



**CITY OF AUBURNDALE, FLORIDA**

**COMPREHENSIVE ANNUAL**

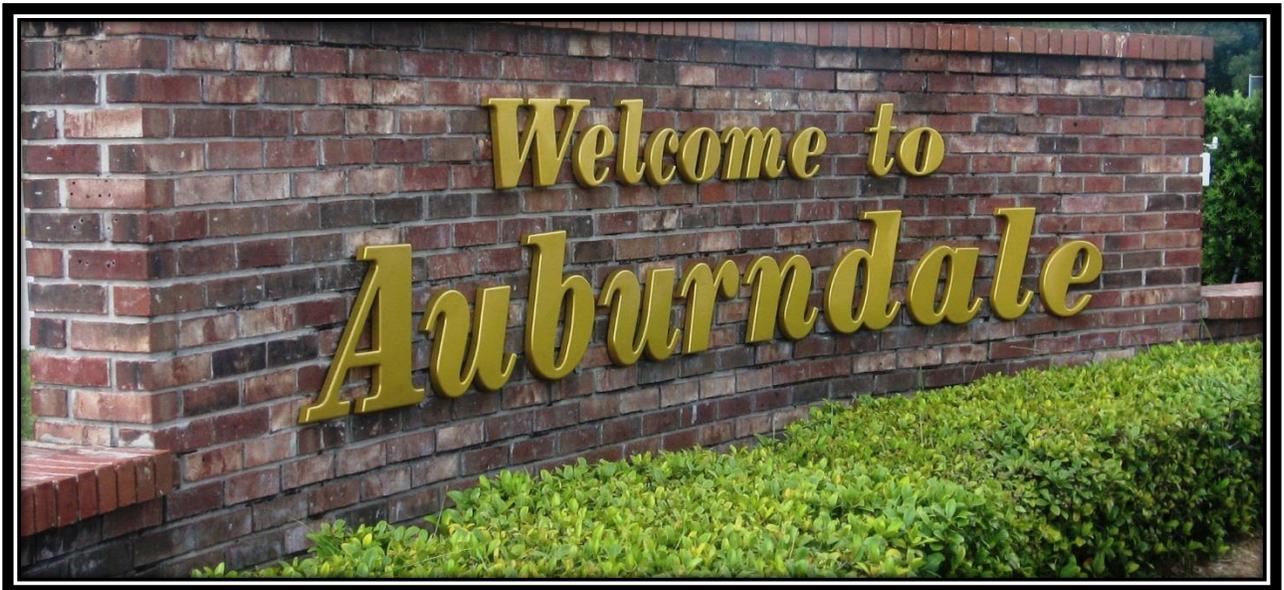
**FINANCIAL REPORT**

Fiscal year ended September 30, 2020

# City of Auburndale, Florida

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020



**Prepared by:**

Department of Finance

# City of Auburndale, Florida

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### **Principal City Officials**

Mayor

Timothy Pospichal  
Term Expiration: December 2021

Commissioner

Dorothea Taylor Bogert  
Term Expiration: December 2021

Commissioner

Keith Cowie  
Term Expiration: December 2021

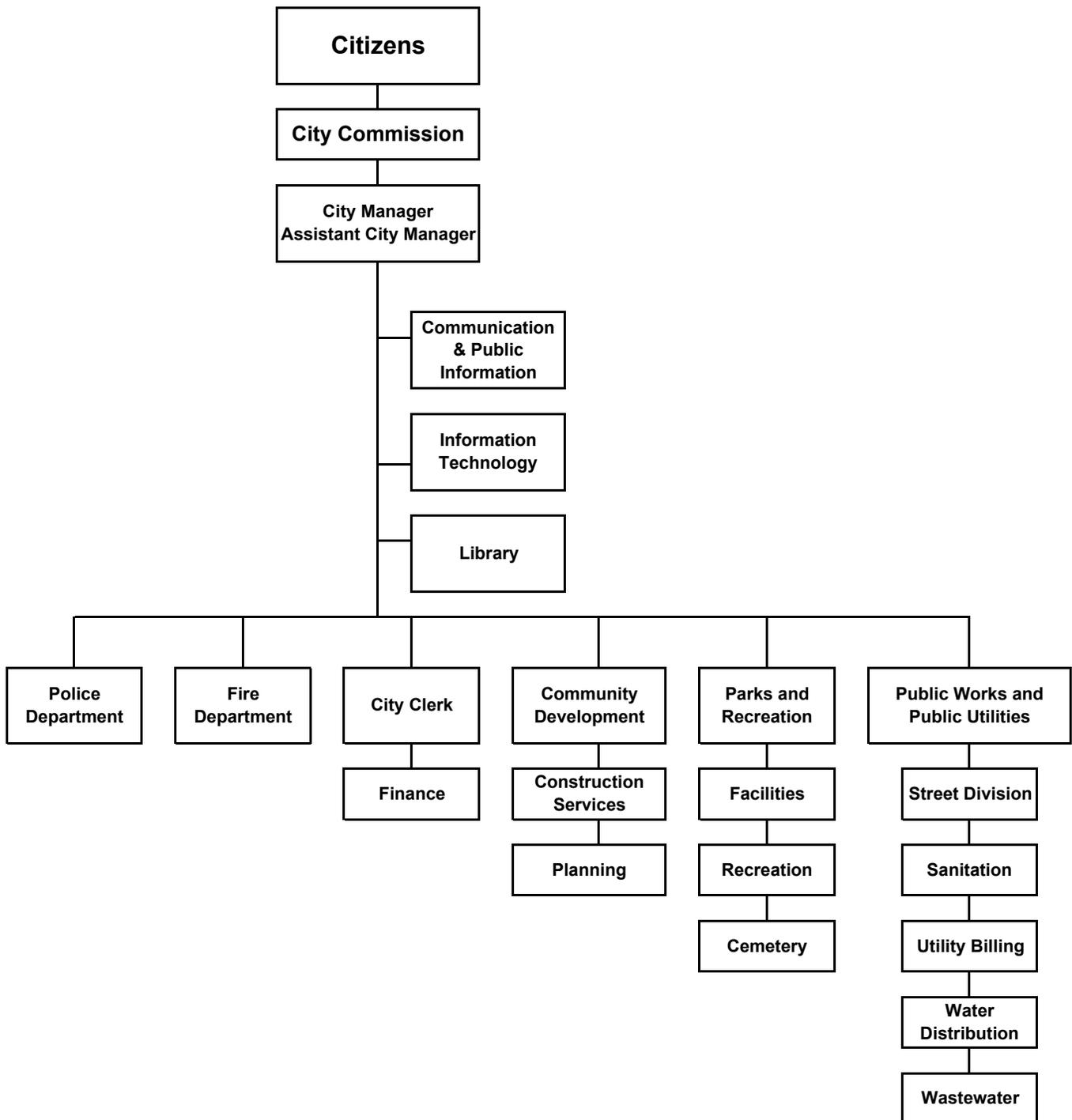
Commissioner

Richard Hamann  
Term Expiration: December 2023

Commissioner

Jack Myers  
Term Expiration: December 2023

# City of Auburndale, Florida Organizational Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Auburndale  
Florida**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO



City of Auburndale

Auburndale, Florida 33823

Finance Department / City Clerk

P. O. Box 186  
Phone (863) 968-5133  
Fax (863) 808-0325

March 2, 2021

To the Honorable Mayor, Members of the City Commission and Citizens of the CITY OF AUBURNDALE:

We are pleased to present the third Comprehensive Annual Financial Report (CAFR) of the City of Auburndale, Florida. State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2020.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. Internal accounting controls for the City have been designed to provide reasonable assurance regarding the safeguarding of the City's assets against loss. As the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City has contracted with Brynjulfson CPA, P.A., to conduct the audit. The independent auditor concluded there was reasonable basis for rendering an unmodified or "clean" opinion on the City of Auburndale's financial statements for the year ended September 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis or MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the government**

The City of Auburndale was incorporated in 1911 through a Special Act of the Legislature. The City is located in Polk County and encompasses approximately 22.63 square miles. The University of Florida Bureau of Economic and Business Research estimates the 2020 population at 17,120. The City shares common boundaries with Lakeland, Lake Alfred, Polk City, and Winter Haven.

The City of Auburndale is empowered to levy a property tax on real property located within its boundaries. It also is empowered by State Statute to extend its corporate limits by annexation, which it has done when deemed appropriate by the City Commission.

The Charter of the City of Auburndale provides for a "commission-manager" form of government. The City Commission is a legislative body, with the power to enact ordinances and adopt resolutions. The City

Commission consists of five Commissioners, who are elected on a non-partisan basis, at large by the voters for four-year staggered terms in November in the odd numbered years. A Mayor and Vice Mayor are elected by the Commission at the first meeting in December for the year. The Mayor and Commissioners hire the City Manager and City Attorney. The City Manager is the chief executive officer and head of the administrative branch of the City. The City Manager oversees the day-to-day operations of the City and hiring of the department heads for the various City departments.

The City of Auburndale provides a full range of services, including police and fire protection; refuse collection; street maintenance; parks and recreation; construction services; library services; financial services; administrative services; and water and sewer services. The City also has an active Community Redevelopment Agency, which was created in 1992. The City currently has 185 employees.

Since 2005, the City of Auburndale has operated with a two-year budget process. As part of the process, two separate twelve-month budgets are prepared and approved by the City Commission. The level of budgetary control is set at the fund level. On or before October 1 of each year, after conducting public hearings on the two-year budget proposals submitted by the City Manager, the City Commission adopts a final budget for the succeeding fiscal years. Under State law, appropriation for each fiscal year cannot exceed the amount to be received from revenues and appropriated fund balances. The biennial budgets serve as the foundation for the City of Auburndale's financial planning and control. The budgets are prepared and balanced for the five Funds: General Fund, General Fund Impact Fees Fund, Community Development Fund, Water and Sewer Impact Fees Fund, or Water and Sewer Fund. The budget details the departments (example: police) and functions (example: personnel) for all the Funds.

### **Local economy**

The City of Auburndale is in a desired location for both residences and business. The City is located 40 miles northeast of Tampa and 60 miles southwest of Orlando. The leading indicators of growth, such as requests for building permits, site plan approvals for new developments and redevelopment, and requests for land use and zoning changes, have remained strong. Amazon opened its 1 million square foot distribution center in Auburndale on C. Fred Jones Blvd in September 2020. The building spans the length of 59 football fields and the company plans to create 500 new full-time jobs. Major industries located within the government's boundaries or in close proximity include the Coca-Cola Corporation, Medline, Saddle Creek Corporation, Duke Energy, and SunTrax. SunTrax is a \$42 million research facility built on 475 acres along the Polk Parkway, in the City limits. Its centerpiece is a 2.25-mile oval track that will be used for high-speed technology testing. Its 200-acre infield will be used to test emerging transportation technologies, including autonomous vehicles and unmanned systems. The first phase of SunTrax is open and conducting research. The infield of SunTrax is currently under construction and planned to be open for research in 2022. The Polk County school district and Florida Polytechnic University provide a significant economic presence, employing many teachers, professionals, and support staff. Florida Polytechnic University is the only public university dedicated to science, technology, engineering and mathematics (STEM). There are five schools located within the City limits and three schools just outside the City with an Auburndale address.

For Polk County and the area cities including Auburndale, the unemployment rate has decreased from a high of 13.3% in 2010, to 7.9% in 2020. The national unemployment rate for 2020 was 7.8%, slightly lower than Polk County. Based on the economic forecasts for years 2019 to 2030 the unemployment rate is anticipated to move to an estimated 3.5% and 3.8% in years 2021 and 2022.

On September 9, 2019, Standard and Poor's (S&P) Global Rating raised its rating on the City of Auburndale for the existing public improvement revenue refunding bonds from A to A+. At the same time, S&P assigned the A+ rating to the City's new Series 2019B Revenue Bonds, issued by the Florida Municipal Loan

Council on behalf of the City. The report indicated the upgrade reflects relatively stable financial performance with less reliance on transfers from the enterprise fund. The report stated that the City has improved its reserves to very strong reserves and experienced some diversification and growth in the economic base, which has strengthened both its financial and economic profiles.

Over the past ten plus years, the City has experienced a period of significant economic growth and investment, as shown in our continued growth of utility billing customers and Building Permits issued. The City works hard in planning and growth management through our Community Development Department. We have approximately 2,800 single-family residential lots in some stage of development, from zoning approval to under construction.

The Utility Billing revenues for fiscal year 2020 are \$5,661,570 for water charges and \$7,012,026 for sewer charges. Compared to the prior year, the revenue for water charges increased by 2% and the revenue for sewer charges increased 4%.

The City of Auburndale's tax base has been strong and increased by 7.65% in 2019 and by 4.9% in 2020 due to growth in property values. Auburndale has historically levied a low property tax and is one of the lowest in Polk County. For fiscal year 2020-2021, the millage tax remained at 4.2515. The proposed tax levy will generate \$5,490,000, an increase of \$260,000 over the prior year budget. Due to their facility size and infrastructure, the Coca Cola Corporation and Duke Energy account for 26.2% of the City's property taxes for the current year. The property taxes received from Coca Cola are remitted to the City's Community Development Agency Fund to help provide for redevelopment with the Community Redevelopment Agency district.

Charges for services related to the governmental activities was \$4,652,836, an increase of \$916,067. The charges for service fees include facility rentals, field rentals, library services, sanitation charges, stormwater fees, and cemetery fees. The charges for service are adjusted based upon review of the collections for the City and charges from area cities.

### **Long-term financial planning and major initiatives**

The Five-Year Capital Improvement Plan or CIP is used to provide for future community needs and determine how resources will be used to meet those needs. The CIP serves as the City's planning document to ensure that the facilities, equipment and infrastructure are well maintained and operating in peak condition. The CIP gives the City of Auburndale the ability to plan for its capital needs and allocate short-term and long-term resources appropriately. As part of this process, the government identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly. All projects in the first two years of the CIP are incorporated into the proposed Biennial Budget. Projects planned over the next five-year period within the Police, Fire, Public Works, Public Utilities, and Parks and Recreation Departments are projected to cost \$26,345,225. In our Biennial Budget preparation, we integrate the Five-Year Capital Improvement Plan and adopt this as part of the Ordinance for the budget.

The unassigned fund balance in General Fund is \$6,837,878, which is 35% of total general fund expenditures, excluding capital outlay. This percentage is above the Government Finance Officers Association recommended minimum amount of 17% and above the City of Auburndale's Fund Balance Policy of 25%. The prior year the unassigned fund balance was 28% of total general fund expenditures, excluding capital outlay.

The Water and Sewer Fund provides operating income of \$3,459,741 that results in a primary Net Revenue Bond Coverage of 2.54. The City is required to maintain net revenues to cover 1.05 times the bond service requirement per City Resolution No. 95-10. In the past, the City has consulted with Raftelis Financial

Consultants, Inc. for our rate study and most recently for a revenue sufficiency study. From the August 2016 study, a rate adjustment for both water and sewer of 3% in FY 2017 and 2% adjustment for the following four years was approved by the City Commission with Ordinance No. 1516. On December 21, 2020, the City Commission contracted with Raftelis Financial Consultants to provide another Water and Sewer Rate Study and additionally update the Impact Fees with rates to be adjusted on October 1, 2021.

The City of Auburndale receives Community Development Block Grant funds annually through a Cooperative Agreement with Polk County for a share of the federal funds they receive from the Department of Housing and Urban Development. In the 2018-2019 Budget, these funds were used to purchase two buildable lots for donation to Habitat for Humanity of East Polk County. Habitat for Humanity completed one home and the family had their dedication ceremony in January 2019. The Budget provided \$60,104 for FY 2018-2019. For FY 19-20, the City Commission authorized an agreement with the Town of Dundee to utilize the City of Auburndale's CDBG funding allocation (\$83,489) to complete several large projects. The City of Auburndale has authorized a similar agreement two other times – FY 2009-2010 and FY 2013-2014. The Town of Dundee will reimburse the City of Auburndale each year with their full allocation (\$22,285 in FY 2019-2020) until the funds are repaid. In the future, the City plans to continue property acquisition of vacant lots within the CDBG Target Areas for donation to Habitat for Humanity.

In March 2018, the City Commission and the Polk County Board of County Commissioners approved an Interlocal Agreement providing for the dissolution of the Polk Commerce Centre Community Redevelopment Agency (the Polk Commerce CRA). When created in 1992, the Polk Commerce CRA consisted of land solely within unincorporated Polk County. However, in 2006, the City annexed property within the Polk Commerce CRA and has annually appropriated the City's portion of the tax increment to the Polk Commerce CRA. In March 2019, the Polk County Commissioners voted to dissolve the Polk Commerce CRA. The proposed Biennial Budget provided \$368,500 in FY 2018-2019 and zero in FY 2019-2020 for County CRA Increment Funding. The FY 2019-2020 budget allocated the same City commitment of funds (\$368,500) to help improve Denton Avenue, a County maintained road that was located within the Polk Commerce CRA and adjacent to the south end of the City's Lake Myrtle Park property and the City's trailhead. The completed road improvements were a much-needed enhancement to the area.

The Polk Regional Water Cooperative was formed in 2016 to address the individual and regional future water needs of the 17 municipalities in Polk County. The current Budget allocates Auburndale's committed cost share for conservation programs, administrative cost, and Phase 1 costs for engineering and testing of wells. Auburndale is one of seven participating members that elected to utilize the State Revolving Loan Fund to fund their cost share of Phase 1. The Biennial Budget provides for \$166,000 in FY 2019-2020 and \$166,000 in FY 2020-2021.

### **Relevant financial policies**

The City of Auburndale amended the Fund Balance Policy regarding the General Fund Unassigned Fund Balance to 25%, with Resolution No. 2019-10, on November 18, 2019. The previous Resolution No. 2016-01 required an unassigned fund balance minimum of 17% of the subsequent year's budgeted operating expenditures (total expenditures less capital outlay and certain debt service expenditures that are secured by reimbursements from Polk County). In accordance with the City's Fund Balance Policy and Auditor's recommendation, City Staff will allocate the necessary contributions to the Emergency Reserve Restricted Account. The targeted minimum reserve balance represents 25% of the City's General Fund budgeted amount and can only be expended with the City Commission approval, as an emergency expenditure. This change to 25% has been a priority of City Staff to raise the emergency reserve target. The past several adopted budgets and current FY 2019-2020 annual Budget gave priority to achieving this goal.

## Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Auburndale for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2019. This was our second year to receive this prestigious award. In order to receive the award, a governmental agency must provide an easily readable and efficiently organized CAFR, which satisfies both generally accepted accounting principles and the legal requirements.

With the completion of this document for FY 2019-2020, the City of Auburndale will again apply for the GFOA Certificate of Achievement for Excellence in Financial Reporting.

The preparation of this report would not have been possible without efficient and dedicated staff of the Finance/City Clerk's Department. We wish to thank all City Departments for their assistance in providing the data necessary to prepare the statistical portion of the report and for their budgetary oversight for their various departments. We would also like to thank the Mayor and the Commission for their support for maintaining the highest standards of professionalism in the management of the City of Auburndale finances. Our appreciation must also be expressed for the City Auditors, Mike Brynjulfson and Jordan Ortiz of Brynjulfson CPA, P.A., whose attention to detail and accounting professionalism enhances the quality of the City's CAFR product.

Respectfully submitted,



Robert R. Green, City Manager



Shirley A. Lowrance, Finance Director/City Clerk



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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Commission  
City of Auburndale, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburndale, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

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

### ***Emphasis of Matter***

#### ***Change in Accounting Principle***

As described in Note 14 to the financial statements, effective October 1, 2019, the City changed the reporting of impact fee activity that was previously reported within the City's general fund by creating a new special revenue fund to account for the impact fee activity, other than water and sewer impact fees which are accounted for in the enterprise fund. Our opinions are not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as provided in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section, combining financial statements reported as other supplementary information and the other information section, as provided in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, statistical section and other information section, as provided in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**Other Reporting Required by Chapter 10.550, Rules of the Auditor General**

In accordance with *Chapter 10.550, Rules of the Auditor General*, we have also issued our report dated March 2, 2021 on our examination of compliance with requirements of Section 218.415, *Florida Statutes*. The purpose of that report is to describe the scope of our examination and the issuance of an opinion on the City of Auburndale, Florida's compliance with requirements of Section 218.415, *Florida Statutes*.

*Brynjulfson CPA, P.A.*

Brynjulfson CPA, P.A.  
Auburndale, Florida  
March 2, 2021

The City of Auburndale's Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities. The analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify the changes in the City's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues of concern.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources on September 30, 2020 by \$69,761,363 (net position). Of this amount, -\$4,970,212 is reported as unrestricted net position deficit mainly due to the effect of the unfunded other postemployment benefit (OPEB) liability and the City's net pension liabilities.
- The City's total net position increased by \$17,023,164 as a result of operations. The results of operations increased the governmental activities' net position by 31% and increased the business-type activities by 33%.
- As of September 30, 2020, the City of Auburndale's governmental funds reported combined ending fund balances of \$12,520,485, an increase of \$3,734,684 in comparison with the prior year ending balance of \$8,785,801.
- As of September 30, 2020, the City's general fund reported unassigned fund balance of \$6,837,878 or 35% of general fund expenses for the year ended September 30, 2020, excluding capital outlay expenditures.
- The City of Auburndale's total net long-term debt increased by \$6,849,500 or 12% during the fiscal year.

### **UNDERSTANDING THE BASIC FINANCIAL STATEMENTS**

The financial statements focus on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability. The statement of net position and statement of activities, seeks to give the user a combined overview of the City's financial position; eliminates interfund activities, and "other people's money", such as pension funds, which can mislead users when incorporated in a combined manner.

The reporting model requires the use of accrual accounting (which focuses on economic resources) at the topmost level, while maintaining modified accrual accounting (which focuses on current financial resources – budget resources) at the individual fund level. The impact of long-term financial decisions can be more properly matched to the period in which the expense or revenue is more properly attributed. More fairness in presentation is achieved and the impacts of long-term decisions are promptly recorded as the transactions occur, as opposed to the traditional method of recording them when the bill is paid.

The MD&A is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

### **Government-wide Financial Statements**

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. Both statements represent an overview of the City as a whole, separating its operations between governmental and business-type activities.

The governmental activities of the City include general government, police and fire departments, streets, sanitation, library, building and zoning, community redevelopment and parks and recreation.

The business-type activities of the City consist of the public utilities system. All information is presented utilizing the economic resource measurement focus and accrual basis of accounting. This method better matches revenues and expenses to the period in which the revenue is earned and the expense attributed.

Fiduciary funds, such as pension trust funds, are excluded from the government-wide financial statements as they represent money and funds legally set aside for use by the employee groups they benefit. Florida law requires municipalities to fund pension plans on an actuarially sound basis; therefore, it is important for the user to study the fund financial statements as well as the notes to the financial statements.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the residual measure reported as net position. The focus of the statement of net position (the "unrestricted net position") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increase or decrease in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statement. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains three separate governmental funds – the general fund, the community redevelopment agency special revenue fund and the impact fee special revenue fund. Information is presented separately for each fund in the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and change in fund balances.

In September, following two public hearings the City adopts an annual appropriated budget each year. Budgetary comparison schedules have been provided to demonstrate compliance with the budget and can be located by referencing the table of contents of this report.

The basic governmental funds financial statements can be located by referencing the table of contents of this report. The governmental fund presentation is a sources and uses of liquid resources basis (current financial resources measurement focus and modified accrual basis of accounting). This is the manner in which the budget is typically developed. Funds are established for various purposes and the fund financial statements allow the demonstration of sources and uses and/or budgeting compliance for each fund.

**Proprietary Funds** - The City maintains only one of the two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses an enterprise fund to account for its public utilities system. Internal Service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City does not utilize internal service funds. The basic proprietary fund financial statements can be located by referencing the table of contents of this report.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be located by referencing the table of contents of this report. The City has three defined benefit pension plans established for the exclusive benefit of its employees and beneficiaries.

**Notes to Financial Statements** - The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information** – This report also presents certain required supplementary information related to the City's employee pension plans and other postemployment benefits (OPEB) obligations as well as budgetary comparison schedules for the general fund, community redevelopment agency special revenue fund and the impact fee special revenue fund. Required supplementary information can be located by referencing the table of contents of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position** - As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table reflects the condensed statement of net position for the current year, as compared to the prior year. For more detailed information see the statement of net position which can be located by referencing the table of contents of this report.

**Statement of Net Position (Summary)**  
 as of September 30,

|                                  | <b>Governmental Activities</b> |                      | <b>Business-type Activities</b> |                      | <b>Total Primary Government</b> |                      |
|----------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|---------------------------------|----------------------|
|                                  | <b><u>2020</u></b>             | <b><u>2019</u></b>   | <b><u>2020</u></b>              | <b><u>2019</u></b>   | <b><u>2020</u></b>              | <b><u>2019</u></b>   |
| Current and other assets         | \$ 16,905,566                  | \$ 10,556,809        | \$ 15,858,670                   | \$ 12,618,555        | \$ 32,764,236                   | \$ 23,175,364        |
| Capital assets                   | 62,409,450                     | 50,570,785           | 60,215,316                      | 54,547,323           | 122,624,766                     | 105,118,108          |
| <b>Total assets</b>              | <b>79,315,016</b>              | <b>61,127,594</b>    | <b>76,073,986</b>               | <b>67,165,878</b>    | <b>155,389,002</b>              | <b>128,293,472</b>   |
| Deferred outflows                | 4,747,598                      | 3,555,349            | 1,970,706                       | 1,668,326            | 6,718,304                       | 5,223,675            |
| Current liabilities              | 3,970,614                      | 1,889,306            | 4,997,757                       | 3,653,210            | 8,968,371                       | 5,542,516            |
| Non-current liabilities          | 40,380,622                     | 33,038,724           | 38,601,422                      | 39,543,412           | 78,982,044                      | 72,582,136           |
| <b>Total liabilities</b>         | <b>44,351,236</b>              | <b>34,928,030</b>    | <b>43,599,179</b>               | <b>43,196,622</b>    | <b>87,950,415</b>               | <b>78,124,652</b>    |
| Deferred inflows                 | 3,610,057                      | 2,264,154            | 785,471                         | 390,142              | 4,395,528                       | 2,654,296            |
| Net position:                    |                                |                      |                                 |                      |                                 |                      |
| Net investment in capital assets | 40,671,611                     | 38,855,834           | 24,273,491                      | 19,988,434           | 64,945,102                      | 58,844,268           |
| Restricted                       | 5,604,560                      | 3,433,402            | 4,181,913                       | 2,415,948            | 9,786,473                       | 5,849,350            |
| Unrestricted                     | (10,174,850)                   | (14,798,477)         | 5,204,638                       | 2,843,058            | (4,970,212)                     | (11,955,419)         |
| <b>Total net position</b>        | <b>\$ 36,101,321</b>           | <b>\$ 27,490,759</b> | <b>\$ 33,660,042</b>            | <b>\$ 25,247,440</b> | <b>\$ 69,761,363</b>            | <b>\$ 52,738,199</b> |

By far the largest portion of the City's net position, \$64,945,102 reflect its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) less any related debt used to acquire those assets that is still outstanding. 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.

An additional portion of the City's net position, \$9,786,473, represents resources that are subject to external restrictions on how they may be used.

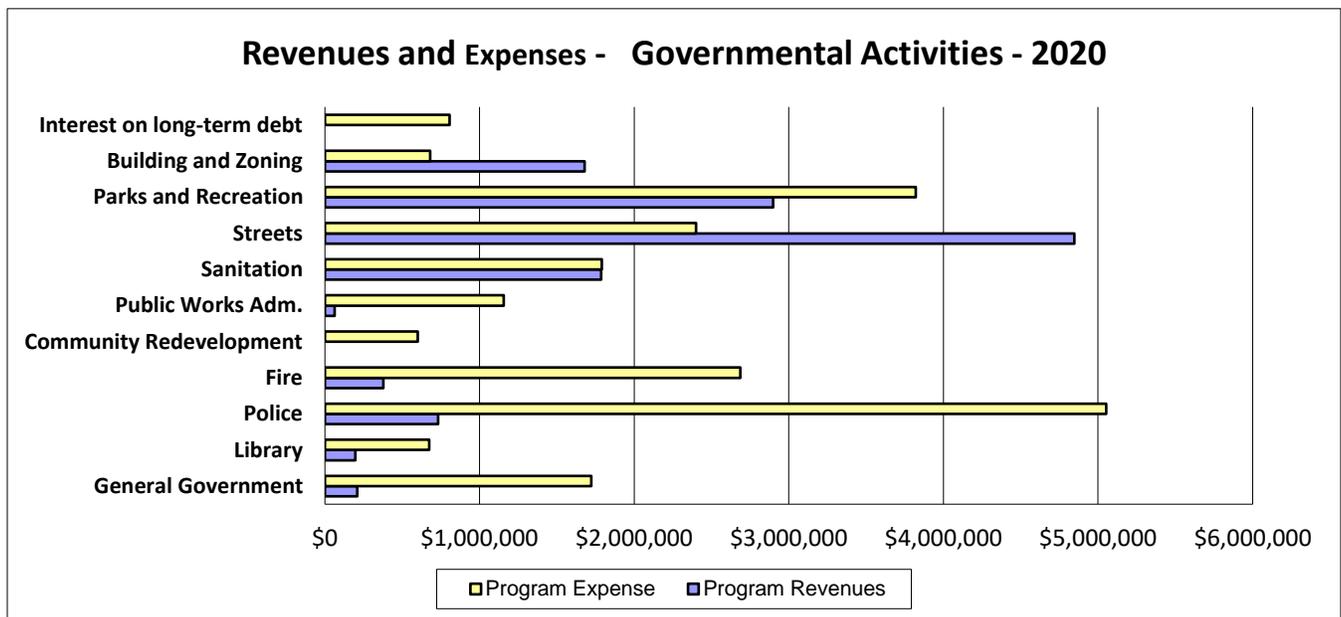
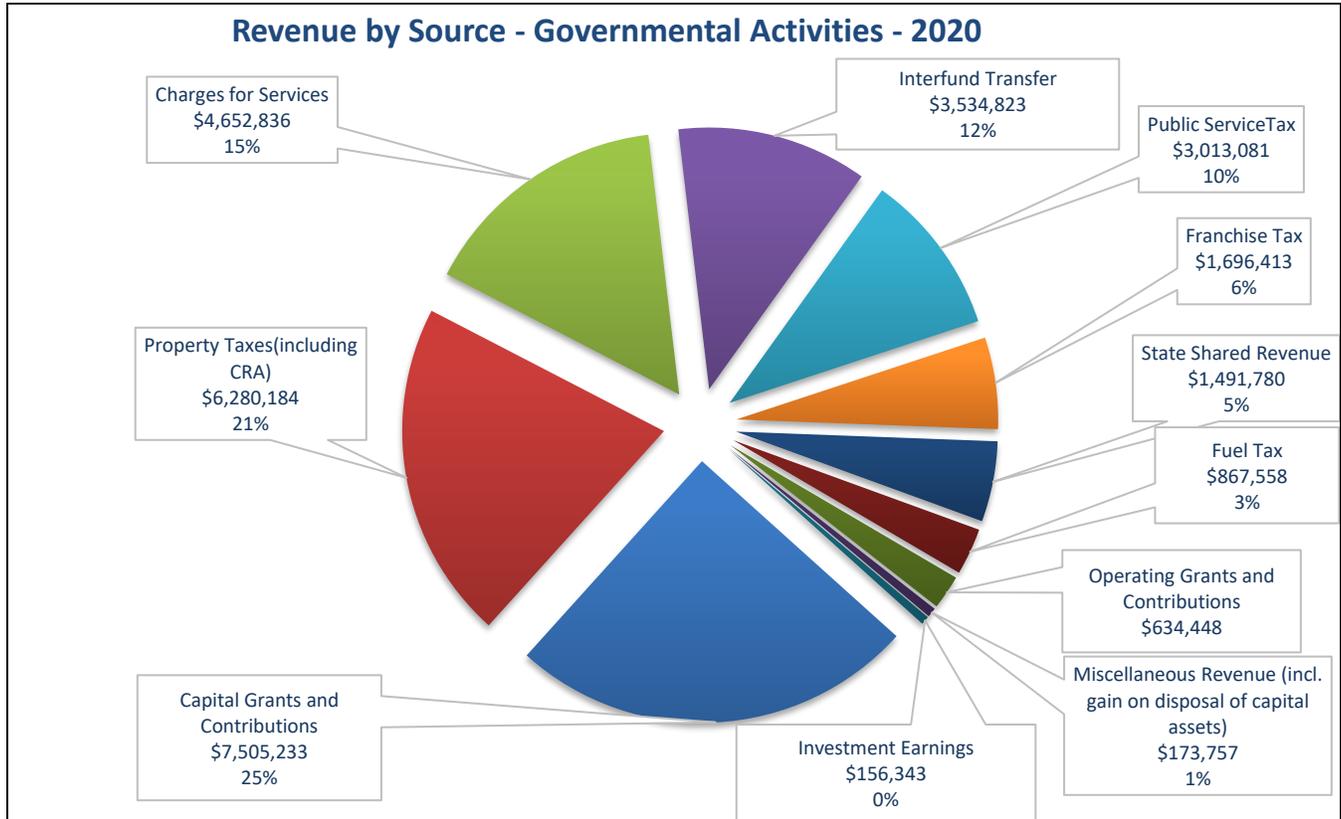
**CITY OF AUBURNDALE, FLORIDA**  
Management's Discussion and Analysis  
September 30, 2020

At the end of the current fiscal year, the City reported a total negative unrestricted net position of \$4,970,212 which is comprised of a negative unrestricted net position of \$10,174,850 for the governmental activities and a positive \$5,204,638 for the business-type activities.

