

LOCAL GOVERNMENTAL ENTITY AUDIT REPORT SUBMITTAL CHECKLIST

Entity Name: CITY OF WEWAHITCHKA

Entity Address: 318 S. 7TH STREET, WEWAHITCHKA, FL 32465

Entity Contact Person:

Name: BRITTNEY PROCTOR

Title: FINANCE DIRECTOR

Phone Number: 850-639-2605

E-mail Address: WEWAFINANCE@FAIRPOINT.NET

CPA Firm Contact Person:

Name: RICHARD POWELL

Title: ENGAGEMENT PARTNER

Phone Number: 386-755-4200

E-mail Address: RICHARD@POWELLANDJONESCPA.COM

Fiscal Year Audited: 09/30/2020

Date the auditor delivered the audit report to the entity: 06/29/2021

Does the audit report include the following items required by Section 10.557(3), Rules of the Auditor General:

Required for municipalities, special districts, the county as a whole, and county agencies **

- | | |
|----------|--|
| <u>Y</u> | The financial statements described in Sections 10.556(3) and (4), Rules of the Auditor General, as applicable, together with related notes to financial statements? |
| <u>Y</u> | Required supplementary information (RSI) such as the management's discussion and analysis (not required for county agencies), or the budgetary comparison schedule (required as RSI if not presented as part of the financial statements)? |
| <u>Y</u> | The auditor's report on the financial statements? |
| <u>Y</u> | The auditor's report on compliance and internal control? |
| <u>Y</u> | The management letter defined in Section 10.554(1)(i), Rules of the Auditor General? |
| <u>Y</u> | The written statement of explanation or rebuttal, including corrective action to be taken, required by Section 10.558(1), Rules of the Auditor General? |

** Pursuant to Section 218.39(2), Florida Statutes, an audit of the board of county commissioners is not required. However, if the county report includes an audit of the board of county commissioners, it should, pursuant to Section 10.554(1)(e), Rules of the Auditor General, include the items required by Section 10.557(3), Rules of the Auditor General.

Y The auditor's report based on an examination conducted in accordance with *AICPA Professional Standards*, prepared in accordance with AT-C Section 315, promulgated by the American Institute of Certified Public Accountants, regarding the compliance requirements referenced in Section 10.556(10), Rules of the Auditor General?

Y For entities that had adopted an impact fee by ordinance or resolution, an affidavit signed and sworn to by the Chief Financial Officer before an officer authorized to administer oaths (e.g., notary public) stating that the entity complied with the requirements of Section 163.31801, Florida Statutes, as referenced by Section 10.557(3)(m), Rules of the Auditor General.

Required for municipalities, special districts, and the county as a whole

N/A If applicable, any other auditor's reports, related financial information, and auditee-prepared documents required pursuant to Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); or other applicable Federal law?

N/A Any auditor's reports and related financial information required pursuant to the *Florida Single Audit Act* (see Section 10.557(3)(e), Rules of the Auditor General)?

N/A For any fiscal year in which funds related to the Deepwater Horizon oil spill are received or expended, a schedule of receipts and expenditures of such funds required by Section 10.557(3)(n), Rules of the Auditor General?

N/A For any fiscal year in which funds related to the Deepwater Horizon oil spill are received or expended, a report that includes an opinion (or disclaimer of opinion) as to whether the schedule of receipts and expenditures of such funds required by Section 10.557(3)(n), Rules of the Auditor General, is presented fairly in all material respects in relation to the financial statements taken as a whole? The report must be prepared in accordance with *AICPA Professional Standards*, AU-C Section 725, promulgated by the American Institute of Certified Public Accountants (see Section 10.557(3)(f), Rules of the Auditor General)?

In addition to the above, have the following requirements been complied with:

Y Are all of the above elements of the audit report included in a **single document** as required by Section 10.557(3), Rules of the Auditor General?

Y Are **one** paper copy and **one** electronic copy of the audit report being submitted as required by Section 10.558(3), Rules of the Auditor General?

Y Is the audit report being submitted within 45 days after receipt of the audit report from the auditor, but no later than **9 months** after the end of the fiscal year? **NOTE:** There is no provision in law authorizing an extension for filing the audit report.

Y Is the electronic copy named using all lower-case letters as follows: [fiscal year] [name of entity].pdf? Counties should include the word "county" in the entity name; however, it is not necessary for municipalities to include "city of," "town of," etc. in the entity name. For example, the converted document for the 2019-20 fiscal year for Alachua County should be named 2020 alachua county.pdf while the converted document for the 2019-20 fiscal year for the City of Alachua should be named 2020 alachua.pdf.

N/A

If the audit report is for a county or municipality, and a dependent special district was audited as part of the county or municipality audit, did the notes to financial statements clearly indicate that the special district had been included as part of the county's or municipality's reporting entity? **NOTE:** Pursuant to Section 218.39(3), Florida Statutes, an independent special district may not be audited as part of a county or municipality audit. When a dependent special district is audited as part of the county or municipality audit, the county or municipality notes to financial statements should clearly disclose that the special district is a component unit included within the county's or municipality's reporting entity.

This checklist should accompany the audit report. It is suggested that you retain a copy of the checklist for your files. Do not hesitate to contact us if assistance or clarification is needed regarding reporting requirements. Our contact information is as follows:

Auditor General
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450
Telephone: (850) 412-2881

E-mail Address: flaudgen_localgovt@aud.state.fl.us
Web site Address: FLAuditor.gov

CITY OF WEWAHITCHKA, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020

CITY OF WEWAHITCHKA, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020

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CITY OF WEWAHITCHKA, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020

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INTRODUCTORY SECTION

CITY OF WEWAHITCHKA, FLORIDA

PRINCIPAL LIST OF OFFICIALS

September 30, 2020

MAYOR

Phillip Gaskin

COMMISSION MEMBERS

Charlie Pettis

Ralph Fisher

Brian Cox

John Paul

CITY CLERK

Rachel Jackson

FINANCE DIRECTOR

Brittney Proctor

CITY MANAGER

Michael Gortman

CITY ATTORNEY

Blankenship Jordan, P.A.

FINANCIAL SECTION



Powell & Jones
Certified Public Accountants

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

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
And Members of the City Commission
City of Wewahitchka, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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 opinion.

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

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021, on our consideration of the City of Wewahitchka'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 Wewahitchka's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accounts
Lake City, Florida
June 18, 2021

CITY OF WEWAHITCHKA, FLORIDA
Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the City of Wewahitchka (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 several statements are highly 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 protective inspections, fire control, public works, parks and recreation, and general governmental administration. The City's utility and cemetery services are reported as business-type activities. These government-wide statements are designed to be secondary 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, for the first time, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses 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 one major governmental fund. A budgetary comparison is presented for this fund. Statements for the City's proprietary funds follow the governmental fund statements and include net position, revenue, expenses and changes in net position, and 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 operation between the current and prior years.

City as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2020 and 2019, follows:

Net Position at September 30, 2020 and 2019

	Governmental Activities	Business-type Activities	Total Government	
			2020	2019
Assets				
Cash and cash equivalents	\$ 1,730,120	\$ 232,520	\$ 1,962,640	\$ 2,165,645
Restricted assets	-	726,396	726,396	611,961
Other assets	95,493	85,309	180,802	183,031
Capital assets, net	1,813,266	7,101,538	8,914,804	8,990,701
Total assets	3,638,879	8,145,763	11,784,642	11,951,338
Liabilities				
Current liabilities	96,812	299,294	396,106	421,153
Long-term liabilities	69,821	1,710,917	1,780,738	1,886,965
Total liabilities	166,633	2,010,211	2,176,844	2,308,118
Net position				
Invested in capital assets, net of related debt	1,715,168	5,279,841	6,995,009	7,017,959
Restricted for:				
Debt service	-	472,678	472,678	370,283
Renewal and replacement	-	87,198	87,198	51,600
Customer deposits	-	(315)	(315)	22,161
City Hall restoration	27,643	-	27,643	27,615
Unrestricted	1,729,435	296,151	2,025,586	2,153,602
Total net position	\$ 3,472,246	\$ 6,135,553	\$ 9,607,799	\$ 9,643,220

73% of the City's net position reflect its investment in capital assets (land, buildings, 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 net position of \$587,204 consist of earmarked funds for debt service in the utility fund, restoration of City Hall, debt service and customer deposits. The remaining balance of unrestricted net position of \$2,025,586 may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position decreased by \$35,421 from the prior year.

