



**Comprehensive Annual Financial Report
For the period ended September 30, 2019**



LAKE BUTLER
FLORIDA

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 Cody Douglas
Code Enforcement Officer Lyn Williams

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

TABLE OF CONTENTS

INTRODUCTORY SECTION

| | |
|--|----|
| Letter of Transmittal | 6 |
| List of Elected and Appointed Officials..... | 9 |
| Organizational Chart..... | 10 |

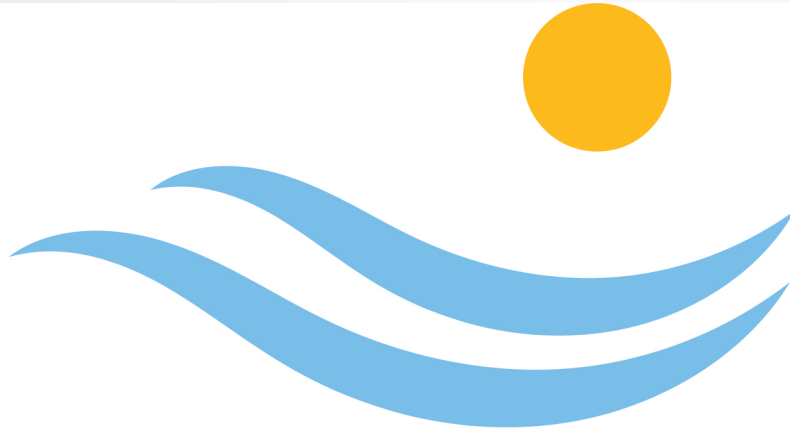
FINANCIAL SECTION

| | |
|--|----|
| Independent Auditor's Report..... | 12 |
| Management's Discussion and Analysis..... | 14 |
| Basic Financial Statements: | |
| Government-wide Financial Statements | |
| Statement of Net Position..... | 19 |
| Statement of Activities..... | 20 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds..... | 21 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds..... | 22 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | 23 |
| Statement of Net Position – Proprietary Fund..... | 24 |
| Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund..... | 25 |
| Statement of Cash Flows – Proprietary Fund..... | 26 |
| Notes to the Financial Statements | 27 |
| Required Supplementary Information: | |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: | |
| General Fund..... | 52 |
| Downtown Redevelopment Fund | 55 |
| Street Improvement Fund..... | 56 |
| Community Development Block Grant Fund..... | 57 |
| Notes to Required Supplementary Information..... | 58 |
| 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 Governmental Auditing Standards..... | 66 |
| Management Letter..... | 68 |
| Independent Accountant's Report..... | 70 |

| | |
|---|----|
| Communication with City Commission..... | 71 |
|---|----|

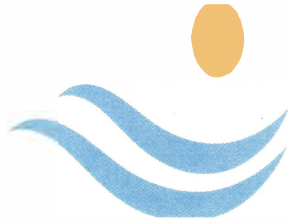
STATISTICAL SECTION

| | |
|---|----|
| General Fund Revenue – Ten Year History..... | 74 |
| General Fund Expenditures – Ten Year History..... | 81 |
| General Fund Balance – Ten Year History..... | 85 |
| Ten Year Position Summary..... | 86 |
| Debt Schedule..... | 87 |
| Population Trends | 88 |
| Demographics..... | 89 |



LAKE BUTLER
FLORIDA

Introductory Section



LAKE BUTLER FLORIDA

Scenery, serenity and YOU!

Dale M. Walker, ICMA-CM, CGFM, CAPP
City Manager
dwalker@cityoflakebutler.com

Sara S. Owen, CMC
Deputy City Manager/Director of Finance
sowen@cityoflakebutler.com

May 19, 2020

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 nine 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, 2019. Powell & Jones has expressed an opinion on the City's compliance based on their examination of the City's financial information and concluded 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. The current population of Lake Butler is approximately 1,800 residents. In 2018, the City of Lake Butler celebrated 125 years of establishment. Entry pillars were erected with the City's logo at Lakeside Park to commemorate the anniversary.

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 five city residents elected at large, including the Mayor, who is selected from within the commission. The City employs 13 full-time staff, including the manager, which consists of three office personnel and nine maintenance staff. The City employs four part-time school crossing guards, a code enforcement officer, and a part-time animal control officer.

Overview of Services, Utilities, Culture and Recreation, and 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



LAKE BUTLER FLORIDA

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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 in which 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 and includes a popular splash park that attracts visitors from nearby communities.

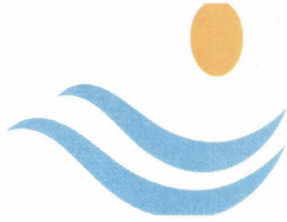
Financial Position

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 are fully depreciated. The City has one long-term debt obligation for wastewater bonds issued in 1996 that will be paid off in 2037. In addition to the current long-term debt, two loans made by the Florida Department of Environmental Protection State Revolving Fund were approved to fund wastewater collection system improvements and water meter replacement with advanced metering infrastructure for system upgrades. This debt repayment will commence after completion of the projects. The water meter replacement project will begin in the 2020-2021 fiscal year with a repayment amount of approximately \$231,000 over a 30-year period.

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, and is scheduled to increase 5-10% yearly to cover related expenses and replacement. In addition to the increase, a tiered rate structure was put into place to encourage water conservation among the residents.

Economics

Lake Butler has an unemployment rate of 3.2% 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 cities with a more substantial tax base. The City's millage rate for 2019 was 2.7500 mills. This generated ad valorem tax revenue in the amount of approximately \$6,000, 10% 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 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 2018-2019 fiscal year one application for new multi-family dwellings were issued, three mobile home placements, and one site plan for a commercial establishment was approved. Most of the City's General Fund revenue is made up of sales and service taxes. This includes state shared revenue for sales tax, discretionary sales tax of



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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 infiltration, installing Advanced Metering Infrastructure (AMI), and designing a new Wastewater Treatment Facility (WWTF). Funding was approved through the Florida Department of Environmental Protection's State Revolving Fund (SRF) for the wastewater collection system and AMI. The gravity portion of the collection system is undergoing 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 anticipated to be 80% loan forgiveness due to the City designated as 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 was approved through the Florida Department of Environmental Protection's Alternative Water Supply Program. The awarded amount was \$3 million and includes the planning and design phase of the project with a reuse component assisting the Reception and Medical Center (RMC). 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, new 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 utility billing software. Both systems are a much needed upgrade that brings the City current 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.

Respectfully,

A handwritten signature in blue ink that reads "Sara S. Owen". The signature is fluid and cursive, with the first name "Sara" being the most prominent.

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

City of Lake Butler

City Commission

2018-2019

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.



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

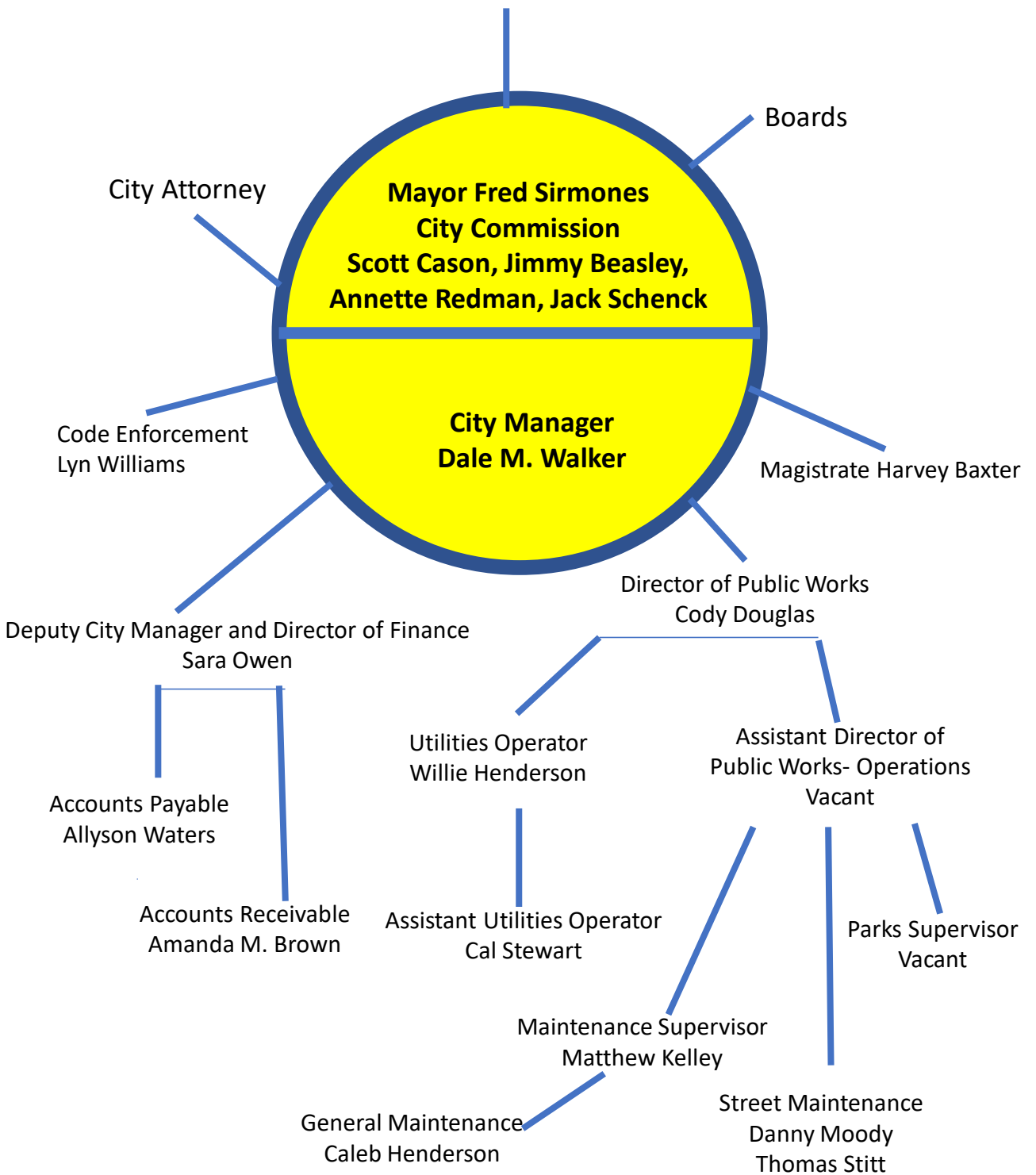
Back row administration (l-r): Deputy City Manager Sara Owen, City Manager Dale Walker, City Attorney John Maines IV



Chart of Organization

LAKE BUTLER
FLORIDA

Citizens





LAKE BUTLER
FLORIDA

Financial Section



Powell & Jones
Certified Public Accountants

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

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Lake City, Florida 32025
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Fax: 386 / 719-5504
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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, 2019, 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.

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, 2019, 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

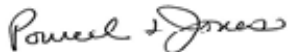
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension schedules as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although 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 Information

The introductory and statistical sections and proprietary fund schedules as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections and proprietary fund schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2020, 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

April 5, 2020

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, 2019 and 2018

| | Governmental | Business-type | Total Government | |
|---|--------------|---------------|------------------|--------------|
| | Activities | Activities | 2019 | 2018 |
| Assets | | | | |
| Cash and cash equivalents | \$ 922,688 | \$ 962,474 | \$ 1,885,162 | \$ 1,859,698 |
| Other assets | 33,916 | 176,444 | 210,360 | 241,371 |
| Capital assets | 1,693,377 | 1,160,149 | 2,853,526 | 2,856,782 |
| Total assets | 2,649,981 | 2,299,067 | 4,949,048 | 4,957,851 |
| | | | - | |
| Deferred outflows | 96,194 | 108,491 | 204,685 | 238,966 |
| Liabilities | | | | |
| Current liabilities | 31,062 | 133,313 | 164,376 | 257,486 |
| Long term liabilities | 310,858 | 1,220,544 | 1,531,401 | 1,402,239 |
| Total liabilities | 341,920 | 1,353,857 | 1,695,777 | 1,659,725 |
| Deferred inflows | 29,987 | 68,290 | 98,277 | 77,166 |
| Net position | | | | |
| Invested in capital assets, net of related debt | 1,693,377 | 254,654 | 1,948,031 | 1,985,782 |
| Restricted for | | | | |
| Road projects | 341,653 | - | 341,653 | 317,713 |
| Other purposes | 63,182 | 216,628 | 279,810 | 324,945 |
| Unrestricted | 211,554 | 514,129 | 725,683 | 831,486 |
| Total net position | \$ 2,309,766 | \$ 985,411 | \$ 3,295,177 | \$ 3,459,926 |

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 \$63,182 in the community redevelopment

program, \$341,653 for street improvements, and \$216,628 in the City's Proprietary Fund.