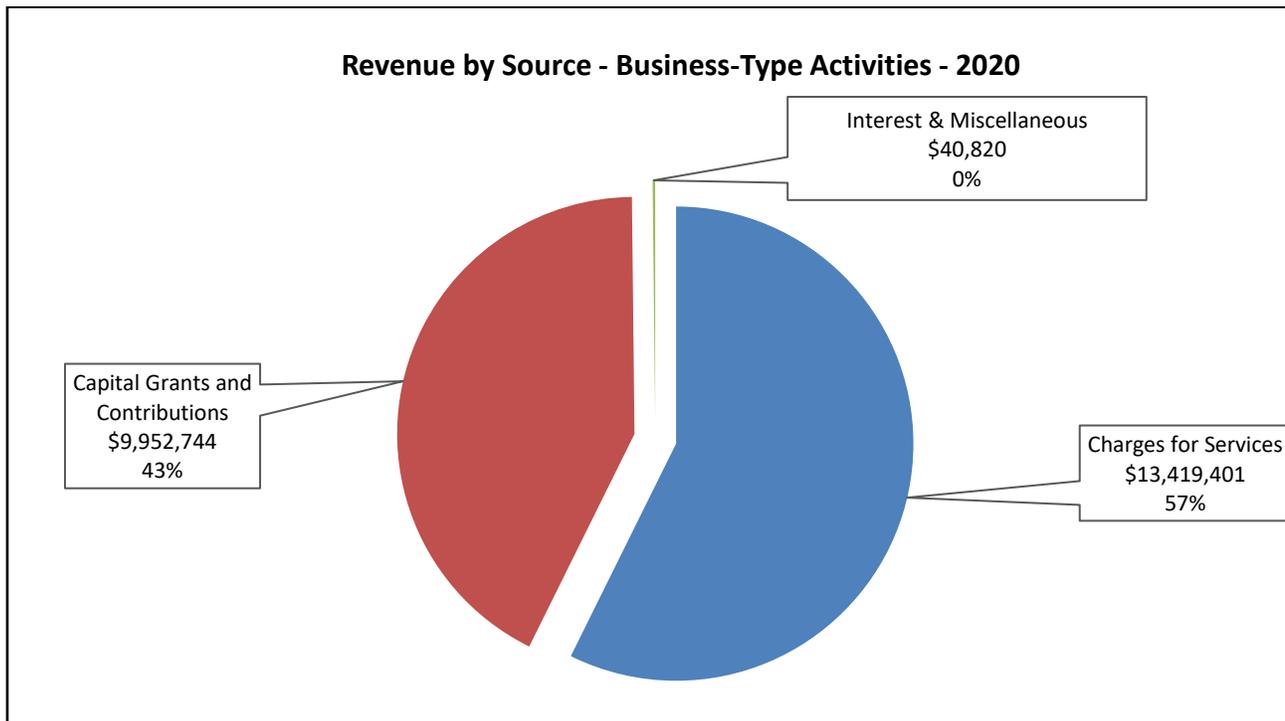
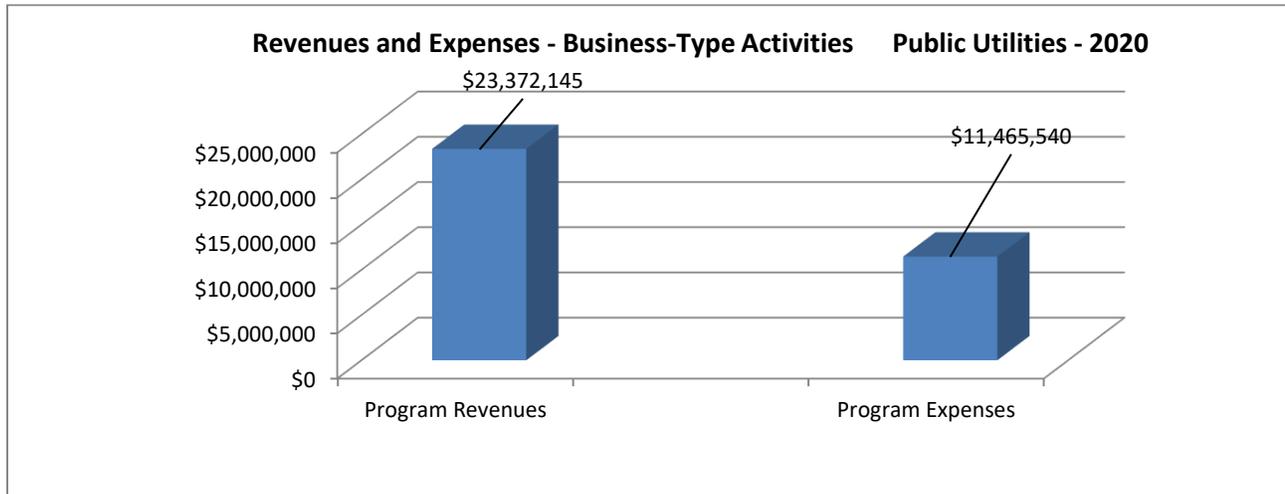
**Statement of Activities** – While net position of the City represents the difference between 1) assets and deferred outflows of resources and 2) liabilities and deferred inflows of resources, the statement of activities reports the changes in net position during the fiscal year using the economic resources measurement focus and accrual basis of accounting. The following table reflects the condensed statement of activities for the current year. For more detailed information see the statement of activities which can be located by referencing the table of contents of this report.

| <b>Statement of Activities (Summary)</b> |                                |                      |                                 |                      |                                 |                      |
|--|--------------------------------|----------------------|---------------------------------|----------------------|---------------------------------|----------------------|
| <b>For the year ended September 30,</b>  |                                |                      |                                 |                      |                                 |                      |
|  | <b>Governmental Activities</b> |                      | <b>Business-type Activities</b> |                      | <b>Total Primary Government</b> |                      |
|  | <b>2020</b>                    | <b>2019</b>          | <b>2020</b>                     | <b>2019</b>          | <b>2020</b>                     | <b>2019</b>          |
| <b>Revenues:</b>                         |                                |                      |                                 |                      |                                 |                      |
| <i>Program Revenues:</i>                 |                                |                      |                                 |                      |                                 |                      |
| Charges for services                     | \$ 4,652,836                   | \$ 3,736,769         | \$ 13,419,401                   | \$ 12,914,602        | \$ 18,072,237                   | \$ 16,651,371        |
| Operating grants/contrib.                | 634,448                        | 518,456              | -                               | -                    | 634,448                         | 518,456              |
| Capital grants/contrib.                  | 7,505,233                      | 2,344,127            | 9,952,744                       | 2,485,137            | 17,457,977                      | 4,829,264            |
| <i>General revenues:</i>                 |                                |                      |                                 |                      |                                 |                      |
| Property taxes                           | 6,280,184                      | 5,450,729            | -                               | -                    | 6,280,184                       | 5,450,729            |
| Other taxes                              | 5,577,052                      | 5,694,034            | -                               | -                    | 5,577,052                       | 5,694,034            |
| State shared revenue                     | 1,491,780                      | 1,533,011            | -                               | -                    | 1,491,780                       | 1,533,011            |
| Other                                    | 330,100                        | 467,363              | 40,820                          | 26,071               | 370,920                         | 493,434              |
| <b>Total revenues</b>                    | <b>26,471,633</b>              | <b>19,744,489</b>    | <b>23,412,965</b>               | <b>15,425,810</b>    | <b>49,884,598</b>               | <b>35,170,299</b>    |
| <b>Expenses:</b>                         |                                |                      |                                 |                      |                                 |                      |
| <i>Governmental activities:</i>          |                                |                      |                                 |                      |                                 |                      |
| General government                       | 1,722,641                      | 2,060,531            | -                               | -                    | 1,722,641                       | 2,060,531            |
| Library                                  | 674,303                        | 710,612              | -                               | -                    | 674,303                         | 710,612              |
| Police                                   | 5,053,525                      | 5,043,772            | -                               | -                    | 5,053,525                       | 5,043,772            |
| Fire                                     | 2,686,868                      | 2,455,695            | -                               | -                    | 2,686,868                       | 2,455,695            |
| Building and zoning                      | 680,128                        | 618,708              | -                               | -                    | 680,128                         | 618,708              |
| Public works administration              | 1,157,110                      | 1,302,273            | -                               | -                    | 1,157,110                       | 1,302,273            |
| Sanitation                               | 1,791,265                      | 1,703,171            | -                               | -                    | 1,791,265                       | 1,703,171            |
| Streets                                  | 2,400,421                      | 1,691,530            | -                               | -                    | 2,400,421                       | 1,691,530            |
| Parks and recreation                     | 3,821,183                      | 4,102,919            | -                               | -                    | 3,821,183                       | 4,102,919            |
| Community redevelopment                  | 601,281                        | 488,813              | -                               | -                    | 601,281                         | 488,813              |
| Interest on long-term debt               | 807,169                        | 357,066              | -                               | -                    | 807,169                         | 357,066              |
| <i>Business-type activities:</i>         |                                |                      |                                 |                      |                                 |                      |
| Public utilities                         | -                              | -                    | 11,465,540                      | 10,420,623           | 11,465,540                      | 10,420,623           |
| <b>Total expenses</b>                    | <b>21,395,894</b>              | <b>20,535,090</b>    | <b>11,465,540</b>               | <b>10,420,623</b>    | <b>32,861,434</b>               | <b>30,955,713</b>    |
| Increase (decrease) in                   |                                |                      |                                 |                      |                                 |                      |
| net position before transfers            | 5,075,739                      | (790,601)            | 11,947,425                      | 5,005,187            | 17,023,164                      | 4,214,586            |
| <b>Transfers in (out)</b>                | <b>3,534,823</b>               | <b>3,497,112</b>     | <b>(3,534,823)</b>              | <b>(3,497,112)</b>   | <b>-</b>                        | <b>-</b>             |
| Change in Net Position                   | 8,610,562                      | 2,706,511            | 8,412,602                       | 1,508,075            | 17,023,164                      | 4,214,586            |
| Net position - Beginning                 | 27,490,759                     | 24,784,248           | 25,247,440                      | 23,739,365           | 52,738,199                      | 48,523,613           |
| Net position - Ending                    | <b>\$ 36,101,321</b>           | <b>\$ 27,490,759</b> | <b>\$ 33,660,042</b>            | <b>\$ 25,247,440</b> | <b>\$ 69,761,363</b>            | <b>\$ 52,738,199</b> |

**Governmental Activities** - Governmental activities' operations increased the City's net position by \$8,610,562 for the current year. Approximately 57% or \$13,679,116 of the governmental activities' operations are funded by general revenue sources and transfers that are not attributable to any one particular activity. The City is dependent upon property taxes and taxes on utilities, both through franchise and through direct taxation of those utilities.



**Business-type activities** - Business-type activities' operations increased the City's net position by \$8,412,602.



The governmental activities change in net position was \$8,610,562 for 2020 compared to \$2,706,511 for the prior year, mainly due to:

- Total revenue increased by \$6,727,144 or 34% mainly due to:
  - Increased property taxes of \$829,455 or 15% due to increased property values within the City.
  - Increased capital grants and contributions of \$5,161,106 or 220% due to:
    - The City recorded the donation of certain roadways, received from Polk County, Florida, including former State Road 559, at estimated acquisition value of \$4,731,085.
    - Police, fire and parks and recreation impact fees increased by \$378,540 or 117% due to increased construction within the City.
  - Increased charges for services of \$916,067 or 25% mainly due to increased construction within the City as building permits increased by approximately \$567,700 (170%), construction and site plan review fees increased by \$322,000 (120%) and sanitation and recycling revenue increased by approximately \$80,000 (5%).
  - General revenues, other than property taxes, combined with operating grants and contributions declined by \$179,484 or 2%.
- Total expenses increased by \$860,804 or 4% mainly due to:
  - The expenses of the streets function increased by approximately \$708,891 or 42% due to increased depreciation expense caused recent roadway improvements. The City also incurred approximately \$431,000 of expenses for Denton Road improvements.
  - Interest expense increased by \$450,103 or 126% due to the issuance of the Florida Municipal Loan Council Bonds, Series 2019 which required closing costs of \$240,267 which are reported as a component of interest expense. In addition to the loan closing costs, this new debt issue increased overall interest expense by approximately \$331,000 due to the incurrence of normal interest costs.

The business-type activities change in net position was \$8,412,602 compared to an increase of \$1,508,075 in the prior year, mainly due to:

- Total revenue increased by approximately \$7,987,155 or 52%, due mainly to:
  - The business-type activities received donated infrastructure in the amount of approximately \$2,090,180 in 2020 compared to approximately \$515,000 in 2019, a \$1,575,180 increase, or 306%.
  - The business-type activities reported grant revenue from the State of Florida in the amount of \$3,701,745 as reimbursement for spray field relocation costs.
  - Water and sewer impact fee revenue increased by approximately \$1,400,000 due to increased construction within the City.
  - Charges for services increased by \$504,800 or 4%.

- Total expenses increased by \$1,044,917 or 10% due to general price increases and an increase of approximately \$330,000 in the cost allocation for administrative services provided by the governmental activities and charged directly to expenses in the business-type activities.

### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2020, the City's governmental funds reported combined ending fund balances of \$12,520,485. Of this total, the unassigned fund balance amount is \$6,837,878 and is the amount available for spending at the City's discretion. The remainder of fund balance, \$5,682,607, is restricted or nonspendable as indicated and not available for general spending because of restrictions placed on the use of fund balance or fund balances that have already been spent. The combined total fund balance in fiscal year 2019 was \$8,785,801.

The general fund is the chief operating fund of the City. The general fund's unassigned fund balance has increased \$1,617,175 or 31% in fiscal year 2020. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. During the current fiscal year, the assigned and unassigned fund balance of the City's general fund was 35% of current year expenditures, excluding capital outlay, compared to 28% in the prior year. Capital outlay was removed from the calculation because the amount was significant (23% of total expenditures in 2020 and 16% in 2019).

The Community Redevelopment Agency (CRA) was created with Ordinance No. 772, in June of 1992. The CRA Board was restructured to include the City Commission and two City residents, with Ordinance No. 1117, in July of 2003. An amendment to the redevelopment plan extended the time certain for completing all redevelopment financed by increment revenue for 30 years from the date of Resolution No. 2005-11 (adopted May 2, 2005). In November of each year, the CRA entertains public comment on new projects to be included in the Board's adopted capital improvements program. The CRA receives property tax increment funds from the County and City, which combined were \$1,505,665. Total fund balance at year end equals \$1,659,137, an increase of \$1,093,166 during the current fiscal year.

The increase in fund balance was mainly due to a significant decrease in capital projects in 2020. The major CRA capital projects this year were sidewalk and streetscape improvements (\$182,341). The CRA also reimbursed the City for labor (\$118,216) and general municipal impact fees for new construction in the CRA district (\$9,212). The CRA reported total expenditures of \$414,697 during the current year.

**Enterprise Fund** - The City's enterprise fund provided operating income of \$3,459,741 that resulted in a primary net revenue bond coverage of 2.54. Last year the operating income was \$4,122,067 with net revenue bond coverage of 2.71. City Resolution Number 95-10 requires the City to maintain net revenues sufficient to cover 1.05 times the bond service requirement. The principal and interest amounts paid during the year, as used in the debt service coverage calculation, totaled \$2,570,456.

In August 2016, Raftelis Financial Consultants, Inc. completed the financial feasibility of proposed financing for the City's water and sewer utility systems. The opinion letter to the City was based upon the Forecast Statement of Debt Service Coverage for Water and Sewer and the Summary of Significant Forecast Assumptions. The forecast reflected expected financial conditions during each of the six fiscal years September 30, 2016 through September 30, 2021.

The Raftelis Report provides a thorough review of projected water and wastewater revenues compared to the City's Two-Year Budget, Five-Year Capital Improvement Plan, operational expenses, transfers, estimated inflation of 1.6%, and debt service requirements. A rate adjustment of 3% in FY 2017 and a 2% adjustment for the following four years was suggested to meet the balance of proposed expenses and revenues required.

The City provides water and sewer service to the residents within the City limits and also serves residents in surrounding communities within Polk County. During FY 2020, the City served an average of 12,296 (up from 12,266 in 2019) water customers and 8,583 (up from 8,538 in 2019) sewer customers and has experienced modest customer growth. The Water and Sewer System includes seven deep production wells, three water production/treatment facilities, two wastewater treatment facilities, and a network of piping ranging in size from 2 inches to 16 inches in diameter.

The City has a potable water consumptive use permit (Permit Number 7119 issued August 1, 2014 and expires April 3, 2034) with the Southwest Florida Water Management District to withdraw up to 7,036,300 gallons per day (average daily use) and an average annual withdrawal of approximately 5,392,000 gallons per day. The City also participates in the Polk Regional Water Cooperative pursuant to an Interlocal Agreement established in 2016. The City may participate in future water supplies and related projects with the Polk County Water Cooperative in the future.

The City's two water reclamation facilities are permitted by the Florida Department of Environmental and Protection ("FDEP"). The two facilities are:

- Allred Wastewater Treatment Plant (Facility ID: FL0021466)
- Regional Wastewater Treatment Facility (Facility ID: FLA016559)
- The Allred and Regional facilities have a permitted capacity of 1.400 and 1.600 MGD, respectively.

For fiscal year 2019/2020, major capital improvements for the enterprise fund were as follows:

- UV Disinfection System: This project began in 2019 and is still in process at the end of the year. Project costs incurred totaled \$204,102 for 2020 and the project had a balance of \$649,323 reported in construction in progress on September 30, 2020.
- Regional Sprayfield Relocation: This project began in 2018 and is still in process at the end of the year. Project costs incurred totaled \$3,713,945 in 2020 and the project had a balance of \$3,946,742 reported in construction in progress on September 30, 2020.
- The Florida Poly Technic University Reuse Line and Water Interchange with Lakeland: This project began in 2017 and is still in process at the end of the year. Project costs incurred totaled \$2,072,140 in 2020 and the project had a balance of \$2,248,943 reported in construction in progress on September 30, 2020.
- Donated Infrastructure: Donated infrastructure for the water and wastewater system totaling \$2,090,180 were accepted and capitalized in 2020.
- Equipment totaling approximately \$290,375 were purchased and capitalized in 2020.

**Fiduciary Funds** - The General Employee Pension Fund funding requirement was \$1,433,540 for the current year. This represents a \$248,350 decrease over prior year funding of \$1,681,890. The General Employee Pension Board hired an independent actuary to prepare the valuations beginning in 2008 and hired a pension attorney in 2009. Pension Plan assets are managed by the General Employee Pension Board of Trustees with the assistance of an investment advisor. The Defined Benefit Plan has a blended multiplier of 2.75% for all years prior to October 1, 2003 and 2.5% for all years after October 1, 2003. Employees under the Defined Benefit Plan contribute 2% of salary. The participant data as of September 30, 2020 shows 125 total members, 83 inactive plan members or beneficiaries currently receiving benefits, 9 inactive plan members entitled to but not yet receiving benefits, and 33 active plan members.

Effective October 1, 2006, the City implemented a Defined Contribution Plan for all new hires and froze the current enrollment into the General Employee Defined Benefit Plan. The City now has a 401A Plan administered through the International City/County Management Association (ICMA) and contributes 8% to the employee's account. The employees contribute 2% of salary and have a five-year vesting period for the Plan. For fiscal year 2019-20, the total cost of the 401A Plan, net of participant forfeitures of \$83,255, was \$153,541.

The Fire Pension Fund is funded by State contributions, employee contributions, return on investments, and a City contribution to make the funds actuarially sound. The City and State contributed \$503,983 for the current fiscal year and \$482,405 for the prior fiscal year. Plan members contribute 9.1% of salary and the plan provides for eligible retirement with 25 years of service regardless of age, provides an additional supplemental benefit for every year of service for future retirees, and a benefit multiplier of 3.75%.

The supplemental benefit is subject to adjustment based upon the actual state funding received. Normal retirement is age 55 with 10 years of service. The Plan is administered by the Firefighter Pension Board. Per the Firefighter Pension Actuarial Report as of October 2019, the participant data is: 44 participants, 19 inactive plan members or beneficiaries currently receiving benefits, 6 inactive plan members entitled to but not yet receiving benefits, and 19 active plan members.

The Police Pension Fund is funded by State contributions, employee contributions, return on investments, and a City contribution to make the funds actuarially sound. The City and State contributed \$656,186 for the current fiscal year and \$629,984 for the prior year. Ordinance No. 1421 increased the employee contribution to 5.6% of salary and Ordinance No. 1256 modified the Plan benefits, which provides for eligible retirement with 20 years of service regardless of age and provides an additional supplemental benefit for every year of service for future retirees. The supplemental benefit is subject to adjustment based upon the actual state funding received. Normal retirement is age 55 with 10 years of service. The Plan is administered by the Police Pension Board and the current pension multiplier for the Police Pension is 3.50%. Per the Police Officer Actuarial Report as of October 2019, the participant data is: 82 participants, 27 inactive plan members or beneficiaries currently receiving benefits, 21 inactive plan members entitled to but not yet receiving benefits, and 34 active plan members.

Note 7 of the notes to the financial statements will provide more information regarding the City's three pension trust funds.

### **ANALYSIS OF SIGNIFICANT BUDGET VARIANCES**

Budgetary comparison schedules for all major governmental funds can be found in the required supplementary information section of these financial statements and can be found by referencing the tables of contents of this report. This discussion is limited to the budgetary variances of only the general fund. For the general fund, actual resources were \$1,023,181 more than the final budgeted amounts and actual charges to appropriations were more than the final budgeted amounts by \$673,080 for an overall favorable budget variance of \$350,101. Each year the City Commission approves a budget amendment for line-items that have a deviation of \$25,000 between the budget and actual resources or charges to appropriations.

During the year, the general fund's budget was amended to increase budgeted resources and charges to appropriations (outflows) by \$536,800 or a 2% increase. This increase was mainly due to the following:

The significant increases/decreases in budgeted resources (inflows) was mainly due to the following items:

- Licenses and permits resources – increased by \$358,800
- Intergovernmental resources – increased by \$319,800.
- Charges for services – increased by \$390,800.
- Loan proceeds – decreased by \$812,200.
- Other budgetary resources – increased by \$198,300.

The significant increases/decreases in budgeted charges to appropriations (outflows) was mainly due to the following items:

- General government outflows – decreased by \$186,900.
- Physical environment outflows – increased by \$166,500.
- Culture/recreation outflows – increased by \$238,900.
- Debt service outflows – increased by \$217,800.

**ANALYSIS OF SIGNIFICANT BUDGET VARIANCES (concluded)**

**General Fund Final Budget to Actual Comparison:**

*Significant differences between actual resources and the final budgeted amounts:*

- Charges for services resources totaled \$3,271,171 which was \$115,018 (3%) less than the final budget of \$3,386,189.
- Investment income resources totaled \$152,570 which was \$66,470 (77%) more than the final budgeted amount of \$86,100.
- Loan proceeds totaled \$9,659,157 which was \$1,081,357 (13%) more than the final budgeted amount of \$8,577,800.

*Significant differences between actual charges to appropriations and the final budgeted amounts:*

- Capital outlay charges to appropriations totaled \$10,899,027 which was \$271,027 (3%) more than the final budgeted amount of \$10,628,000. The cause of this over expenditure is due to the City preparing their budget amendment before all year-end construction payables have been recorded.
- Debt service charges to appropriations totaled \$2,424,776 which was \$270,592 (13%) more than the final budgeted amount of \$2,154,184. The cause of this over expenditure is due to the City not budgeting for \$240,267 of bond issuance costs reported as a component of debt service.
- Physical environment charges to appropriations totaled \$2,201,301 which was \$77,069 (4%) more than the final budgeted amount of \$2,124,232.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** - The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020 amounts to \$122,625,000 (net of accumulated depreciation). The capital assets increased from \$105,118,000 in 2019. This investment in capital assets includes land, buildings, improvements, infrastructure, vehicles, and equipment, as shown in more detail at Note 5 of the notes to financial statements.

**Capital Assets Activity**  
 (net of accumulated depreciation)  
 as of September 30,

|                            | <u>Governmental Activities (*)</u> |                  | <u>Business-type Activities (*)</u> |                  | <u>Total Primary Government (*)</u> |                   |
|----------------------------|------------------------------------|------------------|-------------------------------------|------------------|-------------------------------------|-------------------|
|                            | <u>2020</u>                        | <u>2019</u>      | <u>2020</u>                         | <u>2019</u>      | <u>2020</u>                         | <u>2019</u>       |
| Land                       | \$ 6,698                           | \$ 6,513         | \$ 11,283                           | \$ 11,277        | \$ 17,982                           | \$ 17,791         |
| Buildings and improvements | 25,943                             | 26,665           | -                                   | -                | 25,943                              | 26,665            |
| Equipment                  | 6,001                              | 5,888            | 706                                 | 584              | 6,707                               | 6,472             |
| Infrastructure             | 15,899                             | 11,165           | -                                   | -                | 15,899                              | 11,165            |
| Utility plant              | -                                  | -                | 41,040                              | 41,831           | 41,040                              | 41,831            |
| Construction in progress   | 7,868                              | 339              | 7,185                               | 855              | 15,054                              | 1,193             |
| <b>Total</b>               | <b>\$ 62,409</b>                   | <b>\$ 50,571</b> | <b>\$ 60,215</b>                    | <b>\$ 54,547</b> | <b>\$ 122,625</b>                   | <b>\$ 105,118</b> |

(\*) in thousands of dollars

**Long-term Debt** - At the end of the current fiscal year, the governmental activities had total bonds and notes payable outstanding of \$19,652,000 compared to \$11,658,000 in the prior year, a net 69% increase of \$7,994,100. At the end of the current fiscal year, the business-type activities had total bonds and notes payable outstanding of \$35,466,000 compared to \$36,611,000 in the prior year, a 3% decrease of \$1,145,000.

|                         | <b>Outstanding Debt</b>            |                  |                                     |                  |                                     |                  |
|-------------------------|------------------------------------|------------------|-------------------------------------|------------------|-------------------------------------|------------------|
|                         | as of September 30,                |                  |                                     |                  |                                     |                  |
|                         | <b>Governmental Activities (*)</b> |                  | <b>Business-type Activities (*)</b> |                  | <b>Total Primary Government (*)</b> |                  |
|                         | <u>2020</u>                        | <u>2019</u>      | <u>2020</u>                         | <u>2019</u>      | <u>2020</u>                         | <u>2019</u>      |
| Bonds and notes payable | \$ 19,652                          | \$ 11,658        | \$ 35,466                           | \$ 36,611        | \$ 55,118                           | \$ 48,268        |
| Total                   | <u>\$ 19,652</u>                   | <u>\$ 11,658</u> | <u>\$ 35,466</u>                    | <u>\$ 36,611</u> | <u>\$ 55,118</u>                    | <u>\$ 48,268</u> |

(\*) in thousands of dollars

The governmental activities’ long-term debt balances as of year-end are:

- \$153,842 for the Fleet Purchase Loan – 2019,
- \$208,271 for the Fleet Purchase Loan – 2020 (new in 2020),
- \$1,790,000 for Public Improvements Series 2011 Lake Myrtle Sports Complex reimbursable from Polk County,
- \$3,820,000 Capital Improvement 2015 (Lake Myrtle Baseball Expansion),
- \$4,180,000 Public Improvements Series 2016
- \$8,600,000 for FMLC Revenue Bonds, Series 2019B (new in 2020),
- \$899,693 of net unamortized premiums.

The Series 2011 and 2015 (Lake Myrtle Sports Complex) are fully funded through an Interlocal Agreement with Polk County and use of the 5<sup>th</sup>-cent tourist tax. The 2011 funds were used to construct the Lake Myrtle Park Sports Complex and the 2015 funds were used to construct four new Baseball Fields and a concession stand.

The business-type activities’ long-term debt balances are:

- \$5,940,000 for the 2006 Water and Sewer Bonds,
- \$28,265,000 for the 2016 Water and Sewer Bonds and net unamortized premiums (discounts) of \$754,755,
- \$506,406 for the joint venture loan guarantee with the Polk Regional Water Cooperative.

Additional information on the City’s long-term debt can be found in Note 6 of the notes to financial statement section of this report.

**CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS**

The City of Auburndale, Florida is located in Polk County. It encompasses approximately 22.63 square miles or 14,480.68 acres. The City was incorporated in 1911 and has a 2019 estimated population of 17,120 according to the Bureau of Economic and Business Research University of Florida. Through planned growth, Auburndale has attracted many major enterprises. Principal industries within the Utility Service area include: container manufacturers, plastic pipe manufacturing, distilleries, food and consumer goods distribution centers, farm machinery, and many other industries and businesses.

The City is governed by a Mayor and a four-member City Commission who are elected at large to serve staggered four-year terms. The Mayor is elected by the members of the City Commission and serves a one-year term at which time a new Mayor is elected. For the Fiscal Year 2019-2020, members of the Commission were as follows:

| <u>Name</u>            | <u>Position</u> | <u>Term Expires</u> |
|------------------------|-----------------|---------------------|
| Timothy Pospichal      | Mayor           | December 2021       |
| Dorothea Taylor Bogert | Commissioner    | December 2021       |
| Keith Cowie            | Commissioner    | December 2021       |
| Richard Hamann         | Commissioner    | December 2023       |
| Jack Myers             | Commissioner    | December 2023       |

Administration of the operations of the City is carried out by a City Manager who is an employee of the City and appointed by the Commissioners. The present City Manager is Robert R. Green, appointed City Manager in April 1991. Mr. Green has announced his retirement from the City of Auburndale effective April 2, 2021. The City Commission entered into an agreement on February 1, 2021 with Jeff Tillman, current Assistant City Manager, City of Auburndale, as Mr. Green’s successor as City Manager. Mr. Tillman joined the City of Auburndale October 2016 as Assistant City Manager. For Fiscal Year 2019-2020, there were 185 budgeted employees.

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases. The City of Auburndale recognized the need to continue providing services to the citizens while also maintaining a safe and healthy environment for staff. The City initiated a rolling staff schedule to minimize impacts of the virus and maintain vital services. The program permitted all services to continue with minimal impact to citizens.

In addition to maintaining staff health and citizen services, the City did experience adverse effects from COVID-19 within Parks & Recreation facility rentals which were closed and/or scaled down as of March 2020. The effect of these closures was a reduction of 30.8% from the prior year in charges for service within Parks & Recreation facilities and planned cultural activities.

The City of Auburndale has partnered with Central Florida Health Care, Inc. and Polk County Health Department to assist with monitoring and recovery efforts from COVID-19. Central Florida Health Care, Inc. and Polk County Health Department has used Lake Myrtle Sports Complex as a COVID-19 testing and vaccination site to aid in stopping the spread.

The City is a desirable location for both residences and businesses. The “leading indicators” of growth, such as requests for building permits, site plan approvals for new developments and redevelopment, and requests for land use and zoning changes, have all been very strong, indicating the outlook for continued growth is favorable. The City’s Community Development Department has received many compliments from the business community for their business-friendly working relationship with contractors.

In the conduct of municipal government, various lawsuits, commitments, and contingencies will arise. However, the City has no known current lawsuits that are considered to pose any significant loss to the City.

The City continues to annex property to improve the tax base. As a policy, the City does not provide utility service without the property owner signing an annexation agreement. The annexation agreement provides that the property will be annexed whenever the property does become contiguous with the City limits. For the current fiscal year, the City annexed 82.33 acres.

The City has a vibrant Parks and Recreation Department with over 25 different facilities. Our Parks and Recreation facilities are suited to the citizen's interests including premier athletic fields and courts, parks and picnic areas, historic museums and landmarks, lakefront areas, and children friendly playgrounds. The partnership at the Lake Myrtle Sports Complex with Polk County Tourism and Sports Marketing, Florida Youth Soccer, Publix and Coca-Cola Corporation has worked well over the years. The Lake Myrtle Sports Complex continues to play host to RussMatt Collegiate Tournament in February and March of each year.

The City completed a \$6.7 million Youth Baseball Facility with 2019 General Fund Bond money at Lake Myrtle Sports Complex. The new Youth Baseball Facility project created five new fields including three youth-sized baseball fields, one senior-league fields, and a turf-covered field for T-ball and special needs programs. At the Cindy Hummel Tennis Center, the City constructed two new Racquetball Courts to compliment the clay court tennis facility.

Additional improvements at Lake Myrtle Sports Complex include a proposed \$6 million Soccer Stadium to be funded through an Interlocal Agreement with Polk County Board of County Commissioners.

#### **REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Auburndale's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the City of Auburndale, Finance Department, P. O. Box 186, Auburndale, FL 33823, call 863-968-5133, or email [slowrance@auburndalefl.com](mailto:slowrance@auburndalefl.com).