The following schedule provides a summary of the changes in net position. The increase in governmental and business-type net position is due primarily to the ability of these operations to fully fund depreciation.

A condensed version of the Statement of Activities follows:

Change in Net Position
For the Fiscal year ended September 30, 2020 and 2019

	Governmental	Business-type	Total Government	
	Activities	Activities	2020	2019
Revenues				
Program revenues				
Charges for services	\$ 138,218	\$ 926,583	\$ 1,064,801	\$ 1,004,725
Grants and contributions	-	41,465	41,465	101,350
General revenues				
Taxes	321,531	-	321,531	335,096
Other taxes	295,491	-	295,491	277,156
Intergovernmental	459,328	-	459,328	483,819
Licenses, permits	10,146	-	10,146	12,636
Insurance proceeds	37,409	15,754	53,163	212,346
Interest and other	7,150	9,154	16,304	38,994
Total revenues	<u>1,269,273</u>	<u>992,956</u>	<u>2,262,229</u>	<u>2,466,122</u>
Expenses				
General government	518,761	-	518,761	497,411
Public safety	144,560	-	144,560	80,209
Transportation	344,607	-	344,607	268,187
Health	17,972	-	17,972	17,961
Culture/recreation	99,447	-	99,447	173,581
Cemetery	-	20,031	20,031	9,835
Utility	-	1,123,234	1,123,234	1,118,855
Interest on long-term debt	5,705	23,333	29,038	48,743
Total expenses	<u>1,131,052</u>	<u>1,166,598</u>	<u>2,297,650</u>	<u>2,214,782</u>
Net Transfers	<u>(115,054)</u>	<u>115,054</u>	<u>-</u>	<u>-</u>
Change in net position	23,167	(58,588)	(35,421)	251,340
Beginning net position	<u>3,449,079</u>	<u>6,194,141</u>	<u>9,643,220</u>	<u>9,391,880</u>
Ending net position	<u>\$ 3,472,246</u>	<u>\$ 6,135,553</u>	<u>\$ 9,607,799</u>	<u>\$ 9,643,220</u>

Governmental activities:

Taxes provide 48.6% of the revenues for Governmental Activities, while state shared revenues provide 36.2%. Most of the Governmental Activities resources are spent for General Government (45.9%), Transportation (30.5%), and Public Safety (12.8%).

Business-type activities:

Business-type activities decreased the City's net position by \$58,588. A key element of this decrease is as follows:

- Depreciation and amortization expense during the year totaled \$300,560.

The City operated within its budgetary and revenue limits for both the City as a whole, as well as for its separate business-type activities.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2020, the City had approximately \$8.91 million invested in capital assets, including fire equipment, park and recreation facilities, buildings, and water and sewer facilities.

Capital Assets at September 30, 2020 and 2019

	Governmental	Business-type	Total Government	
	Activities	Activities	2020	2019
Land	\$ 845,050	\$ 131,333	\$ 976,383	\$ 766,320
Buildings and improvements	1,720,629	-	1,720,629	1,714,783
Property, plant and equipment	888,098	12,215,866	13,103,964	13,021,650
Subtotal	3,453,777	12,347,199	15,800,976	15,502,753
Accumulated depreciation	(1,640,511)	(5,245,661)	(6,886,172)	(6,512,052)
Capital assets, net	<u>\$ 1,813,266</u>	<u>\$ 7,101,538</u>	<u>\$ 8,914,804</u>	<u>\$ 8,990,701</u>

Long-term Liabilities

At year-end, the City had \$1,892,747 in debt outstanding versus \$1,981,709 last year, a decrease of \$88,962.

Long-term Liabilities at September 30, 2020 and 2019

	Governmental	Business-type	Total Government	
	Activities	Activities	2020	2019
Debt outstanding	<u>\$ 101,931</u>	<u>\$ 1,790,816</u>	<u>\$ 1,892,747</u>	<u>\$ 1,981,709</u>

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 estimated unemployment rate for Gulf County was 3.7%, which is the approximate rate for the City.
- The estimated population for the City in 2020 was approximately 2,191 and is estimated to be approximately the same in 2021.
- The City's ad valorem tax rate for 2020 was 6.1133 mills, which was equivalent to the 6.1133 mills in the prior year.

City Highlights

- The Operating millage rate is Citywide at 6.1133 mills and had been expected to be sufficient at this time based on the reserves on hand for 2019-2020. There continues to be some new construction and several property improvements that will add to the ad valorem tax base. The Commissioners were able to produce a balanced budget even with decreased revenues for 2019-2020 due to Hurricane Michael damages to property.
- The City's records reflect around 18 new residential construction starts or mobile home installations for this fiscal year, either replacing damaged properties or reflecting completely new constructions; city records also show other construction/improvements in the form of over 57 site plans, 9 culverts set, 2 land use changes, there were no mobile home inspections.
- The water capital facilities charge was temporarily suspended in 2007 and has been re-activated as of April 25, 2019. Sewer capital facility charges were also created on April 23, 2020 by ordinance#2020-1205L.
- The Florida Department of Environmental Protection (DEP) contacted the City in December 2010 regarding the fuel depot purchased from the County with the Annex property as there was apparently a seepage of fuel from the depot in 1991. DEP has funds available to handle the additional clean-up required and bids were received from several contractors approved by DEP for this purpose. The City awarded the bid and clean-up contract to CDG Engineers & Associates, Inc. (Dothan, AL) in Mar/Apr 2011 at no cost to the City as CDG felt the clean-up can be done within the fund allowance of DEP. CDG Engineers & Associates, Inc. has continued working with DEP to monitor, track and remove any contamination. In a letter to the City dated March 5, 2014, CDG advised that DEP concurred with their recommendation for the site to be placed under one year of Post Active Remediation monitoring from December 2013 to December 2014 hoping to obtain a "no further action" status for the clean-up.

Per a letter from DEP dated August 18, 2014, and confirmed by an email dated February 9, 2015, between Malinda Pollock of CDG Engineers and Nick Contos of DEP, this project is still on hold waiting for DEP to determine the course of action to be taken in light of 2014 legislation.

By letter dated January 11, 2017, the City was informed by DEP, approximately \$233,133.35 is remaining and approximately \$166,886.65 has been used of the \$400,000 in State funding assistance.

The most recent letter from Tony Figueroa-Vivenez to Malinda Pollock at CDG Engineers, dated September 4, 2019, indicates the Petroleum Restoration Program (PRP) has reviewed the quarterly report dated August 16, 2019, and that the work has been satisfactorily performed. Costs have been approved for completion of this task for \$2,788.00. It appears from the attached report that there is still a balance available of \$7,045.20 out of the initial funds.

Per on-going letters between DEP and CDG Engineers the monitoring work and site remediation in accordance with directions from the Florida Department of Environmental Protection continues and it is anticipated that the monitoring will continue for several more

months. At the time of this audit, the monitoring has shown a substantial decrease in the contaminants in the several test wells.

While the City does not anticipate any City monetary payment to DEP or the contractor, until such time as the City is released from the notice, the possibility of future monetary payments from the City to DEP or the contractor cannot be eliminated.

- Buckhorn Cemetery, 20 acres owned by the City and located north of the City limits continues to have lot sales generating income for the cemetery upkeep. Based on City records, approximately 45 rights of interment were sold to individuals for 2019-2020. The rates were increased April 23, 2021 with Ordinance# 2020-1207L. Jehu Cemetery continues to collect annual maintenance fees, but receives no other money.
- The City began demolition of the old City Hall/Fire Station. The rebuild of the Fire station will begin in the 2020-2021 year. This project is being funded utilizing FEMA money from Hurricane Michael.
- The City upgraded their fuel system from the old Gas Boy to a FuelMaster system. The previous system was costing us in repairs and parts were becoming unavailable. The new system has better reporting, tracking and ease of use.
- New sheds were put in at the Annex building for sewer storage. They were rebuilt utilizing money from SRF Hurricane Recovery. The original sheds were demolished after Hurricane Michael. Project began in 2019-2020 year and will be completed 2020-2021.
- Three plots of land surrounding Lake Alice park were purchased. Parcel's 01904-000R,01906-000R and 01891-000R. These properties will add onto the park at Lake Alice and it is expected that a house on one of properties will need demolished in the 2020-21 year.
- New fencing was put in at the Sewer plant. New signage was placed throughout the city. Projects to rehab/replace lift stations started. There was a sand and grit removal project at the sewer plant. These were all started with assistance from DEO and SRF grants and/or loans.
- The city purchased a used 2001 International Firetruck from Eastpoint for the Wewahitchka Volunteer Fire Department.
- The city had some financial impact due to Covid19. Late fees weren't collected on past due accounts for several months, incoming state revenues were lower than expected, unexpected expenses occurred for covid related supplies and wages were paid for sick/quarantined employees.

