including employee contributions, to the Pension Plan totaled \$43,115 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2018, the City reported a liability of \$414,140 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of July 1, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liability was based on the City's 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the City's proportionate share was .001374944 percent, which was a decrease of 0.65 percent from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$31,848. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 35,084	\$ 1,273
Changes in assumptions	135,321	-
Net difference between projected and actual earnings on Pension Plan investments	-	31,997
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	35,943	15,044
City Pension Plan contributions subsequent to the measurement date	<u>9,638</u>	<u>-</u>
Total	<u>\$ 215,986</u>	<u>\$ 48,314</u>

The deferred outflows of resources related to the Pension Plan, totaling \$9,638 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2019	\$ 61,229
2020	41,786
2021	5,826
2022	27,824
2023	18,605
Thereafter	2,764
	<u>\$ 158,034</u>

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	2.90%	2.90%	1.80%
Fixed income	18.00%	4.40%	4.30%	4.00%
Global equity	54.00%	7.60%	6.30%	17.00%
Real estate	11.00%	6.60%	6.00%	11.30%
Private equity	10.00%	10.70%	7.80%	26.50%
Strategic investments	6.00%	6.00%	5.70%	8.60%
Total	100.00%			
Assumed Inflation - Mean			2.60%	1.90%

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Board's proportionate share of the net pension liability	<u>\$ 755,823</u>	<u>\$ 414,140</u>	<u>\$ 130,352</u>

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

Payables to the Pension Plan - At September 30, 2018, the City reported a payable in the amount of \$4,213 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2018.

HIS Plan

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

Benefits Provided - For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the HIS contribution for the period October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2018 was 1.66% and 1.66%, respectively. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$9,314 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2018, the City reported a liability of \$165,213 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liability was based on the City's 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the City's proportionate share was .001560951 percent, which was a decrease of 1.7 percent from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$270. In addition the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,529	\$ 281
Changes in assumptions	18,374	17,468
Net difference between projected and actual earnings on HIS Plan investments	100	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	-	11,103
City HIS Plan contributions subsequent to the measurement date	1,977	-
Total	\$ 22,980	\$ 28,852

The deferred outflows of resources related to the HIS Plan, totaling \$1,977 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2019	\$ (5,482)
2020	(5,462)
2021	(3,826)
2022	(859)
2023	5,334
Thereafter	2,446
	\$ (7,849)

Actuarial Assumptions – The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.87%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Board's proportionate share of the net pension liability	\$ 188,168	\$ 165,213	\$ 146,079

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

Payables to the Pension Plan - At September 30, 2018, the City reported a payable in the amount of \$910 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2018.

Investment Plan

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

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected City Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2016-17 fiscal year, as established by Section 121.72, *Florida Statutes*, are based on a percentage of gross compensation, by class, as follows: Regular class 3.30%, Special Risk Administrative Support class 4.95%, Special Risk class 11.00%, Senior Management Service class 4.67% and City Elected Officers class 8.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

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

The City's Investment Plan pension expense totaled \$0 for the fiscal year ended September 30, 2018.

NOTE 12. SUBSEQUENT EVENTS

The State of Florida, Department of Corrections, Lake Butler Reception and Medical Center RMC has been a major utility customer of the City. For the year ended September 30, 2018, the RMC facility accounted for approximately 57% of the City's sewer revenues and 31% of its water revenue. The City and the Florida Department of Corrections have a long-term agreement whereby the City would provide wastewater treatment services for a minimum of twenty years. Subsequent to the year end a unilateral decision was made by the Florida Department of Corrections to discontinue water services. This has the potential to result in a reduction of nearly \$90,000 of utility revenue. Efforts are currently being made to mitigate the apparent losses through other agreement negotiations.

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Insurance against losses are provided for the following types of risk:

- Workers' Compensation and Employer's Liability
- General and Automobile Liability
- Real and Personal Property Damage
- Public Officials' Liability
- Accidental Death and Dismemberment
- Employee Dishonesty Bond

NOTE 14. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City has been advised that it may become a party to certain lawsuits alleging property damage and other issues. Although the City may incur expenses relating to these potential lawsuits, the City Attorney believes that any adverse outcomes would not have a material financial effect on the City.

CITY OF LAKE BUTLER, FLORIDA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Ad Valorem taxes	\$ 66,711	\$ 80,721	\$ 77,568	\$ (3,153)
Sales and use taxes				
Local option gas tax/alternative fuel	38,500	45,000	42,771	(2,229)
Discretionary sales tax	97,000	97,000	115,971	18,971
Franchise fees				
Electricity	124,500	138,000	130,726	(7,274)
Utility service taxes				
Electricity	34,500	34,500	36,521	2,021
Gas	2,430	2,430	3,316	886
Communications services tax	49,129	68,000	59,038	(8,962)
Total taxes	<u>412,770</u>	<u>465,651</u>	<u>465,911</u>	<u>260</u>
Licenses and permits				
City occupational licenses	9,000	9,000	11,306	2,306
Other licenses and permits	1,100	1,000	3,820	2,820
Total licenses and permits	<u>10,100</u>	<u>10,000</u>	<u>15,126</u>	<u>5,126</u>
Fines	<u>3,040</u>	<u>5,000</u>	<u>10,999</u>	<u>5,999</u>
Intergovernmental				
Federal payments in lieu of taxes				
Union County Housing Authority	7,500	6,500	-	(6,500)
FRDAP grant	150,000	7,903	7,874	(29)
State shared revenues				
General government				
State revenue sharing	60,500	60,500	68,541	8,041
Municipal gas tax	19,000	19,000	21,420	2,420
Mobile home licenses	1,000	1,125	832	(293)
Alcoholic beverage licenses	1,000	1,000	352	(648)
Local government half-cent sales tax	53,000	53,900	50,535	(3,365)
Total intergovernmental	<u>292,000</u>	<u>149,928</u>	<u>149,554</u>	<u>(374)</u>
Charges for services				
Physical Environment	1,500	1,700	1,300	(400)
Transportation				
Street maintenance	77,093	78,215	78,136	(79)
Total charges for services	<u>78,593</u>	<u>79,915</u>	<u>79,436</u>	<u>(479)</u>
Miscellaneous				
Interest	650	650	687	37
Rents and royalties				
Community Center	18,000	18,500	18,503	3
Other rentals	11,500	11,500	13,062	1,562
Special events	1,000	1,700	1,700	-
Other	5,563	6,566	20,333	13,767
Total miscellaneous	<u>36,713</u>	<u>38,916</u>	<u>54,285</u>	<u>15,369</u>
Total revenues	<u>833,216</u>	<u>749,410</u>	<u>775,311</u>	<u>25,901</u>