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**CITY OF AUBURNDALE, FLORIDA**

Statement of Net Position

September 30, 2020

|   | Primary Government         |                             |                      |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                |
| <b>ASSETS</b>                               |                            |                             |                      |
| Equity in cash and investments              | \$ 9,323,862               | \$ 5,328,981                | \$ 14,652,843        |
| Receivables, current:                       |                            |                             |                      |
| Customer accounts, net                      | 249,433                    | 1,723,621                   | 1,973,054            |
| Franchise and utility service taxes         | 362,148                    | -                           | 362,148              |
| Intergovernmental                           | 1,223,554                  | 2,561,616                   | 3,785,170            |
| Accrued income                              | -                          | 23,606                      | 23,606               |
| Inventory                                   | 16,349                     | -                           | 16,349               |
| Prepaid expenses                            | 58,355                     | 83,743                      | 142,098              |
| Restricted assets:                          |                            |                             |                      |
| Equity in cash and investments              | 5,671,865                  | 6,137,103                   | 11,808,968           |
| Capital assets:                             |                            |                             |                      |
| Non-depreciable                             | 14,566,679                 | 18,468,706                  | 33,035,385           |
| Depreciable, net                            | 47,842,771                 | 41,746,610                  | 89,589,381           |
| <b>TOTAL ASSETS</b>                         | <b>79,315,016</b>          | <b>76,073,986</b>           | <b>155,389,002</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                            |                             |                      |
| Deferred outflows related to pensions       | 3,234,015                  | 521,959                     | 3,755,974            |
| Deferred outflows related to OPEB           | 1,486,179                  | 382,888                     | 1,869,067            |
| Deferred outflows - loss on refunding       | 27,404                     | 1,065,859                   | 1,093,263            |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b> | <b>4,747,598</b>           | <b>1,970,706</b>            | <b>6,718,304</b>     |
| <b>LIABILITIES</b>                          |                            |                             |                      |
| Accounts payable                            | 1,347,973                  | 309,320                     | 1,657,293            |
| Construction costs payable                  | 2,113,437                  | 475,664                     | 2,589,101            |
| Accrued payroll                             | 289,598                    | 45,248                      | 334,846              |
| Due to other governments                    | 1,748                      | -                           | 1,748                |
| Accrued interest payable                    | 217,458                    | 411,317                     | 628,775              |
| Deposits                                    | 400                        | 2,370,731                   | 2,371,131            |
| Long-term obligations:                      |                            |                             |                      |
| Due within one year                         | 1,765,163                  | 1,385,477                   | 3,150,640            |
| Due in more than one year                   | 38,615,459                 | 38,601,422                  | 77,216,881           |
| <b>TOTAL LIABILITIES</b>                    | <b>44,351,236</b>          | <b>43,599,179</b>           | <b>87,950,415</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                            |                             |                      |
| Deferred inflows related to pensions        | 561,250                    | -                           | 561,250              |
| Deferred inflows related to OPEB            | 3,048,807                  | 785,471                     | 3,834,278            |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>  | <b>3,610,057</b>           | <b>785,471</b>              | <b>4,395,528</b>     |
| <b>NET POSITION</b>                         |                            |                             |                      |
| Net investment in capital assets            | 40,671,611                 | 24,273,491                  | 64,945,102           |
| Restricted for:                             |                            |                             |                      |
| Debt retirement                             | 1,175,000                  | 1,387,500                   | 2,562,500            |
| Community redevelopment                     | 1,659,137                  | -                           | 1,659,137            |
| Recreation improvements                     | 603,450                    | -                           | 603,450              |
| Fire rescue and safety improvements         | 884,048                    | -                           | 884,048              |
| Law enforcement                             | 350,018                    | -                           | 350,018              |
| Stormwater improvements                     | 221,680                    | -                           | 221,680              |
| Building code enforcement                   | 168,187                    | -                           | 168,187              |
| Capital projects (unspent bond proceeds)    | 543,040                    | -                           | 543,040              |
| Water and sewer improvements                | -                          | 2,794,413                   | 2,794,413            |
| Unrestricted                                | (10,174,850)               | 5,204,638                   | (4,970,212)          |
| <b>TOTAL NET POSITION</b>                   | <b>\$ 36,101,321</b>       | <b>\$ 33,660,042</b>        | <b>\$ 69,761,363</b> |

The accompanying notes are an integral part of these financial statements

**CITY OF AUBURNDALE, FLORIDA**  
Statement of Activities  
For the year ended September 30, 2020

| FUNCTIONS/PROGRAMS                    | Expenses             | Program Revenues     |                                   |                                 |
|---------------------------------------|----------------------|----------------------|-----------------------------------|---------------------------------|
|                                       |                      | Charges for Services | Operating Grant and Contributions | Capital Grant and Contributions |
| <b>PRIMARY GOVERNMENT:</b>            |                      |                      |                                   |                                 |
| <b>Governmental activities:</b>       |                      |                      |                                   |                                 |
| General government                    | \$ 1,722,641         | \$ 117,065           | \$ 39,351                         | \$ 53,534                       |
| Library                               | 674,303              | 22,477               | 174,497                           | -                               |
| Police                                | 5,053,525            | 209,854              | 308,062                           | 214,322                         |
| Fire                                  | 2,686,868            | -                    | 112,538                           | 264,890                         |
| Building and zoning                   | 680,128              | 1,679,669            | -                                 | -                               |
| Public works administration           | 1,157,110            | 63,163               | -                                 | -                               |
| Sanitation                            | 1,791,265            | 1,786,766            | -                                 | -                               |
| Streets                               | 2,400,421            | 116,330              | -                                 | 4,731,084                       |
| Parks and recreation                  | 3,821,183            | 657,512              | -                                 | 2,241,403                       |
| Community redevelopment               | 601,281              | -                    | -                                 | -                               |
| Interest on long-term debt            | 807,169              | -                    | -                                 | -                               |
| <b>Total governmental activities</b>  | <b>21,395,894</b>    | <b>4,652,836</b>     | <b>634,448</b>                    | <b>7,505,233</b>                |
| <b>Business-type activities</b>       |                      |                      |                                   |                                 |
| Water and wastewater utility          | 11,465,540           | 13,419,401           | -                                 | 9,952,744                       |
| <b>Total business-type activities</b> | <b>11,465,540</b>    | <b>13,419,401</b>    | <b>-</b>                          | <b>9,952,744</b>                |
| <b>TOTAL PRIMARY GOVERNMENT</b>       | <b>\$ 32,861,434</b> | <b>\$ 18,072,237</b> | <b>\$ 634,448</b>                 | <b>\$ 17,457,977</b>            |

**GENERAL REVENUES**

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for community redevelopment
- Franchise taxes
- Public service taxes
- Fuel taxes levied for transportation purposes

State shared revenue

Investment earnings

Miscellaneous

Gain (loss) on disposal of capital assets

**TRANSFERS**

Total general revenues and transfers

**CHANGE IN NET POSITION**

**NET POSITION, beginning of year**

**NET POSITION, end of year**

The accompanying notes are an integral part of these financial statements

| <b>Net (Expense) Revenue and<br/>Changes in Net Position</b> |                                     |                      |
|--|-------------------------------------|----------------------|
| <b>Governmental<br/>Activities</b>                           | <b>Business-Type<br/>Activities</b> | <b>Total</b>         |
| \$ (1,512,691)   | \$ -                                | \$ (1,512,691)       |
| (477,329)  | -                                   | (477,329)            |
| (4,321,287)  | -                                   | (4,321,287)          |
| (2,309,440)  | -                                   | (2,309,440)          |
| 999,541  | -                                   | 999,541              |
| (1,093,947)  | -                                   | (1,093,947)          |
| (4,499)  | -                                   | (4,499)              |
| 2,446,993  | -                                   | 2,446,993            |
| (922,268)  | -                                   | (922,268)            |
| (601,281)  | -                                   | (601,281)            |
| (807,169)  | -                                   | (807,169)            |
| <u>(8,603,377)</u>   | <u>-</u>                            | <u>(8,603,377)</u>   |
| -  | 11,906,605                          | 11,906,605           |
| -  | 11,906,605                          | 11,906,605           |
| <u>(8,603,377)</u>   | <u>11,906,605</u>                   | <u>3,303,228</u>     |
| 4,774,519  | -                                   | 4,774,519            |
| 1,505,665  | -                                   | 1,505,665            |
| 1,696,413  | -                                   | 1,696,413            |
| 3,013,081  | -                                   | 3,013,081            |
| 867,558  | -                                   | 867,558              |
| 1,491,780  | -                                   | 1,491,780            |
| 156,343  | 35,582                              | 191,925              |
| 196,076  | -                                   | 196,076              |
| (22,319)   | 5,238                               | (17,081)             |
| <u>3,534,823</u>   | <u>(3,534,823)</u>                  | <u>-</u>             |
| <u>17,213,939</u>  | <u>(3,494,003)</u>                  | <u>13,719,936</u>    |
| 8,610,562  | 8,412,602                           | 17,023,164           |
| <u>27,490,759</u>  | <u>25,247,440</u>                   | <u>52,738,199</u>    |
| <u>\$ 36,101,321</u>   | <u>\$ 33,660,042</u>                | <u>\$ 69,761,363</u> |

The accompanying notes are an integral part of these financial statements

**CITY OF AUBURNDALE, FLORIDA**  
 Balance Sheet – Governmental Funds  
 September 30, 2020

|  | <b>General<br/>Fund</b> | <b>Community<br/>Redevelopment<br/>Agency</b> | <b>Impact Fee<br/>Special<br/>Revenue Fund</b> | <b>Total</b>         |
|--|-------------------------|---|--|----------------------|
| <b>ASSETS</b>                            |                         |   |  |                      |
| Equity in cash and investments           | \$ 9,323,862            | \$ 1,664,744                                  | \$ 1,763,140                                   | \$ 12,751,746        |
| Receivables, current:                    |                         |   |  |                      |
| Customer accounts, net                   | 249,433                 | -   | -  | 249,433              |
| Franchise and utility service taxes      | 362,148                 | -   | -  | 362,148              |
| Intergovernmental                        | 1,223,554               | -   | -  | 1,223,554            |
| Inventory                                | 16,349                  | -   | -  | 16,349               |
| Restricted assets:                       |                         |   |  |                      |
| Equity in cash and investments           | 2,243,981               | -   | -  | 2,243,981            |
| Total assets                             | <u>\$ 13,419,327</u>    | <u>\$ 1,664,744</u>                           | <u>\$ 1,763,140</u>                            | <u>\$ 16,847,211</u> |
| <b>LIABILITIES</b>                       |                         |   |  |                      |
| Accounts payable                         | 1,342,366               | 5,607   | -  | 1,347,973            |
| Construction costs payable               | 2,113,437               | -   | -  | 2,113,437            |
| Accrued wages                            | 289,598                 | -   | -  | 289,598              |
| Due to other governments                 | 1,748                   | -   | -  | 1,748                |
| Deposits                                 | 400                     | -   | -  | 400                  |
| Total liabilities                        | <u>3,747,549</u>        | <u>5,607</u>                                  | <u>-</u>                                       | <u>3,753,156</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>     |                         |   |  |                      |
| Unavailable revenue                      | 573,570                 | -   | -  | 573,570              |
| <b>FUND BALANCE</b>                      |                         |   |  |                      |
| Nonspendable:                            |                         |   |  |                      |
| Inventory                                | 16,349                  | -   | -  | 16,349               |
| Restricted for:                          |                         |   |  |                      |
| Bond retirement                          | 1,236,698               | -   | -  | 1,236,698            |
| Recreation improvements                  | -                       | -   | 603,450  | 603,450              |
| Fire rescue and safety improvements      | -                       | -   | 884,048  | 884,048              |
| Law enforcement                          | 74,376                  | -   | 275,642  | 350,018              |
| Stormwater improvements                  | 221,680                 | -   | -  | 221,680              |
| Community redevelopment                  | -                       | 1,659,137                                     | -  | 1,659,137            |
| Building code enforcement                | 168,187                 | -   | -  | 168,187              |
| Capital projects (unspent bond proceeds) | 543,040                 | -   | -  | 543,040              |
| Unassigned                               | 6,837,878               | -   | -  | 6,837,878            |
| Total fund balances                      | <u>9,098,208</u>        | <u>1,659,137</u>                              | <u>1,763,140</u>                               | <u>12,520,485</u>    |
| Total liabilities, deferred inflows of   |                         |   |  |                      |
| Total liabilities and fund balances      | <u>\$ 13,419,327</u>    | <u>\$ 1,664,744</u>                           | <u>\$ 1,763,140</u>                            | <u>\$ 16,847,211</u> |

The accompanying notes are an integral part of these financial statements

**CITY OF AUBURNDALE, FLORIDA**

Reconciliation of The Balance Sheet – Governmental Funds to the Statement of Net Position  
September 30, 2020

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**Amounts reported for governmental activities in the statement of net position are different because:**

|  |                      |
|--|----------------------|
| <b>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>  | \$ 12,520,485        |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.   | 62,409,450           |
| Prepaid bond insurance is a long-term assets that is not available to pay for current period expenditures and, therefore, is not reported in the funds.  | 58,355               |
| Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities  | 573,570              |
| Deferred outflows of resources represent an decrease in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.                                  | 4,747,598            |
| Deferred inflows of resources represent an increase in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds.                                   | (3,610,057)          |
| Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in governmental funds.   | (217,458)            |
| Long-term liabilities, including bonds and notes payable, compensated absences and net pension liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. | (40,380,622)         |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>   | <u>\$ 36,101,321</u> |

The accompanying notes are an integral part of these financial statements

**CITY OF AUBURNDALE, FLORIDA**

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the year ended September 30, 2020

|  | General<br>Fund     | Community<br>Redevelopment<br>Agency | Impact Fee<br>Special<br>Revenue Fund | Total                |
|--|---------------------|--------------------------------------|---------------------------------------|----------------------|
| <b>REVENUES:</b>   |                     |                                      |                                       |                      |
| Taxes  | \$ 10,255,558       | \$ 1,505,665                         | \$ -                                  | \$ 11,761,223        |
| Licenses and permits   | 1,157,678           | -                                    | 701,962                               | 1,859,640            |
| Intergovernmental revenue                                    | 3,689,360           | -                                    | -                                     | 3,689,360            |
| Charges for services   | 3,271,171           | -                                    | -                                     | 3,271,171            |
| Fines and forfeitures  | 119,258             | -                                    | -                                     | 119,258              |
| Investment income  | 152,570             | 2,198                                | 1,575                                 | 156,343              |
| Other  | 348,419             | -                                    | -                                     | 348,419              |
| Total revenues   | <u>18,994,014</u>   | <u>1,507,863</u>                     | <u>703,537</u>                        | <u>21,205,414</u>    |
| <b>EXPENDITURES:</b>   |                     |                                      |                                       |                      |
| Current:   |                     |                                      |                                       |                      |
| General government   | 1,783,812           | -                                    | -                                     | 1,783,812            |
| Public safety  | 7,788,688           | -                                    | -                                     | 7,788,688            |
| Physical environment   | 2,910,151           | -                                    | -                                     | 2,910,151            |
| Economic environment   | -                   | 223,144                              | -                                     | 223,144              |
| Transportation   | 831,680             | -                                    | -                                     | 831,680              |
| Culture/recreation   | 3,532,577           | -                                    | -                                     | 3,532,577            |
| Capital outlay   | 10,899,027          | 191,553                              | 113,633                               | 11,204,213           |
| Debt service   | 2,424,776           | -                                    | -                                     | 2,424,776            |
| Total expenditures   | <u>30,170,711</u>   | <u>414,697</u>                       | <u>113,633</u>                        | <u>30,699,041</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>(11,176,697)</u> | <u>1,093,166</u>                     | <u>589,904</u>                        | <u>(9,493,627)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                                      |                                       |                      |
| Transfers in   | 3,534,823           | -                                    | -                                     | 3,534,823            |
| Issuance of debt   | 9,659,157           | -                                    | -                                     | 9,659,157            |
| Insurance recoveries   | 34,331              | -                                    | -                                     | 34,331               |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                  | <u>13,228,311</u>   | <u>-</u>                             | <u>-</u>                              | <u>13,228,311</u>    |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <u>2,051,614</u>    | <u>1,093,166</u>                     | <u>589,904</u>                        | <u>3,734,684</u>     |
| <b>FUND BALANCE, beginning, as previously reported</b>       | 8,219,830           | 565,971                              | -                                     | 8,785,801            |
| Restatement (Note 14)  | (1,173,236)         | -                                    | 1,173,236                             | -                    |
| <b>FUND BALANCE, beginning, as restated</b>                  | <u>7,046,594</u>    | <u>565,971</u>                       | <u>1,173,236</u>                      | <u>8,785,801</u>     |
| <b>FUND BALANCE, end of year</b>                             | <u>\$ 9,098,208</u> | <u>\$ 1,659,137</u>                  | <u>\$ 1,763,140</u>                   | <u>\$ 12,520,485</u> |

The accompanying notes are an integral part of these financial statements

**CITY OF AUBURNDALE, FLORIDA**
 Reconciliation of The Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental  
 Funds to the Statement of Activities  
 For the year ended September 30, 2020
**Amounts reported for governmental activities in the statement of net activities are different because:**

|   |                     |
|---|---------------------|
| <b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>   | \$ 3,734,684        |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.   |                     |
| This is the amount of capital assets recorded in the current period.  | 14,849,309          |
| This is the amount of depreciation recorded in the current period.  | (2,925,528)         |
| This is the book value of dispositions recorded in the current period.  | (73,241)            |
| This is the book value of capital assets transferred to the business-type activities.   | (11,875)            |
| Revenue not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.  |                     |
| This represents the change caused by the "availability" criterion.  | 573,570             |
| Long-term obligations including bonds and notes payable and compensated absences are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds because they do not require the use of current financial resources: |                     |
| This is the repayment of bond principal reported as expenditures in governmental funds.   | 1,639,999           |
| This is the amount of new long-term debt obligations in the current year.   | (9,659,157)         |
| This is the change in accrued interest payable on long-term obligations.  | (99,160)            |
| This amount represents amortization of bond discounts and premiums.   | 25,009              |
| This is the change in accrued compensated absences during the year.   | (66,918)            |
| This is the change in the deferred outflows related to a loss on refunding.   | (6,597)             |
| Governmental funds report the effect of prepaid bond insurance when the debt is first issued, whereas these amounts are reported as a prepaid asset on the statement of net position and amortized in the statement of activities:  |                     |
| This is the prepaid bond insurance costs incurred in the current year.  | 61,681              |
| This is the bond insurance costs amortized in the statements of activities in the current year.   | (3,326)             |
| Other postemployment benefit (OPEB) expense is reported in the statement of activities which differs from OPEB expenditures as reported in the governmental funds:  |                     |
| This amount represents the change in deferred inflows related to OPEB.  | (1,640,769)         |
| This amount represents the change in deferred outflows related to OPEB.   | 1,116,130           |
| This amount represents the change in the total OPEB liability.  | 730,051             |
| Pension expense is reported in the statement of activities which differs from pension expenditures as reported in the governmental funds:   |                     |
| This amount represents the change in deferred inflows related to pensions.  | 294,866             |
| This amount represents the change in deferred outflows related to pensions.   | 82,716              |
| This amount represents the change in the net pension liability.   | (10,882)            |
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>  | <u>\$ 8,610,562</u> |

The accompanying notes are an integral part of these financial statements

**CITY OF AUBURNDALE, FLORIDA**  
Statement of Net Position – Proprietary Fund  
September 30, 2020

---

|  | <b>Enterprise<br/>Fund</b> |
|--|----------------------------|
| <b>ASSETS</b>                                      |                            |
| Current assets:                                    |                            |
| Equity in cash and investments                     | \$ 5,328,981               |
| Receivables:                                       |                            |
| Customers, net                                     | 1,723,621                  |
| Intergovernmental                                  | 2,561,616                  |
| Accrued income                                     | 23,606                     |
| Unamortized bond insurance                         | 83,743                     |
| Total current assets                               | <u>9,721,567</u>           |
| Noncurrent assets:                                 |                            |
| Restricted assets:                                 |                            |
| Equity in cash and investments                     | 6,137,103                  |
| Capital assets:                                    |                            |
| Non-depreciable                                    | 18,468,706                 |
| Depreciable, net                                   | 41,746,610                 |
| Total noncurrent assets                            | <u>66,352,419</u>          |
| Total assets                                       | <u>76,073,986</u>          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                            |
| Deferred outflows of resources related to pensions | 521,959                    |
| Deferred outflows of resources related to OPEB     | 382,888                    |
| Deferred outflows - refunding loss                 | 1,065,859                  |
| Total deferred outflows of resources               | <u>1,970,706</u>           |

Continued...

The accompanying notes are an integral part of these financial statements

**CITY OF AUBURNDALE, FLORIDA**

## Statement of Net Position – Proprietary Fund (Concluded)

September 30, 2020

|   | <b>Enterprise<br/>Fund</b> |
|---|----------------------------|
| <b>LIABILITIES</b>                          |                            |
| Current liabilities:                        |                            |
| Accounts payable                            | \$ 309,320                 |
| Construction costs payable                  | 475,664                    |
| Accrued wages                               | 45,248                     |
| Compensated absences, current portion       | 20,477                     |
| Deposits from other governments             | 826,858                    |
| Bonds and notes payable, current            | 1,365,000                  |
| Total current liabilities                   | <u>3,042,567</u>           |
| Noncurrent liabilities:                     |                            |
| Liabilities payable from restricted assets: |                            |
| Customer deposits                           | 1,543,873                  |
| Interest payable                            | 411,317                    |
| Compensated absences, noncurrent portion    | 184,293                    |
| Post employment obligation payable          | 2,622,407                  |
| Net pension liability                       | 1,693,561                  |
| Bonds and notes payable, noncurrent portion | 34,101,161                 |
| Total noncurrent liabilities                | <u>40,556,612</u>          |
| Total liabilities                           | <u>43,599,179</u>          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                            |
| Deferred inflows related to OPEB            | 785,471                    |
| Total deferred inflows of resources         | <u>785,471</u>             |
| <b>NET POSITION</b>                         |                            |
| Net investment in capital assets            | 24,273,491                 |
| Restricted for:                             |                            |
| Debt retirement                             | 1,387,500                  |
| Sewer improvements                          | 2,016,785                  |
| Water improvements                          | 777,628                    |
| Unrestricted                                | 5,204,638                  |
| Total net position                          | <u>\$ 33,660,042</u>       |

The accompanying notes are an integral part of these financial statements

**CITY OF AUBURNDALE, FLORIDA**Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund  
For the year ended September 30, 2020

|  | <b>Enterprise<br/>Fund</b> |
|--|----------------------------|
| <b>OPERATING REVENUES:</b>                       |                            |
| Charges for services                             | \$ 13,419,401              |
| Total operating revenues                         | <u>13,419,401</u>          |
| <b>OPERATING EXPENSES:</b>                       |                            |
| Personnel services                               | 1,787,884                  |
| Operating expenses                               | 5,133,042                  |
| Depreciation                                     | <u>3,038,734</u>           |
| Total operating expenses                         | <u>9,959,660</u>           |
| <b>OPERATING INCOME</b>                          | <u>3,459,741</u>           |
| <b>NONOPERATING REVENUE (EXPENSE)</b>            |                            |
| Investment revenue                               | 35,582                     |
| Interest expense                                 | (1,286,158)                |
| Loss on disposal of property                     | 5,238                      |
| Other nonoperating expense                       | <u>(219,722)</u>           |
| Total nonoperating revenues (expense)            | <u>(1,465,060)</u>         |
| <b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b> | <u>1,994,681</u>           |
| <b>CAPITAL CONTRIBUTIONS</b>                     |                            |
| Capital grants and contributions                 | 6,735,584                  |
| Impact fees                                      | <u>3,217,160</u>           |
| Total capital contributions                      | <u>9,952,744</u>           |
| <b>TRANSFERS OUT</b>                             | <u>(3,534,823)</u>         |
| <b>CHANGE IN NET POSITION</b>                    | 8,412,602                  |
| <b>NET POSITION, beginning of year</b>           | <u>25,247,440</u>          |
| <b>NET POSITION, end of year</b>                 | <u>\$ 33,660,042</u>       |

The accompanying notes are an integral part of these financial statements

**CITY OF AUBURNDALE, FLORIDA**  
Statement of Cash Flows – Proprietary Fund  
For the year ended September 30, 2020

|   | <b>Enterprise<br/>Fund</b> |
|---|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                            |                            |
| Receipts from customers   | \$ 13,259,158              |
| Payments to suppliers   | (5,245,556)                |
| Payments for salaries and benefits                                      | (1,515,277)                |
| Net cash flows from operating activities                                | <u>\$ 6,498,325</u>        |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                 |                            |
| Transfers to other funds  | (3,534,823)                |
| Deposits received from other governments, net of uses                   | 826,858                    |
| Net cash flows from noncapital financing activities                     | <u>(2,707,965)</u>         |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>        |                            |
| Acquisition and construction of capital assets, net of related payables | (6,145,216)                |
| Proceeds from sale of capital assets                                    | 10,466                     |
| Principal paid on long-term debt  | (1,365,265)                |
| Interest paid on borrowings   | (1,206,276)                |
| Impact fees received  | 3,217,160                  |
| Capital grants received, net of change in related receivable            | 2,083,787                  |
| Net cash flows from capital and related financing activities            | <u>(3,405,344)</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |                            |
| Interest on invested funds  | 24,706                     |
| Net cash flows from investing activities                                | <u>24,706</u>              |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>             | 409,722                    |
| <b>CASH AND CASH EQUIVALENTS, beginning of year</b>                     | <u>11,056,362</u>          |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>                           | <u>\$ 11,466,084</u>       |
| <b>As shown in the Accompanying Financial Statements</b>                |                            |
| Equity in cash and investments  | \$ 5,328,981               |
| Restricted equity in cash and investments                               | 6,137,103                  |
| <b>Total cash and cash equivalents</b>                                  | <u>\$ 11,466,084</u>       |
| <b>Noncash financing and investing activities:</b>                      |                            |
| Joint venture loan guarantee  | <u>\$ 220,616</u>          |
| Donated water and sewer infrastructure                                  | <u>\$ 2,090,181</u>        |

Continued...

The accompanying notes are an integral part of these financial statements

**CITY OF AUBURNDALE, FLORIDA**

## Statement of Cash Flows – Proprietary Fund (Concluded)

For the year ended September 30, 2020

|   | <b>Enterprise<br/>Fund</b> |
|---|----------------------------|
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |                            |
| Operating income (loss)   | \$ 3,459,741               |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities:        |                            |
| Depreciation expense  | 3,038,734                  |
| (Increase) decrease in accounts receivable  | (274,553)                  |
| (Increase) decrease in amounts due from others  | 9,546                      |
| Increase (decrease) in customer deposits  | 114,310                    |
| Increase (decrease) in accounts payable   | (122,060)                  |
| Increase (decrease) in accrued wages and compensated absences   | 8,394                      |
| Increase (decrease) in deferred outflows related to pensions  | (97,384)                   |
| (Increase) decrease in deferred inflows related to pensions   | 217,145                    |
| (Increase) decrease in net pension liability  | (57,415)                   |
| Increase (decrease) in deferred outflows related to OPEB  | (295,443)                  |
| (Increase) decrease in deferred inflows related to OPEB   | 44,566                     |
| (Increase) decrease in total OPEB liability   | 452,744                    |
| Net cash flows from operating activities  | <u>\$ 6,498,325</u>        |

The accompanying notes are an integral part of these financial statements

**CITY OF AUBURNDALE, FLORIDA**  
Statement of Fiduciary Net Position – Fiduciary Funds  
September 30, 2020

|                                  | <b>Employee<br/>Benefit Plan<br/>Trust Funds</b> |
|----------------------------------|--|
| <b>ASSETS</b>                    |  |
| Receivables:                     |  |
| Contributions receivable:        |  |
| City                             | \$ 378,830                                       |
| Plan members                     | 20,439   |
| Other                            | 4,668  |
| Accrued income                   | 23,614   |
| Total receivables                | <u>427,551</u>                                   |
| Investments, at fair value:      |  |
| Short-term money market funds    | 977,290  |
| U.S. Government obligations      | 957,526  |
| Mortgage/asset backed securities | 2,960,739  |
| Fixed income mutual funds        | 6,957,856  |
| Corporate and foreign bonds      | 1,452,629  |
| Equity securities                | 3,691,036  |
| Equity mutual funds              | 23,406,713                                       |
| Real estate investment fund      | 3,985,761  |
| Total investments                | <u>44,389,550</u>                                |
| Total assets                     | <u>44,817,101</u>                                |
| <b>LIABILITIES</b>               |  |
| Accounts payable                 | 18,325   |
| Total Liabilities                | <u>18,325</u>                                    |
| <b>NET POSITION</b>              |  |
| Restricted for pension benefits  | <u>\$ 44,798,776</u>                             |

The accompanying notes are an integral part of these financial statements

**CITY OF AUBURNDALE, FLORIDA**

## Statement of Changes in Fiduciary Net Position – Fiduciary Funds

For the year ended September 30, 2020

|  | <b>Employee<br/>Benefit Plan<br/>Trust Funds</b> |
|--|--|
| <b>ADDITIONS</b>                       |  |
| Contributions:                         |  |
| City                                   | \$ 2,313,692                                     |
| Plan members                           | 260,588  |
| State of Florida                       | 280,017  |
|  | <hr/>  |
| Total contributions                    | 2,854,297  |
| Investment income                      | 3,911,277  |
|  | <hr/>  |
| Less investment expenses:              |  |
| Performance evaluation                 | 64,500   |
| Custodial fees                         | 22,807   |
| Investment management fees             | 55,568   |
|  | <hr/>  |
| Total investment expenses              | 142,875  |
| Net investment income                  | 3,768,402  |
|  | <hr/>  |
| Total additions                        | 6,622,699  |
|  | <hr/>  |
| <b>DEDUCTIONS</b>                      |  |
| Administrative expenses:               |  |
| Legal                                  | 40,964   |
| Administrator fee                      | 39,600   |
| Actuarial                              | 62,438   |
| Insurance, supplies and other          | 11,950   |
| Audit                                  | 13,923   |
|  | <hr/>  |
| Total administrative expenses          | 168,875  |
| Payments to retirees and participants  | 3,301,533  |
|  | <hr/>  |
| Total deductions                       | 3,470,408  |
|  | <hr/>  |
| <b>CHANGE IN NET POSITION</b>          | 3,152,291  |
|  | <hr/>  |
| <b>NET POSITION, beginning of year</b> | 41,646,485                                       |
|  | <hr/>  |
| <b>NET POSITION, end of year</b>       | \$ 44,798,776                                    |
|  | <hr/> <hr/>                                      |

The accompanying notes are an integral part of these financial statements

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its statements (GASBS) and Interpretations (GASBI). The more significant accounting policies established by GAAP and used by the City are discussed below.

**A. REPORTING ENTITY**

The City of Auburndale, Florida (the "City") is a municipal corporation governed by a board of five elected commissioners and was established in 1911 by a special act of the Florida legislature, laws of the State of Florida Chapter 8324. The City was subsequently reincorporated by a special act in 1925, Chapter 10301. The City operates under a Commission-Manager form of government and provides services as authorized by its Charter: public safety (law enforcement, fire control, protective inspections and code enforcement), transportation (streets maintenance), culture/recreation (library services, special events, special facilities and parks & recreation), community development, community redevelopment, stormwater management, sanitation, public improvements, planning and zoning and general administrative services. The City also provides water and sewer utility services.

The accompanying financial statements present the City's primary government and component units based on the financial benefit/burden criteria in GASB Cod. Sec. 1200. Certain component units, although legally separate, are presented in the financial statements as "blended" components. Blending refers to the fact that the component unit's funds and account groups are combined with those of the primary government for financial reporting purposes. The City has one blended component unit, the Auburndale Community Redevelopment Agency (the "CRA") which was created by City Ordinance No. 772 pursuant to Florida Statutes chapter 163. The CRA is presented in the financial statements of the City as a special revenue fund.

These financial statements include the accounts and transactions of the following entities, which do not satisfy the definition of component units because they are not legally separate from the City:

- Auburndale Municipal Firefighters' Pension Trust Fund established pursuant to Florida Statute chapter 175 and Ordinance No. 799.
- Auburndale Municipal Police Officers' Pension Trust Fund established pursuant to Florida Statute chapter 185 and Ordinance No. 823.
- Restated Defined Benefit Retirement Income Plan for Employees of the City of Auburndale, Florida, restated by Ordinance No. 1640.

**B. BASIS OF PRESENTATION**

The basic financial statements consist of the government-wide financial statements and fund financial statements.

**Government-wide Financial Statements** - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the nonfiduciary activities of the City. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of interfund services provided and used which are not eliminated in the process of consolidation because elimination of these charges would distort the direct costs reported for the various functions concerned.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

The City's fiduciary funds are also excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government. *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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment, including depreciation. The City does not allocate the interest expense of governmental fund debt or indirect costs such as finance, personnel, legal, etc. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**Fund Financial Statements** - The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Cod. Sec 2200 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Each major fund is presented in a separate column and all non-major funds are aggregated and presented in a single column. The City's fiduciary funds are presented in the fund financial statements by type (pension trust funds only) but as noted above are not included in the government-wide statements.

Funds are classified into three categories: governmental, proprietary and fiduciary. The funds used by the City are as follows:

The City reports the following major governmental funds:

- **General Fund** – The General Revenue 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. Most of the essential governmental services such as public safety, public works, sanitation, street construction and maintenance, culture and recreation, and general administration are provided by the general fund.
- **Auburndale Community Redevelopment Agency (the "CRA")** The CRA was created by City Ordinance No. 772 pursuant to Florida Statutes chapter 163. Due to its profile in the community and to comply with the audit requirements of Section 163.387(8), Florida Statutes, the City electively added the CRA as a major fund. The CRA has the power to levy taxes or appropriate funds to preserve and enhance the designated CRA district which includes the downtown Auburndale area. The CRA receives the incremental ad valorem taxes generated in future years by the increase in property values in the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The CRA's Board members consist of the City Commission and two appointed citizens.
- **Impact Fee Special Revenue Fund** – In response to the requirements of Section 163.31801, Florida Statutes, this fund was created in 2020 to account for the financial transactions of the City impact fees other than water and sewer impact fees, which are accounted for in the enterprise fund. This fund does not meet the major fund criteria set forth in GASB Cod. Sec 2200 but management has elected to report the impact fee special revenue fund as a major fund to improve transparency and to demonstrate compliance with Section 163.31801, Florida Statutes.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

The City reports the following major proprietary fund:

- **Enterprise Fund** – The Enterprise Fund accounts for the activities associated with providing potable water and sewer collection, treatment and disposal services to area residents and businesses.

In addition, the City reports the following fund types:

- **Fiduciary Funds** – The City's employee benefit plans are comprised of three Pension Trust Funds which accumulate resources to provide retirement benefits to City employees. The three pension trust funds are the Auburndale Police Officers' Pension Trust Fund, Auburndale Firefighters' Pension Trust Fund, and the Restated Defined Benefit Retirement Income Plan for Employees of the City of Auburndale, Florida hereafter referred to as the General Employees' Pension Trust Fund.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide financial statements, the proprietary fund financial statements and the fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental 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 collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

Property taxes, franchise and public service taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions and voluntary nonexchange transactions are reported as liabilities until the eligibility requirements (excluding time requirements) are met and as deferred inflows if received before time requirements are met and all other eligibility requirements have been satisfied.

Proprietary fund operating revenues generally result from producing or providing potable water and wastewater collection, treatment and disposal services to area residents. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE**

**CASH AND INVESTMENTS** – Cash and investments and related accrued investment earnings are reported in the financial statements as “Equity in cash and investments” under the City’s “pooling” concept (See Note 4). The City’s governmental funds and the proprietary fund deposits monies into the equity in cash and investment pool. Investment earnings are distributed in accordance with the participating funds relative percentage of investments. The proprietary fund uses this pool as a demand deposit account, and accordingly, all amounts in the pool are considered cash and cash equivalents for purposes of the statement of cash flows.

- **Equity in Cash and Investments** – The City maintains an accounting system which centralizes the investment function of all funds. Each fund’s “share” of these pooled cash and investments are included in equity in cash and investments on the accompanying balance sheets/statements of net position.
- **Restricted Equity in Cash and Investments** – Represents equity in pooled cash and investments and separately identified investments that are legally restricted to specific uses by external parties or enabling legislation. The City generally uses restricted resources first when an expenditure/expense is incurred for which both restricted and unrestricted resources are available.