Economic Factors and Next Year's Budget and Rates.

The City's elected and appointed officials considered many factors when adopting the fiscal year 2020-2021 budget. The budget emphasis continues to be the maintenance of the City's water/sewer services. These actions are planned in order to better serve our citizens as well as increase the revenue participation from the water/sewer system so that the City can hold any rate increases to a minimum. To fund these services, the City last increased the utility rates in November 2008. An Ordinance was created and issued for rates to increase by 10% in Dec. 2020. The City is working with FL Rural Water to put together a plan for the future revenues and expenses that the city will incur with the Water and Wastewater systems. Rates may need to increase further.

There are several funding opportunities the City is pursuing including grants and/or loans from Florida Department of Environmental Protection, Florida state appropriations, and FEMA.

Requests for Information

A City website is available which includes the current financial audits as well as proposed budgets and other information regarding the City of Wewahitchka. The Internet address is www.CityofWewahitchka.com.

Requests for information by postal mail should be addressed to PO Box 966, Wewahitchka, FL 32465. Email requests can be directed to the City Manager at cityofwewa@fairpoint.net or the City Clerk at wewaclerk@fairpoint.net.

BASIC FINANCIAL STATEMENTS

CITY OF WEWAHITCHKA, FLORIDA
STATEMENT OF NET POSITION
September 30, 2020

	Governmental Activities	Business - type Activities	Total
ASSETS			
Current assets:			
Cash	\$ 1,730,120	\$ 232,520	\$ 1,962,640
Accounts receivable, net	29,496	97,936	127,432
Due from other governmental units	53,370	-	53,370
Internal balances	12,627	(12,627)	-
Total current assets	<u>1,825,613</u>	<u>317,829</u>	<u>2,143,442</u>
Restricted cash:			
Bond interest and sinking	-	486,999	486,999
Renewal and replacement	-	87,198	87,198
Customer deposits	-	152,199	152,199
Total restricted cash	<u>-</u>	<u>726,396</u>	<u>726,396</u>
Non-current assets:			
Capital assets, net	<u>1,813,266</u>	<u>7,101,538</u>	<u>8,914,804</u>
Total non-current assets	<u>1,813,266</u>	<u>7,101,538</u>	<u>8,914,804</u>
Total assets	<u>3,638,879</u>	<u>8,145,763</u>	<u>11,784,642</u>
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable	63,916	-	63,916
Accrued liabilities	786	1,561	2,347
Compensated absences	1,533	8,047	9,580
Notes payable, current	33,845	4,236	38,081
Total current liabilities (payable from current assets)	<u>100,080</u>	<u>13,844</u>	<u>113,924</u>
Current liabilities (payable from restricted assets):			
Notes payable, current portion	-	46,485	46,485
Accrued interest payable	-	14,321	14,321
Customer deposits	-	152,514	152,514
Bond payable, current	-	25,000	25,000
Bond payable, matured	-	51,000	51,000
Total current liabilities (payable from restricted assets)	<u>-</u>	<u>289,320</u>	<u>289,320</u>
Total current liabilities	<u>100,080</u>	<u>303,164</u>	<u>403,244</u>
Long-term liabilities			
Accrued compensated absences	2,300	12,071	14,371
Notes payable, less current portion	64,253	646,996	711,249
Bond payable	-	1,047,980	1,047,980
Total long-term liabilities	<u>66,553</u>	<u>1,707,047</u>	<u>1,773,600</u>
Total liabilities	<u>166,633</u>	<u>2,010,211</u>	<u>2,176,844</u>

(continued)

CITY OF WEWAHITCHKA, FLORIDA
STATEMENT OF NET POSITION
September 30, 2020

	Governmental Activities	Business - type Activities	Total
NET POSITION			
Invested in long-term assets, net of related debt	\$ 1,715,168	\$ 5,279,841	\$ 6,995,009
Restricted for:			
Debt service	-	472,678	472,678
Customer deposits	-	(315)	(315)
City Hall restoration	27,643	-	27,643
Unrestricted	1,729,435	296,151	2,025,586
Total net position	\$ 3,472,246	\$ 6,135,553	\$ 9,607,799

See notes to financial statements.

CITY OF WEWAHITCHKA, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental activities							
General government	\$ 518,761	\$ -	\$ -	\$ -	\$ (518,761)	\$ -	\$ (518,761)
Public safety	144,560	-	-	-	(144,560)	-	(144,560)
Transportation	344,607	138,218	-	-	(206,389)	-	(206,389)
Culture and recreation	99,447	-	-	-	(99,447)	-	(99,447)
Health and welfare	17,972	-	-	-	(17,972)	-	(17,972)
Interest expense	5,705	-	-	-	(5,705)	-	(5,705)
Total governmental activities	1,131,052	138,218	-	-	(992,834)	-	(992,834)
Business-type activities							
Utility services	1,123,234	916,058	-	41,465	-	(165,711)	(165,711)
Cemetery services	20,031	10,525	-	-	-	(9,506)	(9,506)
Interest in long-term debt	23,333	-	-	-	-	(23,333)	(23,333)
Total business-type activities	1,166,598	926,583	-	41,465	-	(198,550)	(198,550)
Total government	\$ 2,297,650	\$ 1,064,801	\$ -	\$ 41,465	(992,834)	(198,550)	(1,191,384)
General revenues							
Property taxes					321,531	-	321,531
Other taxes					295,491	-	295,491
Intergovernmental					459,328	-	459,328
Licenses and permits					10,146	-	10,146
Insurance proceeds					37,409	15,754	53,163
Interest					6,396	1,122	7,518
Other fees and miscellaneous					754	8,032	8,786
Transfers in (out)					(115,054)	115,054	-
Total general revenues					1,016,001	139,962	1,155,963
Change in net position					23,167	(58,588)	(35,421)
Net position - beginning					3,449,079	6,194,141	9,643,220
Net position - ending					\$ 3,472,246	\$ 6,135,553	\$ 9,607,799

See notes to financial statements.

CITY OF WEWAHITCHKA, FLORIDA

GOVERNMENTAL FUND

BALANCE SHEET
September 30, 2020

	<u>General Fund</u>
ASSETS	
Cash	\$ 1,730,120
Accounts receivable	29,496
Due from other governmental units	53,370
Due from other funds	12,627
Total assets	<u>1,825,613</u>
LIABILITIES	
Accounts payable	63,916
Accrued liabilities	786
Total liabilities	<u>64,702</u>
FUND BALANCES	
Committed - City Hall restoration	27,643
Unassigned	1,733,268
Total fund balances	<u>1,760,911</u>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,813,266
Long-term liabilities are not due in the current period and, therefore, are not reported in governmental funds	(101,931)
Net position of governmental activities	<u>\$ 3,472,246</u>

See notes to financial statements.

CITY OF WEWAHITCHKA, FLORIDA

GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2020

	<u>General Fund</u>
REVENUES	
Property taxes, levied for general purposes	\$ 321,531
Other taxes	295,491
Intergovernmental	459,328
Licenses and permits	10,146
Charges for service	138,218
Insurance proceeds	37,409
Interest	6,396
Other fees and miscellaneous	754
Total revenues	<u>1,269,273</u>
EXPENDITURES	
Current	
General government	499,264
Public safety	144,560
Transportation	351,409
Culture and recreation	71,033
Health and welfare	17,972
Capital outlay	
General government	41,743
Transportation	30,192
Culture and recreation	152,234
Debt service	
Principal	32,209
Interest	5,705
Total expenditures	<u>1,346,321</u>
OTHER FINANCING SOURCES	
Interfund transfers	<u>(115,054)</u>
Net change in fund balance	(192,102)
Fund balance at beginning of year	1,953,013
Fund balance at end of year	<u>\$ 1,760,911</u>

See notes to financial statements.