CITY OF LAKE BUTLER, FLORIDA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General government				
Legislative				
Personnel services	\$ 69,597	\$ 69,597	\$ 71,066	\$ (1,469)
Operating expenses	8,357	8,257	4,128	4,129
Total legislative	<u>77,954</u>	<u>77,854</u>	<u>75,194</u>	<u>2,660</u>
Executive				
Personnel services	103,173	135,627	134,634	993
Operating expenses	4,344	5,145	11,210	(6,065)
Total executive	<u>107,517</u>	<u>140,772</u>	<u>145,844</u>	<u>(5,072)</u>
Financial and administrative				
Personnel services	54,408	55,824	57,830	(2,006)
Operating expenses	57,398	55,996	56,927	(931)
Capital outlay	1,500	1,660	1,160	500
Total financial and administrative	<u>113,306</u>	<u>113,480</u>	<u>115,917</u>	<u>(2,437)</u>
Legal counsel				
Operating expenses	14,200	16,000	16,075	(75)
	<u>14,200</u>	<u>16,000</u>	<u>16,075</u>	<u>(75)</u>
Other general government				
Operating expenses	9,113	14,000	16,042	(2,042)
Total other general government	<u>9,113</u>	<u>14,000</u>	<u>16,042</u>	<u>(2,042)</u>
Total general government	<u>322,090</u>	<u>362,106</u>	<u>369,072</u>	<u>(6,966)</u>
Public safety				
Code enforcement				
Personnel services	15,332	15,645	15,420	225
Operating expenses	413	100	-	100
Law enforcement				
Operating expenses	75,000	75,000	75,000	-
Total code and law enforcement	<u>90,745</u>	<u>90,745</u>	<u>90,420</u>	<u>325</u>
Fire control				
Operating expenses	15,374	11,864	10,524	1,340
Total fire control	<u>15,374</u>	<u>11,864</u>	<u>10,524</u>	<u>1,340</u>
Other public safety				
Personnel services	24,749	21,749	17,878	3,871
Operating expenses	1,968	668	-	668
Total other public safety	<u>26,717</u>	<u>22,417</u>	<u>17,878</u>	<u>4,539</u>
Total public safety	<u>132,836</u>	<u>125,026</u>	<u>118,822</u>	<u>6,203</u>
Physical environment				
Operating expense	250	-	-	-
Total physical environment	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transportation				
Roads and streets				
Personnel services	90,964	94,463	98,136	(3,673)
Operating expenses	108,122	111,720	126,518	(14,798)
Capital outlay	4,100	8,300	16,647	(8,347)
Total transportation	<u>203,186</u>	<u>214,483</u>	<u>241,301</u>	<u>(26,817)</u>

CITY OF LAKE BUTLER, FLORIDA

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Human services				
Animal control				
Personnel services	\$ 4,207	\$ 4,357	\$ 4,223	\$ 134
Operating expenses	3,164	2,347	1,631	716
Mosquito control				
Operating expenses	6,098	6,097	2,648	3,449
Total human services	13,469	12,801	8,502	4,299
Culture/recreation				
Parks and recreation				
Personnel services	39,705	40,604	36,480	4,124
Operating expenses	189,904	70,198	102,459	(32,261)
Capital outlay	4,540	10,069	16,156	(6,087)
Grants and aids	11,026	7,903	7,874	29
Total culture and recreation	245,175	128,774	162,969	(34,195)
Total expenditures	917,006	843,190	900,666	(57,476)
Excess of revenues over (under) expenditures	(83,790)	(93,780)	(125,355)	(31,575)
OTHER FINANCING SOURCES				
Interfund transfers in	239,000	136,000	78,107	(57,893)
	239,000	136,000	78,107	(57,893)
Net change in fund balance	155,210	42,220	(47,248)	(89,468)
Fund balance at beginning of year	708,572	708,572	708,572	-
Fund balance at end of year	\$ 863,782	\$ 750,792	\$ 661,324	(89,468)

CITY OF LAKE BUTLER, FLORIDA

**DOWNTOWN REDEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Advalorem taxes	\$ 50,504	\$ 52,000	\$ 51,482	\$ (518)
Miscellaneous				
Interest	50	50	74	24
Other	-	-	584	584
Total revenues	<u>50,554</u>	<u>52,050</u>	<u>52,140</u>	<u>90</u>
EXPENDITURES				
Economic environment				
Operating expenses	32,803	39,214	13,270	25,944
Culture/recreation				
Capital outlay	26,016	5,000	5,090	(90)
	<u>58,819</u>	<u>44,214</u>	<u>18,360</u>	<u>25,854</u>
Excess of revenues over (under) expenditures	<u>(8,265)</u>	<u>7,836</u>	<u>33,780</u>	<u>25,944</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	-	13,339	852	(12,487)
Interfund transfers out	-	(21,000)	(2,764)	18,236
Total other financing sources (uses)	<u>-</u>	<u>(7,661)</u>	<u>(1,912)</u>	<u>5,749</u>
Net change in fund balances	<u>-</u>	<u>175</u>	<u>31,868</u>	<u>31,693</u>
Fund balance at beginning of year	<u>47,388</u>	<u>47,388</u>	<u>47,388</u>	<u>-</u>
Fund balance at end of year	<u>\$ 47,388</u>	<u>\$ 47,563</u>	<u>\$ 79,256</u>	<u>\$ 31,693</u>

CITY OF LAKE BUTLER, FLORIDA

**STREET IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**

For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous				
Interest	\$ 275	\$ 325	\$ 345	\$ (20)
Total revenues	<u>275</u>	<u>325</u>	<u>345</u>	<u>(20)</u>
EXPENDITURES				
Economic environment				
Operating expenses	275	-	-	-
Improvements				
Sidewalk project	-	-	14,957	(14,957)
	<u>275</u>	<u>-</u>	<u>14,957</u>	<u>(14,957)</u>
Excess of revenues over (under)				
 expenditures	<u>-</u>	<u>325</u>	<u>(14,612)</u>	<u>(14,937)</u>
Interfund transfers in	-	20,325	-	(20,325)
Interfund transfers out	-	-	-	-
Net change in fund balance	<u>-</u>	<u>325</u>	<u>(14,612)</u>	<u>(14,937)</u>
Fund balance at beginning of				
 year	<u>355,923</u>	<u>355,923</u>	<u>355,923</u>	<u>-</u>
Fund balance at end of year	<u>\$ 355,923</u>	<u>\$ 356,248</u>	<u>\$ 341,311</u>	<u>\$ (14,937)</u>

CITY OF LAKE BUTLER, FLORIDA
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 471,646	\$ 5,443	\$ (466,203)
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	-	471,646	5,443	(466,203)
EXPENDITURES				
Culture/recreation	-	471,646	-	-
Total expenditures	-	-	-	-
OTHER FINANCING USES				
Interfund Transfers Out	-	-	(5,461)	5,461
	-	-	(5,461)	5,461
Net change in fund balances	-	-	(18)	(18)
Fund balance at beginning of year	295	295	295	-
Fund balance at end of year	<u>\$ 295</u>	<u>\$ 295</u>	<u>\$ 277</u>	<u>\$ (18)</u>

**CITY OF LAKE BUTLER, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018**

I. Stewardship, Compliance, and Accountability

- A. Budgetary Information.** The City, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The City prepares a tentative budget, which is used by the City at a public workshop to prepare the budgets for the coming year. Public hearings are conducted to obtain taxpayer comments. Subsequently, these budgets are legally adopted through the passage of a resolution at an advertised public session. Such actions are recorded in the City's minutes.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is the Enterprise Fund, where depreciation is not budgeted for capital assets, while capital outlay expenditures are budgeted and are reclassified into fixed assets. These are then eliminated from the results of operations for financial reporting purposes in the Enterprise Fund. Estimated beginning fund balances are considered in the budgetary process, but are not included in the financial statements as budgeted revenues.

The annual budget serves as the legal authorization for expenditures. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the City Commission.

If during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the City Commission, by resolution, may make supplemental appropriations for the year up to the amount of such excess.