**RECEIVABLES** – In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include grants, and sales, utility and franchise taxes. Receivables for business-type activities represent grants and unpaid bills for utility services. Allowances for uncollectible accounts receivable are based upon historical trends. Receivables are reported net of allowances for uncollectible accounts receivable where applicable. At year end this allowance amounted to \$4,000 in the business-type activities.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**INTERFUND BALANCES** – Transactions between funds that result in amounts owed are referred to as either “due from/to other funds” for current interfund loans or “advances from/to other funds” for noncurrent interfund loans. Amounts receivable from, or payable to, other funds are reflected in the account of the fund until liquidated. Any remaining balance are reported in the government-wide statements as “internal balances”.

**INVENTORY** – Inventories of expendable supplies are recorded at year-end, if material. These inventories are reported at cost on a first-in, first-out basis. They are recorded as expenditures at the time individual inventory items are used.

**PREPAID ITEMS** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

**CAPITAL ASSETS** - In the government-wide financial statements capital assets include land, buildings, improvements, utility plant, infrastructure and furniture and equipment. Capital assets are defined by City ordinance as tangible property with an individual cost of \$1,000 or improvements having an initial cost of \$10,000 and an estimated useful life more than one year. Such assets are recorded at historical cost, if purchased, and at acquisition value at date of gift, if donated. Major additions (over \$10,000) are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Depreciation expense is recorded as an expense of each applicable governmental function in the statement of activities, with accumulated depreciation netted with capital assets in the statement of net position. Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

| <u>Asset Type</u>          | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 10-40        |
| Utility system             | 15-35        |
| Machinery and equipment    | 3-20         |
| Infrastructure:            |              |
| Streets                    | 80           |
| Road resurfacing           | 10-15        |
| Sidewalks                  | 40           |
| Drainage                   | 50           |

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**INTEREST COSTS** - Interest costs are capitalized when incurred on debt the proceeds of which were used to finance the construction of enterprise fund capital assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. No interest cost was capitalized for the year ended September 30, 2020.

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will *not* be recognized as an outflow of resources (expense/expenditure) until that time.

The City has three items that qualifies for reporting as deferred outflows of resources as follows:

*Deferred outflows related to pensions* - The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

*Deferred outflows related to Other Postemployment Benefits (OPEB)* – The deferred outflows Cod. Sec. P52 and will be recognized in OPEB expense in future reporting years.

*Deferred outflows – loss of refunding* - This item is a deferred charge on refunding that results from the difference in the carrying value of a refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applied to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The City has two items that qualify for reporting as deferred inflows of resources as follows:

*Deferred inflows related to pensions* - The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized as a reduction to pension expense in future reporting years.

*Deferred inflows related to OPEB* – The deferred inflows related to OPEB are an aggregate of items related to OPEB as calculated in accordance with GASB Cod. Sec. P52 and will be recognized as a reduction to OPEB expense in future reporting years.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**LONG-TERM OBLIGATIONS** - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

**COMPENSATED ABSENCES** – The City personnel policy provides for the payment of accrued vacation and sick pay upon separation of its employees. The liability for these compensated absences is recorded as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured because of employee resignations, terminations or retirements.

**INTERFUND TRANSFERS** – Permanent reallocation of resources between the funds of the City are classified as interfund transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statement presentation.

**CONNECTION FEES AND CAPACITY FEES** – Water connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities and are recorded as operating revenue when received. Capacity fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as capital contributions when received. Prepaid impact fees received, which reserve capacity in the City’s future water facilities, are reported as capital contributions when the requirements of the Developer agreements are met by the City.

**ON-BEHALF PAYMENTS FOR FRINGE BENEFITS** - The City receives on-behalf payments from the State of Florida to be used for Municipal Police Officers’ Pension Plan and Municipal Firefighters’ Pension Plan contributions which totaled \$172,422 and \$107,595 respectively, for the fiscal year ended September 30, 2020. Such payments are recorded as intergovernmental revenue and public safety expenses/expenditures in the government-wide and general fund financial statements but are not budgeted and therefore are not included in the general fund budgetary basis financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**EQUITY CLASSIFICATIONS -**

**Government-wide Statements** - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

*Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions.

*Unrestricted net position* - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

**Fund Statements** - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the City’s circumstances. The following classifications describe the relative strength of the spending constraints:

*Nonspendable* — amounts that cannot be spent either because they are in nonspendable form (such as inventory) or because they are legally or contractually required to be maintained intact.

*Restricted* — amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* — amounts constrained to specific purposes by formal action (ordinance) of the City using its highest level of decision-making authority (the City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City Commission takes the same highest-level action (ordinance) to remove or change the constraint.

*Assigned* — amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. The City Commission has not established a formal policy regarding authorization to assign fund balance amounts for a specific purpose.

*Unassigned* — all other spendable amounts.

The City uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (concluded)

The City Commission has established the targeted minimum reserve balance in the City's general fund unassigned fund balance equal to 25% of the general fund's subsequent fiscal year budgeted operating expenditures. For purposes of this calculation, the subsequent fiscal year budgeted operating expenditures do not include capital outlay expenditures, funding of reserves nor the debt service expenditures for the Capital Improvement Series 2015 note and the Public Improvements, Series 2011 bonds because the debt service for these debt issues are reimbursed through an agreement with Polk County, Florida.

If, at the end of any fiscal year, the actual amount of "unassigned fund balance" falls below the targeted levels set forth herein, a plan shall be established to achieve the target by adding a designated amount to the budget to cover the deficiency over a period not to exceed five (5) fiscal years. In the event that the "unassigned fund balance" exceeds the amounts set forth herein, the excess may be utilized for any lawful purpose. Appropriation of the minimum reserve balances, once met, shall require the approval of the City Commission by inclusion in the approved annual budget. Compliance with the provisions of the minimum fund balance policy shall be reviewed as a part of the annual budget adoption process and the amounts of non-spendable, restricted, committed, assigned and unassigned fund balance shall be determined during this process. Any changes to the targeted amounts established herein must be approved by the City Commission.

**USE OF ESTIMATES** – The preparation of the basic financial statements in conformity with generally accepted accounting principles, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the basic financial statements. Actual results could differ from estimates.

**NOTE 2 - PROPERTY TAX CALENDAR**

Under Florida Law, the assessment of all properties and the collection of all county, municipal, special districts and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The tax levy of the City is established by the City Council prior to October 1 of each year and the Polk County Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, the County, independent districts and the Polk County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2020 was 4.2515.

All taxes are due and payable on November 1 of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in of November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property.

**NOTE 3 - BUDGETARY LAW AND PRACTICE**

The budget is adopted by Ordinance on a City-wide basis for all City funds on or before October 1 of each year as required by State Statute. City Ordinance establishes the legal level of budgetary control at the individual fund level. Expenditures may not exceed appropriations at this level. Budgets for all funds are adopted on the modified accrual basis which differs from the basis used for financial reporting purposes in the enterprise fund. The budgetary comparison schedule for the General Fund, the CRA and the Impact Fee Special Revenue Fund, all major governmental funds, are reported as required supplementary information and can be found by referencing the table of contents of this report.

**NOTE 3 - BUDGETARY LAW AND PRACTICE** (concluded)

For the year ended September 30, 2020, the general fund’s actual charges to appropriations exceeded the budgeted amounts by \$673,080 and this over expenditure was funded by greater than anticipated revenues for the year.

**NOTE 4 – CASH AND INVESTMENTS**

A common cash and investment pool is maintained for use by all governmental and proprietary funds. The “Equity in cash and investments” on the city-wide financial statements consists of each funds’ claim on the pooled cash and investments and defined as resources that can be liquidated without a significant delay or penalty. Cash and investments segregated as required by bond covenants or enabling legislation are classified as “restricted assets”. Investment earnings are allocated to the individual funds monthly based on the funds’ weighted average monthly cash and investment balance. The City does not have a formal investment policy and are therefore required to adhere to Section 218.415 (17), Florida Statutes which allows the City to invest surplus funds in the following investments: Local Government Surplus Funds Trust Fund, money market funds with the highest credit quality rating, time deposits or savings accounts in qualified public depositories, direct obligations of the U.S. Treasury or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.

The City’s defined benefit pension trust funds are authorized by City Ordinances to invest in a variety of deposits and investments subject to certain limitations.

Deposits and investments as of September 30, 2020 (excluding deposits and investments held in the City’s fiduciary funds):

|   |                      |
|---|----------------------|
| City-wide Cash and Investments                |                      |
| Cash on hand                                  | \$ 3,218             |
| Cash deposits in financial institutions:      |                      |
| Insured or fully collateralized bank deposits | 17,587,842           |
| Certificates of deposit                       | 456,963              |
| FL SAFE Stable NAV Fund                       | <u>8,413,788</u>     |
| Total cash and investments                    | <u>\$ 26,461,811</u> |

**Custodial Credit Risk-Deposits**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City’s cash deposits may not be returned to the City.

The City’s deposits (cash and certificates of deposit) are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. All deposits are held in *qualified public* depositories. These depositories participate in a shared risk collateral pool overseen by the State of Florida and established by Florida Statute. The State of Florida collateral pool is a multiple financial institution pool which provides for additional amounts to be assessed to the members of the pool if the value of the pool’s collateral is inadequate to cover a loss. The amounts covered by the pool are considered *insured* for financial reporting disclosure requirements. Because of this arrangement, management believes the City’s deposits are not exposed to custodial credit risk.

**NOTE 4 – CASH AND INVESTMENTS** (cont...)

**Custodial credit risk – Investments**

Custodial credit risk for investments is the risk that, in the event of a failure by the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City has no formal policy regarding custodial credit risk. The City’s investments in the FL SAFE Stable NAV fund are investments in external investment pools and are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**Interest rate and credit risk**

Interest rate risk exists when there is a possibility that change in interest rates could adversely affect an investment’s fair value. Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfil its obligations. Information related to interest rate and credit risk for the City’s fixed income investments at September 30, 2020 is summarized below:

| Investment Type                               | S&P<br>Rating | Fair<br>Value       | Weighted<br>Average<br>Duration (WAD) /<br>Weighted<br>Average<br>Maturity (WAM) |
|---|---------------|---------------------|--|
| <b>Primary government</b>                     |               |                     |  |
| FL SAFE Stable NAV Fund                       | AAAm          | \$ 8,413,788        | WAM 60 days  |
| <b>General Employees’ Pension Trust Fund:</b> |               |                     |  |
| Short-term money market                       | AAAm          | 598,078             | WAD 0.00   |
| U.S. Government obligations                   | AAA           | 957,526             | WAD 2.32   |
| Mortgage/asset backed securities              | Not Rated     | 2,960,739           | WAD 0.15   |
| Fixed income mutual fund                      | Not Rated     | -                   | WAD -0.80  |
| Corporate and foreign bonds                   | BBB+ to A     | 1,452,629           | WAD 0.78   |
|   |               | <u>\$ 5,968,972</u> |  |
| <b>Police Officers’ Pension Trust Fund:</b>   |               |                     |  |
| Short-term money market                       | AAAm          | 200,867             | WAD 0.00   |
| Fixed income mutual funds:                    |               |                     |  |
| Baird Aggregate Bond Fund                     | Not Rated     | 2,241,606           | WAD 6.12   |
| Dodge & Cox Income Fund                       | Not Rated     | 2,272,551           | WAD 4.80   |
|   |               | <u>4,514,157</u>    |  |
|   |               | <u>\$ 4,715,024</u> |  |
| <b>Firefighters’ Pension Trust Fund:</b>      |               |                     |  |
| Short-term money market                       | AAAm          | 178,345             | WAD 0.00   |
| Fixed income mutual funds:                    |               |                     |  |
| Baird Aggregate Bond Fund                     | Not Rated     | 1,264,826           | WAD 6.12   |
| Dodge & Cox Income Fund                       | Not Rated     | 1,178,873           | WAD 4.80   |
|   |               | <u>2,443,699</u>    |  |
|   |               | <u>\$ 2,622,044</u> |  |

**NOTE 4 – CASH AND INVESTMENTS** (cont...)

**Investments – Fair Value**

The City categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. At the end of the fiscal year, neither the City nor the pension trust funds had investments classified as Level 3 assets in its portfolio.

The City (excluding pension trust fund investments) had the following recurring fair value measurements as of September 30, 2020:

- FL SAFE Stable NAV fund investments of \$8,413,788 are valued using amortized cost.

The City’s Pension Trust Funds have the following recurring fair value measurements as of September 30, 2020:

**General Employees’ Pension Trust Fund:**

|  | September 30,<br>2020       | Level 1              | Level 2             | Level 3     |
|--|-----------------------------|----------------------|---------------------|-------------|
| <b>Investments at fair value</b>                     |                             |                      |                     |             |
| U.S. Government obligations                          | \$ 957,526                  | \$ 843,311           | \$ 114,215          | \$ -        |
| Mortgage/asset backed securities                     | 2,960,739                   | 718,328              | 2,242,411           | -           |
| Corporate and foreign bonds                          | 1,452,629                   | -                    | 1,452,629           | -           |
| Equity mutual funds                                  | 13,753,099                  | 13,753,099           | -                   | -           |
| Total investments by fair value level                | <u>19,123,993</u>           | <u>\$ 15,314,738</u> | <u>\$ 3,809,255</u> | <u>\$ -</u> |
| <b>Investments measured at amortized cost</b>        |                             |                      |                     |             |
| Short-term money market                              | 598,078                     |                      |                     |             |
| <b>Investments measured at net asset value (NAV)</b> |                             |                      |                     |             |
| Real estate investment fund                          | <u>1,891,301</u>            |                      |                     |             |
| <b>Total investments</b>                             | <u><u>\$ 21,613,372</u></u> |                      |                     |             |

The General Employees’ Pension Trust Fund owns shares in a real estate investment fund which is a pooled investment fund that is a broadly diversified core real estate fund that reports its value at net asset value (NAV) per share. Redemption requests of units in the real estate investment fund may be made at any time and are effective at the end of the calendar quarter in which the request is received by the investment fund. The units that are subject to a redemption notice may be redeemed in installments as funds become available for such purpose and the redemption price will be the value per unit at such time the payment is made. The real estate investment fund is not required to liquidate or encumber assets or defer investments in order to make redemptions.

All investments of the real estate investment fund are appraised by independent third-party property appraisers who hold the MAI designation, each quarter, commencing the quarter after the investment is made. The MAI designation has long been recognized as a mark of excellence in the field of real estate valuation services and is awarded by the Appraisal Institute which is a global professional association of real estate appraisers.

**NOTE 4 – CASH AND INVESTMENTS** (cont...)

**Police Officers’ Pension Trust Fund:**

|  | September 30,<br>2020 | Level 1              | Level 2     | Level 3     |
|--|-----------------------|----------------------|-------------|-------------|
| <b>Investments at fair value</b>                     |                       |                      |             |             |
| Fixed income mutual funds                            | \$ 4,514,157          | \$ 4,514,157         | \$ -        | \$ -        |
| Equity securities                                    | 2,330,568             | 2,330,568            | -           | -           |
| Equity mutual funds                                  | <u>6,123,656</u>      | <u>6,123,656</u>     | -           | -           |
| Total investments at fair value                      | <u>12,968,381</u>     | <u>\$ 12,968,381</u> | <u>\$ -</u> | <u>\$ -</u> |
| <b>Investments measured at amortized cost</b>        |                       |                      |             |             |
| Short-term money market                              | 200,867               |                      |             |             |
| <b>Investments measured at net asset value (NAV)</b> |                       |                      |             |             |
| Real estate investment fund                          | <u>1,321,674</u>      |                      |             |             |
| <b>Total investments</b>                             | <u>\$ 14,490,922</u>  |                      |             |             |

**Firefighters’ Pension Trust Fund:**

|  | September 30,<br>2020 | Level 1             | Level 2     | Level 3     |
|--|-----------------------|---------------------|-------------|-------------|
| <b>Investments at fair value</b>                     |                       |                     |             |             |
| Fixed income mutual funds                            | \$ 2,443,699          | \$ 2,443,699        | \$ -        | \$ -        |
| Equity securities                                    | 1,360,468             | 1,360,468           | -           | -           |
| Equity mutual funds                                  | <u>3,529,958</u>      | <u>3,529,958</u>    | -           | -           |
| Total investments at fair value                      | <u>7,334,125</u>      | <u>\$ 7,334,125</u> | <u>\$ -</u> | <u>\$ -</u> |
| <b>Investments measured at amortized cost</b>        |                       |                     |             |             |
| Short-term money market                              | 178,345               |                     |             |             |
| <b>Investments measured at net asset value (NAV)</b> |                       |                     |             |             |
| Real estate investment fund                          | <u>772,786</u>        |                     |             |             |
| <b>Total investments</b>                             | <u>\$ 8,285,256</u>   |                     |             |             |

Debt and equity securities classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

**NOTE 4 – CASH AND INVESTMENTS** (concluded)

The Police Officers’ and Firefighters’ Pension Trust Fund owns shares in a pooled real estate investment fund that reports its value at net asset value (NAV) per share and is invested in a diversified real estate investment portfolio consisting primarily of high quality, well leased real estate properties in multifamily, industrial, office, retail, and hotel sectors. Redemption requests of units in the real estate investment fund may be made at any time and are effective the next business day. The fund manager maintains a contractual ability to limit withdrawals.

All investments of the real estate investment fund are appraised by independent third-party property appraisers who hold the MAI designation, each quarter, commencing the quarter after the investment is made.

**Concentration of Credit Risk**

Concentration of credit risk is defined as when five percent or more of the total investments are invested with one issuer. Investments issued or explicitly guaranteed by the United States government and investments in mutual funds or pools are excluded. There were no concentrations to disclose for the year ended September 30, 2020.

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**NOTE 5 - CAPITAL ASSETS**

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

|   | Balance<br>October 1,<br>2019 | Transfers          | Increases            | Decreases          | Balance<br>September 30,<br>2020 |
|---|-------------------------------|--------------------|----------------------|--------------------|----------------------------------|
| <b><u>Governmental Activities:</u></b>        |                               |                    |                      |                    |                                  |
| <b>Capital assets, not being depreciated:</b> |                               |                    |                      |                    |                                  |
| Land  | \$ 5,350,366                  | \$ -               | \$ 65,633            | \$ (25,000)        | \$ 5,390,999                     |
| Infrastructure - land                         | 1,163,030                     | -                  | 144,349              | -                  | 1,307,379                        |
| Construction in process                       | 338,548                       | (1,073,845)        | 8,603,598            | -                  | 7,868,301                        |
| Total capital assets, not being depreciated   | <u>6,851,944</u>              | <u>(1,073,845)</u> | <u>8,813,580</u>     | <u>(25,000)</u>    | <u>14,566,679</u>                |
| <b>Capital assets, being depreciated:</b>     |                               |                    |                      |                    |                                  |
| Buildings and improvements                    | 39,137,535                    | 35,269             | 353,009              | (60,000)           | 39,465,813                       |
| Equipment                                     | 14,047,377                    | (17,828)           | 1,095,985            | (1,019,079)        | 14,106,455                       |
| Infrastructure:                               |                               |                    |                      |                    |                                  |
| Road network                                  | 16,467,742                    | 653,903            | 4,586,735            | -                  | 21,708,380                       |
| Sidewalks                                     | 351,724                       | -                  | -                    | -                  | 351,724                          |
| Stormwater drainage                           | 734,474                       | 384,673            | -                    | -                  | 1,119,147                        |
| Total capital assets, being depreciated       | <u>70,738,852</u>             | <u>1,056,017</u>   | <u>6,035,729</u>     | <u>(1,079,079)</u> | <u>76,751,519</u>                |
| Less accumulated depreciation for:            |                               |                    |                      |                    |                                  |
| Buildings and improvements                    | (12,472,273)                  | -                  | (1,078,325)          | 28,059             | (13,522,539)                     |
| Equipment                                     | (8,158,987)                   | 5,953              | (955,699)            | 1,002,779          | (8,105,954)                      |
| Infrastructure:                               |                               |                    |                      |                    |                                  |
| Road network                                  | (6,048,747)                   | -                  | (868,055)            | -                  | (6,916,802)                      |
| Sidewalks                                     | (129,977)                     | -                  | (8,759)              | -                  | (138,736)                        |
| Stormwater drainage                           | (210,027)                     | -                  | (14,690)             | -                  | (224,717)                        |
| Total accumulated depreciation                | <u>(27,020,011)</u>           | <u>5,953</u>       | <u>(2,925,528)</u>   | <u>1,030,838</u>   | <u>(28,908,748)</u>              |
| Total capital assets being depreciated, net   | <u>43,718,841</u>             | <u>1,061,970</u>   | <u>3,110,201</u>     | <u>(48,241)</u>    | <u>47,842,771</u>                |
| Governmental activities capital assets, net   | <u>\$ 50,570,785</u>          | <u>\$ (11,875)</u> | <u>\$ 11,923,781</u> | <u>\$ (73,241)</u> | <u>\$ 62,409,450</u>             |
| <b><u>Business-type activities:</u></b>       |                               |                    |                      |                    |                                  |
| <b>Capital assets, not being depreciated:</b> |                               |                    |                      |                    |                                  |
| Land  | \$ 11,277,429                 | \$ -               | \$ 6,052             | \$ -               | \$ 11,283,481                    |
| Construction-in-progress                      | 854,818                       | -                  | 6,330,407            | -                  | 7,185,225                        |
| Total capital assets, not being depreciated   | <u>12,132,247</u>             | <u>-</u>           | <u>6,336,459</u>     | <u>-</u>           | <u>18,468,706</u>                |
| <b>Capital assets, being depreciated:</b>     |                               |                    |                      |                    |                                  |
| Utility plant                                 | 84,453,749                    | -                  | 2,090,181            | -                  | 86,543,930                       |
| Equipment                                     | 2,193,429                     | 17,828             | 272,546              | (54,914)           | 2,428,889                        |
| Total capital assets, being depreciated       | <u>86,647,178</u>             | <u>17,828</u>      | <u>2,362,727</u>     | <u>(54,914)</u>    | <u>88,972,819</u>                |
| Less accumulated depreciation for:            |                               |                    |                      |                    |                                  |
| Utility plant                                 | (42,622,556)                  | (3,262)            | (2,877,894)          | -                  | (45,503,712)                     |
| Equipment                                     | (1,609,546)                   | (2,691)            | (160,840)            | 50,580             | (1,722,497)                      |
| Total accumulated depreciation                | <u>(44,232,102)</u>           | <u>(5,953)</u>     | <u>(3,038,734)</u>   | <u>50,580</u>      | <u>(47,226,209)</u>              |
| Total capital assets being depreciated, net   | <u>42,415,076</u>             | <u>11,875</u>      | <u>(676,007)</u>     | <u>(4,334)</u>     | <u>41,746,610</u>                |
| Business-type activities capital assets, net  | <u>\$ 54,547,323</u>          | <u>\$ 11,875</u>   | <u>\$ 5,660,452</u>  | <u>\$ (4,334)</u>  | <u>\$ 60,215,316</u>             |

**NOTE 5 - CAPITAL ASSETS** (concluded)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

|  |    |                  |
|--|----|------------------|
| General government                                   | \$ | 14,507           |
| Library  |    | 19,973           |
| Police   |    | 274,281          |
| Fire   |    | 291,756          |
| Building and zoning                                  |    | 3,247            |
| Public works   |    | 18,807           |
| Sanitation   |    | 117,571          |
| Streets  |    | 1,061,611        |
| Parks and recreation                                 |    | 1,123,775        |
| Total depreciation expense - governmental activities | \$ | <u>2,925,528</u> |

Business-type Activities:

|   |    |                  |
|---|----|------------------|
| Water and wastewater system                           | \$ | <u>3,038,734</u> |
| Total depreciation expense - business-type activities | \$ | <u>3,038,734</u> |

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**NOTE 6 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended September 30, 2020:

|   | Balance<br>October 1,<br>2019 | Increases     | Decreases      | Balance<br>September 30,<br>2020 | Amounts<br>Due within<br>One Year |
|---|-------------------------------|---------------|----------------|----------------------------------|-----------------------------------|
| <b>Governmental Activities:</b>                 |                               |               |                |                                  |                                   |
| <b>Long-term liabilities:</b>                   |                               |               |                |                                  |                                   |
| <i>Long-term debt:</i>                          |                               |               |                |                                  |                                   |
| Bonds and notes payable:                        |                               |               |                |                                  |                                   |
| Direct borrowings or placements:                |                               |               |                |                                  |                                   |
| Capital improvement, Series 2015                | \$ 4,000,000                  | \$ -          | \$ (180,000)   | \$ 3,820,000                     | \$ 185,000                        |
| FMLC Revenue Bonds, Series 2019B                | -                             | 8,600,000     | -              | 8,600,000                        | -                                 |
| Fleet purchase loan - 2020                      | -                             | 218,890       | (10,619)       | 208,271                          | 33,783                            |
| Fleet purchase loan - 2019                      | 182,909                       | -             | (29,067)       | 153,842                          | 31,433                            |
| Premiums (discounts), net                       |                               | 840,267       | (45,313)       | 794,954                          | -                                 |
| Subtotal  | 4,182,909                     | 9,659,157     | (264,999)      | 13,577,067                       | 250,216                           |
| Other bonds and notes payable:                  |                               |               |                |                                  |                                   |
| Public improvements, Series 2011                | 2,640,000                     | -             | (850,000)      | 1,790,000                        | 875,000                           |
| Public improvements, Series 2016                | 4,705,000                     | -             | (525,000)      | 4,180,000                        | 535,000                           |
| Premiums (discounts), net                       | 129,748                       | -             | (25,009)       | 104,739                          | -                                 |
| Subtotal  | 7,474,748                     | -             | (1,400,009)    | 6,074,739                        | 1,410,000                         |
| Total bonds and notes payable                   | 11,657,657                    | 9,659,157     | (1,665,008)    | 19,651,806                       | 1,660,216                         |
| <i>Other liabilities:</i>                       |                               |               |                |                                  |                                   |
| Other postemployment benefits                   | 10,908,921                    | -             | (730,051)      | 10,178,870                       | -                                 |
| Net pension liability                           | 9,489,594                     | 10,882        | -              | 9,500,476                        | -                                 |
| Compensated absences                            | 982,552                       | 507,810       | (440,892)      | 1,049,470                        | 104,947                           |
| Total other liabilities                         | 21,381,067                    | 518,692       | (1,170,943)    | 20,728,816                       | 104,947                           |
| Total long-term liabilities                     | \$ 33,038,724                 | \$ 10,177,849 | \$ (2,835,951) | 40,380,622                       | \$ 1,765,163                      |
| Less amounts due in one year                    |                               |               |                | (1,765,163)                      |                                   |
| Net long-term liabilities in excess of one year |                               |               |                | \$ 38,615,459                    |                                   |
| <b>Business-type Activities:</b>                |                               |               |                |                                  |                                   |
| <b>Long-term liabilities:</b>                   |                               |               |                |                                  |                                   |
| <i>Long-term debt:</i>                          |                               |               |                |                                  |                                   |
| Bonds and notes payable:                        |                               |               |                |                                  |                                   |
| Water and sewer, Series 2006                    | \$ 6,765,000                  | \$ -          | \$ (825,000)   | \$ 5,940,000                     | \$ 870,000                        |
| Water and sewer, Series 2016                    | 28,750,000                    | -             | (485,000)      | 28,265,000                       | 495,000                           |
| Premiums (discounts), net                       | 810,020                       | -             | (55,265)       | 754,755                          | -                                 |
| Subtotal  | 36,325,020                    | -             | (1,365,265)    | 34,959,755                       | 1,365,000                         |
| Other long-term debt:                           |                               |               |                |                                  |                                   |
| Joint venture loan guarantee                    | 285,790                       | 220,616       | -              | 506,406                          | -                                 |
| Total long-term debt                            | 36,610,810                    | 220,616       | (1,365,265)    | 35,466,161                       | 1,365,000                         |
| <i>Other liabilities:</i>                       |                               |               |                |                                  |                                   |
| Other postemployment benefits                   | 2,577,842                     | 44,565        | -              | 2,622,407                        | -                                 |
| Net pension liability                           | 1,476,416                     | 217,145       | -              | 1,693,561                        | -                                 |
| Compensated absences                            | 209,271                       | 76,681        | (81,182)       | 204,770                          | 20,477                            |
| Total other liabilities                         | 4,263,529                     | 338,391       | (81,182)       | 4,520,738                        | 20,477                            |
| Total long-term liabilities                     | \$ 40,874,339                 | \$ 559,007    | \$ (1,446,447) | 39,986,899                       | \$ 1,385,477                      |
| Less amounts due in one year                    |                               |               |                | (1,385,477)                      |                                   |
| Net long-term liabilities in excess of one year |                               |               |                | \$ 38,601,422                    |                                   |

**NOTE 6 - LONG-TERM OBLIGATIONS** (cont...)

**Notes to Long-Term Obligations Table**

Long term liabilities, including accumulated compensated absences are typically liquidated by the individual fund to which the liability is directly associated.

**Interest Included as Direct Expense:**

None of the interest on governmental activities long-term debt has been included in the direct expenses of any of the various programs.

**Governmental Activities:**

**Public Improvement Refunding Bonds Series 2011** - These bonds were issued June 9, 2011 in the amount of \$8,730,000 to refund the 2008 and 2007 Series Public Improvement Bonds, the proceeds of which were used to finance the cost of construction of the Lake Myrtle Sports Complex. The notes mature serially on December 1 of each year through December 1, 2021 with interest ranging from 2% to 4% and require the maintenance of a debt service sinking account. The County will pay the City annually such amounts of its tourist tax receipts to pay the principal and interest on these bonds as they become due. In the event of default, the lender has the right to take whatever legal actions necessary, including the appointment of a receiver, to collect the amounts due.

**Capital Improvement Revenue Note, Series 2015** - These notes were issued August 25, 2015 in the amount of \$4,500,000 to fund new baseball fields at Lake Myrtle Sports Complex and are repayable from non-ad valorem revenues and mature serially on December 1 of each year through December 2035 with interest at 3.345% payable semiannually on June 1 and December 1. The County will pay the City annually such amounts of its tourist tax receipts to pay the principal and interest on these bonds as they become due. In the event of default, the lender has the right to take whatever legal actions necessary to collect the amounts due and may declare the entire principal and interest due and payable together with all accrued and unpaid interest. If any amount due is not paid by the 10<sup>th</sup> day following a scheduled payment date, the City is obligated to pay a 5% late fee of the past due amount and the interest rate on the amounts then due will increase to 18%.

**Public Improvements Revenue Bonds, Series 2016** - These bonds were issued October 13, 2016 in the amount of \$5,720,000 to refund the Public Improvements Series 2006 and 2009B bonds. The Series 2006 bonds were originally issued to refund the Series 1999 bonds which were used to fund the construction of new police and fire facilities. The Series 2009B bonds were used to fund the Lake Myrtle Sports Complex expansion. The new bonds mature serially on December 1 of each year through December 1, 2029 with interest payable semi-annually on June 1 and December 1 at rates ranging from 1.07% to 2.57%. In the event of default, the lender has the right to take whatever legal actions necessary, including the appointment of a receiver, to collect the amounts due.

**FMLC Revenue Bonds, Series 2019B** - These bonds were issued on October 7, 2019 with a face amount of \$8,600,000 plus an issuance premium of \$840,267. The proceeds were used to finance the acquisition, construction and/or equipping of capital improvements of the governmental activities. The bonds mature serially on December 1 of each year through December 1, 2049 with interest payable semi-annually on June 1 and December 1 at rates ranging from 3.00% to 5.00%. In the event of default, the lender has the right to take whatever legal actions necessary, including the appointment of a receiver, to collect the amounts due.

**NOTE 6 - LONG-TERM OBLIGATIONS** (cont...)

**Fleet Purchase Loan – 2019** – The City financed the purchase of eight vehicles with Enterprise FM Trust (lender) in the original amount of \$187,536. The terms of the note require monthly payments of principal and interest in the amount of \$3,535 and matures on August 1, 2023. The note bears interest at 7.86%. In the event of default, the lender has the right to take whatever legal actions necessary to collect the amounts due and may forcibly repossess the vehicles securing the note.

**Fleet Purchase Loan – 2020** – The City financed the purchase of eight vehicles with Enterprise FM Trust (lender) in the original amount of \$218,890. The terms of the note require monthly payments of principal and interest in the amount of \$4,183 and matures on May 1, 2025. The loan bears an average interest rate of 8.53%. In the event of default, the lender has the right to take whatever legal actions necessary to collect the amounts due and may forcibly repossess the vehicles securing the note.

**Business-Type Activities:**

None of the long-term debt of the business-type activities arose through direct borrowings or placements.

Water and Sewer Revenue Bonds - The water and sewer revenue certificates series 2006 and 2016 are secured by the net revenues of the water and sewer system and require the maintenance of a debt service sinking account, the 2006 Series requires a renewal and replacement reserve of \$250,000.

**Water and Sewer Revenue Bonds Series 2006** - These bonds were issued December 1, 2006 in the amount of \$13,725,000 to refund the 1995 Series bonds, the proceeds of which were used to fund water and sewer system improvements. The 2006 bonds mature serially on December 1 of each year through December 2025, with interest ranging from 5.25% to 5.375% payable semiannually on June 1 and December 1 of each year. In the event of default, the lender has the right to take whatever legal actions necessary, including the appointment of a receiver, to collect the amounts due.

**Water and Sewer Revenue Bonds Series 2016** - These bonds were issued September 29, 2016 in the amount of \$29,695,000 to advance refund the Water and Sewer Series 2007 and 2009 bonds and the existing revolving line of credit and to provide additional funds for improvements to the water and sewer systems. The debt refunded with the 2016 bonds were originally used for the construction of additions, extensions and improvements of the water and sewer system. The bonds mature serially on December 1 of each year through December 1, 2046 with interest payable semi-annually on June 1 and December 1 at rates ranging from 2% to 4%. In the event of default, the lender has the right to take whatever legal actions necessary to collect the amounts due.