The City's net position decreased \$164,749 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, 2019 and 2018

| | Governmental Activities | Business-type Activities | Total Government | |
|----------------------------|----------------------------|-----------------------------|---------------------|---------------------|
| | | | 2019 | 2018 |
| Revenues | | | | |
| Program revenues | | | | |
| Charges for services | \$ 102,456 | \$ 1,020,139 | \$ 1,122,595 | \$ 1,309,067 |
| Grants and contributions | 389,469 | - | 389,469 | 13,317 |
| General revenues | | | | |
| Taxes | 383,231 | - | 383,231 | 386,667 |
| Franchise fees | 132,163 | - | 132,163 | 130,726 |
| State shared revenues | 160,200 | - | 160,200 | 141,680 |
| Interest | 654 | 625 | 1,279 | 1,297 |
| Rents, royalties and other | 211,227 | 194,660 | 405,887 | 60,918 |
| Total revenues | <u>1,379,400</u> | <u>1,215,424</u> | <u>2,594,824</u> | <u>2,043,672</u> |
| Expenses | | | | |
| General government | 524,462 | - | 524,462 | 384,883 |
| Public safety | 156,530 | - | 156,530 | 150,770 |
| Transportation | 341,892 | - | 341,892 | 264,549 |
| Economic environment | 763 | - | 763 | 764 |
| Human services | 12,965 | - | 12,965 | 8,685 |
| Culture/recreation | 702,635 | - | 702,635 | 210,368 |
| Interest on long-term debt | - | 39,193 | 39,193 | 42,153 |
| Water | - | 344,601 | 344,601 | 338,928 |
| Garbage services | - | 139,932 | 139,932 | 148,075 |
| Sewer | - | 496,600 | 496,600 | 542,060 |
| Total expenses | <u>1,739,247</u> | <u>1,020,326</u> | <u>2,759,573</u> | <u>2,091,235</u> |
| Transfers in (out) | <u>19,000</u> | <u>(19,000)</u> | <u>-</u> | <u>-</u> |
| Change in net position | (340,847) | 176,098 | (164,749) | (47,563) |
| Beginning net position | <u>2,650,613</u> | <u>809,313</u> | <u>3,459,926</u> | <u>3,507,489</u> |
| Ending net position | <u>\$ 2,309,766</u> | <u>\$ 985,411</u> | <u>\$ 3,295,177</u> | <u>\$ 3,459,926</u> |

Governmental activities:

Taxes provide 21.4% of the revenues for Governmental Activities, while grants franchise fees provide 21.8% and franchise fees 7.4%. Most of the Governmental Activities resources are spent for General Government 30.2%, Transportation 19.7% and Culture/recreation 40.4%.

Business-type activities:

Business-type activities increased the City's net position by \$176,098.

Budgetary Highlights

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

Capital Assets and Debt Administration

Capital Assets

At September 30, 2019, the City had \$2.85 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 \$15,037 or 0.53% less than last year. This decrease was primarily due to the assets' loss of value from depreciation.

Capital Assets at September 30, 2019 and 2018

| | Governmental Activities | | Business-type Activities | | Totals | |
|-------------------------|----------------------------|--------------|-----------------------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 84,551 | \$ 84,551 | \$ 541,813 | \$ 541,813 | \$ 626,364 | \$ 626,364 |
| CIP | - | - | 83,349 | 175,190 | 83,349 | 175,190 |
| Buildings | 2,962,761 | 2,962,761 | 153,795 | 153,795 | 3,116,556 | 3,116,556 |
| Improvements | 15,549,190 | 15,549,190 | 5,752,267 | 5,549,717 | 21,301,457 | 21,098,907 |
| Equipment | 641,313 | 615,465 | 278,772 | 243,800 | 920,085 | 859,265 |
| Subtotal | 19,237,815 | 19,211,967 | 6,809,996 | 6,664,315 | 26,047,811 | 25,876,282 |
| Accumulated depreciator | (17,544,438) | (17,430,076) | (5,649,847) | (5,589,424) | (23,194,285) | (23,019,500) |
| Capital assets, net | \$ 1,693,377 | \$ 1,781,891 | \$ 1,160,149 | \$ 1,074,891 | \$ 2,853,526 | \$ 2,856,782 |

Debt Outstanding

At year-end, the City had \$807,000 in debt outstanding versus \$871,000 last year, a decrease of \$64,000.

Debt Outstanding at September 30, 2019 and 2018

| | Governmental Activities | | Business-type Activities | | Totals | |
|-----------------------|----------------------------|-------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenue bonds | \$ - | \$ - | \$ 807,000 | \$ 871,000 | \$ 807,000 | \$ 871,000 |
| SRF loan payable | - | - | 65,684 | - | 65,684 | - |
| Vehicle loan payable | - | - | 32,813 | - | 32,813 | - |
| Compensated absences | 18,069 | 14,173 | 20,198 | 5,188 | 38,267 | 19,361 |
| Net Pension liability | 295,499 | 276,838 | 333,189 | 302,515 | 628,688 | 579,353 |
| Total | \$ 313,568 | \$ 291,011 | \$ 1,258,884 | \$ 1,178,703 | \$ 1,572,452 | \$ 1,469,714 |

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 3.0%. This rate represents an increase from the prior year rate of 1.4%.
- The official population for the City in 2018 was 1,853 and is estimated to be approximately the same in 2020.
- The ad valorem tax rate for the City was 2.7500 mills in 2019.

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, 2019

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 922,688 | \$ 745,846 | \$ 1,668,534 |
| Accounts receivable - net | 281 | 75,842 | 76,123 |
| Due from other governmental units | 10,925 | 36,631 | 47,556 |
| Prepaid expenses | 22,179 | - | 22,179 |
| Internal balances | (63,971) | 63,971 | - |
| Total current assets | 892,102 | 922,290 | 1,814,392 |
| Noncurrent assets | | | |
| Restricted assets | | | |
| Cash | - | 68,319 | 68,319 |
| Cash customer deposits | - | 148,309 | 148,309 |
| Total restricted assets | - | 216,628 | 216,628 |
| Capital assets - net | 1,693,377 | 1,160,149 | 2,853,526 |
| Total assets | 2,585,479 | 2,299,067 | 4,884,546 |
| DEFERRED OUTFLOWS | 96,194 | 108,491 | 204,685 |
| LIABILITIES | | | |
| Current liabilities payable from current assets | | | |
| Accounts payable | 23,411 | 17,584 | 40,995 |
| Accrued liabilities | 4,941 | 8,164 | 13,105 |
| Accrued compensated absences | 2,710 | 2,827 | 5,538 |
| Current portion vehicle loan | - | 5,511 | 5,511 |
| Total current liabilities payable from current assets | 31,062 | 34,086 | 65,149 |
| Current liabilities payable from restricted assets | | | |
| Accrued interest payable | - | 3,276 | 3,276 |
| Deposits | - | 65,951 | 65,951 |
| Current portion serial bonds | - | 30,000 | 30,000 |
| Total current liabilities payable from restricted assets | - | 99,227 | 99,227 |
| Noncurrent liabilities | | | |
| Vehicle loan payable | - | 27,300 | 27,300 |
| SRF loan payable | - | 65,684 | 65,684 |
| Serial bonds payable | - | 777,000 | 777,000 |
| Accrued compensated absences | 15,359 | 17,371 | 32,729 |
| Net pension liability | 295,499 | 333,189 | 628,688 |
| Total noncurrent liabilities | 310,858 | 1,220,544 | 1,531,401 |
| Total liabilities | 341,920 | 1,353,857 | 1,695,777 |
| DEFERRED INFLOWS | 29,987 | 68,290 | 98,277 |
| NET POSITION | | | |
| Invested in capital assets net of related debt | 1,693,377 | 254,654 | 1,948,031 |
| Restricted for: | | | |
| Road projects | 341,653 | - | 341,653 |
| Other purposes | 63,182 | 216,628 | 279,810 |
| Unrestricted | 211,554 | 514,129 | 725,683 |
| Total net position | \$ 2,309,766 | \$ 985,411 | \$ 3,295,177 |

See notes to financial statements.

CITY OF LAKE BUTLER, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2019

| 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 | \$ 524,462 | \$ 9,555 | \$ - | \$ - | \$ (514,907) | \$ - | \$ (514,907) |
| Public safety | 156,530 | 10,472 | - | - | (146,058) | - | (146,058) |
| Physical environment | - | 3,200 | - | - | 3,200 | - | 3,200 |
| Transportation | 341,892 | 79,229 | - | - | (262,663) | - | (262,663) |
| Economic environment | 763 | - | - | - | (763) | - | (763) |
| Human services | 12,965 | - | - | - | (12,965) | - | (12,965) |
| Culture/recreation | 702,635 | - | 389,469 | - | (313,166) | - | (313,166) |
| Total governmental activities | 1,739,247 | 102,456 | 389,469 | - | (1,247,322) | - | (1,247,322) |
| Business-type activities | | | | | | | |
| Water services | 344,601 | 303,738 | - | - | - | (40,863) | (40,863) |
| Garbage and solid waste services | 139,932 | 180,747 | - | - | - | 40,815 | 40,815 |
| Sewer services | 496,600 | 715,680 | - | - | - | 219,080 | 219,080 |
| Interest on long-term debt | 39,193 | - | - | - | - | (39,193) | (39,193) |
| Total business-type activities | 1,020,326 | 1,200,165 | - | - | - | 179,839 | 179,839 |
| Total government | \$ 2,759,573 | \$ 1,302,621 | \$ 389,469 | \$ - | (1,247,322) | 179,839 | (1,067,483) |
| | | | General revenues | | | | |
| | | 180,026 | Ad valorem taxes | | 128,747 | - | 128,747 |
| | | | Franchise fees | | 132,163 | - | 132,163 |
| | | | Utility taxes | | 96,965 | - | 96,965 |
| | | | Sales and use taxes | | 157,519 | - | 157,519 |
| | | | Federal and state shared revenue | | 160,200 | - | 160,200 |
| | | | Interest | | 654 | 625 | 1,279 |
| | | | Miscellaneous | | 211,227 | 13,634 | 224,861 |
| | | | Transfers in (out) | | 19,000 | (19,000) | - |
| | | | Total general revenues | | 906,475 | (4,741) | 901,734 |
| | | | Change in net position | | (340,847) | 176,098 | (165,749) |
| | | | Net assets beginning | | 2,650,613 | 809,313 | 3,459,926 |
| | | | Net position, ending | | \$ 2,309,766 | \$ 985,411 | \$ 3,295,177 |

See notes to financial statements.