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

1. Prior to September 1, the City Manager 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. Public hearings are conducted in August and September to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of budgetary control is the department level; however, the City Commission may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.
5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY OF LAKE BUTLER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the FRS net pension liability	0.001374944	0.001383890%	0.001097540%	0.001159024%	0.001063614%
City's proportionate share of the FRS net pension liability	\$ 414,140	\$ 409,345	\$ 277,130	\$ 149,703	\$ 64,896
City's proportion of the HIS net pension liability	0.001560951	0.001588008%	0.001620261%	0.001642268%	0.001645575%
City's proportionate share of the HIS net pension liability	<u>165,213</u>	<u>169,797</u>	<u>188,835</u>	<u>167,486</u>	<u>218,761</u>
City's proportionate share of the total net pension liability	<u>\$ 579,353</u>	<u>\$ 579,142</u>	<u>\$ 465,965</u>	<u>\$ 317,189</u>	<u>\$ 283,657</u>
City's covered-employee payroll	\$ 613,565	\$ 585,070	\$ 579,342	\$ 555,381	\$ 547,603
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	94.42%	98.99%	80.43%	57.11%	39.95%
Plan fiduciary net position as a percentage of the total pension liability	79.86%	83.89%	79.36%	92.00%	96.09%

Note 1) The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled. Only those years for which information is available is presented.

See notes to the required supplementary information.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY OF LAKE BUTLER'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS***

	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 43,115	\$ 42,849	\$ 30,953	\$ 32,994	\$ 29,341
Contractually required HIS contribution	9,314	17,774	9,604	7,243	6,441
Total Contractually Required Contributions	52,429	60,623	40,557	40,237	35,782
Contributions in relation to the contractually required contribution	(52,429)	(60,623)	(40,557)	(40,237)	(35,782)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 652,960	\$ 585,070	\$ 579,340	\$ 555,381	\$ 547,603
Contributions as a percentage of covered-employee payroll	8.03%	10.36%	7.00%	7.24%	6.53%

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

See notes to the required supplementary information.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
THE CITY OF LAKE BUTLER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND
REQUIRED CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
For the Fiscal Year End September 30, 2018**

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of September 30, 2018, are shown below (in thousands):

	FRS	HIS
Total pension liability	\$ 191,317,399	\$ 10,816,576
Plan fiduciary net position	(161,196,881)	(232,463)
	\$ 30,120,518	\$ 10,584,113
 Plan fiduciary net position as a percentage of the total pension liability	84.26%	2.15%

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2018. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2018. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ending June 30, 2014, 2015, 2016, 2017, and 2018, respectively, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2018, in addition to contributions from employers the required accrued contributions for the Division (paid on behalf of the Division's employees who administer the Plans) were allocated to each employer on a proportionate basis. The Division administers the Plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable for that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflow of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan 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 Pension Plan was completed in 2014 for the period July 1, 2008 through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both Plans is assumed at 2.60%. 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 Pension Plan investments is 7.0%. 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 the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on the Generational RP-2000 with Projection Scale BB tables (refer to the valuation reports for more information - See Additional Financial and Actuarial Information).

The following changes in actuarial assumptions occurred in 2018:

- FRS: The long-term expected rate of inflation remained at 2.60%, the real payroll growth assumption remained at 0.65%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return decreased from 7.10% in 2017 to 7.00% for 2018.
- HIS: The municipal bonds rate used to determine total pension liability was increased from 3.58% to 3.87%.

CITY OF LAKE BUTLER, FLORIDA
PROPRIETARY FUND
SCHEDULE OF NET POSITION BY FUNCTION
September 30, 2018

ASSETS	Solid Waste			Total
	Water Fund	Sewer Fund	Disposal Fund	
Current assets				
Cash	\$ 138,636	\$ 344,683	\$ 85,765	\$ 569,083
Accounts receivable	30,275	75,272	18,729	124,276
Allowance for doubtful accounts	(15,506)	(38,550)	(9,592)	(63,648)
Due from other governmental units	15,108	69,713	-	84,821
Due from other funds	10,142	25,217	-	35,359
Prepaid expenses	5,687	6,366	-	12,053
Total current assets	184,342	482,701	94,902	761,944
Restricted assets				
Cash	-	106,791	-	106,791
Cash customer deposits	33,770	83,960	20,891	138,621
Total restricted assets	33,770	190,751	20,891	245,412
Noncurrent assets				
Fixed assets				
Land	-	541,813	-	541,813
Improvements other than buildings	1,512,595	4,190,917	-	5,703,512
Construction in progress	-	175,190	-	175,190
Equipment	32,058	211,742	-	243,800
Allowance for depreciation	(1,475,607)	(4,113,817)	-	(5,589,424)
Total fixed assets	69,046	1,005,845	-	1,074,891
Total assets	287,158	1,679,297	115,793	2,082,247
DEFERRED OUTFLOWS	48,112	76,540	-	124,652
LIABILITIES				
Current liabilities payable from current assets				
Accounts payable	2,169	5,394	-	7,563
Accrued liabilities	3,032	3,393	-	6,425
Due from other funds	10,232	25,439	6,330	42,000
Total current liabilities payable from current assets	15,433	34,226	6,330	55,988
Current liabilities payable from restricted assets				
Accrued interest payable	1,546	1,730	-	3,276
Deposits	29,039	72,198	17,964	119,202
Current portion serial bonds	-	64,000	-	64,000
Total current liabilities payable from restricted assets	30,585	137,928	17,964	186,478
Other liabilities				
Accrued leave payable	2,448	2,740	-	5,188
Noncurrent liabilities				
Long-term liabilities				
Serial bonds payable	-	807,000	-	807,000
Net pension liability	116,761	185,754	-	302,515
Total long-term liabilities	116,761	992,754	-	1,109,515
Total liabilities	165,227	1,167,648	24,294	1,357,169
DEFERRED INFLOWS	15,600	24,817	-	40,417
NET POSITION				
Invested in capital assets net of related debt	69,046	134,845	-	203,891
Restricted - debt service	-	106,791	-	106,791
Restricted - other purposes	33,770	83,960	20,891	138,621
Unrestricted	51,539	237,942	70,528	360,010
Total net position	\$ 154,355	\$ 563,538	\$ 91,419	\$ 809,313

CITY OF LAKE BUTLER, FLORIDA

PROPRIETARY FUND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUNCTION
 For the Fiscal Year Ended September 30, 2018

	Water Fund	Sewer Fund	Solid Waste Disposal Fund	Total
OPERATING REVENUES				
Charges for services				
Water utility services	\$ 282,970	\$ -	\$ -	\$ 282,970
Sewer utility services	-	714,564	-	714,564
Garbage solid waste services	-	-	183,212	183,212
Water tap in and connection	12,387	-	-	12,387
Sewer tap in and connection	-	10,373	-	10,373
Miscellaneous	194	6,123	-	6,317
Total operating revenues	295,551	731,060	183,212	1,209,823
OPERATING EXPENSES				
Water services				
Personnel services	163,975	-	-	163,975
Operating expenses	174,953	-	-	174,953
Total water services	338,928	-	-	338,928
Sewer services				
Personnel services	-	189,865	-	189,865
Operating expenses	-	352,195	-	352,195
Total sewer services	-	542,060	-	542,060
Garbage and solid waste services				
Operating expenses	-	-	148,075	148,075
Total operating expenses	338,928	542,060	148,075	1,029,063
Operating income	(43,377)	189,000	35,137	180,760
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	610	-	-	610
Interest expense	-	(42,153)	-	(42,153)
Total nonoperating revenues (expenses)	610	(42,153)	-	(41,543)
Net income before operating transfers	(42,767)	146,847	35,137	139,217
OPERATING TRANSFERS				
Interfund transfer in from CDBG	-	5,266	-	5,266
Interfund transfers out				
Water	(16,000)	-	-	(16,000)
Sewer	-	(60,000)	-	(60,000)
	(16,000)	(54,734)	-	(70,734)
Net income	(58,767)	92,113	35,137	68,483
Net position, beginning of year	213,122	471,425	56,282	740,830
Net position, end of year	\$ 154,355	\$ 563,538	\$ 91,419	\$ 809,313

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

To the Mayor and Members
of the City Commission
City of Lake Butler, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Butler, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Lake Butler, Florida's basic financial statements, and have issued our report thereon dated February 11, 2019.