**Joint Venture Loan Guarantee** – The City has entered into an agreement with the Florida Department of Environmental Protection to guarantee to pay the principal and interest of their proportional share of the State Revolving Fund (SRF) loan funds borrowed by the Polk Regional Water Cooperative to fund the projects of the combined projects implementation agreement. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on December 15, 2024 for a ten-year term to maturity on December 15, 2033. As of September 30, 2020, \$6,169,233 of SRF funds have been drawn by the PRWC. The City's proportionate share of this liability totaled \$506,406 as of September 30, 2020 and has been recorded as a City liability in the business-type/enterprise fund. See Note 13 for more information on the Polk Regional Water Cooperative.

**NOTE 6 - LONG-TERM OBLIGATIONS** (cont...)

**Maturities:** Annual requirements to repay all long-term bonds and notes payable as of September 30, 2020, are as follows:

| Fiscal Year Ending                  | Governmental Activities                 |                     |                               |                   |                      |                     |
|-------------------------------------|---|---------------------|-------------------------------|-------------------|----------------------|---------------------|
|                                     | Direct borrowings and direct placements |                     | Other bonds and notes payable |                   | Total                |                     |
|                                     | Principal                               | Interest            | Principal                     | Interest          | Principal            | Interest            |
| 2021                                | \$ 250,216                              | \$ 369,900          | \$ 1,410,000                  | \$ 161,757        | \$ 1,660,216         | \$ 531,657          |
| 2022                                | 400,868                                 | 476,831             | 1,460,000                     | 111,944           | 1,860,868            | 588,775             |
| 2023                                | 417,014                                 | 458,546             | 570,000                       | 76,916            | 987,014              | 535,462             |
| 2024                                | 455,608                                 | 438,949             | 580,000                       | 59,669            | 1,035,608            | 498,618             |
| 2025                                | 423,407                                 | 418,186             | 595,000                       | 45,019            | 1,018,407            | 463,205             |
| 2026-2030                           | 2,095,000                               | 1,836,989           | 1,355,000                     | 115,841           | 3,450,000            | 1,952,830           |
| 2031-2035                           | 2,560,000                               | 1,366,802           | -                             | -                 | 2,560,000            | 1,366,802           |
| 2036-2040                           | 1,765,000                               | 928,118             | -                             | -                 | 1,765,000            | 928,118             |
| 2041-2045                           | 1,790,000                               | 598,400             | -                             | -                 | 1,790,000            | 598,400             |
| 2046-2050                           | 2,155,000                               | 237,900             | -                             | -                 | 2,155,000            | 237,900             |
| 2051-2055                           | 470,000                                 | 7,050               | -                             | -                 | 470,000              | 7,050               |
| Unamortized bond premium (discount) | 794,954                                 | -                   | 104,739                       | -                 | 899,693              | -                   |
| <b>Total</b>                        | <b>\$ 13,577,067</b>                    | <b>\$ 7,137,671</b> | <b>\$ 6,074,739</b>           | <b>\$ 571,146</b> | <b>\$ 19,651,806</b> | <b>\$ 7,708,817</b> |

| Fiscal Year Ending                  | Business-type Activities |                      |                              |                  |                      |                      |
|-------------------------------------|--------------------------|----------------------|------------------------------|------------------|----------------------|----------------------|
|                                     | Bonds and notes payable  |                      | Joint venture loan guarantee |                  | Total                |                      |
|                                     | Principal                | Interest             | Principal                    | Interest         | Principal            | Interest             |
| 2021                                | \$ 1,365,000             | \$ 1,203,688         | \$ -                         | \$ -             | \$ 1,365,000         | \$ 1,203,688         |
| 2022                                | 1,425,000                | 1,141,756            | -                            | -                | 1,425,000            | 1,141,756            |
| 2023                                | 1,490,000                | 1,076,938            | -                            | -                | 1,490,000            | 1,076,938            |
| 2024                                | 1,555,000                | 1,009,100            | -                            | -                | 1,555,000            | 1,009,100            |
| 2025                                | 1,620,000                | 940,906              | -                            | -                | 1,620,000            | 940,906              |
| 2026-2030                           | 8,055,000                | 3,901,681            | 222,026                      | 77,404           | 8,277,026            | 3,979,085            |
| 2031-2035                           | 9,665,000                | 2,265,763            | 284,380                      | 15,049           | 9,949,380            | 2,280,812            |
| 2036-2040                           | 7,085,000                | 659,863              | -                            | -                | 7,085,000            | 659,863              |
| 2041-2045                           | 1,345,000                | 200,525              | -                            | -                | 1,345,000            | 200,525              |
| 2046-2050                           | 600,000                  | 18,906               | -                            | -                | 600,000              | 18,906               |
| Unamortized bond premium (discount) | 754,755                  | -                    | -                            | -                | 754,755              | -                    |
| <b>Total</b>                        | <b>\$ 34,959,755</b>     | <b>\$ 12,419,126</b> | <b>\$ 506,406</b>            | <b>\$ 92,453</b> | <b>\$ 35,466,161</b> | <b>\$ 12,511,579</b> |

**NOTE 6 - LONG-TERM OBLIGATIONS** (concluded)

**Pledged Revenues:**

The City has pledged certain future revenues, net of operation and maintenance expenses, for payment of debt. The following table provides a summary of the pledged revenues for the City's outstanding debt issues for which specific revenues have been pledged:

| <u>Pledged Revenue</u>  | <u>Revenue Pledged Through</u> | <u>Total Principal and Interest Outstanding</u> | <u>Current Year Principal and Interest Paid</u> | <u>Current Year Net Revenue</u> | <u>Percentage of Net Revenues to Principal and Interest Paid</u> |
|-------------------------|--------------------------------|---|---|---------------------------------|--|
| Water and sewer revenue | 12/1/2046                      | \$ 46,624,126                                   | \$ 2,570,456                                    | \$ 6,534,057                    | 254%   |

**NOTE 7 – PENSION TRUST FUNDS**

**Plan Descriptions** - The City of Auburndale contributes to three single-employer defined benefit pension plans: the General Employees' Pension Trust Fund, the Municipal Police Officers' Pension Trust Fund, and the Municipal Firefighters' Pension Trust Fund. Each plan provides retirement and disability benefits to plan members and beneficiaries. The plans are established by City Ordinance and the benefits and contribution requirements can be amended by the City Commission through ordinance. All three plans are administered by separate boards of trustees who are either appointed by the City Commission or elected by the plan members. It is the City's policy to annually fund the annual required contribution amount for each plan. Contributions are also provided to the Firefighters' and Police Officers' plans by the State of Florida from a tax collected on insurance premiums. Each plan issues a publicly available financial report that includes financial statements and required supplementary information (RSI) for that plan. Those reports may be obtained by contacting the City of Auburndale Finance Department, P.O. Box 186, Auburndale, FL 33823. It is the policy of the City to fund pension costs for defined benefit plans on an actuarial basis, which includes amortization of prior service costs, and to fund defined contribution plans as pension costs accrue.

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

**Benefits Provided** - The City's pension plans provide retirement and disability benefits. Benefits for all members vest after 10 years of service. Retirement benefits for general employee members are calculated at a blended rate of 2.5% for service after October 1, 2003 and 2.75% for service prior to October 1, 2003 of average compensation multiplied by years of creditable service. Normal retirement is the earlier of age 55 with 10 years of service or age 52 with 25 years of service. The Plan is closed for employees hired on or after October 1, 2006. Benefits for police officers are 3.5% and firefighters are 3.75% of average final compensation multiplied by years of creditable service. Normal retirement is the earlier of age 55 with 10 years of service or attainment of 20 years of service for police officers or 25 years of service for firefighters.

**NOTE 7 – PENSION TRUST FUNDS** (cont...)

**Contributions** - It is the City’s policy to annually fund the actuarially determined required contributions representing the difference between the actuarially determined amount and the contributions of plan members.

|                                     | General<br>Employees'<br>Pension<br>Trust Fund | Police<br>Officers'<br>Pension<br>Trust Fund | Fire-<br>Fighters'<br>Pension<br>Trust Fund |
|-------------------------------------|--|--|---|
| Contribution rates:                 |  |  |   |
| City                                | 70.1%  | 31.2%  | 45.0%                                       |
| Plan members                        | 2.0%   | 5.6%   | 9.1%  |
| Actuarially determined contribution | \$ 1,433,540                                   | \$ 656,186                                   | \$ 503,983                                  |
| Contributions made                  | \$ 1,433,540                                   | \$ 656,186                                   | \$ 503,983                                  |

**Plan Membership** - Participant data for the City pension plans as of the October 1, 2019 actuarial valuation date was as follows:

|   | General<br>Employees'<br>Pension<br>Trust Fund | Police<br>Officers'<br>Pension<br>Trust Fund | Fire-<br>Fighters'<br>Pension<br>Trust Fund |
|---|--|--|---|
| Inactive plan members or beneficiaries currently receiving benefits | 83   | 27   | 19  |
| Inactive plan members entitled to but not yet receiving benefits    | 9  | 21   | 6   |
| Active plan members   | 33   | 34   | 19  |
| Total   | <u>125</u>                                     | <u>82</u>                                    | <u>44</u>                                   |

**NOTE 7 – PENSION TRUST FUNDS (cont...)**

**Net Pension Liability** – The City’s net pension liability was measured as of September 30, 2019 for all three pension trust funds. The net pension liability as measured on September 30, 2019 is used for the City’s reporting period ending September 30, 2020. The components of the changes in the net pension liability for all three plans is shown below.

**General Employees’ Pension Trust Fund:**

|  | Increase (Decrease)        |                                |                                  |
|--|----------------------------|--------------------------------|----------------------------------|
|  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>(Asset) Liability |
|  | (a)                        | (b)                            | (a)-(b)                          |
| <b>Reporting period ending 9/30/2019</b>                         | \$ 26,619,700              | \$ 19,950,326                  | \$ 6,669,374                     |
| Changes for the year:  |                            |                                |                                  |
| Service cost   | 177,557                    | -                              | 177,557                          |
| Interest   | 1,944,432                  | -                              | 1,944,432                        |
| Difference between actual and<br>expected experience             | 436,845                    | -                              | 436,845                          |
| Contributions - City   | -                          | 1,681,890                      | (1,681,890)                      |
| Contributions - employee   | -                          | 43,981                         | (43,981)                         |
| Net investment income  | -                          | 674,844                        | (674,844)                        |
| Benefit payments, including refunds<br>of employee contributions | (1,742,995)                | (1,742,995)                    | -                                |
| Administrative expense   | -                          | (42,122)                       | 42,122                           |
| Net changes  | 815,839                    | 615,598                        | 200,241                          |
| <b>Reporting period ending 9/30/2020</b>                         | <b>\$ 27,435,539</b>       | <b>\$ 20,565,924</b>           | <b>\$ 6,869,615</b>              |

**Police Officers’ Pension Trust Fund:**

|  | Increase (Decrease)        |                                |                                  |
|--|----------------------------|--------------------------------|----------------------------------|
|  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>(Asset) Liability |
|  | (a)                        | (b)                            | (a)-(b)                          |
| <b>Reporting period ending 9/30/2019</b>                         | \$ 15,007,269              | \$ 12,904,562                  | \$ 2,102,707                     |
| Changes for the year:  |                            |                                |                                  |
| Service cost   | 435,939                    | -                              | 435,939                          |
| Interest   | 1,122,282                  | -                              | 1,122,282                        |
| Difference between actual and<br>expected experience             | (386,108)                  | -                              | (386,108)                        |
| Contributions - City   | -                          | 466,685                        | (466,685)                        |
| Contributions - State  | -                          | 163,299                        | (163,299)                        |
| Contributions - employee   | -                          | 108,533                        | (108,533)                        |
| Net investment income  | -                          | 519,046                        | (519,046)                        |
| Benefit payments, including refunds<br>of employee contributions | (958,896)                  | (954,845)                      | (4,051)                          |
| Administrative expense   | -                          | (53,400)                       | 53,400                           |
| Net changes  | 213,217                    | 249,318                        | (36,101)                         |
| <b>Reporting period ending 9/30/2020</b>                         | <b>\$ 15,220,486</b>       | <b>\$ 13,153,880</b>           | <b>\$ 2,066,606</b>              |

**NOTE 7 – PENSION TRUST FUNDS** (cont...)

**Firefighters' Pension Trust Fund:**

|  | Increase (Decrease)        |                                |                                  |
|--|----------------------------|--------------------------------|----------------------------------|
|  | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>(Asset) Liability |
|  | (a)                        | (b)                            | (a)-(b)                          |
| <b>Reporting period ending 9/30/2019</b>                         | \$ 9,824,695               | \$ 7,630,766                   | \$ 2,193,929                     |
| Changes for the year:  |                            |                                |                                  |
| Service cost   | 203,030                    | -                              | 203,030                          |
| Interest   | 730,035                    | -                              | 730,035                          |
| Difference between actual and<br>expected experience             | (18,732)                   | -                              | (18,732)                         |
| Change in benefit terms  | (33,320)                   | -                              | (33,320)                         |
| Contributions - City   | -                          | 381,560                        | (381,560)                        |
| Contributions - State  | -                          | 100,845                        | (100,845)                        |
| Contributions - employee   | -                          | 99,543                         | (99,543)                         |
| Net investment income  | -                          | 297,238                        | (297,238)                        |
| Benefit payments, including refunds<br>of employee contributions | (521,211)                  | (526,992)                      | 5,781                            |
| Administrative expense   | -                          | (56,279)                       | 56,279                           |
| Net changes  | 359,802                    | 295,915                        | 63,887                           |
| <b>Reporting period ending 9/30/2020</b>                         | <b>\$ 10,184,497</b>       | <b>\$ 7,926,681</b>            | <b>\$ 2,257,816</b>              |

**Actuarial Assumptions** - The actuarial valuation date and significant actuarial assumptions used to measure the total pension liability were as follows:

|                                       | General<br>Employees'<br>Pension<br>Trust Fund      | Police<br>Officers'<br>Pension<br>Trust Fund        | Fire-<br>Fighters'<br>Pension<br>Trust Fund         |
|---------------------------------------|---|---|---|
|                                       | October 1, 2018<br>updated to September<br>30, 2019 | October 1, 2018<br>updated to September<br>30, 2019 | October 1, 2018<br>updated to September<br>30, 2019 |
| Actuarial valuation date              | 30, 2019  | 30, 2019  | 30, 2019  |
| Inflation                             | 2.50%   | 2.50%   | 2.50%   |
| Projected salary increases            | 3.5% to 5.0%  | Service based                                       | Service based                                       |
| Investment rate of return             | 7.50%   | 7.50%   | 7.50%   |
| Discount rate                         | 7.50%   | 7.50%   | 7.50%   |
| Date of actuarial experience<br>study | August 20, 2014                                     | August 7, 2017                                      | August 3, 2017                                      |

Mortality rates were based on the RP-2000 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.

**NOTE 7 – PENSION TRUST FUNDS** (cont...)

**Long-term Expected Rate of Return on Pension Plan Investments** - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2020, are summarized in the following table:

| <b>Asset Class</b>        | <b>Long-term Expected Real Rates of Return</b> |  |   |
|---------------------------|--|--|---|
|                           | General<br>Employees'<br>Pension<br>Trust Fund | Police<br>Officers'<br>Pension<br>Trust Fund | Fire-<br>Fighters'<br>Pension<br>Trust Fund |
| Domestic Equity           | 7.50%  | 7.50%  | 7.50%                                       |
| International Equity      | 8.50%  | 8.50%  | 8.50%                                       |
| Broad Market Fixed Income | 2.50%  | 2.50%  | 2.50%                                       |
| Non-core Fixed Income     | 2.50%  | na   | na  |
| Real estate               | 4.50%  | 4.50%  | 4.50%                                       |
|                           | <b>Target Asset Allocations</b>                |  |   |
| Domestic Equity           | 45.00%   | 45.00%                                       | 45.00%                                      |
| International Equity      | 15.00%   | 15.00%                                       | 15.00%                                      |
| Broad Market Fixed Income | 25.00%   | 30.00%                                       | 30.00%                                      |
| Non-core Fixed Income     | 5.00%  | na   | na  |
| Real estate               | 10.00%   | 10.00%                                       | 10.00%                                      |

**Discount Rate** – The discount used to measure the total pension liability as of the measurement date was a rate of 7.5% for all three pension plans. The total pension liability as of the City’s reporting date of September 30, 2020 was measured as of September 30, 2019, which is the measurement date for financial reporting purposes. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability as of the financial reporting date of September 30, 2020 was 7.5% for all three plans.

**NOTE 7 – PENSION TRUST FUNDS** (cont...)

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension** - For the year ended September 30, 2020, the City recognized total pension expense of \$2,286,662 comprised of \$1,175,114 for the General Employees’ Pension, \$665,364 for the Police Officers’ Pension and \$446,184 for the Firefighters’ Pension. On September 30, 2020, deferred outflows of resources and deferred inflows of resources related to pensions, combined and individually for all three plans, was as follows:

**Combined All Pension Trust Funds:**

| Description  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                       | \$ 401,184                           | \$ 561,250                          |
| Change in assumptions  | 239,615                              | -                                   |
| Net difference between projected and actual earnings on Plan investments | 525,188                              | -                                   |
| City contributions subsequent to the measurement date                    | 2,589,987                            | -                                   |
| Total  | \$ 3,755,974                         | \$ 561,250                          |

**General Employees’ Pension Trust Fund:**

| Description  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                   | \$ 374,466                           | \$ -                                |
| Difference between projected and actual earnings on Plan investments | 309,225                              | -                                   |
| City contributions subsequent to the measurement date                | 1,433,540                            | -                                   |
| Total  | \$ 2,117,231                         | \$ -                                |

**Police Officers’ Pension Trust Fund:**

| Description  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                       | \$ 26,718                            | \$ 413,797                          |
| Change in assumptions  | 38,530                               | -                                   |
| Net difference between projected and actual earnings on Plan investments | 109,924                              | -                                   |
| City contributions subsequent to the measurement date                    | 652,465                              | -                                   |
| Total  | \$ 827,637                           | \$ 413,797                          |

**NOTE 7 – PENSION TRUST FUNDS (cont...)**

**Firefighters' Pension Trust Fund:**

| Description  | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Differences between expected and actual experience                       | \$ -                           | \$ 147,453                    |
| Change in assumptions  | 201,085                        | -                             |
| Net difference between projected and actual earnings on Plan investments | 106,039                        | -                             |
| City contributions subsequent to the measurement date                    | 503,982                        | -                             |
| <b>Total</b>   | <b>\$ 811,106</b>              | <b>\$ 147,453</b>             |

Amounts reported as deferred outflows of resources related to City contributions subsequent to the measurement date of September 30, 2019 will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Remaining amounts reported as deferred inflows and outflows of resources will be recognized in pension expense in the years and amounts shown below:

| Year ended September 30, | General Employees' Pension Trust Fund | Police Officers' Pension Trust Fund | Firefighters' Pension Trust Fund | Total             |
|--------------------------|---------------------------------------|-------------------------------------|----------------------------------|-------------------|
| 2021                     | \$ 274,616                            | \$ (114,379)                        | \$ 37,276                        | \$ 197,513        |
| 2022                     | 91,446                                | (190,725)                           | 38,327                           | (60,952)          |
| 2023                     | 153,789                               | (21,144)                            | 29,072                           | 161,717           |
| 2024                     | 163,840                               | 87,623                              | 54,996                           | 306,459           |
|                          | <b>\$ 683,691</b>                     | <b>\$ (238,625)</b>                 | <b>\$ 159,671</b>                | <b>\$ 604,737</b> |

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the City as of the measurement date (September 30, 2019), calculated using the current discount rates discussed above for each plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each plan.

|                              | Current Discount Rate | Net Pension Liability at Measurement Date |                      |                     |
|------------------------------|-----------------------|---|----------------------|---------------------|
|                              |                       | 1% Decrease                               | Current Discount     | 1% Increase         |
| General Employees'           | 7.50%                 | \$ 9,774,635                              | \$ 6,869,615         | \$ 4,417,880        |
| Police Officers'             | 7.50%                 | \$ 3,974,706                              | \$ 2,066,606         | \$ 511,340          |
| Firefighters'                | 7.50%                 | \$ 3,506,057                              | \$ 2,257,816         | \$ 1,221,018        |
| City's Net Pension Liability |                       | <b>\$ 17,255,398</b>                      | <b>\$ 11,194,037</b> | <b>\$ 6,150,238</b> |

**NOTE 7 – PENSION TRUST FUNDS** (concluded)

The following presents the net pension liability of the City as of the financial reporting date (September 30, 2020, calculated using the current discount rates discussed above for each plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each plan.

|  | Current<br>Discount<br>Rate | Net Pension Liability at Financial Reporting Date |                       |                       |
|--|-----------------------------|---|-----------------------|-----------------------|
|  |                             | 1% Decrease                                       | Current Discount      | 1% Increase           |
| General Employees'   | 7.50%                       | \$ 8,343,708                                      | \$ 5,481,420          | \$ 3,063,448          |
| Police Officers'   | 7.50%                       | \$ 3,687,956                                      | \$ 1,692,219          | \$ 49,711             |
| Firefighters'  | 7.50%                       | \$ 3,431,966                                      | \$ 2,119,996          | \$ 1,029,425          |
| City's Net Pension Liability   |                             | <u>\$ 15,463,630</u>                              | <u>\$ 9,293,635</u>   | <u>\$ 4,142,584</u>   |
| Change in City's net pension liability<br>between measurement date<br>and reporting date |                             | <u>\$ (1,791,768)</u>                             | <u>\$ (1,900,402)</u> | <u>\$ (2,007,654)</u> |

The City’s net pension liability decreased by \$1,900,402 between the City’s measurement date of September 30, 2019 and the financial reporting date of September 30, 2020 due to greater than expected returns on plan investments during the year ended September 30, 2020.

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**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS PLAN**

The City follows GASB Cod. Sec. P52 for certain other postemployment benefits (OPEB) provided by the City.

**Plan Description** – The City of Auburndale’s Retiree Health Care Plan (OPEB Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the City. The OPEB Plan, which is administered by the City, allows employees who retire and meet retirement eligibility required under one of the City’s retirement plans to continue medical and life insurance coverage as a participant in the City’s insurance plans. For purposes of applying GASB Cod. Sec. P52.101, the Plan does not meet the requirements for an other postemployment benefits plan administered through a trust.

**Benefits Provided** – The City contributes 100% of the active premiums up to age 65 then 100% of the Medicare Advantage premium and health reimbursement account fee for retirees participating in the City’s group insurance plans who were hired prior to October 1, 1996 and for retirees hired after October 1, 1996 who retire with at least 20 years of service. Retirees may elect to opt out of the City’s group health insurance plan if there is no health network available to them or they have alternative health insurance. These retirees who opt out receive a cash reimbursement of \$200 per month instead.

Employees retiring with less than 20 years of service at retirement can continue their coverage and their spouses’ coverage under the City’s group policy at the active employee rates but must pay 100% of the cost of the insurance. A City-provided implicit subsidy for the health plan will still exist for these participants.

**Funding Policy** – The City has not advance-funded or established a funding methodology for the annual OPEB costs or the OPEB obligation, and the OPEB Plan is financed on a pay-as-you-go basis.

**Participant data as of the most recent actuarial valuation:**

|  |            |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 64         |
| Inactive employees entitled to but not yet receiving benefits    | -          |
| Active employees   | 157        |
| Total  | <u>221</u> |

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS PLAN** (cont...)

**Total OPEB liability** – The City’s total OPEB liability was measured as of September 30, 2019 and is applicable to the City’s fiscal year ending September 30, 2020.

**Actuarial Assumptions** – The total OPEB liability was determined by an actuarial valuation as of September 30, 2019 using the following actuarial assumptions:

|                      |                                 |
|----------------------|---------------------------------|
| Inflation Rate       | 2.50%                           |
| Salary Increase Rate | Varies by Age/ Years of Service |
| Discount Rate        | 3.58%                           |
| Initial Trend Rate   | 7.50%                           |
| Ultimate Trend Rate  | 4.00%                           |
| Years to Ultimate    | 55                              |

**Mortality Rates – Active Lives:** For female lives, 100% of the Combined Health White-Collar table was used. For male (non-special risk) lives, a 50% Combined Healthy-White Collar table, 50% Combined Healthy Blue-Collar table blend was used. For male special risk lives. A 10% Combined Health White-Collar table, 90% Combined Healthy Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

**Mortality Rates – Inactive Healthy Lives:** For female lives, 100% of the Annuitant White-Collar table was used. For male (non-special risk) lives, a 50% Annuitant White Collar table, 50% Annuitant Blue-Collar table blend was used. For male special risk lives. A 10% Annuitant White-Collar table, 90% Annuitant Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

**Mortality Rates – Disabled Lives:** For female (non-special risk) lives, 100% of the Disabled Female table was used, set forward two years. For female special risk lives, a 60% Disabled Female table, 40% Annuitant White Collar table with no setback blend was used. For male (non-special risk) lives, 100% of the Disabled Male table was used, set back four years. For Male special risk lives, a 60% Disabled Male table, 40% Annuitant White Collar table with no setback blend was used. Disabled mortality has not been adjusted for mortality improvements.

All mortality rates were based on the RP-2000 mortality tables. All mortality rates are those outlined in Milliman’s July 1, 2018 Florida Retirement System (FRS) valuation report.

**Discount Rate** – Given the City’s decision not to fund the OPEB Plan, all future benefit payments were discounted using a high-quality municipal bond rate of 3.58%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS PLAN** (cont...)

**Changes in the Total OPEB Liability:**

|  | <b>Total<br/>OPEB<br/>Liability</b> |
|--|-------------------------------------|
| <b>Reporting period ending September 30, 2019</b>  | \$ 13,486,763                       |
| <b>Changes for the year:</b>                       |                                     |
| Service cost                                       | 607,798                             |
| Interest   | 579,749                             |
| Changes of assumptions                             | 1,561,950                           |
| Differences between expected and actual experience | (2,980,389)                         |
| Benefit payments                                   | (454,594)                           |
| <b>Net changes</b>                                 | <b>(685,486)</b>                    |
| <b>Reporting period ending September 30, 2020</b>  | <b>\$ 12,801,277</b>                |

**Sensitivity of the Total OPEB Liability to changes in the discount rate** – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

|   | <b>1% Decrease<br/>(2.58%)</b> | <b>Discount Rate<br/>(3.58%)</b> | <b>1% Increase<br/>(4.58%)</b> |
|---|--------------------------------|----------------------------------|--------------------------------|
| Total other postemployment benefits liability | \$ 14,470,787                  | \$ 12,801,277                    | \$ 11,410,428                  |

**Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rates** – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

|   | <b>1% Decrease<br/>(3.00% to 6.50%)</b> | <b>Discount Rate<br/>(4.00% to 7.50%)</b> | <b>1% Increase<br/>(5.00% to 8.50%)</b> |
|---|---|---|---|
| Total other postemployment benefits liability | \$ 11,667,470                           | \$ 12,801,277                             | \$ 14,140,761                           |

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS PLAN** (concluded)

**OPEB expense and deferred outflows and inflows of resources related to OPEB** – For the year ended September 30, 2020, the City recognized OPEB expense of \$563,896. On September 30, 2020, deferred outflows of resources and deferred inflows of resources related to OPEB were as follows:

| Description   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience    | \$ -                                 | \$ 2,483,657                        |
| Change in assumptions                                 | 1,301,625                            | 1,350,621                           |
| City contributions subsequent to the measurement date | 567,442                              | -                                   |
| Total   | \$ 1,869,067                         | \$ 3,834,278                        |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ending<br>September 30, | Amount         |
|------------------------------|----------------|
| 2021                         | \$ (626,551)   |
| 2022                         | (626,551)      |
| 2023                         | (626,548)      |
| 2024                         | (416,599)      |
| 2025                         | (236,404)      |
|                              | \$ (2,532,653) |

**NOTE 9 – OTHER EMPLOYEE BENEFIT PLANS**

Effective October 1, 2006, the City closed its defined benefit general employee pension plan for employees not already participating in that plan and instituted a defined contribution 401(a) money purchase plan for employees hired on or after October 1, 2006, whereby the City contributes 8% of gross pay with the employee contributing 2%. The total cost of this plan to the City, net of participant forfeitures of \$83,255, was \$153,541 for the year ended September 30, 2020.

The City offers its employees a deferred compensation plan created pursuant to Internal Revenue Code Section 457. The Plan is available to all employees and permits them to defer a portion of their salary until future years. The assets are held in trust for each participant who is free to direct their investments to a variety of mutual fund offerings. Participation in the plan is optional.

The City has a cafeteria and flexpay plan whereby employees can elect to receive a cash subsidy or use it to pay for dependent health, dental and life insurance premiums with before tax dollars. The City's subsidy is fixed at \$97.60 per month per employee and the total cost for the year was \$202,432.

**NOTE 10 - MAJOR CUSTOMERS**

In the City's enterprise fund (business-type activities), approximately 17% of the City's water and sewer charges for services revenue, is represented by sales to one industrial customer. With respect to the ad-valorem (property taxes) taxes the City's largest taxpayer represents 13% of its ad-valorem taxes and the second largest represents 12%.

**NOTE 11 - RISK MANAGEMENT AND LITIGATION**

During the ordinary course of its operations, the City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the City. In the opinion of the City's management and legal counsel, legal claims and litigation are not anticipated to have material impact on the financial position of the City. The City's workers compensation coverage is provided through a non-assessable program; in the event the insurance company were declared insolvent, the City would only be responsible for its own claims and not the claims of other insured entities under the program.

The City is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of carrying out its public service. Management believes that any losses not covered by insurance which may ultimately be incurred as a result of the suits and claims will not be material, with the exception of attorney's fees which are not determinable.

The City has elected to reimburse the State directly for its unemployment claims rather than participate in the State insurance fund for this purpose. As a result, the cost for unemployment claims is deducted when paid. Such costs have been insignificant in the past and no provision for potential claims has been made in the financial statements.

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

The City participates in several programs that are fully or partially funded by grants received from Federal, state, or county agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government/agency. If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor government/agency. As of September 30, 2020, the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

**NOTE 13 – JOINT VENTURE**

**Background** - The Polk Regional Water Cooperative (PRWC) was created on April 1, 2016 by a interlocal agreement between the City of Auburndale, City of Bartow, City of Davenport, City of Eagle Lake, City of Fort Meade, City of Frostproof, City of Haines City, City of Lake Alfred, City of Lakeland, City of Lake Wales, City of Mulberry, Polk City, City of Winter Haven, Town of Dundee, Town of Lake Hamilton and Polk County in accordance with Chapters 163 and 373 of the Florida Statutes. These local government units are collectively considered the Member Governments. The PRWC is a separate legal entity organized under the laws of the State of Florida, and the Member Governments have no equity ownership in the PRWC.

**NOTE 13 – JOINT VENTURE** (concluded)

The PRWC is devoted to encouraging the development of fully integrated, robust public water supply systems comprised of diverse sources managed in a manner that take full advantage of Florida’s intense climatic cycles to ensure reliable, sustainable and drought resistant systems which maximize the use of alternative water supplies to the greatest extent practicable. The PRWC will evaluate, plan and implement water projects and coordinate partnerships with other water users.

**Membership fees** - The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC’s annual working capital needs which are established annually by a resolution of the PRWC’s Board of Directors. For the year ended September 30, 2020, the total annual working capital needs of the PRWC was \$198,000 of which the City’s proportionate share was \$13,763.

**Combined projects background** - The Member Governments, except for the City of Frostproof, entered into a combined projects implementation agreement on March 16, 2017. This agreement established three combined projects to be pursued by the PRWC with a total estimated cost of \$23,000,000. The Southwest Florida Water Management District (SWFWMD) is funding 50% of the total estimated cost and the remainder is funded by the Member Governments based upon their average water use in comparison to the total average water use by all Member Governments.

**Combined projects funding** - The PRWC has entered into a state revolving fund (SRF) loan agreement with the State of Florida Department of Environmental Protection (FDEP) to borrow up to \$9,914,390 to assist Member Governments in meeting their local share of the total estimated combined project costs. Member Governments can elect to fund their local share of the project costs from their existing funds or participate in the SRF loan agreement. The City has elected to participate in the SRF loan agreement to fund their estimated local share (\$813,830) of the project costs and as a result have entered into an agreement with FDEP to guarantee the City’s payment of their share of the SRF loan debt service requirements. The SRF loan bears interest at 1.89% and principal and interest are due semiannually beginning on December 15, 2024 for a ten-year term to maturity on December 15, 2033.

As of September 30, 2020, \$6,169,233 of SRF funds have been drawn by the PRWC. The City’s proportionate share of this liability totaled \$506,406 as of September 30, 2020 and has been recorded as a City liability in the business-type/enterprise fund.

**Contact** - Complete financial statements of the PRWC may be obtained from the PRWC’s Executive Director at 330 W. Church Street, P.O. Box 9005, Drawer CA01, Bartow, FL 33831-9005.

**NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE**

In response to the changes to Section 163.31801, Florida Statutes, the City has established the impact fee special revenue fund effective October 1, 2019 to account for the financial transactions of the City impact fees other than water and sewer impact fees. This reporting change is considered a change in accounting principle and as a result, fund balance of the general fund, as previously reported, was decreased by \$1,173,236 which is the total of unspent impact fees previously reported in the general fund as of September 30, 2019. The beginning of the year fund balance of the impact fee special revenue fund was increased by this same amount.

