

TOWN OF GRAND RIDGE, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

**TOWN OF GRAND RIDGE, FLORIDA
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SEPTEMBER 30, 2018**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Town Council,
Town of Grand Ridge, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Town of Grand Ridge, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Town of Grand Ridge, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, and each major fund of Town of Grand Ridge, Florida, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2019 on our consideration of Town of Grand Ridge, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Grand Ridge, Florida's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
June 18, 2019

Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2018

As management of the Town of Grand Ridge, Florida, we offer readers this narrative overview and analysis of the financial activities of the Town of Grand Ridge, Florida for the fiscal year ended September 30, 2018.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Grand Ridge, Florida's basic financial statements. The Town of Grand Ridge, Florida's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Grand Ridge, Florida's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Grand Ridge, Florida's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Grand Ridge, Florida is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Grand Ridge, Florida that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Grand Ridge, Florida include general government, public safety, public works, and culture and recreation. The business-type activities of the Town of Grand Ridge, Florida include water, sewer and garbage operations.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Grand Ridge, Florida, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Grand Ridge, Florida can be divided into two categories: governmental funds and proprietary funds.

Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2018

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. 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 a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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 Town of Grand Ridge, Florida maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund.

The basic governmental fund financial statements can be found on pages 13-14 of this report.

Proprietary funds. The Town of Grand Ridge, Florida maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Grand Ridge, Florida uses the enterprise fund to account for its water, sewer and garbage operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water, sewer and garbage operations, which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 16-17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-38 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town of Grand Ridge, Florida's budgetary information. Required supplementary information can be found on pages 39-43 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Grand Ridge, Florida, assets and deferred outflows exceeded liabilities and deferred inflows by \$22,617,844 at the close of the most recent fiscal year.

Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2018

By far the largest portion of the Town of Grand Ridge, Florida's net position (86 percent) in the most recent fiscal year reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town of Grand Ridge, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Grand Ridge, Florida'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.

Town of Grand Ridge, Florida's Net Position

	2018		
	Governmental activities	Business-type activities	Total
Current and other assets	\$ 323,113	\$ 3,277,998	\$ 3,601,111
Capital assets, not being, depreciated	242,802	2,988,828	3,231,630
Capital assets, being depreciated	712,448	19,643,550	20,355,998
Total assets	1,278,363	25,910,376	27,188,739
Deferred outflows	107,945	27,928	135,873
Long-term liabilities outstanding	36,745	4,029,190	4,065,935
Other liabilities	16,277	247,143	263,420
Net pension liability	258,907	66,987	325,894
Total liabilities	311,929	4,343,320	4,655,249
Deferred inflows	40,930	10,589	51,519
Net position:			
Net investment in capital assets	955,250	18,447,823	19,403,073
Restricted	66,132	2,467,537	2,533,669
Unrestricted	12,067	669,035	681,102
Total net position	\$ 1,033,449	\$ 21,584,395	\$ 22,617,844

**Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2018**

Town of Grand Ridge, Florida's Net Position (Continued)

	2017		
	Governmental activities	Business-type activities	Total
Current and other assets	\$ 329,798	\$ 3,438,367	\$ 3,768,165
Capital assets, not being, depreciated	242,802	4,340,151	4,582,953
Capital assets, being depreciated	718,494	18,518,440	19,236,934
Total assets	<u>1,291,094</u>	<u>26,296,958</u>	<u>27,588,052</u>
Deferred outflows	<u>112,294</u>	<u>29,365</u>	<u>141,659</u>
Long-term liabilities outstanding	21,342	4,184,563	4,205,905
Other liabilities	30,182	320,519	350,701
Net pension liability	250,363	67,544	317,907
Total liabilities	<u>301,887</u>	<u>4,572,626</u>	<u>4,874,513</u>
Deferred inflows	<u>33,227</u>	<u>9,257</u>	<u>42,484</u>
Net position:			
Net investment in capital assets	961,296	18,521,845	19,483,141
Restricted	129,788	2,654,824	2,784,612
Unrestricted	(22,810)	567,771	544,961
Total net position	<u>\$ 1,068,274</u>	<u>\$ 21,744,440</u>	<u>\$ 22,812,714</u>

An additional portion of the Town of Grand Ridge, Florida's net position (11 percent) represents resources that are subject to external restrictions on how they may be used in the most recent fiscal year.

At the end of the current fiscal year, the Town of Grand Ridge, Florida is able to report positive balances in all three categories of net position for the government as a whole.

Governmental activities. Governmental activities decreased the Town of Grand Ridge, Florida's net position by \$34,825 the most recent fiscal year.

The decrease can be contributed to depreciation expense on depreciable capital assets.

**Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2018**

Town of Grand Ridge, Florida's Changes in Net Position

	2018		
	Governmental activities	Business- type activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 14,018	\$ 454,693	\$ 468,711
Operating grants and contributions	46,068	-	46,068
Capital grants and contributions	-	218,572	218,572
Investment income and other	2,886	86,871	89,757
General revenues:			
Taxes, licenses, and permits	262,309	-	262,309
Intergovernmental and other	178,070	-	178,070
Total revenues	<u>503,351</u>	<u>760,136</u>	<u>1,263,487</u>
Expenses:			
General government	273,458	-	273,458
Public safety	32,601	-	32,601
Public works	92,131	-	92,131
Culture and recreation	139,986	-	139,986
Water, sewer and garbage	-	920,181	920,181
Total expenses	<u>538,176</u>	<u>920,181</u>	<u>1,458,357</u>
Decrease in net position	(34,825)	(160,045)	(194,870)
Net position, beginning of year	<u>1,068,274</u>	<u>21,744,440</u>	<u>22,812,714</u>
Net position, end of year	<u>\$ 1,033,449</u>	<u>\$ 21,584,395</u>	<u>\$ 22,617,844</u>

Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2018

Town of Grand Ridge, Florida's Changes in Net Position (Continued)

	2017		
	Governmental activities	Business- type activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 29,618	\$ 448,684	\$ 478,302
Operating grants and contributions	46,764	-	46,764
Capital grants and contributions	-	928,654	928,654
Investment income and other	-	56,071	56,071
General revenues:			
Taxes, licenses, and permits	248,917	-	248,917
Intergovernmental and other	155,627	-	155,627
Total revenues	<u>480,926</u>	<u>1,433,409</u>	<u>1,914,335</u>
Expenses:			
General government	259,141	-	259,141
Public safety	60,566	-	60,566
Public works	75,370	-	75,370
Culture and recreation	167,825	-	167,825
Water, sewer and garbage	-	875,101	875,101
Total expenses	<u>562,902</u>	<u>875,101</u>	<u>1,438,003</u>
Increase (decrease) in net position	(81,976)	558,308	476,332
Net position , beginning of year	<u>1,150,250</u>	<u>21,186,132</u>	<u>22,336,382</u>
Net position , end of year	<u>\$ 1,068,274</u>	<u>\$ 21,744,440</u>	<u>\$ 22,812,714</u>

Business-type activities. In the most recent fiscal year, business-type activities decreased the Town of Grand Ridge, Florida's net position by \$160,045. The key element in this decrease was due primarily to less grant revenues.

**Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2018**

Financial Analysis of the Government's Funds

As noted earlier, the Town of Grand Ridge, Florida uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The focus of the Town of Grand Ridge, Florida's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Grand Ridge, Florida'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 the end of the current fiscal year, the Town of Grand Ridge, Florida's governmental fund reported an ending fund balance of \$318,700, a \$1,717 decrease in comparison with the prior year. \$252,568 constitutes *unassigned fund balance*, which is available for spending at the government's discretion; \$66,132 constitutes *restricted fund balance*. The general fund is the chief operating fund of the Town of Grand Ridge, Florida. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 63 percent of total general fund expenditures.

Proprietary funds. The Town of Grand Ridge, Florida's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water, Sewer and Garbage Fund at the end of the year amounted to \$669,035. The total decrease in net position for the fund was \$160,045. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Grand Ridge, Florida's business-type activities.

General Fund Budgetary Highlights

There were no differences between the original budget and the final amended budget.

Capital Asset and Debt Administration

Capital assets. The Town of Grand Ridge, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2018, amounts to \$23,587,628 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads.

Additional information on the Town of Grand Ridge, Florida's capital assets can be found in Note II. C. on pages 28 – 29 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Grand Ridge, Florida had capital improvement debt outstanding of \$4,184,555.

**Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2018**

**Town of Grand Ridge, Florida's Outstanding Debt,
Capital Improvement, and Revenue Bonds**

	<u>Governmental activities</u>	<u>Business- type activities</u>	<u>Total</u>
Compensated absence	\$ 48,609	\$ 2,210	\$ 50,819
Note payable	-	4,184,555	4,184,555
Total	<u>\$ 48,609</u>	<u>\$ 4,186,765</u>	<u>\$ 4,235,374</u>

Additional information on the Town of Grand Ridge, Florida's long-term debt can be found in Note II.D. on page 31 of this report.

Economic Factors and Next Year's Budgets and Rates

The Town of Grand Ridge has completed the project close-out for funding for the Water System Improvement Project from DEO-CDBG in the amount of \$600,000 and USDA-RD grant in the amount of \$653,000 and loan in the amount of \$279,000. This project included installation of a new well, water treatment facility, and elevated water tank to be located near the Town's wastewater treatment facility. Additional funding has been approved through DEO-CDBG for \$600,000 for installation of a new emergency electrical generator and waterline upgrades. Construction and completion is anticipated for FY 19-20.

Requests for Information

This financial report is designed to provide a general overview of the Town of Grand Ridge, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town Manager, 2086 Porter Ave, Grand Ridge, Florida 32442.

TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 46,249	\$ 65,069	\$ 111,318
Investments	172,970	634,233	807,203
Receivables, net	39,719	91,517	131,236
Internal balances	(6,500)	6,500	-
Other asset	4,543	640	5,183
Restricted assets:			
Cash and cash equivalents	66,132	84,996	151,128
Certificates of deposit	-	654,236	654,236
Investments	-	1,740,807	1,740,807
Capital assets, not being depreciated	242,802	2,988,828	3,231,630
Capital assets, being depreciated, net	712,448	19,643,550	20,355,998
Total assets	<u>\$ 1,278,363</u>	<u>\$ 25,910,376</u>	<u>\$ 27,188,739</u>
DEFERRED OUTFLOWS			
Deferred outflows related to pensions	<u>\$ 107,945</u>	<u>\$ 27,928</u>	<u>\$ 135,873</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 4,413	\$ 91,778	\$ 96,191
Noncurrent liabilities:			
Due within one year	11,864	155,365	167,229
Due in more than one year	36,745	4,029,190	4,065,935
Net pension liability	258,907	66,987	325,894
Total liabilities	<u>\$ 311,929</u>	<u>\$ 4,343,320</u>	<u>\$ 4,655,249</u>
DEFERRED INFLOWS			
Deferred inflows related to pensions	<u>\$ 40,930</u>	<u>\$ 10,589</u>	<u>\$ 51,519</u>
NET POSITION			
Net investment in capital assets	\$ 955,250	\$ 18,447,823	\$ 19,403,073
Restricted for debt service	-	2,467,537	2,467,537
Restricted for infrastructure	66,132	-	66,132
Unrestricted	12,067	669,035	681,102
Total net position	<u>\$ 1,033,449</u>	<u>\$ 21,584,395</u>	<u>\$ 22,617,844</u>

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

**TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Functions/Programs							
Governmental activities:							
General government	\$ 273,458	\$ 859	\$ -	\$ -	\$ (272,599)	\$ -	\$ (272,599)
Public safety	32,601	466	-	-	(32,135)	-	(32,135)
Public works	92,131	1,567	46,068	-	(44,496)	-	(44,496)
Culture and recreation	139,986	11,126	-	-	(128,860)	-	(128,860)
Total governmental activities	<u>538,176</u>	<u>14,018</u>	<u>46,068</u>	<u>-</u>	<u>(478,090)</u>	<u>-</u>	<u>(478,090)</u>
Business-type activities:							
Water, sewer and garbage	920,181	454,693	-	218,572	-	(246,916)	(246,916)
Total business-type activities	<u>920,181</u>	<u>454,693</u>	<u>-</u>	<u>218,572</u>	<u>-</u>	<u>(246,916)</u>	<u>(246,916)</u>
Total Government	<u>\$ 1,458,357</u>	<u>\$ 468,711</u>	<u>\$ 46,068</u>	<u>\$ 218,572</u>	<u>(478,090)</u>	<u>(246,916)</u>	<u>(725,006)</u>
		General revenues:					
		Taxes, licenses and permits			262,309	-	262,309
		Intergovernmental			142,484	-	142,484
		Miscellaneous			35,586	-	35,586
		Unrestricted investment earnings			2,886	86,871	89,757
		Total general revenues			<u>443,265</u>	<u>86,871</u>	<u>530,136</u>
		Change in net position			(34,825)	(160,045)	(194,870)
		Net position, beginning of year			1,068,274	21,744,440	22,812,714
		Net position, end of year			<u>\$ 1,033,449</u>	<u>\$ 21,584,395</u>	<u>\$ 22,617,844</u>

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

**TOWN OF GRAND RIDGE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2018**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 46,249
Investments	172,970
Accounts receivable	8,427
Other asset	4,543
Restricted assets:	
Cash and cash equivalents	66,132
Due from other governments	31,292
Total Assets	\$ 329,613
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	\$ 4,413
Due to other fund	6,500
Total Liabilities	\$ 10,913
Fund Balance:	
Restricted for:	
Infrastructure	66,132
Unassigned	252,568
Total Fund Balance	318,700

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	955,250
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Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds.

	Deferred outflows	107,945	
	Net pension liability	(258,907)	
	Deferred inflows	(40,930)	(191,892)

Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	(48,609)
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Net position of governmental activities	\$ 1,033,449
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The accompanying notes to financial statements
are an integral part of this statement.

TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund
Revenues	
Taxes, licenses and permits	\$ 308,377
Intergovernmental	142,484
Other	52,490
Total revenues	503,351
Expenditures	
General government	243,363
Public safety	10,044
Public works	154,258
Culture and recreation	97,402
Total expenditures	505,067
Deficiency of revenues under expenditures	(1,716)
Change in net fund balance	(1,716)
Fund balance, beginning of year	320,416
Fund balance, end of year	\$ 318,700

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

**TOWN OF GRAND RIDGE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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

Net change in fund balances-total governmental funds	\$	(1,716)
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Governmental funds report capital outlays as expenditures. However, in the statement of
activities the cost of those assets is allocated over their estimated useful lives and reported
as depreciation expense. This is the amount by which depreciation expense exceeded
capital outlay in the current period:

Depreciation expense	(95,088)	
Capital outlay	89,042	
		(6,046)

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

Changes in:

Net pension liability	(8,544)	
Deferred outflows related to pensions	(4,349)	
Deferred infows related to pensions	(7,703)	
		(20,596)

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

Compensated absences		(6,467)
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		<u>\$ (34,825)</u>
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Change in net position of governmental activities

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

**TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2018**

	<u>Water, Sewer and Garbage Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 65,069
Investments	634,233
Accounts receivable	91,517
Other asset	640
Due from other fund	6,500
Total current assets	<u>797,959</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	84,996
Certificates of deposit	654,236
Investments	1,740,807
Capital assets, net, where applicable of accumulated depreciation	<u>22,632,378</u>
Total noncurrent assets	<u>25,112,417</u>
Total Assets	<u><u>\$ 25,910,376</u></u>
DEFERRED OUTFLOWS	
Deferred outflows related to pensions	<u><u>\$ 27,928</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 91,778
Note payable, current portion	155,365
Noncurrent liabilities:	
Net pension liability	66,987
Note payable, long term portion	4,029,190
Total Liabilities	<u><u>\$ 4,343,320</u></u>
DEFERRED INFLOWS	
Deferred inflows related to pensions	<u><u>\$ 10,589</u></u>
NET POSITION	
Net investment in capital assets	\$ 18,447,823
Restricted for debt service	2,467,537
Unrestricted	669,035
Total net position	<u><u>\$ 21,584,395</u></u>

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

TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Water, Sewer and Garbage Fund</u>
Operating revenues:	
Charges for services	<u>\$ 454,693</u>
Operating expenses:	
Personnel services	99,147
Professional and contractual services	110,598
Materials, supplies and other	139,029
Depreciation	480,132
Total operating expenses	<u>828,906</u>
Operating loss	<u>(374,213)</u>
Nonoperating revenues (expenses):	
Investment income and other	86,871
Interest expense	(91,275)
Total nonoperating revenues (expenses)	<u>(4,404)</u>
Loss before capital contributions	<u>(378,617)</u>
Capital contributions	218,572
Change in net position	<u>(160,045)</u>
Total net position, beginning of year	21,744,440
Total net position, end of year	<u>\$ 21,584,395</u>

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

**TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Water, Sewer and Garbage Fund
Cash flows from operating activities	
Cash received from customers and others	\$ 547,662
Cash paid to employees	(96,935)
Cash paid to suppliers	(231,850)
Net cash provided by operating activities	218,877
Cash flows from capital and related financing activities	
Proceeds from capital grants	218,572
Principal paid on capital debt	(152,191)
Interest paid on capital debt	(91,275)
Purchase of capital assets	(391,128)
Net cash used in capital and related financing activities	(416,022)
Cash flows from investing activities	
Proceeds from sale of investments	122,410
Purchases of investments	(1,513,069)
Proceeds from sale of certificate of deposit	854,266
Investment returns and other nonoperating revenues	122,606
Net cash used in investing activities	(413,787)
Net decrease in cash and cash equivalents	(610,932)
Cash and cash equivalents , beginning of year (including \$174,273 reported in restricted cash and cash equivalents)	760,997
Cash and cash equivalents , end of year (including \$84,996 reported in restricted cash and cash equivalents)	\$ 150,065
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (374,213)
Adjustments to operating loss to net cash provided by operating activities:	
Depreciation	480,132
Unrealized loss on investments	24,266
Loss on disposal of assets	4,447
Changes in asset and liabilities:	
Decrease in accounts receivable	92,969
Increase in other assets	(640)
Increase in due from general fund	(6,500)
Increase in accounts payable and accrued expenses	(3,796)
Decrease in net pension liability	(557)
Increase in deferred inflows	1,332
Decrease in deferred outflows	1,437
Total adjustments	593,090
Net cash provided by operating activities	\$ 218,877
Supplemental schedule of non-cash investing and financing activities:	
Construction financed with accounts payables	\$ 73,604

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

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

I. Summary of Significant Accounting Policies:

A. Reporting entity

Town of Grand Ridge, Florida is a municipal corporation formed under Chapter 27576, Laws of Florida, Act of 1951, and is governed by an appointed mayor and a four-member council. The accompanying financial statements present the government only since there are no component units for which the government is considered to be financially accountable.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

C. Basis of presentation – government wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Town's water, wastewater and garbage functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category- governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

The *water, sewer and garbage fund* accounts for the activities of the government's water distribution operations, sewer collection operations, and garbage pick-up services.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

I. Summary of Significant Accounting Policies: (Continued)

D. Basis of presentation – fund financial statements (Continued)

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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 the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. 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 acquisitions under capital leases are reported as other financing sources.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

I. Summary of Significant Accounting Policies: (Continued)

E. Measurement focus and basis of accounting (Continued)

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). 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.

F. Budgetary information

1. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The appropriated budget is prepared by fund, function, and department. The Town's management may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance

1. Deposits and Investments

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

Investments are stated at fair value. Any change in the value of investments recorded at fair value is included in investment earnings. Fair value is based on quoted market prices.

State statutes authorize the Town to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, SEC registered money market funds with the highest credit quality rating and savings and CD accounts in state-certified public depositories.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

I. **Summary of Significant Accounting Policies:** (Continued)

G. **Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance**
(Continued)

2. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

3. Restricted Assets

Certain proceeds from Florida legislative appropriations to the Town have been set aside for State Revolving Fund long-term debt repayment, and are classified as restricted assets on the Statement of Net Position because they are maintained in separate investment accounts and their use is limited by applicable third party restrictions.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of one year. Roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. For inventory purposes, capital assets are assets with an individual cost of \$500 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

I. Summary of Significant Accounting Policies: (Continued)

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance
(Continued)

4. *Capital Assets* (Continued)

Property, plant, and equipment of the Town is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20-39
Public domain infrastructure	30-50
System infrastructure	7-50
Vehicles	5
Office equipment	5
Computer equipment	5

5. *Compensated Absences*

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay and sick pay may be paid to employees up to a maximum amount. Vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. *Long-term Obligations*

In the government-wide financial statements, and for proprietary fund types in the 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.

7. *Net position flow assumption*

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

I. **Summary of Significant Accounting Policies:** (Continued)

G. **Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance**
(Continued)

8. ***Fund balance flow assumptions***

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. ***Fund balance policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

10. ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

I. Summary of Significant Accounting Policies: (Continued)

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance
(Continued)

11. *Deferred outflows/inflows of resources*

In addition to assets and liabilities, the statement of financial position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectfully. These separate financial statement elements, deferred outflows/inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (III b).