Internal Control Over Financial Reporting

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

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

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.

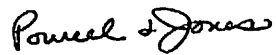
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lake Butler, Florida'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 determination of financial statement amounts. 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.



POWELL & JONES
Certified Public Accountants
February 11, 2019

MANAGEMENT LETTER

To the Mayor and
Members of the City Commission
City of Lake Butler, Florida

In planning and performing our audit of the financial statements of the City of Lake Butler, Florida, for the year ended September 30, 2018, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiencies. In addition to furnishing information required by Chapter 10.550, *Rules of the Auditor General*, and other compliance matters, the remaining sections of this report letter discuss these findings.

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year.

AUDITOR GENERAL AND OTHER COMPLIANCE MATTERS

Annual Local Government Financial Report - The Financial Report filed with the Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the accompanying financial statements of the City of Lake Butler, for the fiscal year ended September 30, 2018.

Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(7)(c) and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

Financial Emergency Status - We determined that the City had not met any of the conditions described in Section 218.503(1), *Florida Statutes* that might result in a financial emergency.

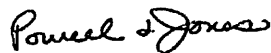
Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

Rural Economic and Community Development Requirements - We are providing the following additional information relative to our examination of the financial statements of the City of Lake Butler, Florida, for the year ended September 30, 2018, as provided in the audit requirements for USDA-Rural Development borrowers.

1. Generally accepted auditing procedures were performed in this audit.
2. Internal control was evaluated and is discussed in the prior sections of this audit report.
3. Accounting records and physical control over assets were adequate.
4. The accounting records of the City have been adjusted to agree with the audited financial statements.
5. The City's funds are in institutions insured by the Federal government and are authorized depositories of Florida public funds.
6. A summary of the City's insurance coverage is shown in the annual report to USDA-Rural Development.
7. The City is exempt from Federal Income Tax.
8. We found nothing to indicate that financial compliance with the loan agreements had not occurred.

CONCLUSION

We have reviewed each of our specific findings with appropriate officials or employees and have provided them with documentation as requested. We very much enjoyed the challenges and experiences associated with this year's audit of the City. We appreciate the helpful assistance and courtesy afforded us by all City employees and look forward to working with you in the future.



POWELL & JONES
Certified Public Accountants
February 11, 2019

INDEPENDENT ACCOUNTANT'S REPORT

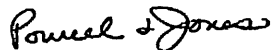
To the Mayor and
Members of the City Commission
City of Lake Butler, Florida

We have examined the City of Lake Butler, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2018. 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 and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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



POWELL & JONES
Certified Public Accountants
February 11, 2019

To the Mayor and
Members of the City Commission
City of Lake Butler, Florida

We have audited the financial statements of the City of Lake Butler, Florida for the year ended September 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Lake Butler, Florida are described Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the City's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

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STATISTICAL SECTION

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City of Lake Butler, Florida
General Fund Revenue - Ten Year History
 2009-2018

Fiscal Year	Taxes							Total
	Ad Valorem	Local Option Sales		Franchise Fee	Electric Utility	Gas Utility	Comm.	
		Gas Tax	Discretionary					
2018	\$77,568	\$42,771	\$115,971	\$130,726	\$36,521	\$3,316	\$59,038	\$465,911
2017	\$66,726	\$40,815	\$110,280	\$132,953	\$34,068	\$2,130	\$51,275	\$438,247
2016	\$66,484	\$35,158	\$102,078	\$129,132	\$33,915	\$2,430	\$58,345	\$427,542
2015	\$69,205	\$341,551	\$102,361	\$132,568	\$34,943	\$2,911	\$89,577	\$773,116
2014	\$64,852	\$32,732	\$91,419	\$132,883	\$34,851	\$3,805	\$90,082	\$450,624
2013	\$63,504	\$32,600	\$86,316	\$121,511	\$31,424	\$4,027	\$86,641	\$426,023
2012	Audit format was changed in this year							\$416,553
2011	Audit format was changed in this year							\$449,475
2010	\$69,609	\$39,927	\$87,229	\$147,801	\$34,003	\$4,318	\$110,199	\$493,086
2009	\$68,153	\$37,306	\$82,795	\$146,726	\$27,867	\$3,813	\$118,791	\$485,451
Ten Year Average	\$68,263	\$75,358	\$97,306	\$134,288	\$33,449	\$3,344	\$82,994	\$482,603

Fiscal Year	Licenses and Permits			Fines	
	Occupation	Other	Total	Fines	Total
2018	\$11,306	\$3,820	\$15,126	\$10,999	\$10,999
2017	\$5,049	\$800	\$5,849	\$2,944	\$2,944
2016	\$10,011	\$1,475	\$11,486	\$0	\$0
2015	\$7,045	\$6,720	\$13,765	\$0	\$0
2014	\$13,465	\$3,031	\$16,496	\$0	\$0
2013	\$8,232	\$6,500	\$14,732	\$0	\$0
2012	Audit format changed		\$10,371	\$0	\$0
2011	Audit format changed		\$13,423	\$0	\$0
2010	\$10,420	\$3,050	\$13,470	\$0	\$0
2009	\$10,653	\$5,134	\$15,787	\$0	\$0
Ten Year Average	\$9,523	\$3,816	\$13,051	\$1,394	\$1,394

City of Lake Butler, Florida
General Fund Revenue - Ten Year History
 2009-2018

Fiscal Year	Intergovernmental							Total
	<u>PILOT</u>	<u>Grant</u>	<u>State Rev Sharing</u>	<u>Municipal Gas</u>	<u>Mobile Home Tax</u>	<u>Alcohol Tax</u>	<u>Local Sales</u>	
2018	\$0	\$7,874	\$68,541	\$21,420	\$832	\$352	\$50,535	\$149,554
2017	\$10,568	\$110,193	\$64,717	\$20,217	\$1,199	\$352	\$50,678	\$257,924
2016	\$8,499	\$30,144	\$60,720	\$18,896	\$1,008	\$1,269	\$47,716	\$168,252
2015	\$5,172	\$32,290	\$58,742	\$20,510	\$1,017	\$492	\$46,351	\$164,574
2014	\$2,168	\$0	\$57,916	\$21,010	\$887	\$482	\$38,986	\$121,449
2013	\$3,411	\$0	\$59,309	\$19,821	\$1,076	\$471	\$37,510	\$121,598
2012	Audit format changed in this year							\$119,868
2011	Audit format changed in this year							\$13,423
2010	\$4,265	\$5,095	\$55,980	\$22,894	\$772	\$450	\$41,122	\$130,578
2009	\$6,508	\$37,954	\$56,358	\$22,616	\$1,010	\$783	\$39,634	\$164,863
Ten Year Average	\$5,074	\$27,944	\$60,285	\$20,923	\$975	\$581	\$44,067	\$141,208