CITY OF WEWAHITCHKA, 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, 2020

Net change in fund balance - total governmental funds		\$ (192,102)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental 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	\$ 224,169	
Less current year depreciation	<u>(61,478)</u>	
		162,691
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in compensated absences		20,369
In the governmental funds, increases and decreases of long-term liabilities are recorded as revenue and expenditures, but in the statement of net position they increase and decrease long-term liabilities.		
Principal payments		32,209
Change in net position of governmental activities		<u><u>\$ 23,167</u></u>

See notes to financial statements.

CITY OF WEWAHITCHKA, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2020

	Utilities Fund	Cemetery Fund	Total
ASSETS			
Current assets			
Cash	\$ 177,929	\$ 54,591	\$ 232,520
Accounts receivable, net	97,736	200	97,936
Total current assets	<u>275,665</u>	<u>54,791</u>	<u>330,456</u>
Restricted cash and cash equivalents			
Bond interest and sinking	486,999	-	486,999
Renewal and replacement	87,198	-	87,198
Customer deposits	152,199	-	152,199
Total restricted cash and cash equivalents	<u>726,396</u>	<u>-</u>	<u>726,396</u>
Noncurrent assets			
Capital assets			
Non-depreciable:			
Land	73,504	57,829	131,333
Depreciable:			
Property, plant and equipment	12,193,744	22,122	12,215,866
Allowance for depreciation	(5,227,683)	(17,978)	(5,245,661)
Total capital assets	<u>7,039,565</u>	<u>61,973</u>	<u>7,101,538</u>
Total noncurrent assets	<u>7,039,565</u>	<u>61,973</u>	<u>7,101,538</u>
Total assets	<u>\$ 8,041,626</u>	<u>\$ 116,764</u>	<u>\$ 8,158,390</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Current liabilities			
Accrued liabilities	\$ 1,561	\$ -	\$ 1,561
Due to other funds	12,627	-	12,627
Compensated absences	8,047	-	8,047
Notes payable, current portion	50,721	-	50,721
Accrued interest payable	14,321	-	14,321
Customer deposits	152,514	-	152,514
Bond payable, current	25,000	-	25,000
Bond payable, matured	51,000	-	51,000
Total current liabilities	<u>315,791</u>	<u>-</u>	<u>315,791</u>
Long-term liabilities			
Accrued compensated absences	12,071	-	12,071
Notes payable, less current portion	646,996	-	646,996
Bond payable	1,047,980	-	1,047,980
Total long-term liabilities	<u>1,707,047</u>	<u>-</u>	<u>1,707,047</u>
Total liabilities	<u>2,022,838</u>	<u>-</u>	<u>2,022,838</u>
(continued)			

CITY OF WEWAHITCHKA, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2020

	Utilities Fund	Cemetery Fund	Total
NET POSITION			
Invested in capital assets, net of related debt	\$ 5,217,868	\$ 61,973	\$ 5,279,841
Restricted for:			
Debt service	472,678	-	472,678
Renewal and replacement	87,198	-	87,198
Customer deposits	(315)	-	(315)
Unrestricted	241,359	54,792	296,151
Total net position	6,018,788	116,765	6,135,553
Total liabilities and net position	\$ 8,041,626	\$ 116,765	\$ 8,158,391

See notes to financial statements.

CITY OF WEWAHITCHKA, FLORIDA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2020

	Utilities Fund	Cemetery Fund	Total
OPERATING REVENUES			
Water sales	\$ 365,376	\$ -	\$ 365,376
Sewer fees	290,376	-	290,376
Garbage fees	260,306	-	260,306
Lot sales	-	10,525	10,525
Miscellaneous income	7,062	970	8,032
Total operating revenues	923,120	11,495	934,615
OPERATING EXPENSES			
Water utility			
Personnel services	89,971	-	89,971
Operating expenses	80,231	14,506	94,737
Depreciation and amortization	90,723	5,525	96,248
Sewer utility			
Personnel services	124,364	-	124,364
Operating expenses	308,610	-	308,610
Depreciation and amortization	209,284	-	209,284
Contractual expense, garbage	220,051	-	220,051
Total operating expenses	1,123,234	20,031	1,143,265
Total operating income (loss)	(200,114)	(8,536)	(208,650)
NONOPERATING REVENUES (EXPENSES)			
Grant proceeds	41,465		41,465
Insurance proceeds	15,754	-	15,754
Interest earnings	1,040	82	1,122
Interest expense	(23,333)	-	(23,333)
Interfund transfers	115,054	-	115,054
Total nonoperating revenues (expenses)	149,980	82	150,062
Change in net position	(50,134)	(8,454)	(58,588)
Net position, beginning of year	6,068,922	125,219	6,194,141
Net position, end of year	\$ 6,018,788	\$ 116,765	\$ 6,135,553

See notes to financial statements.

CITY OF WEWAHITCHKA, FLORIDA

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

For the Fiscal Year Ended September 30, 2020

	<u>Utilities Fund</u>	<u>Cemetery Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers, including cash deposits	\$ 1,129,723	\$ 11,695	\$ 1,141,418
Cash paid to suppliers	(636,354)	(14,879)	(651,233)
Cash paid to employees	(231,460)	-	(231,460)
Net cash provided by (used in) operating activities	<u>261,909</u>	<u>(3,184)</u>	<u>258,725</u>
Cash flows from non-capital related financing activities:			
Transfers from other funds	(104,068)	269	(103,799)
Net cash provided by (used in) non-capital related financing activities	<u>(104,068)</u>	<u>269</u>	<u>(103,799)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(67,772)	-	(67,772)
Principal payments	(9,906)	-	(9,906)
Interest payments	(45,957)	-	(45,957)
Net cash used in capital and related financing activities	<u>(123,635)</u>	<u>-</u>	<u>(123,635)</u>
Cash flows from investing activities:			
Investment income	<u>1,040</u>	<u>82</u>	<u>1,122</u>
Net cash provided by investing activities	<u>1,040</u>	<u>82</u>	<u>1,122</u>
Net increase (decrease) in cash	35,246	(2,833)	32,413
Cash, at beginning of year	869,079	57,424	926,503
Cash, at end of year	<u>\$ 904,325</u>	<u>\$ 54,591</u>	<u>\$ 958,916</u>
Reported as:			
Cash	\$ 177,929	\$ 54,591	\$ 232,520
Restricted cash	726,396	-	726,396
	<u>\$ 904,325</u>	<u>\$ 54,591</u>	<u>\$ 958,916</u>

See notes to financial statements.

CITY OF WEWAHITCHKA, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED BY (USED IN) OPERATING ACTIVITIES
For the Fiscal Year Ended September 30, 2020

	<u>Utilities Fund</u>	<u>Cemetery Fund</u>	<u>Total</u>
Operating income (loss)	<u>\$ (200,114)</u>	<u>\$ (8,536)</u>	<u>\$ (208,650)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization	301,113	6,353	307,466
Grant proceeds	41,465		
Insurance proceeds	15,754	-	15,754
Changes in assets decrease (increase) and liabilities (decrease) increase:			
Accounts receivable, net	12,788		12,788
Accounts payable	63,862	(1,001)	62,861
Accrued liabilities	21,146	-	21,146
Compensated absences	(15,647)	-	(15,647)
Customer deposits	21,542	-	21,542
Total adjustments	<u>462,023</u>	<u>5,352</u>	<u>467,375</u>
Net cash provided by (used in) operating activities	<u>\$ 261,909</u>	<u>\$ (3,184)</u>	<u>\$ 258,725</u>

See notes to financial statements.

CITY OF WEWAHITCHKA, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Wewahitchka (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 Wewahitchka, Florida is a municipality created and derives its powers pursuant to Chapter 63-1429, *Acts of 1963 - Laws of Florida*. It is governed by a Mayor and a four-member City Commission, all of whom are individually elected.