12. *Pensions*

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 Florida Retirement System (FRS) and additions to/deductions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

H. Revenues and Expenditures/Expenses

1. *Program revenues*

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

2. *Proprietary funds operating and nonoperating revenues and expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

II. Detailed Notes on All Funds:

A. Deposits and investments

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of September 30, 2018, the Town’s carrying amount of deposits was \$262,446 and the bank balance was \$282,967. The bank balance was covered by Federal depository insurance, or by collateral held by the Town’s custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

Investments – Money Market: At year end, investments of the Town consisted of the following:

	Fair Value
Money Market Mutual Fund	\$ 1,740,807

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. All Town securities were held in the Town’s name, therefore, no investments at year end were subject to custodial credit risk.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. At year end, the Town’s investment in U.S. Government & Agency Securities include Federal Home Loan Bank, which was rated Aaa by Moody’s Investor Services.

Interest Rate Risk: In accordance with investment policy, the Town manages its exposure to declines in fair values by structuring the investment portfolio so that securities meet ongoing debt service requirements.

Investments – PRIME: Investments in the Local Government Surplus Funds Trust (“PRIME Fund”) are held with the Florida State Board of Administration. This fund is structured as a “2a-7 like” fund, which is carried at amortized cost. Amortized cost includes accrued income and is a method of calculating an investment’s value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity. Thus, the balance in the fund is its fair value. A “2a-7 like” fund is not registered with the SEC as an investment company, but never the less has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds.

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

III. **Detailed Notes on All Funds:** (Continued)

A. **Deposits and investments** (Continued)

Investments – PRIME: (Continued)

The foremost objective of the Town’s investment policy is the safety of capital and liquidity of funds. Achieving an optimal rate of return is of secondary importance as compared to the safety and liquidity of funds. The Town’s investment policy limits investments to those relatively low risk securities authorized in anticipation of earning a fair return relative to the risk being assumed. How the Town manages credit risk, interest rate risk, and custodial credit risk is as follows:

Credit Risk: The Town minimizes credit risk, the risk of loss due to failure of the security, by limiting investments to authorized investments. The PRIME Fund is rated by Standards and Poor’s. The current rating is AAAM.

Interest Rate Risk: The Town manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities, Florida State Board of Administration Florida PRIME. The weighted average days to maturity of the Florida PRIME at September 30, 2018 was 33 days. Next interest rate reset dates for floating rate securities are used in the calculation of the weighted average days to maturity.

Custodial Credit Risk: Investments are subject to custodial credit risk if the securities are uninsured, not registered in the Town’s name, and are held by the party that either sells to or buys for the Town. No investments held at year end were subject to custodial credit risk. The Florida State Board of Administration Florida PRIME does not participate in securities lending, but the Town owns shares of the Florida PRIME and not the underlying investments.

As of September 30, 2018, the Town had the following investments reported at fair market values:

	Fair Value
Florida PRIME	<u>\$ 807,203</u>

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

II. Detailed Notes on All Funds: (Continued)

B. Receivables

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water, Sewer and Garbage</u>	<u>Total</u>
Accounts	\$ 8,427	\$ 91,517	\$ 99,944
Intergovernmental	31,292	-	31,292
Gross Receivables	39,719	91,517	131,236
Less: allowance for uncollectibles	-	-	-
Net total receivables	<u>\$ 39,719</u>	<u>\$ 91,517</u>	<u>\$ 131,236</u>

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 242,802	\$ -	\$ -	\$ 242,802
Total capital assets, not being depreciated	242,802	-	-	242,802
Capital assets, being depreciated:				
Buildings and improvements	150,129	-	-	150,129
Equipment, furniture, fixtures and vehicles	1,048,574	89,042	(25,200)	1,112,416
Improvements other than buildings	1,419,711	-	-	1,419,711
Infrastructure	88,842	-	-	88,842
Total capital assets, being depreciated	2,707,256	89,042	(25,200)	2,771,098
Less accumulated depreciation for:				
Buildings and improvements	(93,524)	(4,654)	-	(98,178)
Equipment, furniture, fixtures and vehicles	(832,444)	(40,051)	25,200	(847,295)
Infrastructure	(42,836)	(4,443)	-	(47,279)
Improvements other than buildings	(1,019,958)	(45,940)	-	(1,065,898)
Total accumulated depreciation	(1,988,762)	(95,088)	25,200	(2,058,650)
Total capital assets being depreciated, net	718,494	(6,046)	-	712,448
Governmental activities capital assets, net	<u>\$ 961,296</u>	<u>\$ (6,046)</u>	<u>\$ -</u>	<u>\$ 955,250</u>

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

II. Detailed Notes on All Funds: (Continued)

C. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,032,188	\$ —	\$ (63,660)	\$ 2,968,528
Construction in progress	<u>1,307,963</u>	<u>20,300</u>	<u>(1,307,963)</u>	<u>20,300</u>
Total capital assets, not being depreciated	<u>4,340,151</u>	<u>20,300</u>	<u>(1,371,623)</u>	<u>2,988,828</u>
Capital assets, being depreciated				
Equipment, buildings, utility systems and improvements	22,510,445	1,606,029	(4,971)	24,111,502
Less accumulated depreciation	<u>(3,992,005)</u>	<u>(480,132)</u>	<u>4,185</u>	<u>(4,467,952)</u>
Total capital assets, being depreciated, net	<u>18,518,440</u>	<u>1,125,897</u>	<u>(786)</u>	<u>19,643,550</u>
Business-type activities capital assets, net	<u>\$22,858,591</u>	<u>\$ 1,146,197</u>	<u>\$ (1,372,409)</u>	<u>\$22,632,378</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 3,032
Public safety	22,557
Public works	26,915
Culture and recreation	42,584
Total	<u>\$ 95,088</u>
Business-type activities:	
Water, sewer and garbage	<u>\$ 480,132</u>

D. Long-term Debt

State Revolving Fund Loan

As of September 30, 2018, the Town had borrowed \$10,270,122 under revolving fund loan agreement with the State of Florida Department of Environmental Protection for the planning, design and construction of a sewer collection and transmission system. The revolving fund loan is payable in 50 semi-annual installments of \$117,678 including principal and approximately 2% interest. Payments commenced on July 15, 2009 and as of September 30, 2018, the Town had an outstanding balance on the loan of \$3,906,555. The Town pledged gross revenues derived from the operation and maintenance of the constructed assets to pay debt service.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

II. Detailed Notes on All Funds: (Continued)

D. Long-term Debt (Continued)

State Revolving Fund Loan (Continued)

Estimated annual debt service requirements to maturity for the revolving fund loan is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 154,365	\$ 80,991
2020	157,614	77,742
2021	160,931	74,425
2022	164,319	71,037
2023	167,777	67,579
2024 – 2028	893,366	283,414
2029 – 2033	991,425	185,355
2034 – 2038	1,100,246	76,534
2039	116,512	1,219
Total	<u>\$ 3,906,555</u>	<u>\$ 918,296</u>

Water Revenue Bonds

The Town issued water revenue bonds to finance the acquisition, construction, and equipping of improvements to the Town’s water system, bonds have been issued for governmental activities. The original amount of water revenue bonds issued was \$279,000. Bonds shall bear interest from March 24, 2017, payable on each March 24 commencing March 24, 2018 at an interest rate of 2.75%. The principal amounts shall be payable March 24, commencing March 24, 2018 through March of 2057, following the schedule below.