**Required Supplementary Information**

**CITY OF AUBURNDALE, FLORIDA**  
 Budgetary Comparison Schedule – General Fund  
 For the year ended September 30, 2020

|  | <u>Budgeted Amounts</u> |                   | <b>Actual</b>                       | <b>Variance with</b> |
|--|-------------------------|-------------------|-------------------------------------|----------------------|
|  | <u>Original</u>         | <u>Final</u>      | <b>Amounts</b><br><b>(budgetary</b> |                      |
|  |                         |                   | <b>basis)</b>                       | <b>Final Budget</b>  |
| <b>RESOURCES:</b>                            |                         |                   |                                     |                      |
| Taxes  | \$ 10,331,750           | \$ 10,287,750     | \$ 10,255,558                       | (32,192)             |
| Licenses and permits                         | 744,000                 | 1,102,800         | 1,157,678                           | 54,878               |
| Intergovernmental                            | 3,367,882               | 3,687,682         | 3,689,360                           | 1,678                |
| Charges for services                         | 2,995,389               | 3,386,189         | 3,271,171                           | (115,018)            |
| Fines and forfeitures                        | 39,500                  | 110,700           | 119,258                             | 8,558                |
| Investment income                            | 6,300                   | 86,100            | 152,570                             | 66,470               |
| Other  | 192,700                 | 391,000           | 348,419                             | (42,581)             |
| Other sources - transfers in                 | 3,534,823               | 3,534,823         | 3,534,823                           | -                    |
| Other sources - insurance recoveries         | 60,000                  | 34,300            | 34,331                              | 31                   |
| Other sources - loan proceeds                | 9,390,000               | 8,577,800         | 9,659,157                           | 1,081,357            |
| Prior year surplus appropriated              | 436,000                 | 436,000           | 436,000                             | -                    |
| Total resources                              | <u>31,098,344</u>       | <u>31,635,144</u> | <u>32,658,325</u>                   | <u>1,023,181</u>     |
| <b>CHARGES TO APPROPRIATIONS:</b>            |                         |                   |                                     |                      |
| General government                           | 4,593,300               | 4,406,400         | 4,464,159                           | (57,759)             |
| Public safety                                | 6,690,433               | 6,602,133         | 6,605,579                           | (3,446)              |
| Physical environment                         | 1,957,732               | 2,124,232         | 2,201,301                           | (77,069)             |
| Transportation                               | 674,359                 | 674,359           | 639,220                             | 35,139               |
| Culture/recreation                           | 2,669,423               | 2,908,323         | 2,936,649                           | (28,326)             |
| Capital outlay                               | 10,549,900              | 10,628,000        | 10,899,027                          | (271,027)            |
| Debt service                                 | 1,936,384               | 2,154,184         | 2,424,776                           | (270,592)            |
| Budgeted carryover reserve                   | 2,026,813               | 2,137,513         | 2,137,513                           | -                    |
| Total charges to appropriations              | <u>31,098,344</u>       | <u>31,635,144</u> | <u>32,308,224</u>                   | <u>(673,080)</u>     |
| <b>EXCESS (DEFICIENCY) OF RESOURCES OVER</b> |                         |                   |                                     |                      |
| <b>(UNDER) CHARGES TO APPROPRIATIONS</b>     | <u>\$ -</u>             | <u>\$ -</u>       | <u>\$ 350,101</u>                   | <u>\$ 350,101</u>    |

**Explanation of differences between budgetary and GAAP basis revenues and expenditures**

**Sources/inflows of resources**

|   |                      |
|---|----------------------|
| Total revenue from the budgetary comparison schedule  | \$ 32,658,325        |
| Differences - budget to GAAP:   |                      |
| Prior year surplus appropriated as a budgetary resource   | <u>(436,000)</u>     |
| Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds | <u>\$ 32,222,325</u> |

**Uses/outflows of resources**

|   |                      |
|---|----------------------|
| Actual amounts (budgetary basis) "total charges to appropriations" from the   |                      |
| Total expenditures from the budgetary comparison schedule   | \$ 32,308,224        |
| Differences - budget to GAAP:   |                      |
| Year-end surplus of revenues over charges to appropriations are budgetary outflows but are not reported as expenditures for financial reporting purposes. | <u>(2,137,513)</u>   |
| Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds                               | <u>\$ 30,170,711</u> |

**CITY OF AUBURNDALE, FLORIDA**

Budgetary Comparison Schedule – Community Redevelopment Agency

For the year ended September 30, 2020

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>  | <u>Variance with</u><br><u>Final Budget</u> |
|--|-------------------------|------------------|--|---|
|  | <u>Original</u>         | <u>Final</u>     | <u>Amounts</u><br><u>(budgetary</u><br><u>basis)</u> |   |
| <b>RESOURCES:</b>                            |                         |                  |  |   |
| Taxes  | \$ 1,391,500            | \$ 1,505,700     | \$ 1,505,665   | \$ (35)                                     |
| Other  | 100                     | 100              | 2,198  | 2,098                                       |
| Total resources                              | <u>1,391,600</u>        | <u>1,505,800</u> | <u>1,507,863</u>                                     | <u>2,063</u>                                |
| <b>CHARGES TO APPROPRIATIONS:</b>            |                         |                  |  |   |
| Economic environment                         | 425,600                 | 1,317,400        | 223,144  | 1,094,256                                   |
| Capital outlay                               | 966,000                 | 188,400          | 191,553  | (3,153)                                     |
| Total charges to appropriations              | <u>1,391,600</u>        | <u>1,505,800</u> | <u>414,697</u>                                       | <u>1,091,103</u>                            |
| <b>EXCESS (DEFICIENCY) OF RESOURCES OVER</b> |                         |                  |  |   |
| <b>(UNDER) CHARGES TO APPROPRIATIONS</b>     | <u>\$ -</u>             | <u>\$ -</u>      | <u>\$ 1,093,166</u>                                  | <u>\$ 1,093,166</u>                         |

**CITY OF AUBURNDALE, FLORIDA**

Budgetary Comparison Schedule – Impact Fee Special Revenue Fund

For the year ended September 30, 2020

|  | Budgeted Amounts |                   | Actual                          | Variance with<br>Final Budget |
|--|------------------|-------------------|---------------------------------|-------------------------------|
|  | Original         | Final             | Amounts<br>(budgetary<br>basis) |                               |
| <b>RESOURCES:</b>  |                  |                   |                                 |                               |
| Licenses and permits   | \$ -             | \$ 702,000        | \$ 701,962                      | \$ (38)                       |
| Investment income  | -                | 500               | 1,575                           | 1,075                         |
| Total resources  | -                | 702,500           | 703,537                         | 1,037                         |
| <b>CHARGES TO APPROPRIATIONS:</b>  |                  |                   |                                 |                               |
| Capital outlay   | -                | 113,600           | 113,633                         | (33)                          |
| Total charges to appropriations  | -                | 113,600           | 113,633                         | (33)                          |
| <b>EXCESS (DEFICIENCY) OF RESOURCES OVER<br/>(UNDER) CHARGES TO APPROPRIATIONS</b> | <b>\$ -</b>      | <b>\$ 588,900</b> | <b>\$ 589,904</b>               | <b>\$ 1,004</b>               |

**CITY OF AUBURNDALE, FLORIDA**

**Schedule of Changes in Net Pension Liability and Related Ratios - General Employees' Pension Trust Fund**

| City reporting period date   | 9/30/2021            | 9/30/2020            | 9/30/2019            | 9/30/2018            |
|--|----------------------|----------------------|----------------------|----------------------|
| Measurement date   | 9/30/2020            | 9/30/2019            | 9/30/2018            | 9/30/2017            |
| <b>Total pension liability</b>   |                      |                      |                      |                      |
| Service cost   | \$ 166,571           | \$ 177,557           | \$ 185,667           | \$ 210,799           |
| Interest   | 2,001,989            | 1,944,432            | 1,892,510            | 1,858,551            |
| Change in assumptions  | (395,826)            | -                    | -                    | -                    |
| Difference between expected and actual experience                      | (43,999)             | 436,845              | 304,208              | 15,756               |
| Benefit payments, including refunds of employee contributions          | (1,817,840)          | (1,742,995)          | (1,620,974)          | (1,613,902)          |
| Employee buy-back  | -                    | -                    | -                    | 10,258               |
| Net change in total pension liability                                  | (89,105)             | 815,839              | 761,411              | 481,462              |
| Total pension liability, beginning                                     | 27,435,539           | 26,619,700           | 25,858,289           | 25,376,827           |
| Total pension liability, ending (a)                                    | <u>\$ 27,346,434</u> | <u>\$ 27,435,539</u> | <u>\$ 26,619,700</u> | <u>\$ 25,858,289</u> |
| <b>Plan fiduciary net position</b>                                     |                      |                      |                      |                      |
| Contributions - City   | \$ 1,433,540         | \$ 1,681,890         | \$ 1,505,874         | \$ 1,272,484         |
| Contributions - Employee   | 40,894               | 43,981               | 45,600               | 57,581               |
| Net investment income (loss)   | 1,724,037            | 674,844              | 1,442,390            | 1,954,145            |
| Benefit payments, including refunds Of employee contributions          | (1,817,840)          | (1,742,995)          | (1,620,974)          | (1,613,901)          |
| Administrative expenses  | (81,541)             | (42,122)             | (38,278)             | (50,958)             |
| Net change in plan fiduciary net position                              | 1,299,090            | 615,598              | 1,334,612            | 1,619,351            |
| Plan fiduciary net position, beginning                                 | 20,565,924           | 19,950,326           | 18,615,714           | 16,996,363           |
| Plan fiduciary net position, ending (b)                                | <u>\$ 21,865,014</u> | <u>\$ 20,565,924</u> | <u>\$ 19,950,326</u> | <u>\$ 18,615,714</u> |
| Net pension liability (asset) (a)-(b)                                  | <u>\$ 5,481,420</u>  | <u>\$ 6,869,615</u>  | <u>\$ 6,669,374</u>  | <u>\$ 7,242,575</u>  |
| <br>   |                      |                      |                      |                      |
| Plan fiduciary net position as a percentage of total pension liability | 79.96%               | 74.96%               | 74.95%               | 71.99%               |
| Covered payroll  | 2,044,692            | 2,204,313            | 2,274,734            | 2,366,172            |
| Net pension liability as a percentage of covered payroll               | 268%                 | 312%                 | 293%                 | 306%                 |

Continued...

**CITY OF AUBURNDALE, FLORIDA**

**Schedule of Changes in Net Pension Liability and Related Ratios - General Employees' Pension Trust Fund  
(concluded)**

| City reporting period date   | 9/30/2017            | 9/30/2016            | 9/30/2015            |
|--|----------------------|----------------------|----------------------|
| Measurement date   | 9/30/2016            | 9/30/2015            | 9/30/2014            |
| <b>Total pension liability</b>   |                      |                      |                      |
| Service cost   | \$ 238,594           | \$ 264,889           | \$ 246,408           |
| Interest   | 1,608,169            | 1,581,148            | 1,544,414            |
| Change in assumptions  | 2,541,856            | -                    | -                    |
| Difference between expected and actual experience                      | 508,735              | -                    | -                    |
| Benefit payments, including refunds of employee contributions          | (1,448,376)          | (1,505,997)          | (1,133,034)          |
| Employee buy-back  | -                    | 17,731               | -                    |
| Net change in total pension liability                                  | 3,448,978            | 357,771              | 657,788              |
| Total pension liability, beginning                                     | 21,927,849           | 21,570,078           | 20,912,290           |
| Total pension liability, ending (a)                                    | <u>\$ 25,376,827</u> | <u>\$ 21,927,849</u> | <u>\$ 21,570,078</u> |
| <b>Plan fiduciary net position</b>                                     |                      |                      |                      |
| Contributions - City   | 1,226,212            | 1,211,447            | 1,179,108            |
| Contributions - Employee   | 51,856               | 72,890               | 57,658               |
| Net investment income (loss)   | 1,375,125            | (163,438)            | 1,292,623            |
| Benefit payments, including refunds Of employee contributions          | (1,448,376)          | (1,505,997)          | (1,133,034)          |
| Administrative expenses  | (31,618)             | (35,303)             | (31,563)             |
| Net change in plan fiduciary net position                              | 1,173,199            | (420,401)            | 1,364,792            |
| Plan fiduciary net position, beginning                                 | 15,823,164           | 16,243,565           | 14,878,773           |
| Plan fiduciary net position, ending (b)                                | <u>\$ 16,996,363</u> | <u>\$ 15,823,164</u> | <u>\$ 16,243,565</u> |
| Net pension liability (asset) (a)-(b)                                  | <u>\$ 8,380,464</u>  | <u>\$ 6,104,685</u>  | <u>\$ 5,326,513</u>  |
| <br>   |                      |                      |                      |
| Plan fiduciary net position as a percentage of total pension liability | 66.98%               | 72.16%               | 75.31%               |
| Covered payroll  | 2,592,799            | 2,781,826            | 2,882,921            |
| Net pension liability as a percentage of covered payroll               | 323%                 | 219%                 | 185%                 |

Additional information will be provided annually until ten years of data is presented.

**CITY OF AUBURNDALE, FLORIDA**

Notes to The Schedule of Changes in Net Pension Liability and Related Ratios - General Employees' Pension Trust Fund

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***Changes of Assumptions:***

For measurement date September 30, 2020:

- The assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS Valuation report for non-special risk employees, with appropriate adjustments made based on plan demographics.

For measurement date September 30, 2016:

- The assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables for special risk employees used by the Florida Retirement System.
- The assumed end age for benefit payments paid to Members while employed was increased from age 55 to 59.
- All existing unfunded actuarial accrued liability bases were eliminated and a new "fresh start" base was established. This will be amortized over 11 years
- The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**CITY OF AUBURNDALE, FLORIDA**

**Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers' Pension Trust Fund**

| City reporting period date   | 9/30/2021            | 9/30/2020            | 9/30/2019            | 9/30/2018            |
|--|----------------------|----------------------|----------------------|----------------------|
| Measurement date   | 9/30/2020            | 9/30/2019            | 9/30/2018            | 9/30/2017            |
| <b>Total pension liability</b>   |                      |                      |                      |                      |
| Service cost   | \$ 451,284           | \$ 435,939           | \$ 448,817           | \$ 409,945           |
| Interest   | 1,151,997            | 1,122,282            | 1,089,209            | 1,036,613            |
| Change in excess State money   | -                    | -                    | -                    | -                    |
| Change in benefit terms  | -                    | -                    | -                    | -                    |
| Difference between expected and actual experience                      | 53,125               | (386,108)            | (248,431)            | 106,873              |
| Change of assumptions  | (11,347)             | -                    | -                    | 154,118              |
| Benefit payments, including refunds of employee contributions          | (623,615)            | (958,896)            | (712,580)            | (485,995)            |
| Net change in total pension liability                                  | 1,021,444            | 213,217              | 577,015              | 1,221,554            |
| Total pension liability, beginning                                     | 15,220,486           | 15,007,269           | 14,430,254           | 13,208,700           |
| Total pension liability, ending (a)                                    | <u>\$ 16,241,930</u> | <u>\$ 15,220,486</u> | <u>\$ 15,007,269</u> | <u>\$ 14,430,254</u> |
| <b>Plan fiduciary net position</b>                                     |                      |                      |                      |                      |
| Contributions - City   | \$ 483,764           | \$ 466,685           | \$ 497,552           | \$ 458,328           |
| Contributions - State of Florida                                       | 172,422              | 163,299              | 141,490              | 130,498              |
| Contributions - Employee   | 117,777              | 108,533              | 99,931               | 97,557               |
| Net investment income (loss)   | 1,293,918            | 519,046              | 957,563              | 1,353,753            |
| Benefit payments, including refunds of employee contributions          | (629,869)            | (954,845)            | (705,967)            | (485,995)            |
| Administrative expenses  | (42,181)             | (53,400)             | (47,583)             | (52,823)             |
| Net change in plan fiduciary net position                              | 1,395,831            | 249,318              | 942,986              | 1,501,318            |
| Plan fiduciary net position, beginning                                 | 13,153,880           | 12,904,562           | 11,961,576           | 10,460,258           |
| Plan fiduciary net position, ending (b)                                | <u>\$ 14,549,711</u> | <u>\$ 13,153,880</u> | <u>\$ 12,904,562</u> | <u>\$ 11,961,576</u> |
| Net pension liability (asset) (a)-(b)                                  | <u>\$ 1,692,219</u>  | <u>\$ 2,066,606</u>  | <u>\$ 2,102,707</u>  | <u>\$ 2,468,678</u>  |
| <br>   |                      |                      |                      |                      |
| Plan fiduciary net position as a percentage of total pension liability | 89.58%               | 86.42%               | 85.99%               | 82.89%               |
| <br>   |                      |                      |                      |                      |
| Covered payroll  | \$ 2,103,159         | \$ 1,938,094         | \$ 1,785,032         | \$ 1,742,088         |
| Net pension liability as a percentage of covered payroll               | 80.46%               | 106.63%              | 117.80%              | 141.71%              |

Continued...

**CITY OF AUBURNDALE, FLORIDA**

**Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers' Pension Trust Fund (Concluded)**

| City reporting period date   | 9/30/2017            | 9/30/2016            | 9/30/2015            |
|--|----------------------|----------------------|----------------------|
| Measurement date   | 9/30/2016            | 9/30/2015            | 9/30/2014            |
| <b>Total pension liability</b>   |                      |                      |                      |
| Service cost   | \$ 373,191           | \$ 351,180           | \$ 364,059           |
| Interest   | 957,531              | 907,055              | 849,820              |
| Change in excess State money   | (74,166)             | 4,550                | -                    |
| Change in benefit terms  | -                    | 16,945               | -                    |
| Difference between expected and actual experience                      | 118,563              | 82,678               | -                    |
| Change of assumptions  | 184,472              | -                    | -                    |
| Benefit payments, including refunds of employee contributions          | (814,201)            | (609,037)            | (349,828)            |
| Net change in total pension liability                                  | 745,390              | 753,371              | 864,051              |
| Total pension liability, beginning                                     | 12,463,310           | 11,709,939           | 10,845,888           |
| Total pension liability, ending (a)                                    | <u>\$ 13,208,700</u> | <u>\$ 12,463,310</u> | <u>\$ 11,709,939</u> |
| <b>Plan fiduciary net position</b>                                     |                      |                      |                      |
| Contributions - City   | \$ 392,854           | \$ 438,270           | \$ 459,488           |
| Contributions - State of Florida                                       | 189,955              | 117,600              | 110,916              |
| Contributions - Employee   | 93,249               | 91,074               | 79,023               |
| Net investment income (loss)   | 707,436              | (37,482)             | 986,394              |
| Benefit payments, including refunds of employee contributions          | (814,201)            | (609,037)            | (349,828)            |
| Administrative expenses  | (44,593)             | (41,681)             | (35,838)             |
| Net change in plan fiduciary net position                              | 524,700              | (41,256)             | 1,250,155            |
| Plan fiduciary net position, beginning                                 | 9,935,558            | 9,976,814            | 8,726,659            |
| Plan fiduciary net position, ending (b)                                | <u>\$ 10,460,258</u> | <u>\$ 9,935,558</u>  | <u>\$ 9,976,814</u>  |
| Net pension liability (asset) (a)-(b)                                  | <u>\$ 2,748,442</u>  | <u>\$ 2,527,752</u>  | <u>\$ 1,733,125</u>  |
| <br>   |                      |                      |                      |
| Plan fiduciary net position as a percentage of total pension liability | 79.19%               | 79.72%               | 85.20%               |
| <br>   |                      |                      |                      |
| Covered payroll  | \$ 1,665,166         | \$ 1,626,310         | \$ 1,517,015         |
| <br>   |                      |                      |                      |
| Net pension liability as a percentage of covered payroll               | 165.06%              | 155.43%              | 114.25%              |

Additional information will be provided annually until ten years of data is presented.

**CITY OF AUBURNDALE, FLORIDA**

Notes to The Schedule of Changes in Net Pension Liability and Related Ratios - Police Officers' Pension Trust Fund

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***Changes of benefit terms:***

For measurement date September 30, 2016:

- The City and members have mutually consented to allow the City to utilize all of the excess state monies to help pay down the unfunded actuarial liability and to use all future state money to offset their funding requirements.
- Eliminate "imputing" of service for vesting and early retirement for newly hired Police Officers.
- Added provisions for a Partial Lump Sum Optional benefit at retirement.

For measurement date September 30, 2015:

- The supplemental benefit was increased beginning October 1, 2015 from \$19.35 to \$20.00 per month for each year of credited service.

***Changes of Assumptions:***

For measurement date September 30, 2020:

- The assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS Valuation report for non-special risk employees, with appropriate adjustments made based on plan demographics.

For measurement date September 30, 2017:

- The assumed rates of morality have been changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report.
- Reduce the investment return assumption from 7.75% to 7.5% per year, net of investment related expenses.
- Change the assumed rate of individual salary increases from a flat 5.75% per year to an assumption of 8.0% during the first year of employment and 4.75% per year after that.
- Change the expected rates of retirement as outlined in the "Actuarial Assumptions and Methods" section of the 10/1/2017 valuation report.
- Change the expected rates of non-retirement terminations from an age-based table to an assumption of 8.5% per year during the first 7 years and 0.0% for years 8 and 9 and 4% beginning at 10 years of employment.

For measurement date September 30, 2016:

- The assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables for special risk employees used by the Florida Retirement System.
- The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**CITY OF AUBURNDALE, FLORIDA**

**Schedule of Changes in Net Pension Liability and Related Ratios - Firefighters' Pension Trust Fund**

| City reporting period date  | 9/30/2021            | 9/30/2020            | 9/30/2019           | 9/30/2018           |
|---|----------------------|----------------------|---------------------|---------------------|
| Measurement date  | 9/30/2020            | 9/30/2019            | 9/30/2018           | 9/30/2017           |
| <b>Total pension liability</b>  |                      |                      |                     |                     |
| Service cost  | \$ 216,727           | \$ 203,030           | \$ 208,114          | \$ 191,780          |
| Interest  | 750,855              | 730,035              | 716,994             | 691,907             |
| Change in excess State money  | -                    | -                    | -                   | -                   |
| Change in benefit terms   | 37,737               | (33,320)             | (11,615)            | -                   |
| Difference between expected and actual experience                             | 323,366              | (18,732)             | (98,515)            | (53,800)            |
| Change of assumptions   | (154,022)            | -                    | -                   | 395,976             |
| Contributions - buyback of service  | -                    | -                    | 33,645              | -                   |
| Benefit payments, including refunds of of employee contributions              | (855,113)            | (521,211)            | (774,695)           | (422,298)           |
| Net change in total pension liability   | 319,550              | 359,802              | 73,928              | 803,565             |
| Total pension liability, beginning  | 10,184,497           | 9,824,695            | 9,750,767           | 8,947,202           |
| Total pension liability, ending (a)   | <u>\$ 10,504,047</u> | <u>\$ 10,184,497</u> | <u>\$ 9,824,695</u> | <u>\$ 9,750,767</u> |
| <b>Plan fiduciary net position</b>  |                      |                      |                     |                     |
| Contributions - City  | \$ 396,388           | \$ 381,560           | \$ 357,700          | \$ 272,798          |
| Contributions - State of Florida  | 107,595              | 100,845              | 105,668             | 127,367             |
| Contributions - Employee  | 101,917              | 99,543               | 125,130             | 85,805              |
| Net investment income (loss)  | 750,447              | 297,238              | 547,766             | 800,753             |
| Benefit payments, including refunds of employee contributions                 | (853,824)            | (526,992)            | (770,203)           | (422,298)           |
| Administrative expenses   | (45,153)             | (56,279)             | (57,678)            | (48,837)            |
| Net change in plan fiduciary net position                                     | 457,370              | 295,915              | 308,383             | 815,588             |
| Plan fiduciary net position, beginning  | 7,926,681            | 7,630,766            | 7,322,383           | 6,506,795           |
| Plan fiduciary net position, ending (b)                                       | <u>\$ 8,384,051</u>  | <u>\$ 7,926,681</u>  | <u>\$ 7,630,766</u> | <u>\$ 7,322,383</u> |
| Net pension liability (asset) (a)-(b)   | <u>\$ 2,119,996</u>  | <u>\$ 2,257,816</u>  | <u>\$ 2,193,929</u> | <u>\$ 2,428,384</u> |
| <b>Plan fiduciary net position as a percentage of total pension liability</b> | 79.82%               | 77.83%               | 77.67%              | 75.10%              |
| Covered payroll   | \$ 1,119,962         | \$ 1,093,883         | \$ 1,005,135        | \$ 943,064          |
| Net pension liability as a percentage of covered payroll                      | 189.29%              | 206.40%              | 218.27%             | 257.50%             |

Continued...

**CITY OF AUBURNDALE, FLORIDA**

**Schedule of Changes in Net Pension Liability and Related Ratios - Firefighters' Pension Trust Fund (Concluded)**

| City reporting period date   | 9/30/2017           | 9/30/2016           | 9/30/2015           |
|--|---------------------|---------------------|---------------------|
| Measurement date   | 9/30/2016           | 9/30/2015           | 9/30/2014           |
| <b>Total pension liability</b>   |                     |                     |                     |
| Service cost   | \$ 183,379          | \$ 186,947          | \$ 148,322          |
| Interest   | 660,928             | 625,808             | 608,158             |
| Change in excess State money   | (43,172)            | 5,219               | -                   |
| Change in benefit terms  | 93,665              | 194,426             | -                   |
| Difference between expected and actual experience                      | (263,873)           | 81,662              | -                   |
| Change of assumptions  | 213,476             | -                   | -                   |
| Contributions - buyback of service                                     | -                   | -                   | -                   |
| Benefit payments, including refunds of employee contributions          | (382,852)           | (679,857)           | (843,719)           |
| Net change in total pension liability                                  | 461,551             | 414,205             | (87,239)            |
| Total pension liability, beginning                                     | 8,485,651           | 8,071,446           | 8,158,685           |
| Total pension liability, ending (a)                                    | <u>\$ 8,947,202</u> | <u>\$ 8,485,651</u> | <u>\$ 8,071,446</u> |
| <b>Plan fiduciary net position</b>                                     |                     |                     |                     |
| Contributions - City   | \$ 230,377          | \$ 287,970          | \$ 246,963          |
| Contributions - State of Florida                                       | 127,608             | 112,882             | 106,823             |
| Contributions - Employee   | 70,654              | 54,857              | 79,065              |
| Net investment income (loss)   | 426,495             | (23,205)            | 650,566             |
| Benefit payments, including refunds of employee contributions          | (382,852)           | (679,857)           | (843,719)           |
| Administrative expenses  | (56,548)            | (45,619)            | (34,752)            |
| Net change in plan fiduciary net position                              | 415,734             | (292,972)           | 204,946             |
| Plan fiduciary net position, beginning                                 | 6,091,061           | 6,384,033           | 6,179,087           |
| Plan fiduciary net position, ending (b)                                | <u>\$ 6,506,795</u> | <u>\$ 6,091,061</u> | <u>\$ 6,384,033</u> |
| Net pension liability (asset) (a)-(b)                                  | <u>\$ 2,440,407</u> | <u>\$ 2,394,590</u> | <u>\$ 1,687,413</u> |
| <br>   |                     |                     |                     |
| Plan fiduciary net position as a percentage of total pension liability | 72.72%              | 71.78%              | 79.09%              |
| <br>   |                     |                     |                     |
| Covered payroll  | \$ 834,158          | \$ 951,460          | \$ 769,099          |
| <br>   |                     |                     |                     |
| Net pension liability as a percentage of covered payroll               | 292.56%             | 251.68%             | 219.40%             |

Additional information will be provided annually until ten years of data is presented.

**CITY OF AUBURNDALE, FLORIDA**

Notes to the Schedule of Changes in Net Pension Liability and Related Ratios - Firefighters' Pension Trust Fund

**Changes of benefit terms:**

For measurement date September 30, 2019

- As required by Chapter 2019-21, Laws of Florida, granting certain disability benefits to firefighters participating in an employer-sponsored retirement plan. Effective July 1, 2019, the retirement plan must consider the firefighter totally and permanently disabled in the line of duty if he or she meets the retirement plan's definition of totally and permanently disabled due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer.

For measurement date September 30, 2016:

- The City and members have mutually consented to allow the City to utilize all of the excess state monies to help pay down the unfunded actuarial liability and to use all future state money to offset their funding requirements.
- Eliminate "imputing" of service for vesting and early retirement for newly hired firefighters.

For measurement date September 30, 2015:

- The total pension liability was calculated using an assumed increase in the benefit accrual rate to 3.75% of average final compensation for all years of service and an increase in the member contribution rate to 9.1% of salary.

Change in supplemental benefit:

| Effective date: October 1, | Supplemental Benefit per Month for Each year of Credited Service |         |
|----------------------------|--|---------|
|                            | From   | To      |
| 2020                       | \$17.89  | \$21.96 |
| 2019                       | \$20.80  | \$17.89 |
| 2018                       | \$22.00  | \$20.80 |
| 2016                       | \$21.49  | \$22.00 |
| 2015                       | \$16.73  | \$21.49 |

**Changes of Assumptions:**

For measurement date September 30, 2020:

- The assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS Valuation report for non-special risk employees, with appropriate adjustments made based on plan demographics.

For measurement date September 30, 2017:

- The assumed rates of morality have been changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report.
- Reduce the investment return assumption from 7.75% to 7.5% per year, net of investment related expenses.
- Change the assumed rate of individual salary increases from a flat 5.75% per year to an assumption of 12.0% during the first year of employment and 5.0% per year after that.
- Change the expected rates of retirement as outlined in the "Actuarial Assumptions and Methods" section of the 10/1/2017 valuation report.
- Change the expected rates of non-retirement terminations from an age-based table to an assumption of 15.0% per year during the first 7 years and 0.0% for years 8 and 9, 15% in year 10, and 1.0% beginning at 11 years of employment.

For measurement date September 30, 2016:

- The assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables for special risk employees used by the Florida Retirement System.
- The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.





**CITY OF AUBURNDALE, FLORIDA**

Schedule of Contributions - Firefighters' Pension Trust Fund

| <u>Fiscal year end</u> | <u>Actuarially Determined Contribution</u> | <u>Contributions in Relation to the Actuarially Determined Contribution</u> | <u>Contribution Excess (Deficiency)</u> | <u>Covered Payroll</u> | <u>Contributions as a % of Covered Payroll</u> |
|------------------------|--|---|---|------------------------|--|
| September 30, 2020     | \$ 503,983                                 | \$ 503,983  | \$ -                                    | \$ 1,119,962           | 45.00%   |
| September 30, 2019     | 482,402                                    | 482,405   | 3                                       | 1,093,883              | 44.10%   |
| September 30, 2018     | 463,368                                    | 463,368   | -                                       | 1,005,135              | 46.10%   |
| September 30, 2017     | 403,633                                    | 400,165   | (3,468)                                 | 943,067                | 42.43%   |
| September 30, 2016     | 354,517                                    | 357,985   | 3,468                                   | 834,158                | 42.92%   |
| September 30, 2015     | 395,634                                    | 395,634   | -                                       | 951,460                | 41.58%   |
| September 30, 2014     | 353,786                                    | 353,786   | -                                       | 769,099                | 46.00%   |
| September 30, 2013     | 326,546                                    | 326,546   | -                                       | 720,852                | 45.30%   |
| September 30, 2012     | 257,238                                    | 257,238   | -                                       | 730,788                | 35.20%   |
| September 30, 2011     | 264,678                                    | 264,678   | -                                       | 806,943                | 32.80%   |

**Notes to Schedule of Contributions:**

Valuation date                      October 1, 2018

Actuarially determined contribution amounts are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution amounts:**

- Actuarial cost method:                      Entry age actuarial cost method
- Amortization method                      Level percentage of pay, closed
- Interest rate                                      7.50% per year compounded annually, net of investment related expenses.
- Salary increases:                              Less than one year of service is 12% and greater than one year of service is 5%.
- Mortality basis:                                RP-2000 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on scale BB.
- Retirement age:                              Earlier of age 55 with 10 years of credited service or the completion of 25 years of credited service. Also, any Member who has reached Normal Retirement is assumed to continue employment for on additional year.
- Early retirement                                Commencing with the earliest Early Retirement Age (50 with 10 years of credited service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
- Disability and Termination:                See table below. It is assumed that 75% of disability retirements are service related.
- Payroll growth:                                1.65% per year
- Changes:    The assumed payroll growth was reduced from 2.01% to 1.65% and the termination rate assumption moved from an age-based schedule to a service-based schedule.

Disability rate table

| Age:                                | <u>20</u> | <u>30</u> | <u>40</u> | <u>50</u> |
|-------------------------------------|-----------|-----------|-----------|-----------|
| % becoming disabled during the year | 0.03%     | 0.04%     | 0.07%     | 0.18%     |

Termination rate table

| Years of service:             | <u>≤ 8</u> | <u>8-9</u> | <u>10</u> | <u>≥10</u> |
|-------------------------------|------------|------------|-----------|------------|
| % terminating during the year | 15.00%     | 0.00%      | 15.00%    | 1.00%      |

**CITY OF AUBURNDALE, FLORIDA**

Schedule of Changes in The Total OPEB Liability and Related Ratios

| Measurement date   | 9/30/2019            | 9/30/2018            | 9/30/2017            |
|--|----------------------|----------------------|----------------------|
| Reporting period ending  | 9/30/2020            | 9/30/2019            | 9/30/2018            |
| <b>Total OPEB Liability</b>                                      |                      |                      |                      |
| Service cost   | \$ 607,798           | \$ 663,734           | \$ 729,920           |
| Interest   | 579,749              | 519,072              | 453,027              |
| Change in assumptions  | 1,561,950            | (1,081,142)          | (1,259,721)          |
| Differences between expected and actual experience               | (2,980,389)          | -                    | -                    |
| Benefit payments   | (454,594)            | (418,981)            | (385,270)            |
| Net change in total pension liability                            | (685,486)            | (317,317)            | (462,044)            |
| Total OPEB liability, beginning                                  | 13,486,763           | 13,804,080           | 14,266,124           |
| Total OPEB liability, ending                                     | <u>\$ 12,801,277</u> | <u>\$ 13,486,763</u> | <u>\$ 13,804,080</u> |
| <br>   |                      |                      |                      |
| Covered payroll  | \$ 7,671,387         | \$ 7,910,302         | \$ 7,267,326         |
| <br>   |                      |                      |                      |
| Total OPEB liability as a percentage of covered-employee payroll | 166.87%              | 170.50%              | 189.95%              |

**Notes to Schedule:**

No assets are being accumulated in a trust to pay for plan benefits.

Additional information will be provided annually until ten years of data is presented.