Fiscal Year	Charges for Services			Total
	<u>Fire Protection</u>	<u>Street Maint.</u>	<u>Other</u>	
2018	\$0	\$78,136	\$1,300	\$79,436
2017	\$0	\$77,093	\$3,900	\$80,993
2016	\$0	\$74,799	\$0	\$74,799
2015	\$0	\$70,390	\$0	\$70,390
2014	\$0	\$68,356	\$0	\$68,356
2013	\$0	\$64,352	\$0	\$64,352
2012	Audit format changed in this year			\$98,386
2011	Audit format changed in this year			\$75,390
2010	\$4,000	\$44,479	\$136	\$48,615
2009	\$4,000	\$44,312	\$15	\$48,327
Ten Year Average	\$1,000	\$65,240	\$669	\$70,904.40

City of Lake Butler, Florida
General Fund Revenue - Ten Year History
 2009-2018

Fiscal Year	Miscellaneous					
	<u>Interest Income</u>	<u>Comm Center</u>	<u>Other Rentals</u>	<u>Public Safety</u>	<u>Other</u>	<u>Total</u>
2018	\$687	\$18,503	\$13,062	\$0	\$22,033	\$54,285
2017	\$558	\$19,368	\$10,841	\$0	\$20,476	\$51,243
2016	\$731	\$19,141	\$12,637	\$0	\$10,338	\$42,847
2015	\$5,172	\$32,290	\$58,742	\$0	\$1,017	\$97,221
2014	\$597	\$17,276	\$7,550	\$0	\$18,448	\$43,871
2013	\$674	\$17,062	\$1,975	\$90	\$12,403	\$32,204
2012	Audit format changed in this year					\$7,311
2011	Audit format changed in this year					\$4,700
2010	\$956	\$15,249	\$600	\$5,000	\$19,671	\$41,476
2009	\$1,885	\$12,140	\$3,920	\$0	\$32,454	\$50,399
Ten Year Average	\$1,408	\$18,879	\$13,666	\$636	\$17,105	\$42,556

Fiscal Year	Other Financing Sources <u>Enterprise Fund</u>	Tax Rates (mills)					<u>Total</u>
		<u>City of Lake Butler</u>	<u>Union County</u>	<u>Schools</u>	<u>Water Mgt.</u>	<u>Library</u>	
2018	\$78,107	2.7500	10.0000	6.6310	0.4027	0.5000	20.2837
2017	\$89,000	2.7500	10.0000	6.6310	0.4027	0.5000	20.2837
2016	\$98,670	2.3547	10.0000	6.8800	0.4093	0.5000	20.1440
2015	\$107,287	2.3302	10.0000	7.1800	0.4104	0.5000	20.4206
2014	\$152,427	2.2547	10.0000	7.3669	0.4141	0.5000	20.5357
2013	\$164,683	2.2599	10.0000	7.5950	0.4143	0.5000	20.7692
2012	\$135,465						
2011	\$138,135						
2010	\$72,143						
2009	\$553						
Ten Year Average	\$103,647						

City of Lake Butler, Florida
General Fund Revenue - Ten Year History
 2009-2018

Fiscal Year	Miscellaneous						Other Financing	Total
	Taxes	Lisc & Permits	Fines	Intergove	Chg for Services	Misc		
2018	\$465,911	\$15,126	\$10,999	\$149,554	\$79,436	\$54,285	\$78,107	\$853,418
2017	\$438,247	\$5,849	\$2,944	\$257,924	\$80,993	\$51,243	\$89,000	\$926,200
2016	\$427,542	\$11,486	\$0	\$168,252	\$74,799	\$42,847	\$98,670	\$823,596
2015	\$773,116	\$13,765	\$0	\$164,574	\$70,390	\$97,221	\$107,287	\$1,226,353
2014	\$450,624	\$16,496	\$0	\$121,449	\$68,356	\$43,871	\$152,427	\$853,223
2013	\$426,023	\$14,732	\$0	\$121,598	\$64,352	\$32,204	\$164,683	\$823,592
2012	\$416,553	\$10,371	\$0	\$119,868	\$98,386	\$7,311	\$135,465	\$787,954
2011	\$449,475	\$13,423	\$0	\$13,423	\$75,390	\$4,700	\$138,135	\$694,546
2010	\$493,086	\$13,470	\$0	\$130,578	\$48,615	\$41,476	\$72,143	\$799,368
2009	\$485,451	\$15,787	\$0	\$164,863	\$48,327	\$50,399	\$553	\$765,380
Ten Year Average	\$436,012	\$11,538	\$294	\$126,253	\$62,961	\$37,127	\$95,836	\$770,021

City of Lake Butler, Florida
General Fund Expenditures - Ten Year History
 2009-2018

General Government						
Fiscal Year	<u>Legislative</u>	<u>City Manager</u>	<u>Finance</u>	<u>Legal</u>	<u>Other</u>	<u>Total</u>
2018	\$75,194	\$145,844	\$115,917	\$16,075	\$16,042	\$369,072
2017	\$79,549	\$108,310	\$110,201	\$13,650	\$8,815	\$320,525
2016	\$81,769	\$109,996	\$100,411	\$13,950	\$23,529	\$329,655
2015	\$114,051	\$112,281	\$119,525	\$29,881	\$23,967	\$399,705
2014	\$69,984	\$126,780	\$127,358	\$18,403	\$28,874	\$371,399
2013	\$75,576	\$107,161	\$136,036	\$26,507	\$24,453	\$369,733
2012		Audit format was changed in this year				\$366,999
2011		Audit format was changed in this year				\$381,183
2010	\$61,654	\$62,424	\$102,119	\$18,125	\$9,262	\$253,584
2009	\$61,252	\$57,299	\$103,467	\$13,068	\$16,699	\$251,785
Ten Year Average	\$77,379	\$103,762	\$114,379	\$18,707	\$18,955	\$426,705

Public Safety				
Fiscal Year	<u>Law Enforcement</u>	<u>Fire</u>	<u>other</u>	<u>Total</u>
2018	\$90,420	\$10,524	\$17,878	\$118,822
2017	\$90,705	\$9,841	\$19,506	\$120,052
2016	\$68,917	\$21,064	\$19,406	\$109,387
2015	\$55,000	\$32,799	\$18,718	\$106,517
2014	\$50,000	\$52,059	\$18,691	\$120,750
2013	\$55,000	\$39,870	\$18,179	\$113,049
2012		Audit format was changed in this year		\$112,836
2011		Audit format was changed in this year		\$113,494
2010	\$50,000	\$50,794	\$12,330	\$113,124
2009	\$50,000	\$36,055	\$20,326	\$106,381
Ten Year Average	\$63,755	\$31,626	\$18,129	\$141,802