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.

City of Wewahitchka Community Volunteer Fire Department - The Wewahitchka Volunteer Fire Department is considered a component unit of the City. However, its operations are not material to the City's financial statements. Accordingly, the Volunteer Fire Department's operations and financial position are not included in the City's financial statements.

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, 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 an 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 an 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 due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

As applicable, 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 noncurrent 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 Utilities and Cemetery Funds are proprietary funds. 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 grants, 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 an 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 either 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 three major funds as follows:

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.

2. Proprietary Major Funds:

Utilities Fund – The Utilities Fund accounts for the revenues, expenses, assets, and liabilities associated with the City operated water, waste water, and sanitation services.

Cemetery Fund – The Cemetery Fund accounts for the revenues, expenses, assets and liabilities association with the City owned and maintained cemetery.

3. Non-current Governmental Assets/Liabilities:

GASB Statement 34 requires non-current governmental assets, such as land and building, and noncurrent 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. Allowance for Doubtful Accounts - As applicable year-to-year, the City provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2020, there was an allowance for doubtful accounts for utility billings of \$5,000.

3. 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.”

4. **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.
5. **Capital Assets** - Capital assets, which include property, plant and equipment, 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 \$5,000 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 acquisition 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. Certain 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	20 - 40
Machinery and equipment	5 - 10
Street and related infrastructure	20 - 40

6. **Bond Issuance Costs** – In the proprietary funds, bond issuance costs are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method.
7. **Unearned Revenues** – Unearned revenues reported in government-wide financial statements represent unearned revenues. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned 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 unearned revenues. The City had no unearned revenues at year end.
8. **Accrued Compensated Absences** – The City maintains a policy that permits employees to accumulate earned but unused vacation and sick pay benefits that will be paid to employees upon separation from City service if certain criteria are met. Those benefits, plus their related tax and retirement costs are classified as compensated absences. Employees may be paid for unused vacation hours accrued up to 300 hours. Payment of unused sick leave, upon termination, is also provided for 25% of balance for those employed between one and five years. For those employed for more than five years, they may be paid 50% of unused sick leave. Sick leave has no maximum accumulation threshold.

Both the current and long-term portion of compensated absences are accrued and reported in the government-wide financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is made. Proprietary Fund types accrue vacation and sick leave in the period they are earned. Compensated absences liability is based on current rates of pay. This is accounted for pursuant to GASB Statement No. 16, "Accounting for Compensated Absences".

9. **Cash Equivalents** – The City’s cash at September 30, 2020, consists of legally authorized deposits in institutions which are certified as Qualified Public Depositories under the Florida public Deposits Act. Therefore, the City’s cash at September 30, 2020, is insured through the Bureau of Collateral Securities, Division of Treasury, State Department of Insurance. At year end the City’s cash totaled \$2,689,036, and consisted of checking accounts, certificates of deposit, and money market accounts in a local bank.
10. **Prepaid Items** – As applicable year to year, significant payments made to vendors for goods or services that will benefit periods beyond September 30, 2020, are recorded as prepaid items.
11. **Bond Discounts and Issue Costs** – In the Proprietary Fund, bond discounts, premiums, and issue costs are amortized over the term of the bonds using the straight-line method which, for the bond discounts and premiums, is not materially different than the effective interest method. Unamortized bond discounts and premiums are presented in the financial statements as reductions/additions in bond payable and unamortized bond issue costs as deferred charges.
12. **Short-term Interfund Receivable/Payables** - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables/payables.”
13. **Inventories** - The costs of governmental and enterprise fund inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any inventory type goods on hand at year end would not be material.
14. **Fund Balances/Net Position**

A. Governmental Funds

As of September 30, 2020, 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 purpose 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 City Commission. The City Commission is the highest level of decision-making authority for the City. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the City 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 general policy, only the City Commission may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

As of September 30, 2020, fund balances are composed of the following:

	<u>General Fund</u>
Committed, City Hall restoration	\$ 27,643
Unassigned	<u>1,733,268</u>
	<u>\$ 1,760,911</u>

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

B. Proprietary Funds

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

As of September 30, 2020, net position are composed of the following:

	<u>Purpose</u>	<u>Amount</u>
Invested in capital assets, net of related debt		\$ 5,279,841
Restricted for:	Debt service	472,678
	Renewal and replacement	87,198
	Customer deposits	(315)
Unrestricted		<u>296,151</u>
		<u>\$ 6,135,553</u>

15. Proprietary Activity Accounting and Financial Reporting - The City applies all applicable Government Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 10, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) opinions and Accounting Research Bulletins (ARB's).

16. Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund,

are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

- 17. Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

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

“Total fund balances” of the City’s governmental funds \$1,760,911 differs from “net position” of governmental activities \$3,472,246 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	\$ 3,453,777
Accumulated depreciation	(1,640,511)
Total	<u>\$ 1,813,266</u>

Long-term debt transactions

Long-term liabilities 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, 2020 were:

Compensated absences	\$ (3,833)
Notes payable	(98,098)
	<u>\$ (101,931)</u>

CITY OF WEWAHITCHKA, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Long - Term Debt Transactions	Statement of Net Position
ASSETS				
Cash	\$ 1,730,120	\$ -	\$ -	\$ 1,730,120
Accounts receivable	29,496	-	-	29,496
Due from other governmental units	53,370	-	-	53,370
Due from other funds	12,627	-	-	12,627
Capital asset - net	-	1,813,266	-	1,813,266
Total assets	<u>\$ 1,825,613</u>	<u>\$ 1,813,266</u>	<u>\$ -</u>	<u>\$ 3,638,879</u>
LIABILITIES AND FUND BALANCE/NET POSITION				
LIABILITIES				
Accounts payable	\$ 63,916	\$ -	\$ -	\$ 63,916
Accrued liabilities	786	-	-	786
Compensated absences	-	-	3,833	3,833
Notes payable	-	-	98,098	98,098
Total liabilities	<u>64,702</u>	<u>-</u>	<u>101,931</u>	<u>166,633</u>
Fund balance/net position	<u>1,760,911</u>	<u>1,813,266</u>	<u>(101,931)</u>	<u>3,472,246</u>
Total liabilities and fund balances/net position	<u>\$ 1,825,613</u>	<u>\$ 1,813,266</u>	<u>\$ -</u>	<u>\$ 3,638,879</u>

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

The “net change in fund balances” for governmental funds (\$192,102) differs from the “change in net position” for government activities \$23,167 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 are 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	\$ 224,169
Depreciation expense	(61,478)
Total	<u>\$ 162,691</u>

Compensated absences

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, do not result in an expense in Governmental Funds.

Net decrease in compensated absences	<u>\$ 20,369</u>
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Long-term debt transactions

The issuance of long-term debt provides current financial resources to governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of debt principal is reported as an expenditure in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. However, the principal payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.

Debt principal payments made	<u>\$ 32,209</u>
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CITY OF WEWAHITCHKA, FLORIDA

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

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

	<u>Total Governmental Funds</u>	<u>Capital Related Items</u>	<u>Long-Term Debt Transactions</u>	<u>Statement of Activities</u>
REVENUES				
Property taxes, levied for general purposes	\$ 321,531	\$ -	\$ -	\$ 321,531
Other taxes	295,491	-	-	295,491
Intergovernmental	459,328	-	-	459,328
Licenses and permits	10,146	-	-	10,146
Charges for service	138,218	-	-	138,218
Insurance Proceeds	37,409	-	-	37,409
Interest	6,396	-	-	6,396
Other fees and miscellaneous	754	-	-	754
Total revenues	<u>1,269,273</u>	<u>-</u>	<u>-</u>	<u>1,269,273</u>
EXPENDITURES				
Current expenditures				
General government	499,264	19,497	-	518,761
Public safety	144,560	-	-	144,560
Transportation	351,409	13,567	(20,369)	344,607
Culture and recreation	71,033	28,414	-	99,447
Health and welfare	17,972	-	-	17,972
Capital outlay				
General government	41,743	(41,743)	-	-
Transportation	30,192	(30,192)	-	-
Culture and recreation	152,234	(152,234)	-	-
Debt service				
Principal	32,209	-	(32,209)	-
Interest	5,705	-	-	5,705
Total expenditures	<u>1,346,321</u>	<u>(162,691)</u>	<u>(52,578)</u>	<u>1,131,052</u>
OTHER FINANCING SOURCES				
Interfund transfers	(115,054)	-	-	(115,054)
Net change in fund balance	(192,102)	162,691	52,578	23,167
Fund balance at beginning of year	<u>1,953,013</u>	<u>1,650,575</u>	<u>(154,509)</u>	<u>3,449,079</u>
Fund balance at end of year	<u>\$ 1,760,911</u>	<u>\$ 1,813,266</u>	<u>\$ (101,931)</u>	<u>\$ 3,472,246</u>

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 Commission 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.
6. The following is a comparison of the appropriations to total expenditures for the general fund for the fiscal year ended September 30, 2020:

	Appropriations	Expenditures	Budget Variance
Primary government			
General fund:	\$ 1,314,732	\$ 1,346,321	\$ (31,589)

NOTE 4. DEPOSITS AND INVESTMENTS

Cash includes amounts in demand deposits and any funds on hand at year end. Investments, consisting of a savings account or certificates of deposit, are stated at cost which approximates market value. Both of these accounts are secured as required by state law.