These bonds are collateralized by the Town’s net sales from water sales from the system being improved upon. Water revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Water Fund Activities	2.75%	<u>\$ 278,000</u>

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

II. Detailed Notes on All Funds: (Continued)

D. Long-term Debt (Continued)

Annual debt service requirements to maturity for capital improvement bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,000	\$ 7,750
2020	1,000	7,722
2021	1,000	7,694
2022	2,000	7,666
2023	2,000	7,611
2024 – 2028	13,000	37,134
2029 – 2033	22,000	34,823
2034 – 2038	30,000	31,342
2039 – 2043	38,000	26,691
2044 – 2048	49,000	20,842
2049 – 2053	61,000	13,351
2054 – 2057	58,000	4,125
	<u>\$ 278,000</u>	<u>\$ 206,751</u>

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Governmental activities:					
Compensated absences	\$ 42,142	\$ 18,331	\$ (11,864)	\$ 48,609	\$ 11,864
Governmental activity long-term liabilities	<u>\$ 42,142</u>	<u>\$ 18,331</u>	<u>\$ (11,864)</u>	<u>\$ 48,609</u>	<u>\$ 11,864</u>
Business-type activities:					
Revolving fund loan	\$ 4,057,746	\$ –	\$ (151,191)	\$ 3,906,555	\$ 154,365
Water revenue bonds	279,000	–	(1,000)	278,000	1,000
Compensated absences	595	7,963	(6,348)	2,210	2,210
Business-type activity long-term liabilities	<u>\$ 4,337,341</u>	<u>\$ 7,963</u>	<u>\$ (158,539)</u>	<u>\$ 4,186,765</u>	<u>\$ 157,575</u>

The total interest incurred for the year ended September 30, 2018 was \$91,275, which was charged to expense. For governmental activities, compensated absences are liquidated by the general fund.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

III. Other Information:

A. Contingent Liabilities

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

B. Florida Retirement System

(1) General Information about the Pension Plan—

The Town participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Town's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

III. **Other Information:** (Continued)

B. **Florida Retirement System** (Continued)

(1) **General Information about the Pension Plan**—(Continued)

Benefits Provided and Employees Covered (Continued)

benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

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

Financial Statements

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

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

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

III. **Other Information:** (Continued)

B. **Florida Retirement System** (Continued)

(1) **General Information about the Pension Plan**—(Continued)

Contributions

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Through June 30, 2018</u>	<u>After June 30, 2018</u>
Regular Class	7.92%	8.26%
Senior Management	22.71%	24.06%
Special Risk	23.27%	24.50%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll

Actual contributions made for Town employees participating in FRS and HIS for the each of last three fiscal years ended September 30 were as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contributions – FRS	\$ 24,058	\$ 22,111	\$ 22,415
Contributions – HIS	3,670	3,521	3,873
Employee Contributions – FRS	6,632	6,363	7,000

(2) ***Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions***

At September 30, 2018, the entity reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 254,271
HIS	71,623
Total	<u>\$ 325,894</u>

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

III. **Other Information:** (Continued)

B. **Florida Retirement System:** (Continued)

(2) *Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)*

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At September 30, 2018 and September 30, 2017, the Town's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2018</u>	<u>2017</u>
FRS	0.000844177%	0.000836668%
HIS	0.000676715%	0.000658648%

For the plan year ended September 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	48,411
HIS		3,317
Total	<u>\$</u>	<u>51,728</u>

Deferred outflows/inflows related to pensions:

At September 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 21,541	\$ (782)	\$ 1,097	\$ (122)
Changes of assumptions	83,083	-	7,966	(7,573)
Net different between projected and actual investment earnings	-	(19,646)	43	-
Change in proportionate share	12,303	(11,660)	2,044	(11,736)
Contributions subsequent to measurement date	6,782	-	1,014	-
	<u>\$ 123,709</u>	<u>\$ (32,088)</u>	<u>\$ 12,164</u>	<u>\$ (19,431)</u>

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

III. **Other Information:** (Continued)

B. **Florida Retirement System** (Continued)

(2) *Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions* (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2019	\$	32,204
2020		18,845
2021		(512)
2022		13,120
2023		9,076
Thereafter		3,825
Total	\$	<u>76,558</u>

Actuarial assumptions:

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.00%. This rate decreased from the prior year rate, which was 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% was used to determine was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

III. **Other Information:** (Continued)

B. **Florida Retirement System** (Continued)

(2) *Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions* (Continued)

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2018, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
Total	100.0%	

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

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

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	7.00%	\$ 464,054	\$ 254,271	\$ 80,033
HIS	3.87%	81,576	71,263	63,329

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

III. **Other Information:** (Continued)

C. **Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance.

D. **Subsequent Events**

The Town has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 18, 2019, the date which the financial statements were available to be issued. Subsequent to the year ended September 30, 2018, the region was negatively impacted by a severe hurricane. Management has not determined the total impact the hurricane will have on the Town's financial condition although it is believed that a portion of any losses will be covered by insurance and emergency grant funding available.

TOWN OF GRAND RIDGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018

TOWN OF GRAND RIDGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes, licenses and permits	\$ 308,050	\$ 308,050	\$ 308,377	\$ 327
Intergovernmental	493,172	493,172	142,484	(350,688)
Other	150,813	150,813	52,490	(98,323)
Total revenues	<u>952,035</u>	<u>952,035</u>	<u>503,351</u>	<u>(448,684)</u>
Expenditures				
General government	448,696	448,696	243,363	205,333
Public safety	270,650	270,650	10,044	260,606
Public works	84,260	84,260	154,258	(69,998)
Culture and recreation	108,429	108,429	97,402	11,027
Total expenditures	<u>912,035</u>	<u>912,035</u>	<u>505,067</u>	<u>406,968</u>
Excess (deficiency) of revenues over (under) expenditures	<u>40,000</u>	<u>40,000</u>	<u>(1,716)</u>	<u>(41,716)</u>
Fund balances, beginning of year	320,416	320,416	320,416	-
Fund balances, end of year	<u>\$ 360,416</u>	<u>\$ 360,416</u>	<u>\$ 318,700</u>	<u>\$ (41,716)</u>

The accompanying note to schedule of revenues, expenditures
and changes in fund balance - budget and actual is an integral part of this statement.