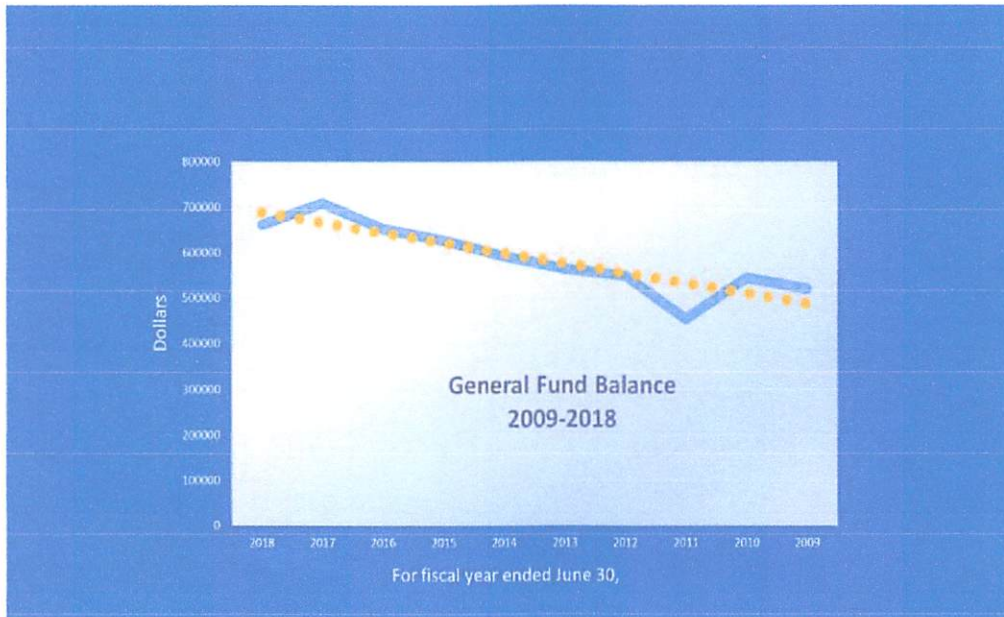
City of Lake Butler, Florida
General Fund Expenditures - Ten Year History
 2009-2018

Fiscal Year	Other			Total
	<u>Transp.</u>	<u>Animal Control</u>	<u>Recreation</u>	
2018	\$241,301	\$8,502	\$162,969	\$412,772
2017	\$195,555	\$10,622	\$224,076	\$430,253
2016	\$181,031	\$10,899	\$167,458	\$359,388
2015	\$171,870	\$6,810	\$142,334	\$321,014
2014	\$187,334	\$10,046	\$134,698	\$332,078
2013	\$175,420	\$21,052	\$128,727	\$325,199
2012	\$192,380	\$17,704	\$111,670	\$321,754
2011	\$175,256	\$8,950	\$107,315	\$291,521
2010	\$262,166	\$19,250	\$126,880	\$408,296
2009	\$231,448	\$12,141	\$121,921	\$365,510
Ten Year Average	\$201,376	\$12,598	\$142,805	\$356,779

Fiscal Year	Total Expenditures by Major Category			Total
	<u>General Government</u>	<u>Public Safety</u>	<u>Other</u>	
2018	\$369,072	\$118,822	\$412,772	\$900,666
2017	\$320,525	\$120,052	\$430,253	\$870,830
2016	\$329,655	\$109,387	\$359,388	\$798,430
2015	\$399,705	\$106,517	\$321,014	\$827,236
2014	\$371,399	\$120,750	\$332,078	\$824,227
2013	\$369,733	\$113,049	\$325,199	\$807,981
2012	\$366,999	\$112,836	\$321,754	\$801,589
2011	\$381,183	\$113,494	\$291,521	\$786,198
2010	\$253,584	\$113,124	\$408,296	\$775,004
2009	\$251,785	\$106,381	\$365,510	\$723,676
Ten Year Average	\$341,364	\$113,441	\$356,779	\$811,584

City of Lake Butler, Florida
General Fund Balance - Ten Year History
 2009-2018

Fiscal Year	General Fund		Fund Balance		
	<u>Revenue</u>	<u>Expenditures</u>	<u>Net Change</u>	<u>Beginning Balance</u>	<u>Ending Balance</u>
2018	\$853,418	\$900,666	(\$47,248)	\$708,573	\$661,325
2017	\$926,200	\$870,830	\$55,370	\$653,203	\$708,573
2016	\$823,596	\$798,430	\$25,166	\$628,037	\$653,203
2015	\$862,017	\$827,236	\$34,781	\$593,256	\$628,037
2014	\$853,223	\$824,227	\$28,996	\$564,260	\$593,256
2013	\$823,592	\$807,981	\$15,611	\$548,649	\$564,260
2012	\$897,383	\$802,735	\$94,648	\$454,001	\$548,649
2011	\$694,546	\$785,052	(\$90,506)	\$544,507	\$454,001
2010	\$799,368	\$775,004	\$24,364	\$520,143	\$544,507
2009	\$768,380	\$723,676	\$44,704	\$475,439	\$520,143
Ten Year Average	\$830,172	\$811,584	\$18,589	\$569,007	\$587,595



City of Lake Butler, Florida

**Annual Budget
Ten Year Position Summary
2010-2019**

<u>Position</u>	<u>Fiscal Year ending June 30,</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City Commission	5	5	5	5	5	5	5	5	5	5
City Manager	1	1	1	1	1	1	1	1	1	1
Director of Finance	1	1	1	1	1	1	1	1	1	1
Procurement	0	1	1	1	1	1	1	1	1	1
Cashier	1	1	1	1	1	1	1	1	1	1
Fiscal Assistant	1	1	1	1	1	1	1	1	1	1
Director of Public Works	1	1	1	1	1	1	1	1	1	1
Assistant Dir of Public Works	0	0	0	0	0	0	0	0	0	1
Waste Water Treatment Op	1	1	1	1	1	1	1	1	1	2
General Maintenance Worker	3	3	3	3	3	3	3	3	3	2
Parks and Recreation	1	1	1	1	1	1	1	1	1	1
Streets and Roads	1	1	1	1	1	1	1	1	1	1
Total	17	18	18	18	18	18	18	18	18	19
Employees per capita employee per resident	106	100	100	100	100	100	100	100	100	94.7

City Commission are part-time

City of Lake Butler
1998 Bonds Payable
 Debt Schedule

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance</u>
				\$836,000
2019	\$29,000	\$37,562	\$66,562	\$807,000
2020	\$30,000	\$36,460	\$66,460	\$777,000
2021	\$32,000	\$35,010	\$67,010	\$745,000
2022	\$33,000	\$33,570	\$66,570	\$712,000
2023	\$34,000	\$31,997	\$65,997	\$678,000
2024	\$35,000	\$30,639	\$65,639	\$643,000
2025	\$38,000	\$28,935	\$66,935	\$605,000
2026	\$39,000	\$27,225	\$66,225	\$566,000
2027	\$41,000	\$25,400	\$66,400	\$525,000
2028	\$43,000	\$23,690	\$66,690	\$482,000
2029	\$45,000	\$21,690	\$66,690	\$437,000
2030	\$47,000	\$19,665	\$66,665	\$390,000
2031	\$49,000	\$17,502	\$66,502	\$341,000
2032	\$51,000	\$15,387	\$66,387	\$290,000
2033	\$53,000	\$13,050	\$66,050	\$237,000
2034	\$56,000	\$10,665	\$66,665	\$181,000
2035	\$58,000	\$81,226	\$139,226	\$123,000
2036	\$61,000	\$5,550	\$66,550	\$62,000
2037	\$62,000	\$2,790	\$64,790	\$0

City of Lake Butler
1980 Bonds Payable
 Debt Schedule

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance</u>
				\$35,000
2019	\$32,000	\$5,450	\$37,450	\$3,000
2020	\$3,000	\$1,750	\$4,750	\$0

The City of Lake Butler has never defaulted on any debt payment.

The City of Lake Butler does not have a bond rating.