CITY OF LAKE BUTLER, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2019

| | Special Revenue Funds | | | Capital Project Fund | Total Governmental Funds |
|--------------------------------------|-----------------------|------------------------|--------------------|-----------------------------------|--------------------------|
| | General Fund | Downtown Redevelopment | Street Improvement | Community Development Block Grant | |
| ASSETS | | | | | |
| Cash | \$ 517,853 | \$ 63,084 | \$ 341,653 | \$ 98 | \$ 922,688 |
| Accounts receivable | 281 | - | - | - | 281 |
| Due from State | 10,925 | - | - | - | 10,925 |
| Due from other funds | 531 | - | - | - | 531 |
| Prepaid expenses | 22,179 | - | - | - | 22,179 |
| Total assets | \$ 551,769 | \$ 63,084 | \$ 341,653 | \$ 98 | \$ 956,604 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 23,411 | \$ - | \$ - | - | \$ 23,411 |
| Accrued liabilities | 4,941 | - | - | - | 4,941 |
| Due to other funds | 64,502 | - | - | - | 64,502 |
| Total liabilities | 92,854 | - | - | - | 92,854 |
| FUND BALANCES | | | | | |
| Restricted | - | 63,084 | 341,653 | 98 | 404,835 |
| Unassigned | 458,915 | - | - | - | 458,915 |
| Total fund balances | 458,915 | 63,084 | 341,653 | 98 | 863,750 |

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 | 1,693,377 |
| 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 | 96,194 |
| 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 | (29,987) |
| Long-term liabilities are not due in the current period and, therefore, are not reported in the funds | |
| FRS Pension Liability | (295,499) |
| Accrued compensated absences | (18,069) |
| Net position of governmental activities | \$ 2,309,766 |

See notes to financial statements.

CITY OF LAKE BUTLER, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 2019

| | <u>Special Revenue Funds</u> | | | <u>Capital Project Fund</u> | <u>Total Governmental Funds</u> |
|--|------------------------------|-------------------------------|---------------------------|--|---------------------------------|
| | <u>General Fund</u> | <u>Downtown Redevelopment</u> | <u>Street Improvement</u> | <u>Community Development Block Grant</u> | |
| REVENUES | | | | | |
| Taxes | \$ 465,112 | \$ - | \$ - | \$ - | \$ 465,112 |
| Licenses and permits | 9,555 | - | - | - | 9,555 |
| Fines | 10,472 | - | - | - | 10,472 |
| Intergovernmental | 190,013 | - | - | 358,129 | 548,142 |
| Charges for services | 82,429 | - | - | - | 82,429 |
| Miscellaneous | 134,876 | 128,462 | 352 | - | 263,690 |
| Total revenue | 892,457 | 128,462 | 352 | 358,129 | 1,379,400 |
| EXPENDITURES | | | | | |
| Current expenditures | | | | | |
| General government | 487,829 | - | - | - | 487,829 |
| Public safety | 116,550 | - | - | - | 116,550 |
| Transportation | 321,449 | - | 10 | - | 321,459 |
| Human services | 12,782 | - | - | - | 12,782 |
| Culture/recreation | 150,075 | 143,967 | - | 358,308 | 652,350 |
| Capital outlay | | | | | |
| General government | 12,893 | - | - | - | 12,893 |
| Culture/recreation | 6,686 | 667 | - | - | 7,353 |
| Transportation | 5,602 | - | - | - | 5,602 |
| Total expenditures | 1,113,866 | 144,634 | 10 | 358,308 | 1,616,818 |
| Excess of revenues over (under) expenditures | (221,409) | (16,172) | 342 | (179) | (237,418) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Interfund transfers in | 19,000 | - | - | - | 19,000 |
| Total other financing sources (uses) | 19,000 | - | - | - | 19,000 |
| Net change in fund balances | (202,409) | (16,172) | 342 | (179) | (218,418) |
| Fund balances at beginning of year | 661,324 | 79,256 | 341,311 | 277 | 1,082,168 |
| Fund balances at end of year | \$ 458,915 | \$ 63,084 | \$ 341,653 | \$ 98 | \$ 863,750 |

See notes to financial statements.

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, 2019

| | | |
|--|-------------------------|-----------------------------------|
| Net change in fund balances - total government funds | | \$ (218,418) |
| 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 | 25,848 | |
| Less current year depreciation | <u>(114,362)</u> | (88,514) |
| | | |
| 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 increase in compensated absences | | (3,896) |
| Net increase in pension liability | | (18,661) |
| Net change in pension deferred outflows and inflows | | <u>(11,358)</u> |
| Change in net position of governmental activities | | <u><u>\$ (340,847)</u></u> |

See notes to financial statements.

**CITY OF LAKE BUTLER, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 September 30, 2019**

| ASSETS | <u>Enterprise Fund</u> |
|---|------------------------|
| Current assets | |
| Cash and cash equivalents | \$ 745,846 |
| Accounts receivable | 144,049 |
| Allowance for doubtful accounts | (68,207) |
| Due from other governmental units | 36,631 |
| Due from other funds | 63,971 |
| Total current assets | <u>922,290</u> |
| Restricted assets | |
| Cash | 68,319 |
| Cash customer deposits | 148,309 |
| Total restricted assets | <u>216,628</u> |
| Noncurrent assets | |
| Fixed assets | |
| Land | 541,813 |
| Improvements other than buildings | 5,906,062 |
| Construction in progress | 83,349 |
| Equipment | 278,772 |
| Allowance for depreciation | (5,649,847) |
| Total fixed assets | <u>1,160,149</u> |
| Total assets | <u>2,299,067</u> |
| DEFERRED OUTFLOWS | <u>108,491</u> |
| LIABILITIES | |
| Current liabilities payable from current assets | |
| Accounts payable | 17,584 |
| Accrued liabilities | 8,164 |
| Current portion vehicle loan | 5,511 |
| Total current liabilities payable from current assets | <u>31,259</u> |
| Current liabilities payable from restricted assets | |
| Accrued interest payable | 3,276 |
| Deposits | 65,951 |
| Current portion serial bonds | 30,000 |
| Total current liabilities payable from restricted assets | <u>99,227</u> |
| Other liabilities | |
| Accrued leave payable | 20,198 |
| Noncurrent liabilities | |
| Long-term liabilities | |
| Vehicle loan payable | 27,300 |
| SRF loan payable | 65,684 |
| Serial bonds payable | 777,000 |
| Net pension liability | 333,189 |
| Total long-term liabilities | <u>1,203,173</u> |
| Total liabilities | <u>1,353,857</u> |
| DEFERRED INFLOWS | <u>68,290</u> |
| NET POSITION | |
| Invested in capital assets net of related debt | 254,654 |
| Restricted - debt service | 68,319 |
| Restricted - other purposes | 148,309 |
| Unrestricted | 514,129 |
| Total net position | <u>\$ 985,411</u> |

See notes to financial statements.

CITY OF LAKE BUTLER, FLORIDA
PROPRIETARY FUND TYPE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2019

| | Total |
|---|-------------------|
| OPERATING REVENUES | |
| Charges for services | |
| Water utility services | \$ 284,502 |
| Sewer utility services | 715,680 |
| Garbage solid waste services | 180,747 |
| Water tap in and connection | 19,236 |
| Miscellaneous | 14,634 |
| Total operating revenues | 1,214,799 |
| OPERATING EXPENSES | |
| Water services | |
| Personnel services | 159,437 |
| Operating expenses | 185,164 |
| Total water services | 344,601 |
| Sewer services | |
| Personnel services | 170,022 |
| Operating expenses | 326,578 |
| Total sewer services | 496,600 |
| Garbage and solid waste services | |
| Operating expenses | 139,932 |
| Total operating expenses | 981,133 |
| Operating income | 233,666 |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest revenue | 625 |
| Interest expense | (39,193) |
| Total nonoperating revenues (expenses) | (38,568) |
| Net income before operating transfers | 195,098 |
| OPERATING TRANSFERS | |
| Interfund transfers out | |
| Water | (5,000) |
| Sewer | (14,000) |
| | (19,000) |
| Net income | 176,098 |
| Net position, beginning of year | 809,313 |
| Net position, end of year | \$ 985,411 |

See notes to financial statements.

CITY OF LAKE BUTLER, FLORIDA
PROPRIETARY FUND TYPE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2019

| | Enterprise Fund |
|--|------------------------|
| Cash flows from operating activities: | |
| Cash received from customers, including cash deposits | \$ 1,164,758 |
| Cash paid to suppliers | (603,014) |
| Cash paid for employees and benefits | (275,738) |
| Net cash provided by operating activities | 286,006 |
| Cash flows from non-capital related financing activities: | |
| Interfund transfers and loans, net | 11,725 |
| Net cash used in non-capital related financing activities | 11,725 |
| Cash flows from capital and related financing activities: | |
| Loan proceeds | 100,656 |
| Acquisition of fixed assets | (145,681) |
| Principal payments | (66,159) |
| Interest payments | (39,193) |
| Net cash used in capital and related financing activities | (150,377) |
| Cash flows from investing activities: | |
| Investment income | 625 |
| Net increase in cash | 147,979 |
| Cash, at beginning of year | 814,495 |
| Cash, at end of year | \$ 962,474 |
| Reconciliation of operating income to net cash provided by operating activities | |
| Operating Income | \$ 233,666 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 60,423 |
| Deferred Inflows | (27,873) |
| Deferred outflows | 16,161 |
| Net Pension liability | 30,674 |
| Changes in assets decrease (Increase) and liabilities (decrease) Increase: | |
| Accounts receivable | (8,346) |
| Due from other governments | 19,047 |
| Accounts payable | (10,021) |
| Accrued liabilities | (1,537) |
| Customer deposits | (53,251) |
| Compensated absences | 15,010 |
| Prepaid expenses | 12,053 |
| Total adjustments | 52,340 |
| Net cash provided by operating activities | \$ 286,006 |

See notes to financial statements.

CITY OF LAKE BUTLER, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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, 2019, this allowance account totaled \$68,208 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, 2019.
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 \$2,000 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, 2019, 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, 2019, fund balances are composed of the following:

| | <u>Governmental Funds</u> |
|-------------------------------------|---------------------------|
| Restricted, transportation | \$ 341,653 |
| Restricted, community redevelopment | 63,084 |
| Restricted, CDBG | 98 |
| Unassigned | 458,915 |
| | <u>\$ 863,750</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, 2019, net position balances are composed of the following:

| | <u>Amount</u> |
|---------------------------------|-------------------|
| Invested in capital assets, net | \$ 254,654 |
| Restricted - debt service | 68,319 |
| Restricted - customer deposits | 148,309 |
| Unrestricted | 514,129 |
| | <u>\$ 985,411</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 \$863,750 differs from “net position” of governmental activities \$2,309,766 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 | \$ 19,237,815 |
| Accumulated depreciation | <u>(17,544,438)</u> |
| Total | <u><u>\$ 1,693,377</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, 2019, were:

| | |
|-----------------------|----------------------------|
| Compensated absences | \$ (18,069) |
| Net pension liability | <u>(295,499)</u> |
| Total | <u><u>\$ (313,568)</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 | \$ 96,194 |
| Deferred inflows | <u>(29,987)</u> |
| Total | <u><u>\$ 66,207</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 | \$ 922,688 | \$ - | \$ - | \$ - | \$ 922,688 |
| Accounts receivable, net | 281 | - | - | - | 281 |
| Due from other governments | 10,925 | - | - | - | 10,925 |
| Due from other funds | 531 | - | - | - | 531 |
| Prepaid expenses | 22,179 | - | - | - | 22,179 |
| Capital assets, net | - | 1,693,377 | - | - | 1,693,377 |
| Total assets | 956,604 | 1,693,377 | - | - | 2,649,981 |
| DEFERRED OUTFLOWS | - | - | 96,194 | - | 96,194 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts payable | 23,411 | - | - | - | 23,411 |
| Accrued liabilities | 4,941 | - | - | - | 4,941 |
| Due to other funds | 64,502 | - | - | - | 64,502 |
| Accrued compensated absences | - | - | - | 18,069 | 18,069 |
| Net pension liability | - | - | 295,499 | - | 295,499 |
| Total liabilities | 92,854 | - | 295,499 | 18,069 | 406,422 |
| DEFERRED INFLOWS | - | - | 29,987 | - | 29,987 |
| FUND BALANCE/NET POSITION | \$ 863,750 | \$ 1,693,377 | \$ (229,292) | \$ (18,069) | \$ 2,309,766 |