**TOWN OF GRAND RIDGE, FLORIDA
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

I. Budgetary Information:

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

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

1. Prior to October 1, the Town Council prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Revisions that alter the total expenditures of any fund must be approved by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
6. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

TOWN OF GRAND RIDGE, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Florida Retirement System (FRS)					
Proportion of the net pension liability (asset)	0.000844177%	0.000836668%	0.000915433%	0.000959102%	0.000899662%
Proportionate share of the net pension liability (asset)	\$ 254,271	\$ 247,481	\$ 231,148	\$ 123,882	\$ 54,893
Covered-employee payroll	221,075	212,107	233,339	255,960	250,780
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	115.02%	116.68%	99.06%	48.40%	21.89%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)					
Proportion of the net pension liability (asset)	0.000676715%	0.000658648%	0.000755851%	0.000843667%	0.000844008%
Proportionate share of the net pension liability (asset)	\$ 71,623	\$ 70,426	\$ 88,091	\$ 86,042	\$ 78,917
Covered-employee payroll	221,075	212,107	233,339	255,960	250,780
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.40%	33.20%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

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

**TOWN OF GRAND RIDGE, FLORIDA
SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Florida Retirement System (FRS)</u>					
Contractually required contribution	\$ 24,058	\$ 22,111	\$ 22,415	\$ 24,458	\$ 21,484
Contributions in relation to the contractually required contribution	(24,058)	(22,111)	(22,415)	(24,458)	(21,484)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 221,075	\$ 212,107	\$ 233,339	\$ 255,960	\$ 250,780
Contributions as a percentage of covered-employee payroll	10.88%	10.42%	9.61%	9.56%	8.57%
<u>Health Insurance Subsidy Program (HIS)</u>					
Contractually required contribution	\$ 3,670	\$ 3,521	\$ 3,873	\$ 3,225	\$ 3,009
Contributions in relation to the contractually required contribution	(3,670)	(3,521)	(3,873)	(3,225)	(3,009)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 221,075	\$ 212,107	\$ 233,339	\$ 255,960	\$ 250,780
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.26%	1.20%

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

**TOWN OF GRAND RIDGE, FLORIDA
OFFICIALS
SEPTEMBER 30, 2018**

TOWN COUNCIL

Wayne Edenfield – Mayor

Kimberly J. Applewhite, Councilmember

Jim Neel, Councilmember

Richard Gable, Councilmember

Thomas Peaden, Councilmember

TOWN MANAGER

J.R. Moneyham

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

To the Honorable Town Council,
Town of Grand Ridge, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Town of Grand Ridge, Florida as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Town of Grand Ridge, Florida's basic financial statements, and have issued our report thereon dated June 18, 2019

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described below as Finding 2018-001 through 2018-003 to be material weaknesses.

Finding 2018-001: Significant Adjustments and Preparation of Financial Statements and Material Adjustments

Condition and Criteria: The internal controls of Town of Grand Ridge, Florida have focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

Cause: For the year ended September 30, 2018, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

Effect: Financial statements would be materially misstated if significant adjustments were not made.

Recommendation: We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

Finding 2018-002: Segregation of Duties

Condition and Criteria: Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. During a portion of the fiscal year, only one employee was temporarily responsible for multiple positions at the Town.

Cause:

- The employee receiving cash receipts was also responsible for creating the deposit slips for general cash receipts and inputting those receipts into the Town's accounting software.
- The employee opening the mail and creating checks for general cash disbursements also inputs those disbursements into the Town's accounting software.

Effect: Assets could potentially be misappropriated. Adjusting journal entries could be posted to the accounting system to conceal fraud.

Recommendation:

- The employee that receives and records the cash receipts on a receipt log should give the receipts to the Town Clerk to input into the account software and prepare the deposit.
- Signed checks should also be mailed without allowing them to be returned to the employee responsible for accounts payable.

Finding 2018-003: Bank Reconciliations

Condition and Criteria: All bank accounts should be reconciled monthly to the general ledger.

Cause: The bank accounts did not reconcile to the general ledger.

Effect: Bank reconciliations that do not reconcile directly to the bank statements could lead to misstatements of the financial statements.

Recommendation: We recommend the Town reconcile the bank reconciliations accounts monthly, and another person approves the bank reconciliations who did not prepare them.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Grand Ridge, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described below:

Finding 2018-004: Health Insurance Reimbursement

Criteria: IRS Notice 2013-54, Affordable Care Act.

Condition: During our audit, we noted the Town reimbursed certain employees for health insurance premiums paid. This type of employer payment plan does not satisfy market reform under the Affordable Care Act.

Cause: The Town is reimbursing certain employees for health insurance premiums paid.

Effect: The Town could potentially be subject to excise tax related to this type of employer healthcare arrangement.

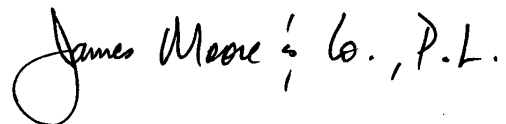
Recommendation: We recommend the Town review its employer healthcare arrangement to become in compliance with the Affordable Care Act. In addition, we recommend the Town monitor new regulations related to individual coverage health reimbursement accounts that is expected to go into effect January 1, 2020.

Town of Grand Ridge, Florida's Response to Findings

Town of Grand Ridge, Florida's response to the findings identified in our audit is described in the accompanying corrective action plan. Town of Grand Ridge, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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.



Tallahassee, Florida
June 18, 2019

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

To the Honorable Town Council,
 Town of Grand Ridge, Florida:

Report on the Financial Statements

We have audited the financial statements of the Town of Grand Ridge, Florida, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 18, 2019.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent 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(s) on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 18, 2019, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted in the table below.

Tabulation of Uncorrected Audit Findings			
Description	Current Year Finding #	2016-17 FY Finding #	2015-16 FY Finding #
Prepare Financial Statements in Accordance with GAAP and Significant Adjustments	2018-001	2017-001	2016-001
Segregation of Duties	2018-002	2017-002	N/A
Bank Reconciliations	2018-003	2017-003	N/A
Sinking Fund and Reserve Account Compliance	N/A	2017-004	N/A
Health Insurance Reimbursement	2018-004	N/A	N/A

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Grand Ridge, Florida was established by Chapter 27576, Laws of Florida, Acts of 1951. The Town of Grand Ridge, Florida does not have any component units.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town of Grand Ridge, 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, we determined that the Town of Grand Ridge, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

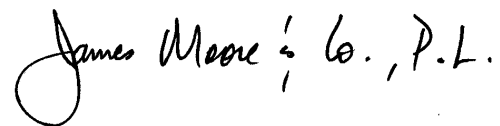
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

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

Purpose of this Letter

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

James Moore & Co., P.L.

Tallahassee, Florida
June 18, 2019

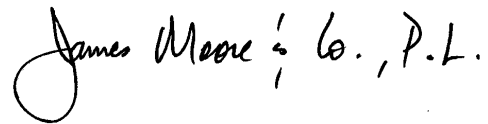
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To Town Council,
Town of Grand Ridge, Florida:

We have examined Town of Grand Ridge, Florida's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for Town of Grand Ridge, Florida's compliance with those requirements. Our responsibility is to express an opinion on Town of Grand Ridge, 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 and, accordingly, included examining, on a test basis, evidence about Town of Grand Ridge, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Town of Grand Ridge, Florida's compliance with specified requirements.

In our opinion, Town of Grand Ridge, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.


James Moore & Co., P.L.