**Changes of Assumptions:**

The following discount rates are those used for each measurement date:

| Measurement Date   | Discount Rate |
|--------------------|---------------|
| September 30, 2016 | 3.06%         |
| September 30, 2017 | 3.64%         |
| September 30, 2018 | 4.18%         |
| September 30, 2019 | 3.58%         |



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## **Other Supplementary Information**

**CITY OF AUBURNDALE, FLORIDA**

Combining Statement of Fiduciary Net Position – Fiduciary Funds

September 30, 2020

|                                  | <b>General<br/>Employees'<br/>Pension<br/>Trust Fund</b> | <b>Police<br/>Officers'<br/>Pension<br/>Trust Fund</b> | <b>Firefighters'<br/>Pension<br/>Trust Fund</b> | <b>Total</b>         |
|----------------------------------|--|--|---|----------------------|
| <b>ASSETS</b>                    |  |  |   |                      |
| Receivables:                     |  |  |   |                      |
| Contributions receivable:        |  |  |   |                      |
| City                             | \$ 233,678   | \$ 48,764  | \$ 96,388                                       | \$ 378,830           |
| Plan members                     | 2,832  | 9,901  | 7,706   | 20,439               |
| Other                            | -  | 4,668  | -   | 4,668                |
| Accrued income                   | 20,757   | 1,806  | 1,051   | 23,614               |
| Total receivables                | <u>257,267</u>   | <u>65,139</u>  | <u>105,145</u>                                  | <u>427,551</u>       |
| Investments, at fair value:      |  |  |   |                      |
| Short-term money market funds    | 598,078  | 200,867  | 178,345   | 977,290              |
| U.S. Government obligations      | 957,526  | -  | -   | 957,526              |
| Mortgage/asset backed securities | 2,960,739  | -  | -   | 2,960,739            |
| Fixed income mutual funds        | -  | 4,514,157  | 2,443,699                                       | 6,957,856            |
| Corporate and foreign bonds      | 1,452,629  | -  | -   | 1,452,629            |
| Equity securities                | -  | 2,330,568  | 1,360,468                                       | 3,691,036            |
| Equity mutual funds              | 13,753,099   | 6,123,656  | 3,529,958                                       | 23,406,713           |
| Real estate investment fund      | 1,891,301  | 1,321,674  | 772,786   | 3,985,761            |
| Total investments                | <u>21,613,372</u>  | <u>14,490,922</u>                                      | <u>8,285,256</u>                                | <u>44,389,550</u>    |
| Total assets                     | <u>21,870,639</u>  | <u>14,556,061</u>                                      | <u>8,390,401</u>                                | <u>44,817,101</u>    |
| <b>LIABILITIES</b>               |  |  |   |                      |
| Accounts payable                 | 5,625  | 6,350  | 6,350   | 18,325               |
| Total Liabilities                | <u>5,625</u>   | <u>6,350</u>   | <u>6,350</u>                                    | <u>18,325</u>        |
| <b>NET POSITION</b>              |  |  |   |                      |
| Restricted for pension benefits  | <u>\$ 21,865,014</u>                                     | <u>\$ 14,549,711</u>                                   | <u>\$ 8,384,051</u>                             | <u>\$ 44,798,776</u> |

**CITY OF AUBURNDALE, FLORIDA**

Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds  
for the year ended September 30, 2020

|  | <b>General<br/>Employees'<br/>Pension<br/>Trust Fund</b> | <b>Police<br/>Officers'<br/>Pension<br/>Trust Fund</b> | <b>Firefighters'<br/>Pension<br/>Trust Fund</b> | <b>Total</b>         |
|--|--|--|---|----------------------|
| <b>ADDITIONS</b>                       |  |  |   |                      |
| Contributions:                         |  |  |   |                      |
| City                                   | \$ 1,433,540   | \$ 483,764   | \$ 396,388                                      | \$ 2,313,692         |
| Plan members                           | 40,894   | 117,777  | 101,917   | 260,588              |
| State of Florida                       | -  | 172,422  | 107,595   | 280,017              |
| Total contributions                    | <u>1,474,434</u>   | <u>773,963</u>   | <u>605,900</u>                                  | <u>2,854,297</u>     |
| Investment income                      | <u>1,792,028</u>   | <u>1,334,219</u>                                       | <u>785,030</u>                                  | <u>3,911,277</u>     |
| Less investment expenses:              |  |  |   |                      |
| Performance evaluation                 | 22,500   | 21,000   | 21,000  | 64,500               |
| Custodial fees                         | 11,807   | 5,500  | 5,500   | 22,807               |
| Investment management fees             | 33,684   | 13,801   | 8,083   | 55,568               |
| Total investment expenses              | <u>67,991</u>  | <u>40,301</u>  | <u>34,583</u>                                   | <u>142,875</u>       |
| Net investment income                  | <u>1,724,037</u>   | <u>1,293,918</u>                                       | <u>750,447</u>                                  | <u>3,768,402</u>     |
| Total additions                        | <u>3,198,471</u>   | <u>2,067,881</u>                                       | <u>1,356,347</u>                                | <u>6,622,699</u>     |
| <b>DEDUCTIONS</b>                      |  |  |   |                      |
| Administrative expenses:               |  |  |   |                      |
| Legal                                  | 35,592   | 2,014  | 3,358   | 40,964               |
| Administrator fee                      | 13,200   | 13,200   | 13,200  | 39,600               |
| Actuarial                              | 23,664   | 18,870   | 19,904  | 62,438               |
| Insurance, supplies and other          | 4,496  | 3,441  | 4,013   | 11,950               |
| Audit                                  | 4,589  | 4,656  | 4,678   | 13,923               |
| Total administrative expenses          | <u>81,541</u>  | <u>42,181</u>  | <u>45,153</u>                                   | <u>168,875</u>       |
| Payments to retirees and participants  | <u>1,817,840</u>   | <u>629,869</u>   | <u>853,824</u>                                  | <u>3,301,533</u>     |
| Total deductions                       | <u>1,899,381</u>   | <u>672,050</u>   | <u>898,977</u>                                  | <u>3,470,408</u>     |
| <b>CHANGE IN NET POSITION</b>          | 1,299,090  | 1,395,831  | 457,370   | 3,152,291            |
| <b>NET POSITION, beginning of year</b> | <u>20,565,924</u>  | <u>13,153,880</u>                                      | <u>7,926,681</u>                                | <u>41,646,485</u>    |
| <b>NET POSITION, end of year</b>       | <u>\$ 21,865,014</u>                                     | <u>\$ 14,549,711</u>                                   | <u>\$ 8,384,051</u>                             | <u>\$ 44,798,776</u> |



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## **Statistical Section**

### Financial Trends

*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

|  |       |
|--|-------|
| Net Position by Component                      | 85    |
| Changes in Net Position                        | 86-87 |
| Fund Balances of Governmental Funds            | 88    |
| Changes in Fund Balances of Governmental Funds | 89    |

### Revenue Capacity

*These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.*

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|---|----|
| Assessed and Estimated Actual Value of Taxable Property | 90 |
| Property Tax Rates – Direct and Overlapping Governments | 91 |
| Principal Property Taxpayers                            | 92 |
| Property Tax Levies and Collections                     | 93 |

### Debt Capacity

*These debt schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

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|---|-------|
| Ratios of Outstanding Debt by Type                  | 94    |
| Ratios of General Bonded Debt Outstanding           | 95    |
| Direct and Overlapping Governmental Activities Debt | 96    |
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| Pledged-Revenues Coverage                           | 98-99 |

### Demographic and Economic Information

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

|                                     |     |
|-------------------------------------|-----|
| Demographic and Economic Statistics | 100 |
|-------------------------------------|-----|

### Operating Information

*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

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|--|-----|
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| Operating Indicators by Function/Program                   | 103 |
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**City of Auburndale, Florida**  
**Schedule of Net Position - By Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

|   | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b><u>Governmental Activities</u></b>       |               |               |               |               |               |               |               |               |               |               |
| Net investment                              |               |               |               |               |               |               |               |               |               |               |
| in capital assets                           | \$ 22,934,131 | \$ 24,765,637 | \$ 24,629,972 | \$ 24,782,239 | \$ 24,941,977 | \$ 28,374,983 | \$ 31,706,373 | \$ 35,287,042 | \$ 38,855,834 | \$ 40,671,611 |
| Restricted                                  | 2,234,855     | 3,158,471     | 3,167,404     | 2,921,290     | 3,599,607     | 3,968,021     | 3,695,923     | 3,057,221     | 3,433,402     | 5,604,560     |
| Unrestricted                                | (460,487)     | (3,073,363)   | (3,439,652)   | (4,086,624)   | (7,378,645)   | (7,791,912)   | (8,563,251)   | (13,560,015)  | (14,798,477)  | (10,174,850)  |
| Total governmental activities net position  | \$ 24,708,499 | \$ 24,850,745 | \$ 24,357,724 | \$ 23,616,905 | \$ 21,162,939 | \$ 24,551,092 | \$ 26,839,045 | \$ 24,784,248 | \$ 27,490,759 | \$ 36,101,321 |
| <b><u>Business-type activities</u></b>      |               |               |               |               |               |               |               |               |               |               |
| Net investment                              |               |               |               |               |               |               |               |               |               |               |
| in capital assets                           | \$ 23,116,570 | \$ 22,401,887 | \$ 21,178,789 | \$ 20,271,127 | \$ 19,380,925 | \$ 18,750,657 | \$ 17,339,470 | \$ 19,438,815 | \$ 19,988,434 | \$ 24,273,491 |
| Restricted                                  | 1,611,978     | 1,662,352     | 1,827,884     | 2,162,730     | 2,336,695     | 2,206,195     | 2,276,178     | 1,542,587     | 2,415,948     | 4,181,913     |
| Unrestricted                                | 3,218,404     | 2,514,528     | 1,847,111     | 1,418,422     | 600,164       | 1,766,663     | 3,075,381     | 2,757,963     | 2,843,058     | 5,204,638     |
| Total Business-type activities net position | \$ 27,946,952 | \$ 26,578,767 | \$ 24,853,784 | \$ 23,852,279 | \$ 22,317,784 | \$ 22,723,515 | \$ 22,691,029 | \$ 23,739,365 | \$ 25,247,440 | \$ 33,660,042 |
| <b><u>Primary Government</u></b>            |               |               |               |               |               |               |               |               |               |               |
| Net investment                              |               |               |               |               |               |               |               |               |               |               |
| in capital assets                           | \$ 46,050,701 | \$ 47,167,524 | \$ 45,808,761 | \$ 45,053,366 | \$ 44,322,902 | \$ 47,125,640 | \$ 49,045,843 | \$ 54,725,857 | \$ 58,844,268 | \$ 64,945,102 |
| Restricted                                  | 3,846,833     | 4,820,823     | 4,995,288     | 5,084,020     | 5,936,302     | 6,174,216     | 5,972,101     | 4,599,808     | 5,849,350     | 9,786,473     |
| Unrestricted                                | 2,757,917     | (558,835)     | (1,592,541)   | (2,668,202)   | (6,778,481)   | (6,025,249)   | (5,487,870)   | (10,802,052)  | (11,955,419)  | (4,970,212)   |
| Total primary government net position       | \$ 52,655,451 | \$ 51,429,512 | \$ 49,211,508 | \$ 47,469,184 | \$ 43,480,723 | \$ 47,274,607 | \$ 49,530,074 | \$ 48,523,613 | \$ 52,738,199 | \$ 69,761,363 |

Sources: Information derived from the annual financial reports for the relevant year.

**City of Auburndale, Florida**  
**Schedule of Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

|   | 2011                  | 2012                   | 2013                   | 2014                   | 2015                  | 2016                  | 2017                  | 2018                  | 2019                  | 2020                 |
|---|-----------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| <b>Expenses</b>                                   |                       |                        |                        |                        |                       |                       |                       |                       |                       |                      |
| <b>Governmental Activities:</b>                   |                       |                        |                        |                        |                       |                       |                       |                       |                       |                      |
| General Government                                | \$ 1,453,329          | \$ 1,302,682           | \$ 1,375,997           | \$ 1,576,519           | \$ 1,583,934          | \$ 1,541,300          | \$ 1,654,061          | \$ 1,920,291          | \$ 2,060,531          | \$ 1,722,641         |
| Library   | 607,929               | 597,142                | 595,763                | 598,258                | 599,672               | 608,175               | 758,115               | 681,785               | 710,612               | 674,303              |
| Police  | 4,275,135             | 4,105,340              | 4,209,378              | 4,419,877              | 4,302,386             | 4,686,378             | 4,884,559             | 5,035,164             | 5,043,772             | 5,053,525            |
| Fire  | 2,060,696             | 1,972,346              | 2,084,542              | 2,196,887              | 2,068,450             | 2,510,840             | 2,617,604             | 2,493,336             | 2,455,695             | 2,686,868            |
| Building and zoning                               | 472,944               | 491,772                | 535,800                | 491,147                | 729,585               | 527,735               | 614,791               | 956,803               | 618,708               | 680,128              |
| Public works administration                       | 295,023               | 417,990                | 469,880                | 437,803                | 186,997               | 688,754               | 1,178,929             | 1,192,807             | 1,302,273             | 1,157,110            |
| Sanitation  | 1,256,480             | 1,165,688              | 1,285,481              | 1,359,176              | 1,303,631             | 1,442,658             | 1,656,039             | 1,657,888             | 1,703,171             | 1,791,265            |
| Fleet maintenance                                 | 16,571                | -                      | -                      | -                      | -                     | -                     | -                     | -                     | -                     | -                    |
| Streets   | 1,143,094             | 996,305                | 978,416                | 1,128,495              | 1,139,286             | 1,067,386             | 1,149,651             | 1,264,885             | 1,691,530             | 2,400,421            |
| Parks and recreation                              | 3,820,152             | 3,813,675              | 4,178,742              | 3,963,721              | 3,894,033             | 4,173,904             | 3,799,682             | 3,698,819             | 4,102,919             | 3,821,183            |
| Community redevelopment                           | 233,127               | 55,484                 | 444,651                | 395,689                | 72,708                | 85,082                | 414,115               | 659,176               | 488,813               | 601,281              |
| Interest on long term debt                        | 840,545               | 664,516                | 650,514                | 545,394                | 502,661               | 671,365               | 523,390               | 390,393               | 357,066               | 807,169              |
| <b>Total governmental activities expenses</b>     | <b>16,475,025</b>     | <b>15,582,940</b>      | <b>16,809,164</b>      | <b>17,112,966</b>      | <b>16,383,343</b>     | <b>18,003,577</b>     | <b>19,250,936</b>     | <b>19,951,347</b>     | <b>20,535,090</b>     | <b>21,395,894</b>    |
| <b>Business-type activities:</b>                  |                       |                        |                        |                        |                       |                       |                       |                       |                       |                      |
| Water and wastewater utility                      | 9,046,303             | 8,899,499              | 8,993,425              | 8,866,420              | 8,959,217             | 9,322,481             | 9,814,254             | 9,645,386             | 10,420,623            | 11,465,540           |
| <b>Total business-type activities expenses</b>    | <b>9,046,303</b>      | <b>8,899,499</b>       | <b>8,993,425</b>       | <b>8,866,420</b>       | <b>8,959,217</b>      | <b>9,322,481</b>      | <b>9,814,254</b>      | <b>9,645,386</b>      | <b>10,420,623</b>     | <b>11,465,540</b>    |
| <b>Total primary government expenses</b>          | <b>\$ 25,521,328</b>  | <b>\$ 24,482,439</b>   | <b>\$ 25,802,589</b>   | <b>\$ 25,979,386</b>   | <b>\$ 25,342,560</b>  | <b>\$ 27,326,058</b>  | <b>\$ 29,065,190</b>  | <b>\$ 29,596,733</b>  | <b>\$ 30,955,713</b>  | <b>\$ 32,861,434</b> |
| <b>Program revenues</b>                           |                       |                        |                        |                        |                       |                       |                       |                       |                       |                      |
| <b>Governmental activities:</b>                   |                       |                        |                        |                        |                       |                       |                       |                       |                       |                      |
| Charges for services                              | \$ 3,244,816          | \$ 2,992,294           | \$ 3,117,147           | \$ 3,333,672           | \$ 3,381,546          | \$ 3,369,298          | \$ 3,450,658          | \$ 3,257,831          | \$ 3,736,769          | \$ 4,652,836         |
| Operating grants and contributions                | 588,068               | 483,838                | 478,719                | 470,334                | 542,434               | 592,507               | 550,731               | 604,693               | 518,456               | 634,448              |
| Capital grants and contributions                  | 3,248,043             | 1,158,251              | 1,412,308              | 1,141,925              | 2,161,175             | 2,603,035             | 2,825,462             | 3,172,001             | 2,344,127             | 7,505,233            |
| <b>Total governmental activities program rev.</b> | <b>7,080,927</b>      | <b>4,634,383</b>       | <b>5,008,174</b>       | <b>4,945,931</b>       | <b>6,085,155</b>      | <b>6,564,840</b>      | <b>6,826,851</b>      | <b>7,034,525</b>      | <b>6,599,352</b>      | <b>12,792,517</b>    |
| <b>Business-type activities:</b>                  |                       |                        |                        |                        |                       |                       |                       |                       |                       |                      |
| Charges for services                              | 9,384,379             | 8,939,536              | 8,897,084              | 9,700,481              | 10,499,197            | 11,652,583            | 12,105,580            | 12,145,328            | 12,914,602            | 13,419,401           |
| Operating grants and contributions                | -                     | -                      | -                      | -                      | -                     | -                     | -                     | -                     | -                     | -                    |
| Capital grants and contributions                  | 316,600               | 494,864                | 861,499                | 843,061                | 2,287,466             | 1,711,098             | 895,699               | 3,272,941             | 2,485,137             | 9,952,744            |
| <b>Total business-type program revenues</b>       | <b>9,700,979</b>      | <b>9,434,400</b>       | <b>9,758,583</b>       | <b>10,543,542</b>      | <b>12,786,663</b>     | <b>13,363,681</b>     | <b>13,001,279</b>     | <b>15,418,269</b>     | <b>15,399,739</b>     | <b>23,372,145</b>    |
| <b>Total primary government program revenues</b>  | <b>\$ 16,781,906</b>  | <b>\$ 14,068,783</b>   | <b>\$ 14,766,757</b>   | <b>\$ 15,489,473</b>   | <b>\$ 18,871,818</b>  | <b>\$ 19,928,521</b>  | <b>\$ 19,828,130</b>  | <b>\$ 22,452,794</b>  | <b>\$ 21,999,091</b>  | <b>\$ 36,164,662</b> |
| <b>Net(expenses)/revenue</b>                      |                       |                        |                        |                        |                       |                       |                       |                       |                       |                      |
| Governmental activities                           | (9,394,098)           | (10,948,557)           | (11,800,990)           | (12,167,035)           | (10,298,188)          | (11,438,737)          | (12,424,085)          | (12,916,822)          | (13,935,738)          | (8,603,377)          |
| Business-type activities                          | 654,676               | 534,901                | 765,158                | 1,677,122              | 3,827,446             | 4,041,200             | 3,187,025             | 5,772,883             | 4,979,116             | 11,906,605           |
| <b>Total primary government net expenses</b>      | <b>\$ (8,739,422)</b> | <b>\$ (10,413,656)</b> | <b>\$ (11,035,832)</b> | <b>\$ (10,489,913)</b> | <b>\$ (6,470,742)</b> | <b>\$ (7,397,537)</b> | <b>\$ (9,237,060)</b> | <b>\$ (7,143,939)</b> | <b>\$ (8,956,622)</b> | <b>\$ 3,303,228</b>  |

Continued...

Sources: Information derived from the annual financial reports for the relevant year.

**City of Auburndale, Florida**  
**Schedule of**  
**Changes in Net Position (concluded)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

|   | 2011                | 2012                  | 2013                  | 2014                  | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 |
|---|---------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>General Revenues and Other Changes in Net Position</b> |                     |                       |                       |                       |                      |                      |                      |                      |                      |                      |
| Governmental Activities:                                  |                     |                       |                       |                       |                      |                      |                      |                      |                      |                      |
| Taxes   |                     |                       |                       |                       |                      |                      |                      |                      |                      |                      |
| Property Taxes  | \$ 3,939,115        | \$ 3,736,627          | \$ 3,746,582          | \$ 4,029,013          | \$ 4,472,859         | \$ 4,522,527         | \$ 4,596,725         | \$ 4,877,421         | \$ 5,450,729         | \$ 6,280,184         |
| Franchise Taxes   | 927,862             | 907,284               | 880,789               | 958,540               | 1,601,373            | 1,843,023            | 1,762,003            | 1,803,030            | 1,823,489            | 1,696,413            |
| Public Service Taxes                                      | 2,551,000           | 2,534,505             | 2,351,208             | 2,617,818             | 2,598,006            | 2,690,549            | 2,786,025            | 2,924,035            | 2,953,465            | 3,013,081            |
| Fuel Taxes  | 719,665             | 695,006               | 671,112               | 705,841               | 744,992              | 784,968              | 819,426              | 883,025              | 917,080              | 867,558              |
| State shared revenue                                      | 955,282             | 945,268               | 1,006,607             | 1,080,415             | 1,157,383            | 1,237,066            | 1,321,164            | 1,426,765            | 1,533,011            | 1,491,780            |
| Investment earnings                                       | 45,056              | 28,514                | 7,323                 | 6,936                 | 6,013                | 10,591               | 57,377               | 119,989              | 174,235              | 156,343              |
| Miscellaneous   | 122,954             | 297,717               | 149,712               | 49,195                | 140,608              | 92,172               | 107,311              | 409,822              | 286,538              | 196,076              |
| Gain (loss) on sale of capital assets                     | -                   | -                     | -                     | -                     | -                    | -                    | -                    | -                    | 6,590                | (22,319)             |
| Interfund transfer  | 1,557,381           | 1,945,882             | 2,494,636             | 2,313,573             | 4,149,127            | 3,645,994            | 3,262,007            | 3,616,194            | 3,497,112            | 3,534,823            |
| <b>Total governmental activities</b>                      | <b>10,818,315</b>   | <b>11,090,803</b>     | <b>11,307,969</b>     | <b>11,761,331</b>     | <b>14,870,361</b>    | <b>14,826,890</b>    | <b>14,712,038</b>    | <b>16,060,281</b>    | <b>16,642,249</b>    | <b>17,213,939</b>    |
| Business-type Activities:                                 |                     |                       |                       |                       |                      |                      |                      |                      |                      |                      |
| Investment earnings                                       | 17,886              | 33,532                | 4,495                 | 3,942                 | 3,358                | 2,420                | 42,496               | 59,964               | 36,461               | 35,582               |
| Miscellaneous   | 23,438              | 9,264                 | -                     | -                     | 8,976                | 8,105                | -                    | -                    | -                    | -                    |
| Gain (loss) on sale of capital assets                     | -                   | -                     | -                     | -                     | -                    | -                    | -                    | 21,654               | (10,390)             | 5,238                |
| Interfund transfer  | (1,557,381)         | (1,945,882)           | (2,494,636)           | (2,313,573)           | (4,149,127)          | (3,645,994)          | (3,262,007)          | (3,616,194)          | (3,497,112)          | (3,534,823)          |
| <b>Total business-type activities</b>                     | <b>(1,516,057)</b>  | <b>(1,903,086)</b>    | <b>(2,490,141)</b>    | <b>(2,309,631)</b>    | <b>(4,136,793)</b>   | <b>(3,635,469)</b>   | <b>(3,219,511)</b>   | <b>(3,534,576)</b>   | <b>(3,471,041)</b>   | <b>(3,494,003)</b>   |
| <b>Total primary government</b>                           | <b>\$ 9,302,258</b> | <b>\$ 9,187,717</b>   | <b>\$ 8,817,828</b>   | <b>\$ 9,451,700</b>   | <b>\$ 10,733,568</b> | <b>\$ 11,191,421</b> | <b>\$ 11,492,527</b> | <b>\$ 12,525,705</b> | <b>\$ 13,171,208</b> | <b>\$ 13,719,936</b> |
| <b>Change in Net Position</b>                             |                     |                       |                       |                       |                      |                      |                      |                      |                      |                      |
| Governmental activities                                   | \$ 1,424,217        | \$ 142,246            | \$ (493,021)          | \$ (405,704)          | \$ 4,572,173         | \$ 3,388,153         | \$ 2,287,953         | \$ 3,143,459         | \$ 2,706,511         | \$ 8,610,562         |
| Business-type activities                                  | (861,381)           | (1,368,185)           | (1,724,983)           | (632,509)             | (309,347)            | 405,731              | (32,486)             | 2,238,307            | 1,508,075            | 8,412,602            |
| <b>Total Primary Government</b>                           | <b>\$ 562,836</b>   | <b>\$ (1,225,939)</b> | <b>\$ (2,218,004)</b> | <b>\$ (1,038,213)</b> | <b>\$ 4,262,826</b>  | <b>\$ 3,793,884</b>  | <b>\$ 2,255,467</b>  | <b>\$ 5,381,766</b>  | <b>\$ 4,214,586</b>  | <b>\$ 17,023,164</b> |

Sources: Information derived from the annual financial reports for the relevant year.

**City of Auburndale, Florida**  
**Schedule of**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

|   | 2011                | 2012                | 2013                | 2014                | 2015                 | 2016                | 2017                | 2018                | 2019                | 2020                |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>General fund</b>                       |                     |                     |                     |                     |                      |                     |                     |                     |                     |                     |
| Nonspendable                              | \$ 21,990           | \$ 33,079           | \$ 27,071           | \$ 12,521           | \$ 13,931            | \$ 16,360           | \$ 13,922           | \$ 17,526           | \$ 13,398           | \$ 16,349           |
| Restricted                                | 2,484,169           | 2,569,546           | 2,567,126           | 2,263,394           | 6,028,478            | 2,747,676           | 2,456,641           | 2,639,062           | 2,985,729           | 2,243,981           |
| Assigned                                  | -                   | -                   | -                   | -                   | -                    | -                   | -                   | -                   | -                   | -                   |
| Unassigned                                | 1,651,119           | 722,480             | 489,534             | 742,292             | 4,063,269            | 4,206,045           | 4,740,103           | 5,886,736           | 5,220,703           | 6,837,878           |
| <b>Total General Fund</b>                 | <b>\$ 4,157,278</b> | <b>\$ 3,325,105</b> | <b>\$ 3,083,731</b> | <b>\$ 3,018,207</b> | <b>\$ 10,105,678</b> | <b>\$ 6,970,081</b> | <b>\$ 7,210,666</b> | <b>\$ 8,543,324</b> | <b>\$ 8,219,830</b> | <b>\$ 9,098,208</b> |
|   | 2011                | 2012                | 2013                | 2014                | 2015                 | 2016                | 2017                | 2018                | 2019                | 2020                |
| <b>All other governmental funds</b>       |                     |                     |                     |                     |                      |                     |                     |                     |                     |                     |
| Nonspendable                              | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                 | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| Restricted                                | 490,234             | 789,632             | 783,931             | 824,110             | 1,257,158            | 1,413,419           | 1,382,119           | 549,417             | 565,971             | 3,422,277           |
| Assigned                                  | -                   | -                   | -                   | -                   | -                    | -                   | -                   | -                   | -                   | -                   |
| Unassigned                                | -                   | -                   | -                   | -                   | -                    | -                   | -                   | -                   | -                   | -                   |
| <b>Total all other governmental funds</b> | <b>\$ 490,234</b>   | <b>\$ 789,632</b>   | <b>\$ 783,931</b>   | <b>\$ 824,110</b>   | <b>\$ 1,257,158</b>  | <b>\$ 1,413,419</b> | <b>\$ 1,382,119</b> | <b>\$ 549,417</b>   | <b>\$ 565,971</b>   | <b>\$ 3,422,277</b> |

Sources: Information derived from the annual financial reports for the relevant year.

**City of Auburndale, Florida**  
**Schedule of Changes in**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

|  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  | 2017                  | 2018                  | 2019                  | 2020                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Revenues</b>  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Taxes  | \$ 8,070,504          | \$ 7,815,388          | \$ 7,627,975          | \$ 8,286,888          | \$ 9,387,117          | \$ 9,724,536          | \$ 9,873,759          | \$ 10,379,883         | \$ 11,040,174         | \$ 11,761,223         |
| Licenses and Permits   | 496,112               | 253,038               | 293,410               | 355,816               | 355,889               | 514,573               | 744,888               | 611,234               | 823,050               | 1,859,640             |
| Intergovernmental  | 4,209,197             | 2,591,733             | 2,860,296             | 2,616,703             | 3,759,560             | 3,065,077             | 4,045,926             | 4,893,781             | 4,195,407             | 3,689,360             |
| Charges for services   | 2,788,952             | 2,799,456             | 2,778,792             | 2,935,587             | 2,972,307             | 2,796,434             | 2,713,368             | 2,761,786             | 3,055,113             | 3,271,171             |
| Fines and forfeitures  | 35,734                | 32,397                | 41,456                | 35,073                | 38,195                | 36,088                | 40,337                | 42,761                | 79,798                | 119,258               |
| Other  | 365,085               | 326,769               | 258,412               | 251,383               | 374,349               | 446,935               | 209,951               | 500,706               | 494,716               | 504,762               |
| <b>Total revenues</b>  | <b>\$ 15,965,584</b>  | <b>\$ 13,818,781</b>  | <b>\$ 13,860,341</b>  | <b>\$ 14,481,450</b>  | <b>\$ 16,887,417</b>  | <b>\$ 16,583,643</b>  | <b>\$ 17,628,229</b>  | <b>\$ 19,190,151</b>  | <b>\$ 19,688,258</b>  | <b>\$ 21,205,414</b>  |
| <b>Expenditures</b>  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Current:   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| General Government   | \$ 1,343,451          | \$ 1,128,535          | \$ 1,233,092          | \$ 1,422,496          | \$ 1,480,641          | \$ 1,402,263          | \$ 1,407,077          | \$ 1,711,181          | \$ 1,925,685          | \$ 1,783,812          |
| Public Safety  | 5,888,755             | 5,828,183             | 6,071,599             | 6,420,226             | 6,955,843             | 6,766,450             | 7,051,203             | 7,463,716             | 7,582,252             | 7,788,688             |
| Physical environment   | 1,628,480             | 1,722,370             | 1,843,376             | 1,957,976             | 1,845,669             | 2,195,151             | 2,403,018             | 2,609,696             | 2,795,480             | 2,910,151             |
| Economic environment   | 85,340                | 60,545                | 86,673                | 130,207               | 120,575               | 153,417               | 156,149               | 283,216               | 211,940               | 223,144               |
| Transportation   | 735,222               | 675,768               | 657,193               | 741,234               | 765,888               | 698,266               | 756,442               | 805,145               | 804,448               | 831,680               |
| Culture & Recreation   | 3,049,942             | 3,177,826             | 3,154,247             | 3,168,825             | 3,222,819             | 3,388,715             | 3,426,196             | 3,184,294             | 3,582,230             | 3,532,577             |
| Debt Service:  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Principal retirement   | 1,782,882             | 1,367,939             | 1,458,083             | 1,416,984             | 1,146,310             | 1,185,407             | 1,003,301             | 1,493,231             | 1,538,524             | 1,594,686             |
| Interest and other fiscal charges                              | 586,994               | 653,878               | 612,498               | 562,834               | 514,750               | 632,416               | 438,685               | 393,953               | 362,714               | 830,090               |
| Capital Outlay   | 3,176,301             | 1,682,394             | 1,485,291             | 999,586               | 1,963,530             | 6,786,888             | 3,395,800             | 4,623,909             | 4,940,279             | 11,204,213            |
| <b>Total expenditures</b>                                      | <b>\$ 18,277,367</b>  | <b>\$ 16,297,438</b>  | <b>\$ 16,602,052</b>  | <b>\$ 16,820,368</b>  | <b>\$ 18,016,025</b>  | <b>\$ 23,208,973</b>  | <b>\$ 20,037,871</b>  | <b>\$ 22,568,341</b>  | <b>\$ 23,743,552</b>  | <b>\$ 30,699,041</b>  |
| <b>Excess(deficiency) of revenues over(under) expenditures</b> | <b>\$ (2,311,783)</b> | <b>\$ (2,478,657)</b> | <b>\$ (2,741,711)</b> | <b>\$ (2,338,918)</b> | <b>\$ (1,128,608)</b> | <b>\$ (6,625,330)</b> | <b>\$ (2,409,642)</b> | <b>\$ (3,378,190)</b> | <b>\$ (4,055,294)</b> | <b>\$ (9,493,627)</b> |
| <b>Other financing sources(uses)</b>                           |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Transfers in   | 1,557,381             | 1,945,882             | 2,494,636             | 2,313,573             | 4,149,127             | 3,645,994             | 3,262,007             | 3,616,194             | 3,497,112             | 3,534,823             |
| Insurance proceeds   | -                     | -                     | -                     | -                     | -                     | -                     | -                     | 261,952               | 63,706                | 34,331                |
| Proceeds from Borrowing  | 8,745,922             | -                     | -                     | -                     | 4,500,000             | -                     | 5,959,846             | -                     | 187,536               | 9,659,157             |
| Payment to refunding bond escrow agent                         | (9,082,929)           | -                     | -                     | -                     | -                     | -                     | (6,602,926)           | -                     | -                     | -                     |
| <b>Total other financing sources (uses)</b>                    | <b>\$ 1,220,374</b>   | <b>\$ 1,945,882</b>   | <b>\$ 2,494,636</b>   | <b>\$ 2,313,573</b>   | <b>\$ 8,649,127</b>   | <b>\$ 3,645,994</b>   | <b>\$ 2,618,927</b>   | <b>\$ 3,878,146</b>   | <b>\$ 3,748,354</b>   | <b>\$ 13,228,311</b>  |
| Net change in fund balance                                     | \$ (1,091,409)        | \$ (532,775)          | \$ (247,075)          | \$ (25,345)           | \$ 7,520,519          | \$ (2,979,336)        | \$ 209,285            | \$ 499,956            | \$ (306,940)          | \$ 3,734,684          |
| Debt service as percentage of non-capital expenditures         | 15.9%                 | 13.7%                 | 13.0%                 | 12.2%                 | 10.3%                 | 11.7%                 | 9.0%                  | 10.2%                 | 9.9%                  | 15.3%                 |

Sources: Information derived from the annual financial reports for the relevant year.