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

The “net change in fund balances” for governmental funds \$(218,418) differs from the “change in net position” for governmental activities \$(340,847) 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 | \$ | 25,848 |
| Depreciation expense | | (114,362) |
| Difference | \$ | <u>(88,514)</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 increase in compensated absences | \$ | (3,896) |
| Net increase in pension liability | | (18,661) |
| Net change in deferred outflows and inflows | | (11,358) |
| Total | \$ | <u>(33,915)</u> |

CITY OF LAKE BUTLER, FLORIDA (KIM)

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 | \$ 465,112 | \$ - | \$ - | \$ - | \$ 465,112 |
| Licenses and permits | 9,555 | - | - | - | 9,555 |
| Fines | 10,472 | - | - | - | 10,472 |
| Intergovernmental | 548,142 | - | - | - | 548,142 |
| Charges for services | 82,429 | - | - | - | 82,429 |
| Miscellaneous | 263,690 | - | - | - | 263,690 |
| Total revenue | 1,379,400 | - | - | - | 1,379,400 |
| EXPENDITURES | | | | | |
| Current expenditures | | | | | |
| General government | 487,829 | 19,256 | 13,481 | 3,896 | 524,462 |
| Public safety | 116,550 | 31,060 | 8,920 | - | 156,530 |
| Transportation | 321,459 | 14,655 | 5,778 | - | 341,892 |
| Economic environment | - | 763 | - | - | 763 |
| Human services | 12,782 | - | 183 | - | 12,965 |
| Culture/recreation | 652,350 | 48,628 | 1,657 | - | 702,635 |
| Capital outlay | | | | | |
| General government | 12,893 | (12,893) | - | - | - |
| Transportation | 5,602 | (5,602) | - | - | - |
| Culture/recreation | 7,353 | (7,353) | - | - | - |
| Total expenditures | 1,616,818 | 88,514 | 30,019 | 3,896 | 1,739,247 |
| Excess of revenues over (under) expenditures | (237,418) | (88,514) | (30,019) | (3,896) | (359,847) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Interfund transfers in | 19,000 | - | - | - | 19,000 |
| Total other financing sources (uses) | 19,000 | - | - | - | 19,000 |
| Net change in fund balances/net position | (218,418) | (88,514) | (30,019) | (3,896) | (340,847) |
| Fund balances/net position at beginning of year | 1,082,168 | 1,781,891 | (199,273) | (14,173) | 2,650,613 |
| Fund balances/net position at end of year | \$ 863,750 | \$ 1,693,377 | \$ (229,292) | \$ (18,069) | \$ 2,309,766 |

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 \$1,885,162 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, 2019, was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|--------------------|---------------------|---------------------|
| Governmental activities: | | | | |
| Capital assets: | | | | |
| Land | \$ 84,551 | \$ - | \$ - | \$ 84,551 |
| Buildings | 2,962,761 | - | - | 2,962,761 |
| Other improvements | 15,549,190 | - | - | 15,549,190 |
| Machinery and equipment | 615,465 | 25,848 | - | 641,313 |
| Total capital assets | 19,211,967 | 25,848 | - | 19,237,815 |
| Less accumulated depreciation | (17,430,076) | (114,362) | - | (17,544,438) |
| Governmental activities capital assets, net | <u>\$ 1,781,891</u> | <u>\$ (88,514)</u> | <u>\$ -</u> | <u>\$ 1,693,377</u> |
| Business-type activities: | | | | |
| Land | \$ 541,813 | \$ - | \$ - | \$ 541,813 |
| Buildings | 153,795 | - | - | 153,795 |
| Improvements other than buildings | 5,549,717 | 202,550 | - | 5,752,267 |
| CIP | 175,190 | 83,349 | (175,190) | 83,349 |
| Machinery and equipment | 243,800 | 34,972 | - | 278,772 |
| Total capital assets | 6,664,315 | 320,871 | (175,190) | 6,809,996 |
| Less accumulated depreciation | (5,589,424) | (60,423) | - | (5,649,847) |
| Business-type activities capital assets, net. | <u>\$ 1,074,891</u> | <u>\$ 260,448</u> | <u>\$ (175,190)</u> | <u>\$ 1,160,149</u> |

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

| | |
|--|-------------------|
| Governmental activities: | |
| General Government | \$ 19,256 |
| Public Safety | 31,060 |
| Transportation | 14,655 |
| Parks and recreation | 48,628 |
| Economic | 763 |
| Total depreciation expense - governmental entities | <u>\$ 114,362</u> |
| Business-type activities: | |
| Water | \$ 28,735 |
| Sewer | 31,688 |
| | <u>\$ 60,423</u> |

NOTE 7. INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at September 30, 2019.

| <u>Fund</u> | <u>Receivable</u> | <u>Payable</u> |
|-------------|-------------------|------------------|
| General | \$ - | \$ 63,971 |
| Enterprise | 63,971 | - |
| | <u>\$ 63,971</u> | <u>\$ 63,971</u> |

NOTE 8. INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2019, consisted of the following:

| <u>Fund</u> | <u>Transfers in</u> | <u>Transfers out</u> |
|-------------|---------------------|----------------------|
| General | \$ 19,000 | \$ - |
| Enterprise | - | 19,000 |
| | <u>\$ 19,000</u> | <u>\$ 19,000</u> |

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

NOTE 9. RECEIVABLE AND PAYABLE BALANCES**Receivables**

Receivables at September 30, 2019, were as follows:

| | <u>Account</u> | <u>Due from Others/ Governmental Units</u> | <u>Total Receivables</u> |
|---------------------------|------------------|--|------------------------------|
| Governmental activities: | \$ 281 | \$ 10,925 | \$ 11,206 |
| Business-type activities: | 75,843 | 36,631 | \$ 112,474 |
| | <u>\$ 76,124</u> | <u>\$ 47,556</u> | <u>\$ 123,680</u> |

Based upon collection history, the City has included a reserve for doubtful accounts for its Enterprise Fund accounts receivable of \$68,208.

Payables

Payables at September 30, 2019, were as follows:

| | <u>Vendors</u> |
|---------------------------|------------------|
| Governmental activities: | \$ 23,411 |
| Business-type activities: | 17,584 |
| | <u>\$ 40,995</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, 2019:

| | Balance October 1, 2018 | Increases | Decreases | Balance September 30, 2019 | Due Within One Year |
|----------------------|----------------------------|------------------|-------------|-------------------------------|---------------------------|
| Compensated absences | \$ 14,173 | \$ 3,896 | | \$ 18,069 | \$ 2,710 |
| Pension liability | 276,838 | 18,661 | - | 295,499 | - |
| | <u>\$ 239,951</u> | <u>\$ 22,557</u> | <u>\$ -</u> | <u>\$ 313,568</u> | <u>\$ 2,710</u> |

Business-type Activities

A summary of proprietary fund debt as of September 30, 2019, 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. This bond issue was fully paid during the current fiscal year.

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, 2019, is \$807,000. The remaining bonds mature annually from September 1, 2006 through September 1, 2037, at averaged payments of \$66,352, including interest at 4.5%.

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

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, 2019.

Revenue bond debt service requirements to maturity, including \$387,348 of interest, are as follows:

| Fiscal year ending September 30 | 1998 Bonds |
|------------------------------------|---------------------|
| 2020 | \$ 66,460 |
| 2021 | 67,010 |
| 2022 | 66,570 |
| 2023 | 65,997 |
| 2024 | 65,639 |
| 2025-2029 | 332,940 |
| 2030-2034 | 332,269 |
| 2035-2037 | 197,463 |
| | <u>\$ 1,194,348</u> |

Community State Bank Vehicle Loan - During the year, the City purchased a new truck. The scheduled monthly payments are \$632 including interest. Annual debt service requirements are as follows:

| Fiscal year ending September 30 | Interest | Principal | Total |
|------------------------------------|-----------------|------------------|------------------|
| 2020 | \$ 968 | \$ 5,513 | \$ 6,481 |
| 2021 | 750 | 6,837 | 7,587 |
| 2022 | 524 | 7,063 | 7,587 |
| 2023 | 291 | 7,296 | 7,587 |
| 2024 | 61 | 6,104 | 6,165 |
| Total | <u>\$ 2,594</u> | <u>\$ 32,813</u> | <u>\$ 35,407</u> |

State Revolving Fund Loan - There is also a pre-construction SRF loan also originally approved in 2018 from the Florida Department of Environmental Protection for \$103,400, of which \$65,684 has been drawn during the current year. The proceeds were used for engineering studies related to the wastewater treatment plant. The loan is collateralized by a subordinate lien on net revenues of the sewer utility fund.

A schedule of changes in proprietary fund debt follows:

| | <u>Balance</u> October 1, 2018 | Increases | Decreases | <u>Balance</u> September 30, 2019 | Due Within One Year |
|-----------------------|-----------------------------------|-------------------|------------------|--------------------------------------|------------------------|
| Bonds payable | \$ 871,000 | \$ - | \$ 64,000 | \$ 807,000 | \$ 30,000 |
| SRF loan | - | 65,684 | - | 65,684 | |
| Vehicle loan payable | - | 34,972 | 2,159 | 32,813 | 5,511 |
| Compensated absences | 5,188 | 15,010 | - | 20,198 | 3,030 |
| Net pension liability | 302,515 | 30,674 | - | 333,189 | - |
| | <u>\$ 1,178,703</u> | <u>\$ 146,340</u> | <u>\$ 66,159</u> | <u>\$ 1,258,884</u> | <u>\$ 38,541</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, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2019, respectively, were as follows: Regular—8.26% and 8.47%; Special Risk Administrative Support—34.98% and 38.59%; Special Risk—24.50% and 25.48%; Senior Management Service—24.06% and 25.41%; Elected Officers—48.70% and 48.82%; and DROP participants—14.03% and 14.06%. These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2019, respectively.

The City's contributions, including employee contributions, to the Pension Plan totaled \$64,617 for the fiscal year ended September 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2019, the City reported a liability of \$455,777 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of July 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportionate share of the net pension liability was based on the City's 2018-19 fiscal year contributions relative to the 2017-18 fiscal year contributions of all participating members. At June 30, 2019, the City's proportionate share was .001324748 percent, which was a decrease of 3.65 percent from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$69,661. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 27,060 | \$ 283 |
| Changes in assumptions | 117,039 | - |
| Net difference between projected and actual earnings on Pension Plan investments | - | 25,192 |
| Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions | 26,647 | 49,436 |
| Town Pension Plan contributions subsequent to the measurement date | 9,711 | - |
| Total | \$ 180,457 | \$ 74,911 |

The deferred outflows of resources related to the Pension Plan, totaling \$9,711 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, 2019. 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 |
|------------------------------------|-----------|
| 2020 | \$ 12,825 |
| 2021 | 14,265 |
| 2022 | 34,464 |
| 2023 | 25,999 |
| 2024 | 6,705 |
| Thereafter | 1,577 |
| | \$ 95,835 |

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

| | |
|---------------------------|---------------------------------------|
| Inflation | 2.60% |
| Salary increases | 3.50%, average, including inflation |
| Investment rate of return | 6.90%, 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, 2019, 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:

| Asset Class | Target Allocation* | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|--------------------|--------------------------|------------------------------------|--------------------|
| Cash | 1.00% | 3.30% | 3.30% | 1.20% |
| Fixed income | 18.00% | 4.10% | 4.10% | 3.50% |
| Global equity | 54.00% | 8.00% | 6.80% | 16.50% |
| Real estate | 10.00% | 6.70% | 6.10% | 11.70% |
| Private equity | 11.00% | 11.20% | 8.40% | 25.80% |
| Strategic investments | 6.00% | 5.90% | 5.70% | 6.70% |
| | <u>100.0%</u> | | | |
| Assumed Inflation - Mean | | | 2.60% | 1.70% |

*As outlined in the Pension Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 6.90%. 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 6.90%, 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 (5.90%) or one percentage point higher (7.90%) than the current rate:

| | 1% Decrease (5.90%) | Current Discount Rate (6.90%) | 1% Increase (7.90%) |
|---|------------------------|-------------------------------------|------------------------|
| Board's proportionate share of the net pension liability | \$ 788,661 | \$ 455,777 | \$ 178,585 |

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, 2019, the City reported no payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2019.