NOTE 5. PROPERTY TAX REVENUES

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2019-2020 fiscal year were levied in October 2019. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets:				
Non-depreciable assets:				
Land	\$ 692,816	152,234	\$ -	\$ 845,050
Depreciable assets:				
Buildings and improvements	931,685	-	-	931,685
Improvements other than buildings	783,096	11,743	(5,895)	788,944
Furniture and equipment	827,906	60,192	-	888,098
Total capital assets	<u>3,235,503</u>	<u>224,169</u>	<u>(5,895)</u>	<u>3,453,777</u>
Less accumulated depreciation	<u>(1,584,929)</u>	<u>(61,477)</u>	<u>5,895</u>	<u>(1,640,511)</u>
Governmental activities capital assets, net	<u>\$ 1,650,574</u>	<u>\$ 162,692</u>	<u>\$ -</u>	<u>\$ 1,813,266</u>
Business-type activities:				
Non-depreciable assets:				
Land	\$ 131,333	\$ -	\$ -	\$ 131,333
Depreciable assets:				
Property, plant and equipment	<u>12,215,866</u>	<u>-</u>	<u>-</u>	<u>12,215,866</u>
Total capital assets	<u>12,347,199</u>	<u>-</u>	<u>-</u>	<u>12,347,199</u>
Less accumulated depreciation	<u>(4,945,101)</u>	<u>(300,560)</u>	<u>-</u>	<u>(5,245,661)</u>
Business-type activities capital assets, net	<u>\$ 7,402,098</u>	<u>\$ (300,560)</u>	<u>\$ -</u>	<u>\$ 7,101,538</u>

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

Governmental activities:	
General government	\$ (19,496)
Transportation	(13,567)
Culture/recreation	(28,414)
Total depreciation expense - governmental activities	<u>\$ (61,477)</u>
Business -type activities:	
Water	\$ (90,723)
Sewer	(209,284)
Cemetery	(553)
	<u>\$ (300,560)</u>

NOTE 7. INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at September 30, 2020.

Fund	Interfund Receivables	Interfund Payables
General	\$ 12,627	\$ -
Utilities	-	12,627
	<u>\$ 12,627</u>	<u>\$ 12,627</u>

NOTE 8. RECEIVABLE AND PAYABLE BALANCES**Receivables**

Receivables at September 30, 2020, were as follows:

	Accounts	Due from Other Governmental Units	Total Receivables
Governmental activities:			
General	\$ 29,496	\$ 53,370	\$ 82,866
Business-type activities:			
Utilities	97,736	-	97,736
Cemetery	200	-	200
	<u>\$ 127,432</u>	<u>\$ 53,370</u>	<u>\$ 180,802</u>

Payables

Payables at September 30, 2020, were as follows:

	Vendors
Governmental activities:	
General	\$ 63,916
	<u>\$ 63,916</u>

NOTE 9. LONG-TERM DEBT**Governmental Activities**

A summary of all long-term debt associated with governmental activities of the City as of September 30, 2020, follows:

Summary of Changes in Governmental Activities Long-term Liabilities

The following summarized the changes in the City's governmental long-term liabilities during the period ended September 30, 2020.

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 24,202	\$ -	\$ (20,369)	\$ 3,833	\$ 1,533
Centennial Bank, backhoe	54,301	-	(13,511)	40,790	14,198
Centennial Bank, dump truck	55,894	-	(13,922)	41,972	14,629
Centennial Bank, tractor	20,112	-	(4,776)	15,336	5,018
	<u>\$ 154,509</u>	<u>\$ -</u>	<u>\$ (52,578)</u>	<u>\$ 101,931</u>	<u>\$ 35,378</u>

Centennial Bank Loan - On June 13, 2018, the City entered into a loan agreement with Centennial Bank for \$83,417 for the purpose of purchasing a loader backhoe. This loan is payable over sixty months, with monthly payments of \$1,324, including interest of 4.850%. Assuming maintenance of the current interest rate, debt service requirements to maturity including interest of \$5,279 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	\$ 14,198	\$ 1,687	\$ 15,885
2022	14,912	973	15,885
2023	11,681	240	11,921
	<u>\$ 40,790</u>	<u>\$ 2,901</u>	<u>\$ 43,691</u>

Centennial Bank Loan - On June 13, 2018, the City entered into a loan agreement with Centennial Bank for \$72,415 for the purpose of purchasing a dump truck. This loan is payable over sixty months, with monthly payments of \$1,364, including interest of 4.850%. Assuming maintenance of the current interest rate, debt service requirements to maturity including interest of \$5,486 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	\$ 14,629	\$ 16,368	\$ 16,368
2022	15,365	1,003	16,368
2023	11,978	247	12,225
	<u>\$ 41,972</u>	<u>\$ 17,618</u>	<u>\$ 44,961</u>

Centennial Bank Loan - On August 30, 2018, the City entered into a loan agreement with Centennial Bank for \$25,056 for the purpose of purchasing a tractor. This loan is payable over sixty months, with monthly payments of \$472, including interest of 4.850%. Assuming maintenance of the current interest rate, debt service requirements to maturity including interest of \$2,025 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	\$ 5,018	\$ 643	\$ 5,661
2022	5,271	390	5,661
2023	5,046	125	5,171
	<u>\$ 15,336</u>	<u>\$ 1,158</u>	<u>\$ 16,493</u>

Notes to Centennial Bank Loans - All of the above loans are budgeted and paid from General Fund revenues. These loans are not specifically collateralized except for the City's promise to make payments. In the event of default, the Bank has the right to take whatever actions necessary to collect the amounts due.

Business-type Activities

- A. State Revolving Loan (SRL) –** On February 20, 2013 the City obtained a loan from the Florida Department of Environmental Protection in the amount of \$2,115,000 under the State Revolving Loan Program. The proceeds were used for the purpose of upgrading and expanding the wastewater treatment plant. \$2,114,411 has been drawn to date under this loan. Subsequent to year end, on February 5, 2015, the City entered into an amendment with the Department of Environmental Protection amending the agreement to reduce the loan to \$2,114,411, and reduce the amount of the future grant amount to \$1,678,412. The total due including a service fee of \$42,288 and capitalized interest of \$16,465 is \$2,173,164. Per the terms of the agreement, the grant funds will be used to pay down the amount of the loan in one lump sum payment. The remaining balance of \$494,752 will be paid in 40 semi-annual payments of \$14,309, including interest of 1.25% beginning on February 15, 2015. Debt service payments to maturity including interest of \$44,054, is as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	\$ 23,519	\$ 2,550	\$ 26,069
2022	23,814	2,402	26,216
2023	24,112	2,253	26,365
2024	24,415	2,102	26,517
2025	24,721	1,949	26,670
2026-2030	128,332	7,381	135,712
2031-2035	136,582	3,283	139,865
2036	28,353	145	28,498
	<u>\$ 413,846</u>	<u>\$ 22,064</u>	<u>\$ 435,911</u>

- B. State Revolving Loan (SRL) –** On August 24, 2006, the City obtained a loan from the Florida Department of Environmental Protection in the amount of \$1,166,121, and on April 9, 2009 amended the agreement to decrease the loan amount by \$766,841 to \$399,280 under the State Revolving Loan Program. As of September 30, 2020, the total due was \$239,093, including capitalized interest and service charges. The proceeds were used for the purpose of expansion and upgrade of the wastewater treatment plant and disposal system with a new collection system. The current loan requires 40 semi-annual payments of \$12,653 including interest of 1.96%. The loan is collateralized by net revenues of the utility fund.