Tallahassee, Florida
June 18, 2019

Town of Grand Ridge

P.O. Drawer 180
Grand Ridge, FL 32442
Phone: (850) 592-4621

2086 Porter Avenue
Grand Ridge, FL 32442
Fax: (850) 592-5583

Email: townofgrandridge@embarqmail.com

Response to Schedule of Findings and Questioned Costs

Finding 2018-001: Significant Adjustments and Preparation of Financial Statements and Material Adjustments

Corrective Action Plan – With respect to preparation of the financial statements and footnotes, while it has been the Town’s practice to have its Town Clerk prepare monthly financial reports for the Town Council and Town Manager to review and financial reports in preparation for the annual audit, we have relied upon the audit firm to identify and draft the financial statements and related note disclosures. It would be cost prohibitive to engage another accounting firm to draft the financial statements and related disclosure in advance for the year-end audit procedures; consequently, the Town declines to do so at this time.

Finding 2018-002: Segregation of Duties

Corrective Action Plan – The Town of Grand Ridge strives to abide by the internal controls that are designed to safeguard assets and to help prevent or detect losses from employee dishonesty or error. In the future, the Town of Grand Ridge will advertise open positions for administrative employment and will hire an employee who meets the criteria as soon as practical in order to remain compliant with internal control measures.

Finding 2018-003: Bank Reconciliations

Corrective Action Plan – The Town of Grand Ridge will reconcile all bank statements to the general ledger on a monthly basis in order to account for and correct any variances in a timely manner.

Finding 2018-004: Health Insurance Reimbursement

Corrective Action Plan – The Town of Grand Ridge will review its employer healthcare arrangement and determine a policy that is in compliance with IRS Notice 2013-54, Affordable Care Act.

June 18, 2019

Town of Grand Ridge, Florida
2086 Porter Avenue
Grand Ridge, FL 32442

We have audited the financial statements of Town of Grand Ridge, Florida as of and for the year ended September 30, 2018, and have issued our report thereon dated June 18, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 18, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Town of Grand Ridge, Florida solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses, and other matters noted during our audit in a separate letter to you dated June 18, 2019.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

121 Executive Circle Daytona Beach, FL 32114-1180 Telephone: 386-257-4100	133 East Indiana Avenue DeLand, FL 32724-4329 Telephone: 386-738-3300	5931 NW 1st Place Gainesville, FL 32607-2063 Telephone: 352-378-1331	2477 Tim Gamble Place, Suite 200 Tallahassee, FL 32308-4386 Telephone: 850-386-6184
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Compliance with All Ethics Requirements Regarding Independence

The engagement team, other individuals in our firm, and our firm has complied with all relevant ethical requirements regarding independence.

In order to eliminate threats to independence related to nonattest services that we provide you, we have instituted a quality control review over all nonattest work. Also, in the engagement letter, we identified a person within your organization with the skills, knowledge and expertise to review our nonattest work on your behalf.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Town of Grand Ridge, Florida, is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the current year under audit. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive estimate affecting the Town's financial statements was:

Management's estimate of the depreciation expense is based on the underlying assets depreciation calculated using the straight-line method over the assets' useful lives. We evaluated the key factors and assumptions used to develop the estimate of depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability was based on actuarial factors and was calculated by actuaries independent of the Town. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Town of Grand Ridge, Florida 's financial statements relate to contingent liabilities.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The corrected misstatements that we identified as a result of our audit procedures are attached.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Town of Grand Ridge, Florida's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated June 18, 2019.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

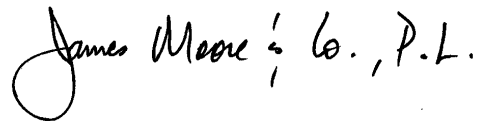
Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Town of Grand Ridge, Florida, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Town of Grand Ridge, Florida 's auditors.

Town of Grand Ridge, Florida
June 18, 2019
Page 4

This report is intended solely for the information and use of the Town Council and management of Town of Grand Ridge, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

JAMES MOORE & CO., P.L.

Client: **503606 - Town of Grand Ridge, Florida**
Engagement: **2018 Audit - Town of Grand Ridge, Florida (new)**
Period Ending: **9/30/2018**
Trial Balance: **TB-01 - TB**
Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		EE-01		
To adjust beginning balances to actual - NPL General Fund				
01-4500	FUND BALANCE		171,296.00	
01-JMCO - FRS DO	FRS Deferred Outflow		103,316.00	
01-JMCO - HIS DO	HIS Deferred Outflow		8,978.00	
01-JMCO - FRS DI	FRS Deferred Inflow			16,777.00
01-JMCO - FRS	FRS Net Pension Liability			196,055.00
01-JMCO - HIS DI	HIS Deferred Inflow			16,450.00
01-JMCO - HIS NPL	HIS Net Pension Liability			54,308.00
Total			283,590.00	283,590.00
Adjusting Journal Entries JE # 2		EE-01		
To adjust beginning balance to actual - Revenue Fund				
02-4500.000	RETAINED EARNINGS		47,436.00	
02-JMCO - FRS DO	FRS Deferred Outflow Sewer		14,447.00	
02-JMCO - FRS DO	FRS Deferred Outflow Water		12,434.00	
02-JMCO - HIS DO	HIS Deferred Outflow Sewer		1,485.00	
02-JMCO - HIS DO	HIS Deferred Outflow Water		999.00	
02-JMCO - FRS DI	FRS Deferred Inflow Sewer			3,764.00
02-JMCO - FRS DI	FRS Deferred Inflow Water			1,491.00
02-JMCO - FRS	FRS Net Pension Liability Sewer			28,029.00
02-JMCO - FRS	FRS Net Pension Liability Water			23,397.00
02-JMCO - HIS DI	HIS Deferred Inflow Sewer			1,759.00
02-JMCO - HIS DI	HIS Deferred Inflow Water			2,243.00
02-JMCO - HIS NPL	HIS Net Pension Liability Sewer			10,905.00
02-JMCO - HIS NPL	HIS Net Pension Liability Water			5,213.00
Total			76,801.00	76,801.00
Adjusting Journal Entries JE # 3		SSTT-01		
To adjust General fund balance to actual				
01-3066.000	PAYROLL-DD RETURN		206.00	
01-6282.000	JBOCC-FIRE GRANT ALLOCATION		6,061.00	
01-6286.000	FIRE GRANT		13,708.00	
01-4500.000	FUND BALANCE			19,975.00
Total			19,975.00	19,975.00
Adjusting Journal Entries JE # 4		SSTT-01		
To adjust Revenue Fund balance to actual				
02-6002.000	IMPACT FEE - WATER		450.00	
02-7130.200	SUPPLIES - WATER		407.00	
02-4500.000	RETAINED EARNINGS			857.00
Total			857.00	857.00
Adjusting Journal Entries JE # 5		PY AJE		
To reverse PY A/R General Fund				
01-6000.000	D.O.T. ROAD MAINTENANCE		7,514.00	
01-6010.000	STATE REVENUE SHARING		4,157.00	
01-6025.000	FRANCHISE FEE - ELECTRIC		3,542.00	
01-6035.100	UTILITY TAX - ELECTRIC		5,715.00	
01-6040.000	LOCAL GOVERNMENT INFRASTRUCTUR		3,570.00	
01-6040.000	LOCAL GOVERNMENT INFRASTRUCTUR		6,070.00	
01-6045.000	COMMUNICATION SERVICES TAX		1,643.00	
01-6170.000	HALF CENT SALES TAX REVENUE		3,875.00	
01-6195.000	LOCAL OPTION GAS TAX		4,750.00	
01-2020.000	ACCOUNTS RECEIVABLE OTHER			9,257.00
01-2028.000	DUE FROM OTHER GOVERNMENTAL UNITS			10,550.00
01-2120.000	DUE FROM STATE OF FLORIDA			21,029.00
Total			40,836.00	40,836.00