City of Lake Butler and Union County, Florida

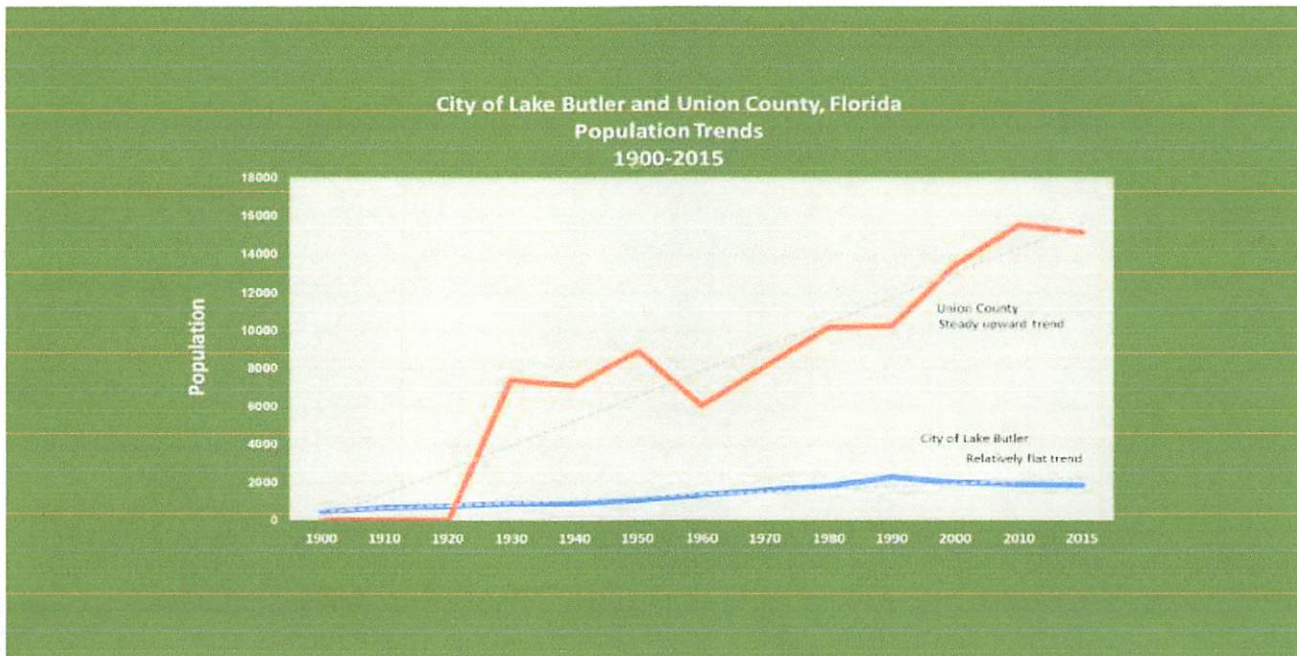
Population Trends

1900- 2018

Year	City of Lake Butler		Union County	
	Population	Percentage Increase/ (Decrease)	Population	Percentage Increase/ (Decrease)
1900	431			
1910	685	58.93%		
1920	756	10.36%		
1930	886	17.20%	7428	
1940	923	4.18%	7094	-4.50%
1950	1040	12.68%	8906	25.54%
1960	1311	26.06%	6043	-32.15%
1970	1598	21.89%	8112	34.24%
1980	1830	14.52%	10166	25.32%
1990	2301	25.74%	10252	0.85%
2000	2022	-12.13%	13442	31.12%
2005	1943	-3.91%		
2010	1897	-2.37%	15535	15.57%
2014	1846	-2.69%		
2018	1796	-2.71%	15142	-2.53%

Footnote- Union County was incorporated in 1930 as it split from Bradford County. Union County is the smallest county in Florida

Source: Population US Census and US Decemial Census



City of Lake Butler Demographics

Unemployment rate: 3.7% Poverty rate: 24.7% High School graduation rate: 81%

Population: 1,897 Land area 2.27 square miles Population density: 993.33 people per sq. mile

Square acres: 1,100.8 of which 179.2 acres are non-taxable or 16.1%

Assessed and exempt values: School 97.672 acres \$6,915,581 8.9% of land mass; County 40.833 acres \$5,330,204 3.7% of land mass; City 20.645 acres \$20,60,443 or 1.8% of land mass; churches 20.031 acres \$3,451,701 or 1.8% of land mass.

Elevation: 134.51 feet Time Zone: Eastern Standard Time Daylight Savings time- yes

Quick Facts

<u>Gender</u>	<u>Number</u>	<u>Percent</u>	<u>National Average</u>
Female	1,159	52%	50.8%
Male	1,065	48%	49.2%

<u>Age</u>	<u>Number</u>	<u>Percent</u>
0-9	327	17.34%
10-19	297	15.66%
20-29	250	13.18%
30-39	221	11.12%
40-49	227	11.97%
50-59	266	14.02%
60-69	192	10.12%
70-79	81	04.27%
80-over	<u>36</u>	<u>01.90%</u>
Total	1,897	100.00%

<u>Race</u>	<u>Number</u>	<u>Percent</u>
White	1,358	71.59%
African American	522	27.52%
Other	17	00.89%
Median Household Income		\$27,763
Per Capita Income		\$13,687
Median House Property Value		\$79,000

<u>Employment Breakdown</u>	<u>Number</u>
Educational Services	239
Retail	119
Transportation	89
Public Administration	78

<u>Housing Stock</u>	<u>Number</u>
Owner Occupied Homes	332
Rental Units	474

Source: homefacts.com; 2010 Bureau of the Census

Interesting facts and people

Jay North – star of the former hit television show “Dennis the Menace” lives in Lake Butler.

Gerard Warren – co-owner of the Simmer Down restaurant in Lake Butler. He was an eleven-year National Football League veteran defensive end. He played for the New England Patriots 2010-2011, Oakland Raiders 2009-2007, Denver Broncos 2005-2006, Cleveland Browns 2001-2004 and accumulated 335 tackles, 36 sacks and 7 forced fumbles. A graduate of the University of Florida and Union County High School. Nickname: Big Money.

C.J. Spiller, Jr. – a graduate of Union County High School in Lake Butler that received a football scholarship from Clemson and became a unanimous All-American selection. He was drafted by the Buffalo Bills ninth overall in the 2010 NFL draft. As a running back he played for Buffalo Bills 2010-2014, New Orleans Saints 2015, Seattle Seahawks 2015, New York Jets 2016, and Kansas City Chiefs 2017. He currently is a free agent.

Jack Montpetit – invented the spigot freeze preventor was developed primarily to help prevent water systems from freezing and to help conserve water. The device attaches to the outdoor spigot and flows at ½ gallon per hour and makes it ideal also for watering trees, shrubs, and flowers. Montpetit Enterprises, Inc. is based in Lake Butler.

Dean Elixson – invented the Go Daddy Custom Hybrid Lures for fishing which are sold nationally.

Biking and Walking Trail – Lake Butler is the trailhead for the Palatka-Lake Butler State trail. As part of the Florida trail system, it runs from the Florida Everglades in the South to the Panhandle of the West on the Gulf of Mexico while stretching with more than 1,400 miles of scenic beauty.

One hour to the east is the Atlantic Ocean, one hour to the West is the Gulf of Mexico, one hour to the South is Disney World, one hour to the North is the Georgia-Florida line.

Prichett Trucking – southeast leader in transportation solutions

Spires IGA Market - The longest serving retail business in Lake Butler is Spires Market. Starting in 1890 by George (GW) and Zona Spires it was built beside the railroad. The train would stop in front of the store, pick up grocery order, and bring back the supplies the next week. Farmers would even come to town and barter their eggs and chickens for groceries, and the store would keep them in a pen outside to sell dressed or undressed. In 1961 the store became part of the IGA group. In 1972, Tommy and Nancy Spires began managing the store after he left coaching in Ocala. As the family was celebrating the 100th anniversary a fire destroyed the store. It was rebuilt on the same location as a 12,000 sq. ft store. In 2010, Mike and Sharlene Spires is moving the legacy as they have introduced more locally grown and organic produce to support the local farmers. For four generations, this family has catered to the community and the customer base.