Assuming maintenance of the current interest rate, debt service requirements to maturity, including interest of \$1,307 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	\$ 20,720	\$ 2,293	\$ 23,013
2022	21,128	2,089	23,217
2023	21,544	1,880	23,425
2024	21,969	1,668	23,637
2025	22,401	1,452	23,853
2026-2031	131,331	3,925	135,256
	<u>\$ 239,093</u>	<u>\$ 13,307</u>	<u>\$ 252,400</u>

- C. USDA Rural Development Water and Sewer Revenue Bond, Series 2007-** On February 15, 2007, the City issued \$1,323,980 in revenue bonds to finance the upgrade of the City's water and sewer system. The City pledged the net revenues of the system, certain municipal excise taxes and special assessments to secure payment of the bonds. The

bonds bear interest at 4.125% per annum, payable annually on April 1, and mature serially each April 1 in varying amounts with final maturity in 2046. A sinking fund is required to be maintained to accumulate amounts sufficient to pay principal and interest coming due. Also, a renewal and replacement reserve account is required with monthly payments of 1/12 of 10% of the maximum Bond Service Requirement until such time as the funds in the reserve account shall equal the maximum bond service requirements to reach and maintain a fund equal to \$69,980. The City began funding the renewal and replacement reserve accounting during the year ended September 30, 2010.

Debt service requirements to maturity, including interest of \$765,970 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	\$ 25,000	\$ 43,838	\$ 68,838
2022	26,000	42,848	68,848
2023	27,000	41,817	68,817
2024	29,000	39,745	68,745
2025	30,000	38,631	68,631
2026-2030	168,000	176,758	344,758
2031-2035	206,000	137,953	343,953
2036-2040	250,000	95,186	345,186
2041-2045	309,000	34,520	343,520
2046	2,980	69,887	72,867
	<u>\$ 1,072,980</u>	<u>\$ 721,183</u>	<u>\$ 1,794,163</u>

- D. State Revolving Loan (SRL) –** On May 28, 2019 the City obtained a loan from the Florida Department of Environmental Protection in the amount of \$32,611 under the State Revolving Loan Program. The proceeds were used for the purpose of the City's Hurricane Michael Recovery project. The current loan required 40 semi-annual payments of \$2,270 including interest of .075%. The first semi-annual payment in the amount of \$2,270 is due June 15, 2021. Debt service requirements are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	\$ 2,246	\$ 24	\$ 2,270
2022	4,497	43	4,540
2023	4,503	37	4,540
2024	4,510	30	4,540
2025	4,517	23	4,540
2026-2028	12,337	28	12,366
	<u>\$ 32,611</u>	<u>\$ 185</u>	<u>\$ 32,796</u>

- E. Vehicle Loan –** On June 13, 2018 the City obtained a loan from Centennial Bank in the amount of \$20,968 for the purchase of a truck. As of September 30, 2020 the total value due was \$13,033, including capitalized interest and service charges. The current loan requires 60 monthly payments of \$394.95 including interest of 4.85%. The annual requirements are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	\$ 4,236	\$ 503	\$ 4,739
2022	4,449	290	4,739
2023	3,483	71	3,555
	<u>\$ 12,168</u>	<u>\$ 865</u>	<u>\$ 13,033</u>

All of the above debt is budgeted and paid from the Utilities Fund. There are a number of limitations and restrictions contained in the various bond indentures, including the establishment of specific debt service sinking and reserve accounts. The City is in compliance with all significant limitations and restrictions.

All of these loans are serviced by the associated utility revenues of the system. All of the debt instruments contain provisions to allow the debt-holders to enforce payment of the debt owed through legal proceedings.

Restricted cash account balances relating to the bond issues and notes payable in the proprietary funds as September 30, 2020, are as follows:

	<u>2019 SRF</u>	<u>2013 SRF</u>	<u>2008 SRF</u>	<u>2007 Bond Issue</u>	<u>Total</u>
Sinking fund - principal and interest	\$ 7,001	\$ 137,189	\$ 169,057	\$ 92,086	\$ 405,333
Reserve account	-	-	-	81,666	81,666
	<u>\$ 7,001</u>	<u>\$ 137,189</u>	<u>\$ 169,057</u>	<u>\$ 173,752</u>	<u>\$ 486,999</u>

A summary of changes in proprietary long-term debt follows:

	<u>Balance 9/30/2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2020</u>	<u>Due Within One Year</u>
Business-type Activities					
Note payable and other liabilities:					
State Revolving Loan	\$ 239,093	\$ -	\$ -	\$ 239,093	\$ 20,720
State Revolving Loan	413,846	-	-	413,846	23,519
State Revolving Loan	32,611	-	-	32,611	2,246
Centennial Bank, vehicle	16,180	-	(4,012)	12,168	4,236
Compensated absences	35,765	-	(15,647)	20,117	8,047
Bonds payable:					
Water and Sewer Revenue Bonds	1,096,980	-	(24,000)	1,072,980	25,000
	<u>\$ 1,834,475</u>	<u>\$ -</u>	<u>\$ (43,659)</u>	<u>\$ 1,790,815</u>	<u>\$ 83,768</u>

NOTE 10. WATERWORKS SYSTEM BONDS PAYABLE AND OTHER DEBT

The City issued \$300,000 in waterworks revenue bonds in 1960 to refinance the construction of the City's Water System. The amount of \$51,000 remains outstanding on this bond issue plus accrued interest of \$14,320. The \$51,000 amount of bonds matured in 1975, but the City has been unable to locate the holder, if any, of the bonds.

NOTE 11. INTERLOCAL AGREEMENTS

The City entered into an interlocal agreement in July 2006, with Gulf County, Florida, whereby Gulf County, Florida, assumed responsibility for a period of 25 years for paving, resurfacing and maintenance of all roads within the city limits of the City. As consideration to Gulf County, Florida, the City agreed to waive its rights to receive the six-cent local option gas taxes for a period of 25 years.

A service agreement exists between the City and the Sheriff of Gulf County, Florida, whereby the Sheriff of Gulf County provides daily law enforcement protection within the City. The City pays the Sheriff, through the Board of County Commissioners of Gulf County, the sum of \$2,800 per month in consideration of these services. As additional consideration, law enforcement education funds collected for the City and cash or property forfeited have been assigned to the Sheriff.

The City entered into an interlocal agreement in April 2008, with the Gulf County Board of County Commissioners (the County), whereby by the County assumed responsibility of providing building official services and building inspection services in order to provide the required services to the citizens and builders of the City. As consideration for Gulf County, the City agreed allow the County to collect and retain all revenues derived from building permit fees generated within the City. This agreement shall remain in effect until terminated or modified.

The City entered into an interlocal agreement in October, 2009 with the Gulf County Board of County Commissioners whereby the County levies a one-cent small county surtax and 50 percent of the revenues are utilized for county-wide healthcare with the remaining 50 percent distributed to the County and cities in accordance with Section 218.62, *Florida Statutes*.

NOTE 12. OPERATING LEASES

The City has no operating leases for the current year ended September 30, 2020.

NOTE 13. RETIREMENT SYSTEM

Employees who have completed the year of service with the City participate in a Money Purchase Pension Plan (a defined contribution plan administered by the Florida League of Cities). Payments amounting to 5% of the gross salaries of each eligible employee are made by the City. During the fiscal years ended September 30, 2020, 2019, 2018, 2017 and 2016, retirement expense was \$23,923, \$21,499 \$23,267, \$18,122, and \$18,691, respectively. At September 30, 2020, 2019 2018, 2017 and 2016 the net position in the plan available for participants' benefits were \$474,263, \$448,425, \$407,192, \$650,016, and \$468,317, respectively. 40% vesting occurs after four service years and increase 10% per year thereafter with full vesting occurring upon reaching ten years in the plan. The accounts of non-vested terminated employees are forfeited and can be used to reduce the current year contributions. The liability for future benefit payments remains with the plan's administrator. Under the provisions of the retirement plan, a maximum contribution of 25% of an employee's annual pay may be made. Benefits consist of the individual account balances.