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, 2019, 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, 2019, the HIS contribution for the period October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2019 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 contribution 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 \$9,174 for the fiscal year ended September 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2019, the City reported a liability of \$172,912 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportionate share of the net pension liability was based on the City's 2018-19 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2019, the City's proportionate share was .001545372 percent, which was a decrease of 1.0 percent from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$965. In addition the City reported deferred outflows of resources and deferred in flows 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 | \$ 2,100 | \$ 212 |
| Changes in assumptions | 20,022 | 14,132 |
| Net difference between projected and actual earnings on HIS Plan investments | 112 | - |
| Changes in proportion and differences between Town HIS Plan contributions and proportionate share of contributions | - | 9,022 |
| Town HIS Plan contributions subsequent to the measurement date | 1,994 | - |
| Total | <u>\$ 24,228</u> | <u>\$ 23,366</u> |

The deferred outflows of resources related to the HIS Plan, totaling \$1,994 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, 2019. 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:

| <u>Fiscal Year Ending September 30</u> | <u>Amount</u> |
|--|--------------------------|
| 2020 | \$ (482) |
| 2021 | (386) |
| 2022 | (211) |
| 2023 | 153 |
| 2024 | (28) |
| Thereafter | (178) |
| | <u>\$ (1,132)</u> |

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 | 3.50% |

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

The actuarial assumptions used in the July 1, 2019, 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 3.50%. 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 3.50%, 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 (2.50%) or one percentage point higher (4.50%) than the current rate:

| | 1% Decrease (2.50%) | Current Discount Rate (3.50%) | 1% Increase (4.50%) |
|---|------------------------|-------------------------------------|------------------------|
| Board's proportionate share of the net pension liability | <u>\$ 197,388</u> | <u>\$ 172,911</u> | <u>\$ 152,526</u> |

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, 2019, the City reported no payable outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2019.

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 2017-18 fiscal year, as established by Section 121.72, *Florida Statutes*, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and City Elected Officers class 9.38%.

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, 2019, 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, 2019.

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, 2019, the RMC facility accounted for approximately 57% of the City's sewer revenues and 3% 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. During the year a unilateral decision was made by the Florida Department of Corrections to discontinue water services. This has resulted in a reduction of utility revenue. Efforts are currently being made to mitigate the apparent losses through other agreement negotiations.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) was characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

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.

NOTE 15. OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB)

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the City or the retiree. Participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy". This benefit relates to the assumption that the retirees are receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City's younger and statistically healthier active employees. GASB Statement 45 requires governments to report this cost and related liability in its financial statements.

Due to the fact that there were no retirees participating in the plan during the year and it is anticipated that this situation will continue in the future due to the fact that most employees work until they are eligible for Medicare benefits, management had determined that the City's OPEB obligation at year end would be of a de minimis amount. Management will monitor this situation in the future and take appropriate steps to properly comply with this GASB Statement.

**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, 2019

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
|---------------------------------------|------------------|----------------|-------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | | | | |
| Ad Valorem taxes | \$ 66,711 | \$ 90,000 | \$ 78,465 | \$ (11,535) |
| Sales and use taxes | | | | |
| Local option gas tax/alternative fuel | 38,500 | 42,000 | 39,933 | (2,067) |
| Discretionary sales tax | 97,000 | 119,000 | 117,586 | (1,414) |
| Franchise fees | | | | |
| Electricity | 124,500 | 136,000 | 132,163 | (3,837) |
| Utility service taxes | | | | |
| Electricity | 34,500 | 37,000 | 36,030 | (970) |
| Gas | 2,430 | 2,800 | 2,688 | (112) |
| Communications services tax | 49,129 | 59,000 | 58,247 | (753) |
| Total taxes | <u>412,770</u> | <u>485,800</u> | <u>465,112</u> | <u>(20,688)</u> |
| Licenses and permits | | | | |
| City occupational licenses | 9,000 | 9,000 | 8,555 | (445) |
| Other licenses and permits | 1,100 | 5,000 | 1,000 | (4,000) |
| Total licenses and permits | <u>10,100</u> | <u>14,000</u> | <u>9,555</u> | <u>(4,445)</u> |
| Fines | <u>3,040</u> | <u>7,500</u> | <u>10,472</u> | <u>2,972</u> |
| Intergovernmental | | | | |
| Federal payments in lieu of taxes | | | | |
| Union County Housing Authority | 7,500 | 6,000 | 5,622 | (378) |
| Grants and aid | 150,000 | 15,000 | 31,340 | 16,340 |
| State shared revenues | | | | |
| General government | | | | |
| State revenue sharing | 60,500 | 83,000 | 74,059 | (8,941) |
| Municipal gas tax | 19,000 | 22,000 | 20,388 | (1,612) |
| Mobile home licenses | 1,000 | 1,200 | 1,042 | (158) |
| Alcoholic beverage licenses | 1,000 | 1,000 | 810 | (190) |
| Local government half-cent sales tax | 53,000 | 53,000 | 56,752 | 3,752 |
| Total intergovernmental | <u>292,000</u> | <u>181,200</u> | <u>190,013</u> | <u>8,813</u> |
| Charges for services | | | | |
| Physical Environment | 1,500 | 3,400 | 3,200 | (200) |
| Transportation | | | | |
| Street maintenance | 77,093 | 83,000 | 79,229 | (3,771) |
| Total charges for services | <u>78,593</u> | <u>86,400</u> | <u>82,429</u> | <u>(3,971)</u> |
| Miscellaneous | | | | |
| Interest | 650 | 700 | 654 | (46) |
| Rents and royalties | | | | |
| Community Center | 18,000 | 14,000 | 13,788 | (212) |
| Other rentals | 11,500 | 16,000 | 14,638 | (1,362) |
| Special events | 1,000 | 2,800 | 2,701 | (99) |
| Other | 5,563 | 11,200 | 103,095 | 91,895 |
| Total miscellaneous | <u>36,713</u> | <u>44,700</u> | <u>134,876</u> | <u>90,176</u> |
| Total revenues | <u>833,216</u> | <u>819,600</u> | <u>892,457</u> | <u>72,857</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, 2019

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive Negative |
|------------------------------------|------------------|----------------|-------------------|--|
| | Original | Final | | |
| EXPENDITURES | | | | |
| General government | | | | |
| Legislative | | | | |
| Personnel services | \$ 69,597 | \$ 72,150 | \$ 70,318 | \$ 1,832 |
| Operating expenses | 8,357 | 15,700 | 15,178 | 522 |
| Total legislative | <u>77,954</u> | <u>87,850</u> | <u>85,496</u> | <u>2,354</u> |
| Executive | | | | |
| Personnel services | 103,173 | 121,400 | 118,531 | 2,869 |
| Operating expenses | 4,344 | 13,500 | 13,464 | 36 |
| Total executive | <u>107,517</u> | <u>134,900</u> | <u>131,995</u> | <u>2,905</u> |
| Financial and administrative | | | | |
| Personnel services | 54,408 | 62,300 | 61,347 | 953 |
| Operating expenses | 57,398 | 68,000 | 171,831 | (103,831) |
| Capital outlay | 1,500 | 14,600 | 12,893 | 1,707 |
| Total financial and administrative | <u>113,306</u> | <u>144,900</u> | <u>246,071</u> | <u>(101,171)</u> |
| Legal counsel | | | | |
| Operating expenses | 14,200 | 12,000 | 11,563 | 437 |
| | <u>14,200</u> | <u>12,000</u> | <u>11,563</u> | <u>437</u> |
| Other general government | | | | |
| Operating expenses | 9,113 | 7,000 | 25,597 | (18,597) |
| Total other general government | <u>9,113</u> | <u>7,000</u> | <u>25,597</u> | <u>(18,597)</u> |
| Total general government | <u>322,090</u> | <u>386,650</u> | <u>500,722</u> | <u>(114,072)</u> |
| Public safety | | | | |
| Code enforcement | | | | |
| Personnel services | 15,332 | 13,000 | 12,973 | 27 |
| Operating expenses | 413 | - | - | - |
| Law enforcement | | | | |
| Operating expenses | 75,000 | 75,000 | 75,000 | - |
| Total code and law enforcement | <u>90,745</u> | <u>88,000</u> | <u>87,973</u> | <u>27</u> |
| Fire control | | | | |
| Operating expenses | 15,374 | 8,700 | 8,349 | 351 |
| Total fire control | <u>15,374</u> | <u>8,700</u> | <u>8,349</u> | <u>351</u> |
| Other public safety | | | | |
| Personnel services | 24,749 | 18,700 | 17,215 | 1,485 |
| Operating expenses | 1,968 | 100 | 3,013 | (2,913) |
| Total other public safety | <u>26,717</u> | <u>18,800</u> | <u>20,228</u> | <u>(1,428)</u> |
| Total public safety | <u>132,836</u> | <u>115,500</u> | <u>116,550</u> | <u>(1,051)</u> |
| Physical environment | | | | |
| Operating expense | 250 | 2,500 | - | 2,500 |
| Total physical environment | <u>250</u> | <u>2,500</u> | <u>-</u> | <u>2,500</u> |
| Transportation | | | | |
| Roads and streets | | | | |
| Personnel services | 90,964 | 179,500 | 178,253 | 1,247 |
| Operating expenses | 108,122 | 145,400 | 143,196 | 2,204 |
| Capital outlay | 4,100 | 6,600 | 5,602 | 998 |
| Total transportation | <u>203,186</u> | <u>331,500</u> | <u>327,051</u> | <u>4,450</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, 2019**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|-------------------------|-------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Human services | | | | |
| Animal control | | | | |
| Personnel services | \$ 4,207 | \$ 4,400 | \$ 4,233 | \$ 167 |
| Operating expenses | 3,164 | 2,900 | 2,730 | 170 |
| Mosquito control | | | | |
| Operating expenses | 6,098 | 5,800 | 5,819 | (19) |
| Total human services | <u>13,469</u> | <u>13,100</u> | <u>12,782</u> | <u>318</u> |
| Culture/recreation | | | | |
| Parks and recreation | | | | |
| Personnel services | 39,705 | 51,200 | 49,129 | 2,071 |
| Operating expenses | 189,904 | 94,975 | 100,946 | (5,971) |
| Capital outlay | 4,540 | 6,600 | 6,686 | (86) |
| Grants and aids | 11,026 | - | - | - |
| Total culture and recreation | <u>245,175</u> | <u>152,775</u> | <u>156,761</u> | <u>(3,986)</u> |
| Total expenditures | <u>917,006</u> | <u>1,002,025</u> | <u>1,113,866</u> | <u>(111,841)</u> |
| Excess of revenues over (under) expenditures | (83,790) | (182,425) | (221,409) | (38,984) |
| OTHER FINANCING SOURCES | | | | |
| Interfund transfers in | <u>239,000</u> | <u>19,000</u> | <u>19,000</u> | - |
| | <u>239,000</u> | <u>19,000</u> | <u>19,000</u> | - |
| Net change in fund balance | 155,210 | (163,425) | (202,409) | (38,984) |
| Fund balance at beginning of year | 661,324 | 661,324 | 661,324 | - |
| Fund balance at end of year | <u>\$ 816,534</u> | <u>\$ 497,899</u> | <u>\$ 458,915</u> | <u>(38,984)</u> |