**City of Auburndale, Florida**  
**Schedule of**  
**Assessed Value and Estimated Actual Value of Taxable Property (1)**  
**Last Ten Fiscal Years**

| Fiscal Year | Real Property  | Assessed Value of Personal Property | Centrally Assessed Property | Taxable Assessed Valuation | Total Direct MillageTax Rate |
|-------------|----------------|-------------------------------------|-----------------------------|----------------------------|------------------------------|
| 2011        | \$ 454,778,897 | \$ 443,822,305                      | \$ 1,276,548                | \$ 899,877,750             | 3.8393                       |
| 2012        | 411,840,082    | 409,217,119                         | 1,294,154                   | 822,351,355                | 4.2657                       |
| 2013        | 437,594,532    | 437,937,072                         | 1,499,218                   | 877,030,822                | 4.2657                       |
| 2014        | 480,635,597    | 480,604,615                         | 1,532,551                   | 962,772,763                | 4.2657                       |
| 2015        | 528,236,438    | 437,270,607                         | 1,519,692                   | 967,026,737                | 4.2657                       |
| 2016        | 579,081,646    | 380,065,184                         | 1,722,144                   | 960,868,974                | 4.2657                       |
| 2017        | 684,755,661    | 357,657,670                         | 1,686,747                   | 1,044,100,078              | 4.2657                       |
| 2018        | 791,277,435    | 409,583,576                         | 1,774,659                   | 1,202,635,670              | 4.2515                       |
| 2019        | 862,689,225    | 430,206,041                         | 1,733,048                   | 1,294,628,314              | 4.2515                       |
| 2020        | 957,201,379    | 398,919,640                         | 1,953,976                   | 1,358,074,995              | 4.2515                       |

(1) The State of Florida, by statute, requires property appraisers to assess all property within the State at 100% of market value. Therefore, the assessed valuation and estimated actual value is the same.

Source: Polk County Property Appraiser

Note: Property in the city is assessed each year. Tax rates are per \$1,000 of assessed value.

**City of Auburndale, Florida**  
**Schedule of**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

| Fiscal Year | Auburndale | Polk County (BOCC) | Polk County School Board | Lakes Region Lake Management | Southwest Florida Water Management District | Total      |
|-------------|------------|--------------------|--------------------------|------------------------------|---|------------|
| 2011        | 3.8393     | 6.8665             | 7.6700                   | 0.0000                       | 0.3928                                      | 18.7686    |
| 2011        | 3.8393     | 6.8665             | 7.6700                   | 0.4829                       | 0.3928                                      | 19.2515 ** |
| 2012        | 4.2657     | 6.8665             | 7.4920                   | 0.0000                       | 0.3928                                      | 19.0170    |
| 2012        | 4.2657     | 6.8665             | 7.4920                   | 0.4996                       | 0.3928                                      | 19.5166 ** |
| 2013        | 4.2657     | 6.8665             | 7.5470                   | 0.0000                       | 0.3818                                      | 19.0610    |
| 2013        | 4.2657     | 6.8665             | 7.5470                   | 0.4924                       | 0.3818                                      | 19.5534 ** |
| 2014        | 4.2657     | 6.8665             | 7.2080                   | 0.0000                       | 0.3658                                      | 18.7060    |
| 2014        | 4.2657     | 6.8665             | 7.2080                   | 0.4924                       | 0.3658                                      | 19.1984 ** |
| 2015        | 4.2657     | 6.7815             | 7.1490                   | 0.0000                       | 0.3488                                      | 18.5450    |
| 2015        | 4.2657     | 6.7815             | 7.1490                   | 0.4715                       | 0.3488                                      | 19.0165 ** |
| 2016        | 4.2657     | 6.7815             | 6.7970                   | 0.0000                       | 0.3317                                      | 18.1759    |
| 2016        | 4.2657     | 6.7815             | 6.7970                   | 0.4512                       | 0.3317                                      | 18.6271 ** |
| 2017        | 4.2657     | 6.7815             | 6.5140                   | 0.0000                       | 0.3131                                      | 17.8743    |
| 2017        | 4.2657     | 6.7815             | 6.5140                   | 0.4214                       | 0.3131                                      | 18.2957 ** |
| 2018        | 4.2515     | 7.1565             | 6.2510                   | 0.0000                       | 0.2955                                      | 17.9545    |
| 2018        | 4.2515     | 7.1565             | 6.2510                   | 0.4214                       | 0.2955                                      | 18.3759 ** |
| 2019        | 4.2515     | 7.1565             | 6.0860                   | 0.0000                       | 0.2801                                      | 17.7741    |
| 2019        | 4.2515     | 7.1565             | 6.0860                   | 0.4214                       | 0.2801                                      | 18.1955 ** |
| 2020        | 4.2515     | 6.899              | 5.9350                   | 0.0000                       | 0.2669                                      | 17.3524    |
| 2020        | 4.2515     | 6.899              | 5.9350                   | 0.4100                       | 0.2669                                      | 17.7624 ** |

\*\* Rate includes property within the Lake Region Lake Management District

Source: [www.polkpa.org](http://www.polkpa.org) - Final Millage Rates

**City of Auburndale, Florida**  
**Schedule of**  
**Principal Property Tax Payers**  
**September 30, 2020 for the Current Year and Ten Years Prior**

| <b>Taxpayer</b>                   | <b>2020</b>                       |   | <b>2010</b>                       |   |
|-----------------------------------|-----------------------------------|---|-----------------------------------|---|
|                                   | <b>Taxable Assessed Valuation</b> | <b>Percentage of Total Taxable Assessed Value</b> | <b>Taxable Assessed Valuation</b> | <b>Percentage of Total Taxable Assessed Value</b> |
| Coca Cola                         | \$ 176,066,677                    | 13.46%  | *                                 | *   |
| Duke Energy/Florida Power         | 166,009,701                       | 12.69%  | *                                 | *   |
| Medline Industries Inc.           | 56,584,613                        | 4.33%   | *                                 | *   |
| Saddle Creek Corporation          | 47,325,993                        | 3.62%   | *                                 | *   |
| Tampa Electric                    | 24,839,050                        | 1.90%   | *                                 | *   |
| Walmart                           | 12,040,469                        | 0.92%   | *                                 | *   |
| Spectrum Sunshine State           | 11,860,725                        | 0.91%   | *                                 | *   |
| Florida Brewery Inc               | 11,236,615                        | 0.86%   | *                                 | *   |
| Buckhead Beef Company             | 10,200,981                        | 0.78%   | *                                 | *   |
| Verizon                           | 9,987,293                         | 0.76%   | *                                 | *   |
| <b>Total of Top Ten Taxpayers</b> | <b>\$ 526,152,117</b>             | <b>40.23%</b>                                     |                                   |   |

\* Data not available

Source: Polk County Tax Collector

**City of Auburndale, Florida**  
**Schedule of Property Tax Levies and Collections**  
**Last Ten Years**

| <b>Fiscal Year</b> | <b>Total Tax Levy</b> | <b>Current Tax Collection</b> | <b>Percent of Levy Collected</b> | <b>Delinquent Tax Collections</b> | <b>Total Tax Collection</b> | <b>Ratio of Levy to Collections</b> |
|--------------------|-----------------------|-------------------------------|----------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
| 2020               | \$ 5,563,874          | \$ 5,357,357                  | 96.29%                           | \$ 3,312                          | \$ 5,360,669                | 96.35%                              |
| 2019               | \$ 5,129,641          | \$ 4,898,261                  | 95.49%                           | \$ 2,370                          | \$ 4,900,631                | 95.54%                              |
| 2018               | \$ 4,461,241          | \$ 4,268,792                  | 95.69%                           | \$ 11,831                         | \$ 4,280,623                | 95.95%                              |
| 2017               | \$ 4,105,962          | \$ 3,959,432                  | 96.43%                           | \$ 13,330                         | \$ 3,972,762                | 96.76%                              |
| 2016               | \$ 4,115,978          | \$ 3,953,435                  | 96.05%                           | \$ 10,565                         | \$ 3,964,000                | 96.31%                              |
| 2015               | \$ 4,109,529          | \$ 3,952,277                  | 96.17%                           | \$ 8,797                          | \$ 3,961,074                | 96.39%                              |
| 2014               | \$ 3,755,739          | \$ 3,612,832                  | 96.19%                           | \$ 5,114                          | \$ 3,617,947                | 96.33%                              |
| 2013               | \$ 3,487,264          | \$ 3,342,290                  | 95.84%                           | \$ 8,964                          | \$ 3,351,254                | 96.10%                              |
| 2012               | \$ 3,447,547          | \$ 3,308,705                  | 95.97%                           | \$ 4,196                          | \$ 3,312,901                | 96.09%                              |
| 2011               | \$ 3,585,788          | \$ 3,450,372                  | 96.22%                           | \$ 15,688                         | \$ 3,466,060                | 96.66%                              |

Source: Polk County Property Appraiser

**City of Auburndale, Florida**  
**Schedule of**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

| Fiscal Year | Governmental Activities |                         | Business - Type Activities |  | Total Primary Government | City of Auburndale Personal Income (1) | Percentage of Income | Per Capita (2) |
|-------------|-------------------------|-------------------------|----------------------------|--|--------------------------|--|----------------------|----------------|
|             | Bonds and Notes Payable | Bonds and Notes Payable | Other Long-Term Debt       |  |                          |  |                      |                |
| 2011        | \$ 18,038,704           | \$ 37,970,617           | \$ -                       |  | \$ 56,009,321            | \$ 433,643,886                         | 12.92%               | \$ 4,120       |
| 2012        | 16,670,765              | 36,784,959              | -                          |  | 53,455,724               | 437,882,208                            | 12.21%               | 3,876          |
| 2013        | 15,212,682              | 35,534,683              | -                          |  | 50,747,365               | 441,101,383                            | 11.50%               | 3,622          |
| 2014        | 13,795,698              | 34,495,788              | -                          |  | 48,291,486               | 465,568,728                            | 10.37%               | 3,386          |
| 2015        | 17,149,388              | 34,416,206              | -                          |  | 51,565,594               | 497,391,120                            | 10.37%               | 3,477          |
| 2016        | 15,963,981              | 39,720,079              | -                          |  | 55,684,060               | 518,548,350                            | 10.74%               | 3,604          |
| 2017        | 14,501,876              | 38,917,766              | -                          |  | 53,419,642               | 547,373,787                            | 9.76%                | 3,339          |
| 2018        | 13,008,645              | 37,647,714              | -                          |  | 50,656,359               | 576,131,898                            | 8.79%                | 3,118          |
| 2019        | 11,657,657              | 36,325,020              | 285,790                    |  | 48,268,467               | 605,954,566                            | *                    | 2,919          |
| 2020        | 19,651,806              | 34,959,755              | 506,406                    |  | 55,117,967               | *                                      | *                    | 3,220          |

Source:

- (1) Federal Reserve Bank of St. Louis - Economic Research - Polk County
- (2) Population base from University of Florida BEBR
- \* Information not available

**City of Auburndale, Florida**  
**Schedule of**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

General Bonded Debt Outstanding

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The City has not had any general bonded debt in the past ten fiscal years.

Source: City of Auburndale Finance Department

**City of Auburndale, Florida**  
**Schedule of**  
**Direct and Overlapping Governmental Activities Debt**  
**September 30, 2020**

| Jurisdiction                              | Debt<br>Outstanding | Percentage<br>Applicable to<br>Auburndale | Amount Applicable to<br>Auburndale |
|---|---------------------|---|------------------------------------|
| District School Board of Polk County      | \$ 384,617,289      | 3.39% (1)                                 | \$ 13,049,274                      |
| Polk County Board of County Commissioners | 174,702,684         | 3.39% (2)                                 | 5,927,303                          |
| Total Overlapping Debt                    |                     |   | <u>18,976,577</u>                  |
| Total Direct Debt                         |                     |   | 19,651,806                         |
| Total Direct and Overlapping Debt         |                     |   | <u><u>\$ 38,628,383</u></u>        |

(1) The percentage of overlapping debt applicable is calculated as a ratio of taxable assessed property values in the City of Auburndale to total taxable valuation of property in Polk County, Florida.

Sources:

(1) School Board of Polk County June 30, 2019 Comprehensive Annual Financial Report (latest available)

(2) Polk County, Florida September 30, 2019 Comprehensive Financial Report (latest available)

**City of Auburndale, Florida  
Schedule of  
Legal Debt Margin Information  
Last Ten Fiscal Years**

The City Charter and Florida State Statute 200.181 does not provide for legal debt limit.

Source: City of Auburndale, Florida finance department

**City of Auburndale, Florida**  
**Schedule of**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

| Fiscal Year | Water and Sewer<br>Revenue (1) | Less: Water and<br>Sewer Operating<br>Expenses (2) | Net Revenues (3) | Debt Service (4) | Coverage (5) |
|-------------|--------------------------------|--|------------------|------------------|--------------|
| 2011        | \$ 9,425,703                   | \$ (4,723,024)                                     | \$ 4,702,679     | \$ 2,948,511     | 1.59         |
| 2012        | 8,982,332                      | (4,635,400)  | 4,346,932        | 2,954,549        | 1.47         |
| 2013        | 8,901,579                      | (4,770,810)  | 4,130,769        | 2,962,718        | 1.39         |
| 2014        | 9,704,423                      | (4,715,688)  | 4,988,735        | 2,943,729        | 1.69         |
| 2015        | 10,511,531                     | (4,849,937)  | 5,661,594        | 2,692,681        | 2.10         |
| 2016        | 11,664,917                     | (4,933,565)  | 6,731,352        | 2,659,025        | 2.53         |
| 2017        | 12,148,076                     | (5,754,710)  | 6,393,366        | 1,839,057        | 3.48         |
| 2018        | 12,205,292                     | (5,583,717)  | 6,621,575        | 2,571,981        | 2.57         |
| 2019        | 12,951,063                     | (5,969,758)  | 6,981,305        | 2,577,369        | 2.71         |
| 2020        | 13,454,983                     | (6,920,926)  | 6,534,057        | 2,570,456        | 2.54         |

(1) Gross water and sewer revenues include all money received from rates, fees, rentals or other charges received by the City or accrued to it in the management and operation of the water and sewer system.

(2) Operating expenses include all costs of operating the water and sewer system but does not include depreciation expense, expenses not annually recurring, renewal and replacement reserve payments, the annual bond service requirement or transfers to other funds.

(3) Net revenues is equal to gross revenue less operating expenses.

(4) Principal and interest paid on long-term debt secured by water and sewer revenue.

(5) Net revenues divided by Debt Service

Source: City of Auburndale, Florida finance department

**City of Auburndale, Florida**  
**Schedule of**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

| Fiscal Year | Pledged Revenue (1) | Debt Service (2) | Coverage (3) |
|-------------|---------------------|------------------|--------------|
| 2011        | \$ 1,217,608        | \$ 349,106       | 3.49         |
| 2012        | 1,232,417           | 370,651          | 3.33         |
| 2013        | 1,274,216           | 366,418          | 3.48         |
| 2014        | 1,353,502           | 366,850          | 3.69         |
| 2015        | 1,392,795           | 366,838          | 3.80         |
| 2016        | 1,453,496           | 366,380          | 3.97         |
| 2017        | -                   | -                | -            |
| 2018        | -                   | -                | -            |
| 2019        | -                   | -                | -            |
| 2020        | -                   | -                | -            |

(1) Residential and commercial garbage and refuse collection and removal fees.

(2) Principal and interest paid on long-term debt secured by the pledged revenues.

(3) Total Revenues divided by Debt Service.

Source: City of Auburndale, Florida finance department

**City of Auburndale, Florida**  
**Schedule of**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

| Fiscal Year | Population<br>(1) | Per Capita<br>Personal<br>Income (2) | Personal Income<br>(2) | School<br>Enrollment<br>(3) | Unemployment<br>Rate for Polk<br>County (2) |
|-------------|-------------------|--------------------------------------|------------------------|-----------------------------|---|
| 2020        | 17,120            | *                                    | *                      | 3,883                       | *   |
| 2019        | 16,534            | 36,649                               | 605,954,566            | 3,801                       | 3.50  |
| 2018        | 16,246            | 35,463                               | 576,131,898            | 3,778                       | 3.70  |
| 2017        | 15,999            | 34,213                               | 547,373,787            | 3,630                       | 4.10  |
| 2016        | 15,450            | 33,563                               | 518,548,350            | 3,639                       | 5.90  |
| 2015        | 14,832            | 33,535                               | 497,391,120            | 3,593                       | 6.20  |
| 2014        | 14,262            | 32,644                               | 465,568,728            | 3,565                       | 7.30  |
| 2013        | 14,009            | 31,487                               | 441,101,383            | 3,482                       | 8.00  |
| 2012        | 13,792            | 31,749                               | 437,882,208            | 3,415                       | 9.70  |
| 2011        | 13,593            | 31,902                               | 433,643,886            | 3,448                       | 12.00                                       |

\* Information not available

(1) University of Florida BEBR

(2) Federal Reserve Bank of St. Louis - Economic Research - Polk County

(3) Polk County School Board

**City of Auburndale, Florida  
Schedule of  
Principal Employers  
Current Year**

|  |                            | <b>2020</b>      |             |  |
|--|----------------------------|------------------|-------------|--|
| <b>Employer <sup>(2)</sup></b>                 | <b>Type of Business</b>    | <b>Employees</b> | <b>Rank</b> | <b>Percentage of<br/>Total City<br/>Employment</b> |
| Coca-Cola Refreshments                         | Beverage Manufacturing     | 750              | 1           | 11%  |
| Amazon   | Online Fullfillment Center | 500              | 2           | 7%   |
| Good Shepard Hospice of Mid-Florida, Inc.      | Nursing Care Facility      | 500              | 3           | 7%   |
| Polk County School Board                       | Public School              | 464              | 4           | 7%   |
| Cutrale Citrus Juices Usa, Inc.                | Fruit Juice Processing     | 356              | 5           | 5%   |
| Bynum Transport, Inc.                          | Transportation             | 250              | 6           | 4%   |
| Buckhead Beef Foods Co.                        | Meat Production            | 200              | 7           | 3%   |
| City of Auburndale                             | Municipal Government       | 180              | 8           | 3%   |
| KIK International                              | Bleach Products            | 150              | 9           | 2%   |
| Cantex   | Manufacturing              | 110              | 10          | 2%   |
|  |                            | <b>3,460</b>     |             |  |
| Estimated Total City Employment <sup>(3)</sup> |                            | <b>7,085</b>     |             |  |

(1) Principal employers for nine years ago is not available.

(2) Source: City of Auburndale Community Development Department

(3) Source: <https://datausa.io/profile/geo/auburndale-fl/>

**City of Auburndale, Florida**  
**Full Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

|                              | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>GENERAL FUND</b>          |              |              |              |              |              |              |              |              |              |              |
| City Commission              | 2.5          | 2.5          | 2.5          | 2.5          | 2.5          | 2.5          | 2.5          | 2.5          | 2.5          | 2.5          |
| City Administration          | 3.0          | 3.0          | 3.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          |
| Information Technology       | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 3.0          | 3.0          |
| Finance                      | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 4.0          |
| Library                      | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          |
| Fire                         | 21.0         | 21.0         | 21.0         | 21.0         | 22.0         | 21.0         | 24.0         | 22.0         | 22.0         | 22.0         |
| Police                       | 44.0         | 43.0         | 43.0         | 43.0         | 43.0         | 43.0         | 43.0         | 44.0         | 45.0         | 47.0         |
| Community Development        | 5.0          | 5.0          | 5.0          | 5.0          | 5.0          | 5.0          | 5.0          | 5.0          | 5.0          | 6.0          |
| Public Works Adm.            | 2.0          | 1.5          | 2.5          | 2.5          | 2.5          | 2.5          | 2.5          | 2.5          | 2.5          | 4.0          |
| Sanitation                   | 11.0         | 11.0         | 11.0         | 11.0         | 10.5         | 10.5         | 10.5         | 10.5         | 10.5         | 11.0         |
| Street                       | 10.5         | 9.5          | 9.5          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          |
| Parks & Recreation           | 9.0          | 11.0         | 10.0         | 8.0          | 5.0          | 5.0          | 5.0          | 4.0          | 4.0          | 4.0          |
| Cemetery                     | 5.0          | 5.0          | 5.0          | 5.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          |
| Civic Center                 | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          |
| Tennis                       | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          |
| Municipal Beach              | 2.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Softball Complex             | 3.0          | 3.0          | 3.0          | 4.0          | 3.0          | 3.0          | 3.0          | 0.0          | 0.0          | 0.0          |
| Lake Myrtle Sports Complex   | 3.0          | 3.0          | 3.0          | 3.0          | 4.0          | 6.0          | 6.0          | 9.0          | 9.0          | 9.0          |
| Community Gym                | 0.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          |
| <b>Total General Fund</b>    | <b>137.0</b> | <b>135.5</b> | <b>135.5</b> | <b>134.0</b> | <b>134.5</b> | <b>135.5</b> | <b>138.5</b> | <b>136.5</b> | <b>138.5</b> | <b>144.5</b> |
| <b>ENTERPRISE FUND</b>       |              |              |              |              |              |              |              |              |              |              |
| Public Utilities Admin       | 1.5          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          |
| Utility Billing              | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          |
| Water Distribution           | 11.0         | 11.0         | 11.0         | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         |
| Water Plant                  | 2.0          | 2.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          |
| Allred Wastewater            | 10.0         | 10.0         | 9.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          |
| Regional Wastewater          | 8.0          | 8.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          |
| <b>Total Enterprise Fund</b> | <b>38.5</b>  | <b>38.0</b>  | <b>37.0</b>  | <b>35.0</b>  |
| <b>TOTAL STAFF</b>           | <b>175.5</b> | <b>173.5</b> | <b>172.5</b> | <b>169.0</b> | <b>169.5</b> | <b>170.5</b> | <b>173.5</b> | <b>171.5</b> | <b>173.5</b> | <b>179.5</b> |

(1) Source: City of Auburndale payroll

**City of Auburndale, Florida**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

|                                     | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Public Safety</b>                |         |         |         |         |         |         |         |         |         |         |
| Calls for Service                   | 21,800  | 21,155  | 21,517  | 20,873  | 24,220  | 26,895  | 27,400  | 27,050  | 29,262  | 25,859  |
| Traffic Crashes                     | 695     | 623     | 687     | 714     | 747     | 800     | 897     | 856     | 892     | 660     |
| Traffic Violations                  | *       | 1,254   | 2,036   | 1,171   | 939     | 1,247   | 1,358   | 1,896   | 3,662   | 4,807   |
| Code Enforcement Compliance (cases) | 207     | 161     | 135     | 209     | 234     | 179     | 102     | 166     | 178     | 137     |
| <b>Fire &amp; Rescue</b>            |         |         |         |         |         |         |         |         |         |         |
| Number of Calls                     | 1,735   | 1,801   | 1,804   | 1,992   | 2,472   | 3,223   | 3,521   | 3,625   | 3,765   | 3,740   |
| <b>Building Department</b>          |         |         |         |         |         |         |         |         |         |         |
| Permits Issued                      | 775     | 659     | 713     | 810     | 832     | 1,116   | 989     | 1,387   | 1,276   | 1,599   |
| Inspections                         | 2,076   | 2,200   | 1,862   | 2,612   | 3,104   | 3,530   | 2,731   | 3,505   | 4,436   | 6,777   |
| Business Tax Receipts Issued        | 764     | 740     | 752     | 758     | 780     | 699     | 745     | 661     | 551     | 571     |
| <b>Parks and Recreation</b>         |         |         |         |         |         |         |         |         |         |         |
| Summer Attendees                    | 233     | 185     | 187     | 198     | 195     | 157     | 127     | 150     | 145     | -       |
| Library Visitations                 | 165,048 | 173,448 | 160,006 | 152,357 | 143,775 | 132,514 | 113,864 | 112,238 | 112,371 | 103,055 |
| Circulation                         | 186,526 | 160,101 | 139,056 | 124,025 | 115,469 | 120,860 | 113,402 | 116,924 | 123,001 | 119,720 |
| Facility Rentals                    | 858     | 907     | 882     | 822     | 779     | 717     | 577     | 622     | 507     | 182     |
| Athletic Facility Rentals           | 75      | 75      | 75      | 75      | 73      | 69      | 64      | 65      | 68      | 52      |
| Cemetery plots sold                 | *       | *       | *       | *       | 157     | 148     | 149     | 146     | 155     | 224     |
| <b>Solid Waste</b>                  |         |         |         |         |         |         |         |         |         |         |
| Refuse collected ( Tons)            | 5,277   | 4,274   | 4,684   | 5,291   | 4,966   | 4,832   | 5,575   | 5,579   | 6,674   | 7,562   |
| Brush collected (Tons)              | 3,096   | 4,437   | 3,509   | 3,151   | 4,008   | 4,418   | 5,099   | 5,028   | 3,023   | 3,527   |
| Commercial Customers                | 155     | 162     | 181     | 204     | 220     | 214     | 221     | 229     | 257     | 256     |
| Residential Customers               | 3,248   | 3,573   | 3,977   | 4,526   | 4,867   | 5,162   | 5,395   | 5,551   | 6,191   | 6,532   |
| <b>Public Works</b>                 |         |         |         |         |         |         |         |         |         |         |
| Street Resurfacing (Miles)          | *       | *       | *       | *       | *       | *       | 17.20   | 8.16    | 20.64   | 5.70    |
| <b>Water</b>                        |         |         |         |         |         |         |         |         |         |         |
| New Connections                     | 92      | 125     | 121     | 177     | 199     | 233     | 113     | 131     | 351     | 623     |
| Number of Customers                 | 10,338  | 10,440  | 10,540  | 10,725  | 11,005  | 11,573  | 11,730  | 12,565  | 12,150  | 12,615  |
| <b>Wastewater</b>                   |         |         |         |         |         |         |         |         |         |         |
| New Connections                     | *       | 71      | 84      | 135     | 158     | 206     | 72      | 93      | 313     | 520     |
| Number of Customers                 | 7,108   | 7,180   | 7,260   | 7,395   | 7,647   | 8,035   | 8,235   | 8,336   | 8,512   | 9,091   |
| Avg Daily Sewage Treatment (MGD)    | 1.8     | 1.8     | 1.9     | 1.9     | 2.1     | 2.0     | 1.8     | 2.0     | 2.0     | 2.3     |

\* : Information not available

Source - City Departments

**Auburndale, Florida**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

|                             | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Police</b>               |        |        |        |        |        |        |        |        |        |        |
| Station                     | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Patrol Cars                 | 42     | 43     | 43     | 43     | 44     | 47     | 48     | 49     | 50     | 53     |
| Trailers                    | 4      | 4      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      |
| <b>Fire</b>                 |        |        |        |        |        |        |        |        |        |        |
| Stations                    | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Fire Boat                   | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Fire Trucks                 | 11     | 11     | 11     | 11     | 12     | 12     | 11     | 11     | 11     | 10     |
| Fire Vehicles, Other        | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 7      | 7      |
| <b>Sanitation</b>           |        |        |        |        |        |        |        |        |        |        |
| Collection Trucks           | 2      | 2      | 2      | 2      | 2      | 3      | 3      | 3      | 5      | 5      |
| <b>Streets</b>              |        |        |        |        |        |        |        |        |        |        |
| Street Miles                | 116.75 | 116.75 | 116.75 | 116.75 | 116.75 | 116.75 | 116.75 | 118.51 | 118.51 | 126.71 |
| Traffic Signals             | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| <b>Parks and Recreation</b> |        |        |        |        |        |        |        |        |        |        |
| Parks                       | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     |
| Parks Acreage               | 35     | 35     | 35     | 35     | 35     | 35     | 35     | 35     | 35     | 35     |
| Rental Facilities           | 7      | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 8      |
| Playgrounds                 | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      |
| Boat Ramps                  | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Museums                     | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| Library                     | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Tennis Courts               | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 8      | 8      |
| Racquetball Courts          | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 2      |
| Baseball Fields             | 13     | 13     | 13     | 13     | 13     | 13     | 13     | 13     | 13     | 18     |
| Basketball Courts           | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      |
| Softball Fields             | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      |
| Soccer Fields               | 11     | 11     | 11     | 11     | 11     | 11     | 11     | 11     | 11     | 11     |
| Athletic Facility Acreage   | 143    | 143    | 143    | 143    | 182    | 182    | 182    | 182    | 182    | 217    |
| Cemeteries                  | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      |
| Cemetery Acreage            | 39     | 39     | 39     | 39     | 39     | 39     | 39     | 39     | 39     | 39     |
| <b>General Government</b>   |        |        |        |        |        |        |        |        |        |        |
| Number of Buildings         | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      | 4      |
| <b>Water</b>                |        |        |        |        |        |        |        |        |        |        |
| Water Treatment Plants      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      |
| Fire Hydrants               | 430    | 430    | 430    | 430    | 433    | 437    | 442    | 445    | 448    | 508    |
| Water Main Miles            | 140    | 140    | 140    | 143    | 149    | 153    | 159    | 165    | 167    | 170    |
| <b>Wastewater</b>           |        |        |        |        |        |        |        |        |        |        |
| Waste Treatment Plants      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| Lift Stations               | 72     | 72     | 72     | 72     | 72     | 73     | 74     | 78     | 79     | 73     |
| Sanitary Sewer Miles        | 50     | 50     | 50     | 50     | 54     | 57     | 62     | 68     | 70     | 73     |

Source - City Departments

## **Other Reports**

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

Honorable Mayor and Members of the City Commission  
City of Auburndale, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburndale, Florida (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 2, 2021.

***Internal Control over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Honorable Mayor and Members of the City Commission  
City of Auburndale, Florida

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**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.

Brynjulfson CPA, P.A.

Brynjulfson CPA, P.A.  
Auburndale, Florida  
March 2, 2021

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and Members of the City Commission  
City of Auburndale, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards required that we plan and perform the examination to obtain reasonable assurance about whether the City of Auburndale, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether City of Auburndale, Florida complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of City of Auburndale's compliance with the specified requirements.

In our opinion, City of Auburndale, Florida complied, in all material respects, with the aforementioned requirements of Section 218.415, Florida Statutes for the year ended September 30, 2020.

*Brynjulfson CPA, P.A.*

Brynjulfson CPA, P.A.  
Auburndale, Florida  
March 2, 2021

MANAGEMENT LETTER

Honorable Mayor and Members of the City Commission  
City of Auburndale, Florida

***Report on the Financial Statements***

We have audited the financial statements of the City of Auburndale, Florida as of and for the year ended September 30, 2020, and have issued our report thereon dated March 2, 2021.

***Auditor's Responsibility***

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

***Other Reporting Requirements***

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance with the requirements of Section 218.415, Florida Statutes in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 2, 2021, should be considered in conjunction with this management letter.

***Prior Audit Findings***

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

***Official Title and Legal Authority***

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. For the legal authority of the City of Auburndale, Florida and each component unit of the reporting entity, see footnote A of the summary of significant accounting policies in the notes to financial statements.

***Financial Condition and Management***

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

**Other Matters**

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

**2020-01: Budgetary Control** – Based upon our audit procedures, we noted that while the original budget was amended on December 7, 2020, the general fund expenditures for the fiscal year ended September 30, 2020 exceeded the amended budgeted appropriations by \$673,080. Section 166.241, Florida Statutes requires that the City adopt an annual budget and this adopted budget must regulate the expenditures of the City and the City may not expend, or contract for expenditures, except pursuant to the adopted budget. The City can amend their budget within 60 days after their fiscal year ends.

The over expenditure was due mainly to adjustments to the City's September 30, 2020 expenditures after the budget amendment was approved. Accordingly, we recommend the City design and implement procedures to capture all significant year-end closing adjustments prior to the final budget amendment being approved.

*Views of Responsible Officials* – See accompanying Letter of Management's Response.

**Purpose of this Letter**

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

*Brynjulfson CPA, P.A.*

Brynjulfson CPA, P.A.  
Auburndale, Florida  
March 2, 2021

## **Other Information**

**IMPACT FEE AFFIDAVIT**

BEFORE ME, the undersigned authority, personally appeared Shirley A. Lowrance who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of City of Auburndale, which is a municipality of the State of Florida; and
2. The City of Auburndale adopted Ordinance No. 1159 for the Fire Impact, Police Impact, Recreation Impact, Water Impact and Sewer Impact and Ordinance No. 1189 for the Fire Sprinkler Impact implementing impact fees; and
3. The City of Auburndale has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

*Shirley A. Lowrance*  
 \_\_\_\_\_  
 Shirley A. Lowrance, Finance Director/City Clerk

STATE OF FLORIDA  
COUNTY OF POLK

SWORN TO AND SUBSCRIBED before me this 24 day of February, 2021.  
via physical presence.

*Marsha K Johnson*  
 \_\_\_\_\_  
 NOTARY PUBLIC

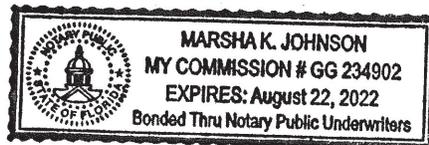
Print Name Marsha K Johnson

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

Type of identification produced: \_\_\_\_\_

My Commission Expires:

8.22.22





City of Auburndale  
Auburndale, Florida 33823

Finance Department / City Clerk

P. O. Box 186  
Phone (863) 968-5133  
Fax (863) 808-0325

March 2, 2021

City of Auburndale  
Attention: Mayor Pospichal and City Commissioners  
4 Bobby Green Plaza  
Auburndale, FL 33823

**Subject: Fiscal Year 2020 Audit Findings**

Dear Mayor Pospichal and City Commissioners,

Please see below the City's response to Fiscal Year 2020 audit findings as identified by Brynjulfson CPA, P.A.

- **2020-01: Budgetary Control** – Based upon our audit procedures, we noted that while the original budget was amended on December 7, 2020, the general fund expenditures for the fiscal year ended September 30, 2020 exceeded amended budgeted appropriations by \$673,000. Section 166.241, Florida Statutes requires that the City adopt an annual budget and this adopted budget must regulate the expenditures of the City and the City may not expend, or contract for expenditures, except pursuant to the adopted budget. The City can amend their budget within 60 days after their fiscal year ends.

The over expenditure was due mainly to adjustments to the City's September 30, 2020 expenditures after the budget amendment was approved. Accordingly, we recommend the City design and implement procedures to capture all significant year-end closing adjustments prior to the final budget amendment being approved.

**Response:** The City has implemented capital project accounting monthly to identify project expenditure adjustments required prior to the budget amendment at year-end. This includes quarterly staff updates for large capital improvement items.

We appreciate the opportunity to review this matter with the auditors, City Commission, and staff. Thank you for your continued support.

Sincerely,

  
Shirley Lowrance City Clerk / Finance Director