NOTE 14. RELATED PARTY TRANSACTIONS

During the year the City had transactions with related parties. Payments that totaled \$62,276 were made to two businesses owned by a Commission member for building supplies and construction work. Payments in the amount of \$3,280 were made to a business owned by another Commission member for pest control services. Other payments of \$14,353 were made to other Commission members for various supplies. In accordance with City policy, these contracts were awarded based upon competitive bids, with the related parties abstaining from voting on the awards.

NOTE 15. CONTINGENCIES AND COMMITMENTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state and federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the 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 not be material.

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 16. RISK MANAGEMENT

The City is exposed to various risks of loss related to theft of, damage to and destruction of assets, and injury or death on the job of all employees. These risks are primarily covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or workers' compensation insurance coverage for the past three years. There has been no reduction in insurance coverage from the previous year.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF WEWAHITCHKA, FLORIDA
GOVERNMENTAL FUND
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes, levied for general purposes	\$ 328,987	\$ 321,531	\$ (7,456)
Other taxes	291,000	295,491	4,491
Intergovernmental	376,750	459,328	82,578
Licenses and permits	9,750	10,146	396
Charges for service	85,833	138,218	52,385
Insurance proceeds	66,243	37,409	(28,834)
Interest	1,500	6,396	4,896
Other fees and miscellaneous	154,669	754	(153,915)
Total revenues	1,314,732	1,269,273	(45,459)
EXPENDITURES			
Current			
General government			
Personnel	362,302	298,571	63,731
Operating	152,579	200,693	(48,114)
Public safety			
Fire	32,666	105,960	(73,294)
Police	38,600	38,600	-
Transportation			
Personnel	296,391	271,443	24,948
Operating	94,351	79,966	14,385
Culture and recreation			
Operating	95,706	71,033	24,673
Health and welfare			
Operating	64,640	17,972	46,668
Capital outlay			
General government	105,000	41,743	63,257
Transportation	33,800	30,192	-
Culture and recreation	-	152,234	(152,234)
Debt service			
Principal	32,991	32,209	782
Interest	5,706	5,705	1
Total expenditures	1,314,732	1,346,321	(31,589)
OTHER FINANCING SOURCES			
Interfund transfers	-	(115,054)	(115,054)
Net change in fund balance	-	(192,102)	(192,102)
Fund balance at beginning of year	1,953,013	1,953,013	-
Fund balance at end of year	\$ 1,953,013	\$ 1,760,911	\$ (192,102)

See notes to financial statements.

**CITY OF WEWAHITCHKA, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020**

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 Funds, 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 November 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.

COMPLIANCE SECTION

CITY OF WEWAHITCHKA, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2020

GRANTOR/PROGRAM TITLE	CFSA #	Grant Number	Award Amount	Revenues Recognized in Current Year	Expenditures in the Current Year	Accrual (Deferral) in Current Year
Federal Awards						
<i>U.S Federal Emergency Management Agency</i>						
Public Assistance Program						
Hurricane Michael Recovery	97.036	Z0822	\$ 109,643	\$ 109,643	\$ 109,643	\$ -
Total Federal Awards			<u>109,643</u>	<u>109,643</u>	<u>109,643</u>	<u>-</u>
State Financial Assistance						
<i>Department of Environmental Protection</i>						
Small County Wastewater Treatment	37.075	SG038	38,000	27,998	27,998	-
Total State Awards			<u>38,000</u>	<u>27,998</u>	<u>27,998</u>	<u>-</u>
Total Federal awards and State financial assistance			<u>\$ 147,643</u>	<u>\$ 137,641</u>	<u>\$ 137,641</u>	<u>\$ -</u>

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

CITY OF WEWAHITCHKA

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

For the Fiscal Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance include the federal and state award activity of the City of Wewahitchka, Florida (the "City"). The accounting policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance of the City have been designed to conform to generally accepted accounting principles as applicable to governmental units, including the reporting and compliance requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("OMB Uniform Guidance") and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

A. Reporting Entity

This reporting entity consists of the City of Wewahitchka, Florida, and each of its component units. The City includes a Schedule of Expenditures of Federal Awards and State Financial Assistance in the Compliance Section for the purpose of additional analysis.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

C. Grant Awards

As required by OMB Uniform Guidance, federal grant awards drawn and expended during the year are included in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

D. Sub-recipients

Schedule of Expenditures of Federal Awards and State Financial Assistance is required to identify amounts passed through to sub-recipients of grant funding. The City did not have any sub-recipients of grant funding in the current year.

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

To the Mayor and Members
Of the City Commission
City of Wewahitchka, 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 and the business-type activities and each major fund of the City of Wewahitchka, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Wewahitchka, Florida's basic financial statements, and have issued our report thereon dated June 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Wewahitchka, 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 Wewahitchka, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Wewahitchka, 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.

**Finding 2011-1 (Excess of third preceding year)
Financial Statement Preparation**

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency exists when the City does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the

Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

MANAGEMENT'S RESPONSE

We agree with this finding. We are a very small government and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Both the Mayor and City Commission review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the City Commission.

At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.

This response was not subjected to the auditing procedures applied in the audit and thus we express no opinion on it.

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.

Compliance and Other Matters - As part of obtaining reasonable assurance about whether the City of Wewahitchka, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

This report is intended solely for the information and use of management and the City Commission, the Auditor General of the State of Florida, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wewahitchka, 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
Lake City, Florida
June 18, 2021

MANAGEMENT LETTER

To The City Commission
City of Wewahitchka, Florida

We have audited the financial statements of the City of Wewahitchka, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 18, 2021. We have also issued our report on compliance and on internal control over financial reporting. That report should be considered in conjunction with this management letter.

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.

PRIOR YEAR FINDINGS

There were no reportable recommendations or findings applicable to the management letter in the prior year.

CURRENT YEAR FINDINGS

There were no reportable recommendations or findings applicable to the management letter in the current year.

AUDITOR GENERAL COMPLIANCE MATTERS

Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)5.b. 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.

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 Wewahitchka, Florida, for the year ended September 30, 2020, 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 our 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.

A handwritten signature in black ink that reads "Powell & Jones". The signature is written in a cursive, flowing style.

POWELL & JONES
Certified Public Accountants
Lake City, Florida
June 18, 2021

INDEPENDENT ACCOUNTANT'S REPORT

To The City Commission
City of Wewahitchka, Florida

We have examined the City of Wewahitchka, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants 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, 2020.

This report is intended solely for the information and use of the City of Wewahitchka, 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
Lake City, Florida
June 18, 2021

Communication with Those Charged with Governance

To The City Commission
City of Wewahitchka, Florida

We have audited the financial statements of the City of Wewahitchka, Florida for the year ended September 30, 2020. 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 are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the current year. 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 June 18, 2021.

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 Wewahitchka, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

POWELL & JONES
Certified Public Accountants
Lake City, Florida
June 18, 2021

IMPACT FEE AFFIDAVIT

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

1. I am the Chief Financial Officer of the City of Wewahitchka which is a local governmental entity of the State of Florida;
2. The City of Wewahitchka adopted Ordinance No. 2007-1034L (Water Capital Facilities Charges) and Ordinance No. 2020-1205L (Wastewater Capital Facilities Charges) implementing impact fees; and
3. The City of Wewahitchka has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

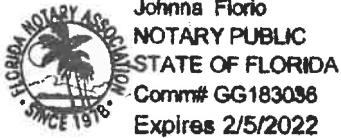
FURTHER AFFIANT SAYETH NAUGHT.

(city seal)

Brittney Proctor
 (Chief Financial Officer of the Entity)

STATE OF FLORIDA
COUNTY OF GULF

SWORN TO AND SUBSCRIBED before me this 28 day of JUNE, 2021



Johana Florio
 NOTARY PUBLIC, STATE OF FLORIDA AT LARGE

Print Name Johana Florio

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:

Feb. 5th 2022