**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, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|-------------------------|------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Taxes | | | | |
| Advalorem taxes | \$ 51,100 | \$ 51,000 | \$ 50,282 | \$ (718) |
| Miscellaneous | | | | |
| Interest | 100 | 100 | 67 | (33) |
| Other | - | - | 78,113 | 78,113 |
| Total revenues | <u>51,200</u> | <u>51,100</u> | <u>128,462</u> | <u>77,362</u> |
| EXPENDITURES | | | | |
| Economic environment | | | | |
| Operating expenses | 80,500 | 80,500 | 143,967 | 25,944 |
| Culture/recreation | | | | |
| Capital outlay | 5,000 | 5,000 | 667 | 4,333 |
| | <u>85,500</u> | <u>85,500</u> | <u>144,634</u> | <u>30,277</u> |
| Excess of revenues over (under) expenditures | <u>(34,300)</u> | <u>(34,400)</u> | <u>(16,172)</u> | <u>18,228</u> |
| Net change in fund balances | - | (34,400) | (16,172) | 18,228 |
| Fund balance at beginning of year | 79,256 | 79,256 | 79,256 | - |
| Fund balance at end of year | <u>\$ 79,256</u> | <u>\$ 44,856</u> | <u>\$ 63,084</u> | <u>\$ 18,228</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, 2019**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|-------------------------|-------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Miscellaneous | | | | |
| Interest | \$ 350 | \$ 350 | \$ 352 | \$ (2) |
| Total revenues | <u>350</u> | <u>350</u> | <u>352</u> | <u>(2)</u> |
| EXPENDITURES | | | | |
| Economic environment | | | | |
| Operating expenses | - | - | 10 | (10) |
| | <u>-</u> | <u>-</u> | <u>10</u> | <u>(10)</u> |
| Excess of revenues over (under) expenditures | <u>350</u> | <u>350</u> | <u>342</u> | <u>(8)</u> |
| Net change in fund balance | <u>350</u> | <u>350</u> | <u>342</u> | <u>(8)</u> |
| Fund balance at beginning of year | <u>341,311</u> | <u>341,311</u> | <u>341,311</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 341,661</u> | <u>\$ 341,661</u> | <u>\$ 341,653</u> | <u>\$ (8)</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, 2019**

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
|--|------------------|---------------|-------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ - | \$ 358,129 | \$ 358,129 |
| Total revenues | <u>-</u> | <u>-</u> | <u>358,129</u> | <u>358,129</u> |
| EXPENDITURES | | | | |
| Culture/recreation | - | - | 358,308 | 358,308 |
| Total expenditures | <u>-</u> | <u>-</u> | <u>358,308</u> | <u>-</u> |
| | | | | |
| Net change in fund balances | - | - | (179) | (179) |
| | | | | |
| Fund balance at beginning of year | <u>277</u> | <u>277</u> | <u>277</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 277</u> | <u>\$ 277</u> | <u>\$ 98</u> | <u>\$ (179)</u> |

**CITY OF LAKE BUTLER, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2019**

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>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| City's proportion of the FRS net pension liability | 0.001324748 | 0.001374944 | 0.001383890% | 0.001097540% | 0.001159024% | 0.001063614% |
| City's proportionate share of the FRS net pension liability | \$ 456,225 | \$ 414,140 | \$ 409,345 | \$ 277,130 | \$ 149,703 | \$ 64,896 |
| City's proportion of the HIS net pension liability | 0.001545372 | 0.001560951 | 0.001588008% | 0.001620261% | 0.001642268% | 0.001645575% |
| City's proportionate share of the HIS net pension liability | <u>172,912</u> | <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>\$ 629,137</u> | <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 | \$ 607,266 | \$ 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 | 103.60% | 94.42% | 98.99% | 80.43% | 57.11% | 39.95% |
| Plan fiduciary net position as a percentage of the total pension liability | 78.22% | 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***

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required FRS contribution | \$ 43,917 | \$ 43,115 | \$ 42,849 | \$ 30,953 | \$ 32,994 | \$ 29,341 |
| Contractually required HIS contribution | 9,174 | 9,314 | 17,774 | 9,604 | 7,243 | 6,441 |
| Total Contractually Required Contributions | 53,091 | 52,429 | 60,623 | 40,557 | 40,237 | 35,782 |
| Contributions in relation to the contractually required contribution | (53,091) | (52,429) | (60,623) | (40,557) | (40,237) | (35,782) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's covered-employee payroll | \$ 600,702 | \$ 652,960 | \$ 585,070 | \$ 579,340 | \$ 555,381 | \$ 547,603 |
| Contributions as a percentage of covered-employee payroll | 8.84% | 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, 2019**

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, 2019, are shown below (in thousands):

| | <u>FRS</u> | <u>HIS</u> |
|---|-------------------------|----------------------|
| Total pension liability | \$ 198,012,334 | \$ 11,491,044 |
| Plan fiduciary net position | <u>\$ (163,573,726)</u> | <u>\$ (302,045)</u> |
| | <u>\$ 34,438,608</u> | <u>\$ 11,188,999</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 82.61% | 2.63% |

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2019. 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, 2019. 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, 2018, and 2019, respectively, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2019, 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 6.90%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because 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 2019:

- **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 7.00% in 2018 to 6.90% for 2019.
- **HIS:** The municipal bonds rate used to determine total pension liability was decreased from to 3.87% to 3.50%.



LAKE BUTLER
FLORIDA

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CITY OF LAKE BUTLER, FLORIDA
PROPRIETARY FUND
SCHEDULE OF NET POSITION BY FUNCTION
September 30, 2019
(Unaudited)

| ASSETS | Water Fund | Sewer Fund | Solid Waste | |
|---|-------------------|-------------------|-------------------|-------------------|
| | | | Disposal Fund | Total |
| Current assets | | | | |
| Cash | \$ 304,325 | \$ 302,082 | \$ 139,439 | \$ 745,846 |
| Accounts receivable | 58,776 | 65,402 | 19,871 | 144,049 |
| Allowance for doubtful accounts | (27,829) | (190) | (40,187) | (68,206) |
| Due from other governmental units | 15,108 | 21,523 | - | 36,631 |
| Due from other funds | 64,064 | 438 | - | 63,970 |
| Total current assets | 414,444 | 389,255 | 119,123 | 922,290 |
| Restricted assets | | | | |
| Cash | - | 68,319 | - | 68,319 |
| Cash customer deposits | 37,547 | 87,381 | 23,381 | 148,309 |
| Total restricted assets | 37,547 | 155,700 | 23,381 | 216,628 |
| Noncurrent assets | | | | |
| Fixed assets | | | | |
| Land | - | 541,813 | - | 541,813 |
| Improvements other than buildings | 1,512,595 | 4,393,467 | - | 5,906,062 |
| Construction in progress | - | 83,349 | - | 83,349 |
| Equipment | 32,058 | 246,714 | - | 278,772 |
| Allowance for depreciation | (1,475,607) | (4,174,240) | - | (5,649,847) |
| Total fixed assets | 69,046 | 1,091,103 | - | 1,160,149 |
| Total assets | 521,037 | 1,636,058 | 142,504 | 2,299,067 |
| DEFERRED OUTFLOWS | 54,394 | 54,097 | - | 108,491 |
| LIABILITIES | | | | |
| Current liabilities payable from current assets | | | | |
| Accounts payable | 17,465 | 119 | - | 17,584 |
| Accrued liabilities | 4,576 | 3,588 | - | 8,164 |
| Current portion vehicle loan to other funds | 3,913 | 1,598 | - | 5,511 |
| Total current liabilities payable from current assets | 25,954 | 5,305 | - | 31,259 |
| Current liabilities payable from restricted assets | | | | |
| Accrued interest payable | 1,933 | 1,343 | - | 3,276 |
| Deposits | 26,827 | 184 | 38,940 | 65,951 |
| Current portion serial bonds | - | 30,000 | - | 30,000 |
| Total current liabilities payable from restricted assets | 28,760 | 31,527 | 38,940 | 99,227 |
| Other liabilities | | | | |
| Accrued leave payable | 11,915 | 8,283 | - | 20,198 |
| Total other liabilities | 11,915 | 8,283 | - | 20,198 |
| Noncurrent liabilities | | | | |
| Long-term liabilities | 71% | | | |
| Vehicle loan | 19,356 | 7,944 | - | 27,300 |
| SRF Loan | 42,848 | 22,836 | - | 65,684 |
| Serial bonds payable | - | 777,000 | - | 777,000 |
| Net pension liability | 167,049 | 166,140 | - | 333,189 |
| Total long-term liabilities | 229,253 | 973,920 | - | 1,203,173 |
| Total liabilities | 295,882 | 1,019,035 | 38,940 | 1,353,857 |
| DEFERRED INFLOWS | 34,191 | 34,099 | - | 68,290 |
| NET POSITION | | | | |
| Invested in capital assets net of related debt | 6,842 | 294,625 | - | 260,625 |
| Restricted - debt service | - | 68,319 | - | 68,319 |
| Restricted - other purposes | 37,547 | 87,381 | 23,381 | 148,309 |
| Unrestricted | 76,633 | 281,830 | 108,853 | 508,158 |
| Total net position | \$ 121,022 | \$ 732,155 | \$ 132,234 | \$ 985,411 |

**CITY OF LAKE BUTLER, FLORIDA
 PROPRIETARY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION BY FUNCTION
 For the Fiscal Year Ended September 30, 2019
 (Unaudited)**

| | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Solid Waste Disposal Fund</u> | <u>Total</u> |
|---|-------------------|-------------------|--------------------------------------|-------------------|
| OPERATING REVENUES | | | | |
| Charges for services | | | | |
| Water utility services | \$ 284,502 | \$ - | \$ - | \$ 284,502 |
| Sewer utility services | - | 715,680 | - | 715,680 |
| Garbage solid waste services | - | - | 180,747 | 180,747 |
| Water tap in and connection | 19,236 | - | - | 19,236 |
| Sewer tap in and connection | - | - | - | - |
| Miscellaneous | 11,904 | 2,730 | - | 14,634 |
| Total operating revenues | <u>315,642</u> | <u>718,410</u> | <u>180,747</u> | <u>1,214,799</u> |
| OPERATING EXPENSES | | | | |
| Water services | | | | |
| Personnel services | 159,437 | - | - | 159,437 |
| Operating expenses | 185,164 | - | - | 185,164 |
| Total water services | <u>344,601</u> | <u>-</u> | <u>-</u> | <u>344,601</u> |
| Sewer services | | | | |
| Personnel services | - | 170,022 | - | 170,022 |
| Operating expenses | - | 326,578 | - | 326,578 |
| Total sewer services | <u>-</u> | <u>496,600</u> | <u>-</u> | <u>496,600</u> |
| Garbage and solid waste services | | | | |
| Operating expenses | - | - | 139,932 | 139,932 |
| Total operating expenses | <u>344,601</u> | <u>496,600</u> | <u>139,932</u> | <u>981,133</u> |
| Operating income | <u>(28,959)</u> | <u>221,810</u> | <u>40,815</u> | <u>233,666</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest revenue | 625 | - | - | 625 |
| Interest expense | - | (39,193) | - | (39,193) |
| Total nonoperating revenues (expenses) | <u>625</u> | <u>(39,193)</u> | <u>-</u> | <u>(38,568)</u> |
| Net income before operating transfers | <u>(28,334)</u> | <u>182,617</u> | <u>40,815</u> | <u>195,098</u> |
| OPERATING TRANSFERS | | | | |
| Interfund transfers out | | | | |
| Water | (5,000) | - | - | (5,000) |
| Sewer | - | (14,000) | - | (14,000) |
| | <u>(5,000)</u> | <u>(14,000)</u> | <u>-</u> | <u>(19,000)</u> |
| Net income | <u>(33,334)</u> | <u>168,617</u> | <u>40,815</u> | <u>176,098</u> |
| Net position, beginning of year | <u>154,356</u> | <u>563,538</u> | <u>91,419</u> | <u>809,313</u> |
| Net position, end of year | <u>\$ 121,022</u> | <u>\$ 732,155</u> | <u>\$ 132,234</u> | <u>\$ 985,411</u> |

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, 2019, 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 April 5, 2020.

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.

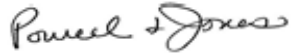
Compliance and Other Matters

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.

A handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES

Certified Public Accountants

April 5, 2020

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, 2019, 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.

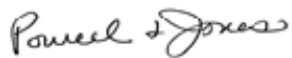
Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

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, 2019, 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
April 5, 2020

INDEPENDENT ACCOUNTANT'S REPORT

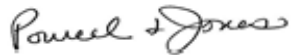
To the Mayor and
Members of the City Commission
City of Lake Butler, Florida

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, 2019. 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, 2019.