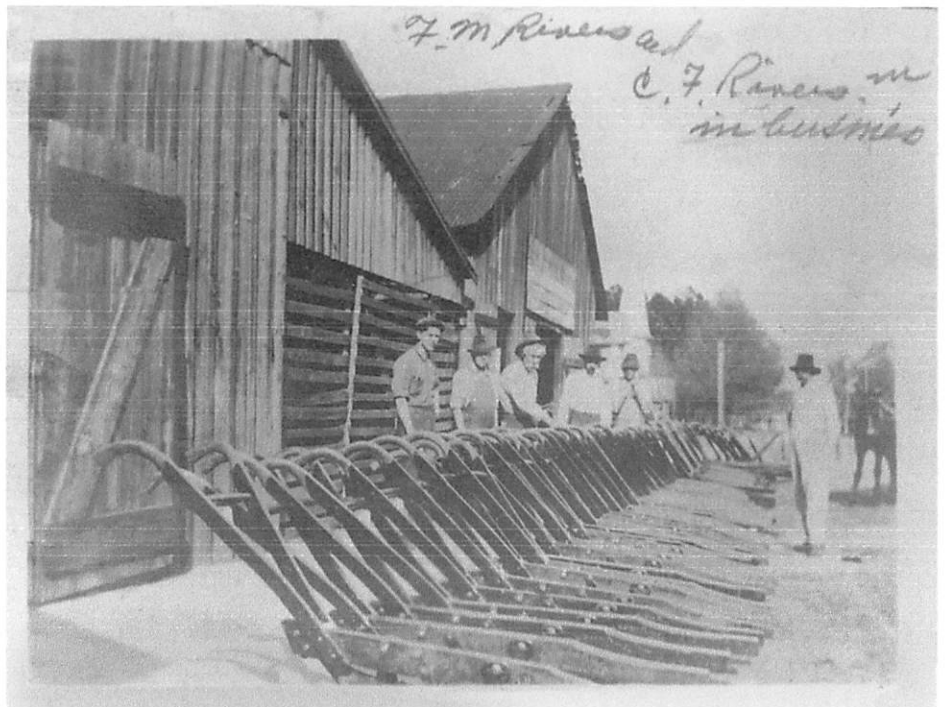
Family of Sheriff's – The Whitehead family have been the “Dean of the Sheriffs” in the State of Florida. Sheriff John Whitehead served for 32 years, his son Jerry Whitehead followed him and served as Sheriff for 29 years, and John’s grandson Brad followed his father and is the current serving Sheriff and has held the office for 5 years. In total this family has protected the City of Lake Butler and Union County for over 66 years. An amazing legacy for this community.

F.M. Rivers – founded the Rivers Hardware Store in 1880 and it continued to operate until it burned in 1985. Rivers attained fame by manufacturing his own invention, the Rivers “double stock” plow, which was popularly used all over Florida and the South. The business was passed on to C.F. Rivers and then to Wilson Rivers, who still lives in Union County.



Double Stock plow at work (left)

F.M Rivers Hardware displaying the “double stock” plow (below)



Sheriff Whitehead passes baton to son



John Whitehead

Jerry Whitehead

The Associated Press
LAKE BUTLER — For 32 years, Sheriff John Whitehead has been the law west of the New River in Union County.

But last week he handed his well-worn leather wallet, its five-star badge and his office to a new sheriff — his youngest son, Jerry.

At his retirement, Whitehead had been in office longer than any other sheriff in Florida, and the younger Whitehead said his father will always be "The Sheriff" to many of the county residents.

Jerry Whitehead even has that problem.

"Where's the sheriff? The retired sheriff, I mean," said the son, looking around for his father after the swearing-in ceremonies.

The elder Whitehead is a legend in these parts, as is the family's annual barbeque at the Whitehead ranch. It attracts hundreds of people, ranging from governors to politicians to local folks, and is held as the curtain call to the University of Florida homecoming each October.

The new sheriff promises he will provide the same services his father did, from investigating crime to giving advice on how to quiet barking dogs.

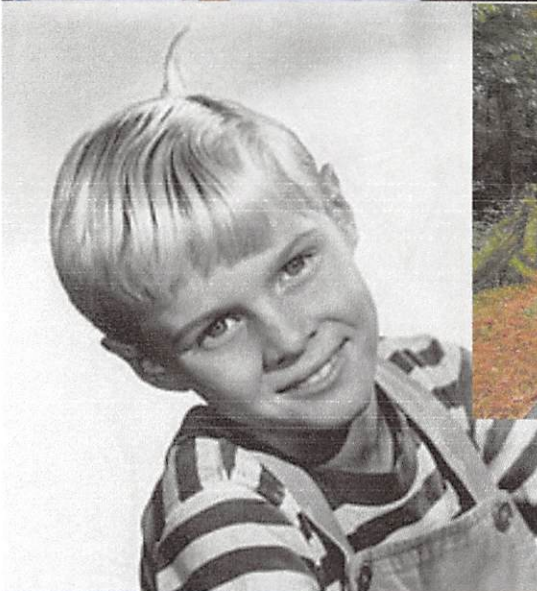
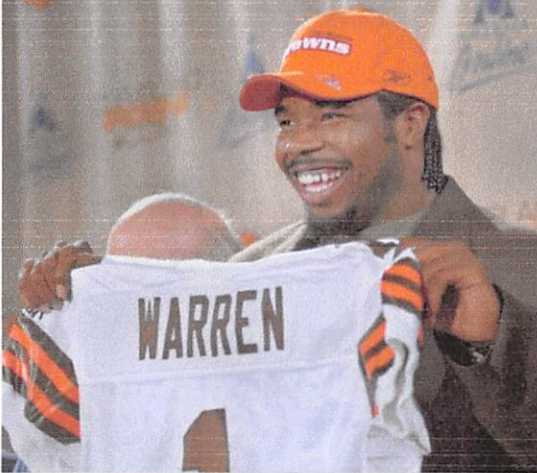
His mother, Vivian, who has served as county jail chef for 32 years, will continue doing that job.

Jerry Whitehead, who was a repairman at Florida Hydrocarbons near Brooker before his election, said becoming sheriff fulfilled a life-long dream.

"My father was sheriff when I was born. We lived in the jail. When they brought me home from the hospital, that's where they took me. I lived in the jail until I was 16 years old.

"As a kid, you like the excitement. If the radio blared at night, you got up

See **WHITEHEAD** on page 2C



Statements

Vision Statement

To develop and grow as a rural community of choice that recognizes the value of economic prosperity in the pursuit of enhanced community amenities and quality of life.

Mission Statement

The City of Lake Butler will maximize opportunities for social and economic development while retaining an attractive, sustainable, and secure environment for the enjoyment of the residents and visitors.

Value Statement

Integrity: Communicate openly and honestly, build relationships based on trust, respect, and caring.

Innovation: Nurture and support creativity and the development of new ideas, services, and process.

Community: Conduct our activities as responsible members of the community in which we operate

Excellence: Improve our performance continuously and strive to be the best in everything we do.

Teamwork: Work together effectively to achieve our goals, while encouraging individual contribution and responsibility.

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