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
April 5, 2020

Communication with Those Charged with Governance

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, 2019. 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 5, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

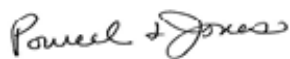
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,



POWELL & JONES
Certified Public Accountants
April 5, 2020



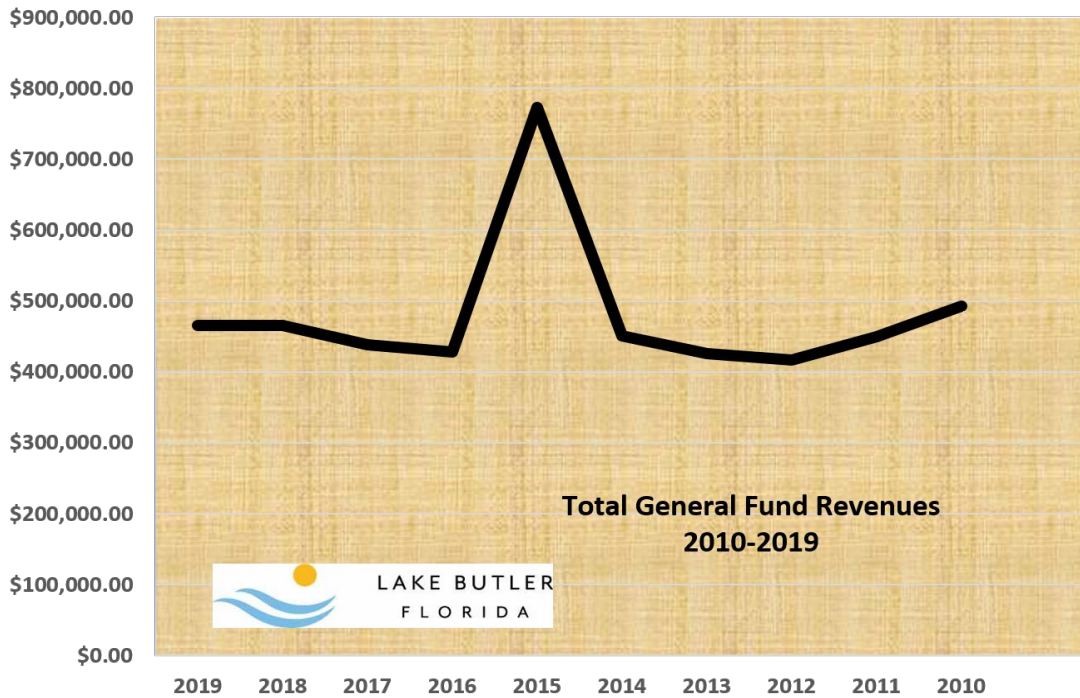
LAKE BUTLER
FLORIDA

Statistical Section

General Fund Revenue - Ten Year History

2010-2019

| Fiscal Year | Taxes | | | | | | | Total |
|------------------|---------------------------------------|--------------------|---------------|---------------|------------------|-------------|-----------|-----------|
| | Ad Valorem | Local Option Sales | | Franchise Fee | Electric Utility | Gas Utility | Comm. | |
| | | Gas Tax | Discretionary | | | | | |
| 2019 | \$78,465 | \$39,933 | \$117,586 | \$132,163 | \$36,030 | \$2,688 | \$58,247 | \$465,112 |
| 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 |
| Ten Year Average | \$69,552 | \$75,686 | \$101,655 | \$132,467 | \$34,469 | \$3,203 | \$75,426 | \$600,711 |



City of Lake Butler, Florida

General Fund Revenue - Ten Year History

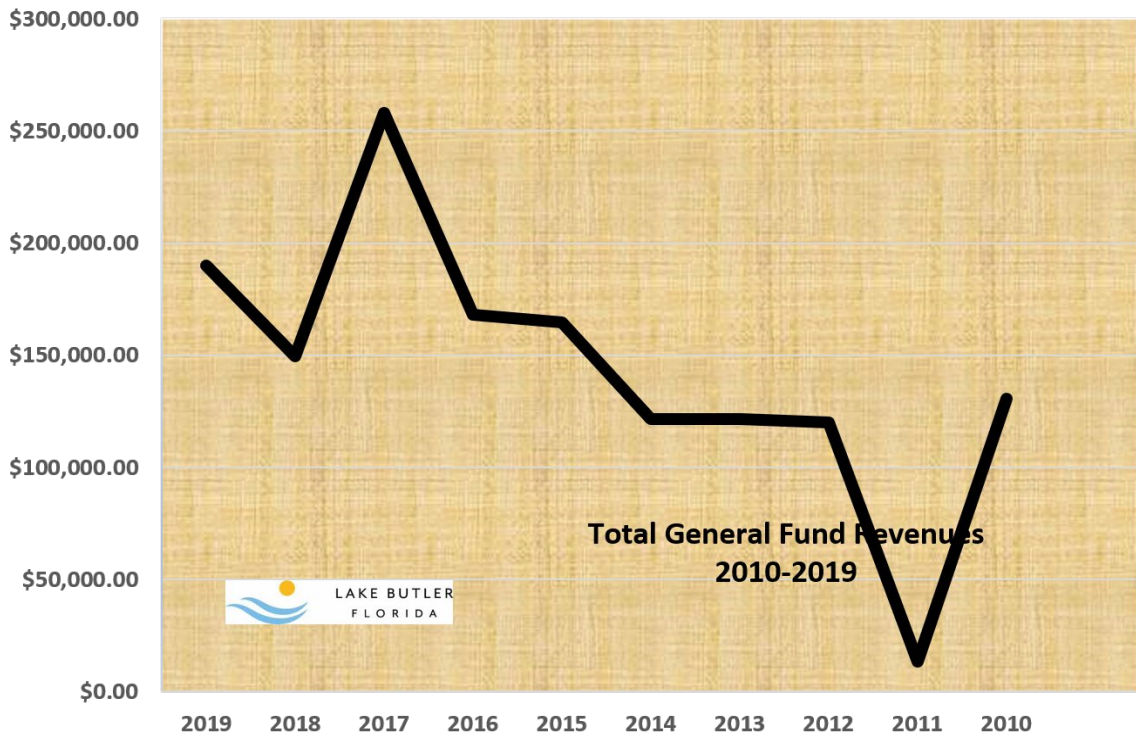
2010-2019

| Fiscal Year | <u>Licenses and Permits</u> | | | <u>Fines</u> | |
|---------------------|-----------------------------|----------------|-----------------|----------------|----------------|
| | <u>Occupation</u> | <u>Other</u> | <u>Total</u> | <u>Fines</u> | <u>Total</u> |
| 2019 | \$8,555 | \$1,000 | \$9,555 | \$10,472 | \$10,472 |
| 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 changec | | \$10,371 | \$0 | \$0 |
| 2011 | Audit format changec | | \$13,423 | \$0 | \$0 |
| 2010 | \$10,420 | \$3,050 | \$13,470 | \$0 | \$0 |
| Ten Year Average | <u>\$9,260</u> | <u>\$3,300</u> | <u>\$15,534</u> | <u>\$2,442</u> | <u>\$2,442</u> |

General Fund Revenue - Ten Year History

2010-2019

| Fiscal Year | Intergovernmental | | | | | | | Total |
|------------------|-----------------------------------|-----------|-------------------|---------------|-----------------|-------------|-------------|-----------|
| | PILOT | Grant | State Rev Sharing | Municipal Gas | Mobile Home Tax | Alcohol Tax | Local Sales | |
| 2019 | \$5,622 | \$31,340 | \$74,059 | \$20,388 | \$1,042 | \$810 | \$56,752 | \$190,013 |
| 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 |
| Ten Year Average | \$4,260 | \$23,200 | \$53,241 | \$18,096 | \$849 | \$484 | \$39,112 | \$124,722 |



City of Lake Butler, Florida

General Fund Revenue - Ten Year History

2010-2019

| Fiscal Year | Charges for Services | | | <u>Total</u> |
|---------------------|-----------------------------------|--------------------------|--------------|--------------|
| | <u>Fire Protection</u> | <u>Street Maint.</u> | <u>Other</u> | |
| 2019 | \$0 | \$79,229 | \$0 | \$79,229 |
| 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 |
| Ten Year Average | \$500 | \$69,604 | \$667 | \$73,995 |

City of Lake Butler, Florida

General Fund Revenue - Ten Year History

2010-2019

| 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> |
| 2019 | \$654 | \$13,788 | \$14,638 | \$0 | \$105,796 | \$134,876 |
| 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 |
| Ten Year Average | \$1,172 | \$17,361 | \$13,176 | \$636 | \$13,048 | \$37,516 |

City of Lake Butler, Florida

General Fund Revenue - Ten Year History

2010-2019

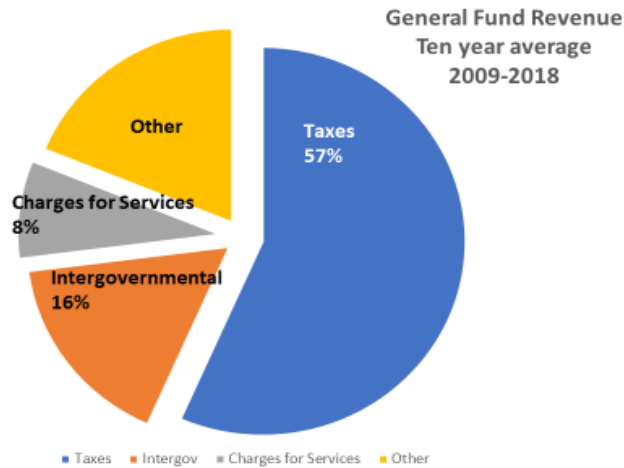
| Other Financing Sources | | Tax Rates (mills) | | | | | |
|-------------------------|-----------------|---------------------|--------------|---------|--------------------|---------|---------|
| Fiscal Year | Enterprise Fund | City of Lake Butler | Union County | Schools | Water Mgt District | Library | Total |
| 2019 | \$19,000 | 2.7500 | 10.0000 | 6.6310 | 0.3840 | 0.5000 | 20.2650 |
| 2018 | \$78,107 | 2.7500 | 10.0000 | 6.6310 | 0.3948 | 0.5000 | 20.2758 |
| 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 | | | | | | |
| Ten Year Average | \$103,592 | | | | | | |

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 | | |
| 2019 | \$465,112 | \$9,555 | \$10,472 | \$190,013 | \$82,429 | \$134,876 | \$0 | \$892,457 |
| 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 |
| Ten Year Average | \$480,569 | \$12,427 | \$2,442 | \$143,723 | \$74,315 | \$51,003 | \$103,592 | \$868,071 |



City of Lake Butler, Florida

General Fund Expenditures - Ten Year History

2010-2019

| Fiscal Year | General Government | | | | | Total |
|---------------------|--------------------|---------------------------------------|----------------|--------------|--------------|-----------|
| | <u>Legislative</u> | <u>City Manager</u> | <u>Finance</u> | <u>Legal</u> | <u>Other</u> | |
| 2019 | \$85,496 | \$131,995 | \$246,071 | \$11,563 | \$25,597 | \$500,722 |
| 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 |
| Ten Year Average | \$80,409 | \$113,099 | \$132,205 | \$18,519 | \$79,458 | \$517,465 |

City of Lake Butler, Florida

General Fund Expenditures - Ten Year History

2010-2019

| Fiscal Year | General Government | | | <u>Total</u> |
|---------------------|---------------------------------------|-------------|--------------|--------------|
| | <u>Public Safety</u> | | | |
| | <u>Law Enforcement</u> | <u>Fire</u> | <u>other</u> | |
| 2019 | \$87,973 | \$8,349 | \$20,228 | \$116,550 |
| 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 |
| Ten Year Average | \$68,502 | \$28,163 | \$18,117 | \$143,073 |

City of Lake Butler, Florida

General Fund Expenditures - Ten Year History

2010-2019

| Fiscal Year | Other | | | <u>Total</u> |
|---------------------|----------------|---------------------------|-------------------|--------------|
| | <u>Transp.</u> | <u>Animal Control</u> | <u>Recreation</u> | |
| 2019 | \$5,602 | \$12,782 | \$156,761 | \$175,145 |
| 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 |
| Ten Year Average | \$178,792 | \$12,662 | \$146,289 | \$337,742 |

City of Lake Butler, Florida

General Fund Expenditures - Ten Year History

2010-2019

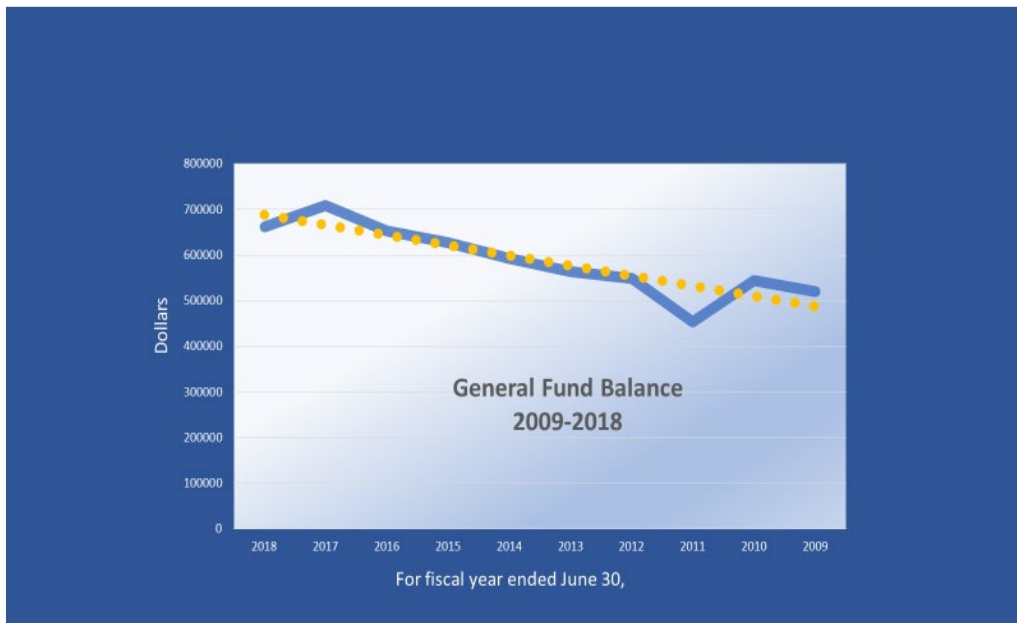
| Fiscal Year | Total Expenditures by Major Category | | | |
|---------------------|--------------------------------------|--------------------------|--------------|--------------|
| | <u>General Government</u> | <u>Public Safety</u> | <u>Other</u> | <u>Total</u> |
| 2019 | \$487,829 | \$116,550 | \$509,487 | \$1,113,866 |
| 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 |
| Ten Year Average | \$316,186 | \$102,803 | \$320,228 | \$739,216 |

City of Lake Butler, Florida

General Fund Balance - Ten Year History

2010-2019

| Fiscal Year | General Fund | | Fund Balance | | |
|------------------|--------------|--------------|--------------|-------------------|----------------|
| | Revenue | Expenditures | Net Change | Beginning Balance | Ending Balance |
| 2019 | \$892,457 | \$1,113,866 | (\$221,409) | \$661,325 | \$458,915 |
| 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 |
| Ten Year Average | \$842,580 | \$850,603 | (\$8,023) | \$587,595 | \$581,473 |



City of Lake Butler, Florida

**Annual Budget
Ten Year Position Summary
2011-2020**

| <u>Position</u> | Fiscal Year ending June 30, | | | | | | | | | |
|---|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| | <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> | <u>2020</u> |
| City Commission- part time | 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 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 |
| 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 | 1 | 1 |
| Waste Water Treatment Op | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| General Maintenance Worker | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 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 | 2 | 2 |
| Total Full Time Employees | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Full time employees per capita employee per resident | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138.5 | 138 | 138 |

City Commission are part-time



City of Lake Butler
1998 Bonds Payable
 Debt Schedule

| Fiscal Year | Principal | Interest | Total | Balance |
|----------------|-----------|----------|-----------|-----------|
| | | | | \$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

| Fiscal Year | Principal | Interest | Total | Balance |
|----------------|-----------|----------|---------|---------|
| | | | | \$3,000 |
| 2020 | \$3,000 | \$1,750 | \$4,750 | \$0 |

USDA loan

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

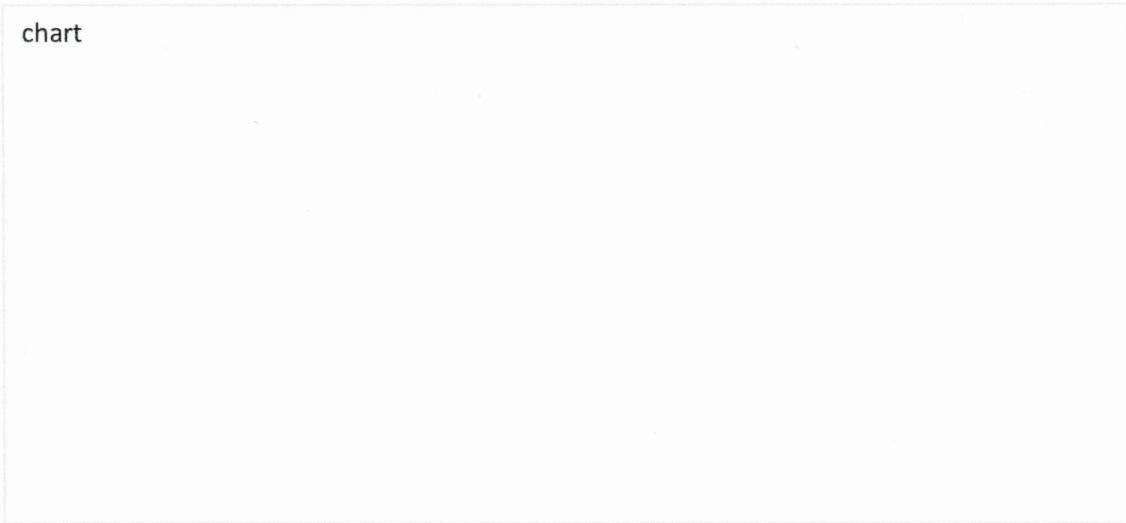
Population Trends

1900- 2019

| <u>Year</u> | <u>City of Lake Butler</u> | | <u>Union County</u> | |
|-------------|----------------------------|--|---------------------|--|
| | <u>Population</u> | <u>Percentage Increase/ (Decrease)</u> | <u>Population</u> | <u>Percentage Increase/ (Decrease)</u> |
| 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% |
| 2019 | 1796 | 0.00% | 15142 | 0.00% |
| 2020 | n/a | | n/a | |

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: 3.2% 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

| Gender | Number | Percent | National Average |
|--------|--------|---------|------------------|
| Female | 1,159 | 52% | 50.8% |
| Male | 1,065 | 48% | 49.2% |

Quick Facts

| Age | Number | Percent |
|---------|-----------|---------------|
| 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% |

| Race | Number | Percent |
|-----------------------------|--------|----------|
| 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 |

| Employment Breakdown | Number |
|-----------------------|--------|
| Educational Services | 239 |
| Retail | 119 |
| Transportation | 89 |
| Public Administration | 78 |

| Housing Stock | Number |
|----------------------|--------|
| Owner Occupied Homes | 332 |
| Rental Units | 474 |

Source: homefacts.com; 2010 Bureau of the Census

Union County Library 40,000 books in a 9,000 sq. ft. building

City of Lake Butler Demographics

Climate Summer- July high is around 92 degrees; Winter- January low is 41

Sperling's Comfort Index is 73 out of 100. A higher score indicates a more comfortable year-round climate. The U.S. average is 54. Lake Butler gets precipitation, on average of 117 days per year. 0 inches of snow and an average of 53 inches of rain in a year. There are 221 sunny days per year in Lake Butler or 60% of the year it is sunny and pleasant. The national average of sunny days is 205. Lake Butler is 123 feet above sea level.

Economy Unemployment rate is 3.2% which is below the national average of 3.9%. Lake Butler has seen a job market increase of 0.4% in the past year. Future job growth over the next ten years is predicted to be 34.8%, which is higher than the nation average of 33.5%. Sales tax rate is 7% which is lower than the national average of 7.3%. The local income tax is 0% while the national average is 4.6%. The average per capita income of a Lake Butler resident is \$13,687 per year compared to the national average of \$31,177 per year. The Median household income of a Lake Butler resident is \$48,045 per year compared to the national average of \$70,850.

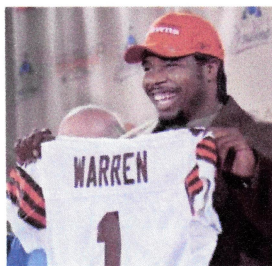
Cost of Living The cost of living indices are based on a U.S. average of 100. An amount below 100 means Lake Butler is cheaper than the U.S. average. A cost of living index above 100 means Lake Butler is more expensive. Lake Butler Overall Cost of Living Index is 81.3. Housing is the biggest factor in the cost of living. The median home price in Lake Butler is \$113,900 while the average in Florida is \$225,200 and in the U.S. is \$219,700. Groceries at 108.8 and health care at 130.3 are well above the State and National averages.

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.



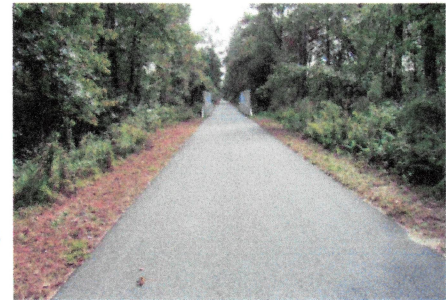
City of Lake Butler Demographics

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.

City of Lake Butler Demographics

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 6 years. In total this family has protected the City of Lake Butler and Union County for over 67 years. An amazing legacy for this community.

Sheriff Whitehead passes baton to son

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.

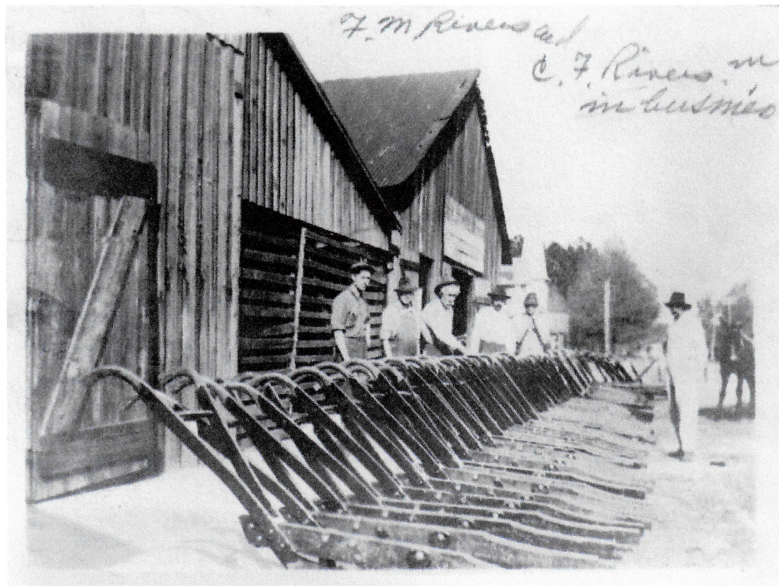
“Where’s the sheriff? The retired sheriff, I mean,” said the son, looking around for his father after the swearing-in ceremonies.
 The elder Whitehead is a legend in these parts, as is the family’s annual barbeque at the Whitehead ranch. It attracts hundreds of people, ranging from governors to politicians 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

John Whitehead
Jerry Whitehead

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.





LAKE BUTLER
FLORIDA

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Scenery
Serenity and
You



Creating new
pathways into
the future

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.



Creating new pathways into the future.