Client: **503606 - Town of Grand Ridge, Florida**
Engagement: **2018 Audit - Town of Grand Ridge, Florida (new)**
Period Ending: **9/30/2018**
Trial Balance: **TB-01 - TB**
Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 6		B1-01.1		
To record CY A/R General Fund				
01-2020.000	ACCOUNTS RECEIVABLE OTHER		8,427.00	
01-2028.000	DUE FROM OTHER GOVERNMENTAL UNITS		10,442.00	
01-2120.000	DUE FROM STATE OF FLORIDA		20,850.00	
01-6000.000	D.O.T. ROAD MAINTENANCE			7,514.00
01-6010.000	STATE REVENUE SHARING			4,314.00
01-6025.000	FRANCHISE FEE - ELECTRIC			3,189.00
01-6035.100	UTILITY TAX - ELECTRIC			5,238.00
01-6040.000	LOCAL GOVERNMENT INFRASTRUCTUR			3,888.00
01-6040.000	LOCAL GOVERNMENT INFRASTRUCTUR			5,831.00
01-6045.000	COMMUNICATION SERVICES TAX			1,577.00
01-6170.000	HALF CENT SALES TAX REVENUE			3,617.00
01-6195.000	LOCAL OPTION GAS TAX			4,551.00
Total			39,719.00	39,719.00
Adjusting Journal Entries JE # 7		AA-02		
To adjust SRF debt balance and accrued interest to actual				
02-3427.000	NOTE PAYABLE - SRF		151,191.00	
02-3428.000	ACCRUED INTEREST EXPENSE		333.00	
02-7515.000	DEBT SERVICES - INTEREST		40,564.00	
02-7436.000	SRF LOAN PAYMENT			333.00
02-7436.000	SRF LOAN PAYMENT			40,564.00
02-7436.000	SRF LOAN PAYMENT			73,465.00
02-7510.000	DEBT SERVICES - PRINCIPLE			77,726.00
Total			192,088.00	192,088.00
Adjusting Journal Entries JE # 8		AA-02		
To adjust USDA bond to actual				
02-3429.000	USDA BOND PAYABLE		1,000.00	
02-JMCO-7516.000	USDA Interest		502.00	
02-JMCO-7516.000	USDA Interest		6,941.00	
02-3428.000	ACCRUED INTEREST EXPENSE			502.00
02-7485.000	USDA-2016 ELEVATED TANK PROJECT			7,941.00
Total			8,443.00	8,443.00
Adjusting Journal Entries JE # 9		PBC		
To reverse effects of double posted JE from the PY audit - entry to adjust				
01-2112.000	DUE FROM REVENUE FUND FOR PAYROLL		9,127.00	
01-3010.000	ACCOUNTS PAYABLE		305.00	
01-1015.000	GENERAL GOVERNMENT FUND - 2026			9,432.00
Total			9,432.00	9,432.00
Adjusting Journal Entries JE # 10		PY B2-01		
To reverse PY AR related to CDBG and USDA grants				
02-6270.000	CDBG GRANT REVENUE		104,479.00	
02-6300.000	USDA WATER SYSTEM IMPROVEMENTS		41,887.00	
02-2010.100	UNBILLED CDBG(auditor)			33,239.00
02-2010.200	GRANT RECEIVABLES			8,648.00
02-2010.200	GRANT RECEIVABLES			104,479.00
Total			146,366.00	146,366.00
Adjusting Journal Entries JE # 12		PY BB-02		
To reverse PY payables related to CDBG and USDA grants				
02-3010.000	ACCOUNTS PAYABLE		146,366.00	
02-7450.000	CDBG GRANT EXPENSE			104,479.00
02-7485.000	USDA-2016 ELEVATED TANK PROJECT			41,887.00
Total			146,366.00	146,366.00

Client: **503606 - Town of Grand Ridge, Florida**
 Engagement: **2018 Audit - Town of Grand Ridge, Florida (new)**
 Period Ending: **9/30/2018**
 Trial Balance: **TB-01 - TB**
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 13		BB-02		
To record CY payable related to USDA grant				
02-7485.000	USDA-2016 ELEVATED TANK PROJECT		53,304.00	
02-3010.000	ACCOUNTS PAYABLE			53,304.00
Total			53,304.00	53,304.00
Adjusting Journal Entries JE # 14		101-01		
To reclass revenues from Jackson County for new well antenna				
02-6300.000	USDA WATER SYSTEM IMPROVEMENTS		15,000.00	
02-6046.000	MISCELLANEOUS REVENUE			15,000.00
Total			15,000.00	15,000.00
Adjusting Journal Entries JE # 15		B2-01		
To adjust Revenue fund AR to actual				
02-6010.000	UTILITY BILLING - ALL SERVICES		6,005.00	
02-2010.000	ACCOUNTS RECEIVABLE - WATER			1,205.00
02-2015.000	ACCOUNTS RECEIVABLE - SEWER			3,227.00
02-2020.000	ACCOUNTS RECEIVABLE - GARBAGE			1,573.00
Total			6,005.00	6,005.00
Adjusting Journal Entries JE # 16		N-01		
Proposed reclass adjustment to adjust investment revenues and expenses to actual				
02-6032.000	ESCROW DIVIDEND		471.00	
02-7037.000	ESCROW - ADMINISTRATIVE FEES		761.00	
02-6031.000	ESCROW INTEREST			1,232.00
Total			1,232.00	1,232.00
Adjusting Journal Entries JE # 17		UV-03		
To capitalize fixed assets related to ww system				
02-2560.000	WASTEWATER SYSTEM		6,580.00	
02-7160.400	REPAIRS & MAINT - SEWER			6,580.00
Total			6,580.00	6,580.00
Adjusting Journal Entries JE # 18		UV-01		
To reclass CIP/CY additions to real property				
02-2510.000	WATER DISTRIBUTION SYSTEM		1,599,449.00	
02-2549.000	construction in progress (auditor)			1,307,963.00
02-7370.400	CAPITAL OUTLAY - WASTEWATER			35,094.00
02-7371.200	CAPITAL OUTLAY-WATER			472.00
02-7450.000	CDBG GRANT EXPENSE			70,367.00
02-7468.400	I10 SEWER LINE EXTENSION PROJECT			100.00
02-7485.000	USDA-2016 ELEVATED TANK PROJECT			163,744.00
02-7490.000	USDA HWY 69 SEWER EXT CONSTRUCTION			2,512.00
02-7535.000	CDBG WATERMAIN UPGRADE & WELL #1 2018			19,197.00
Total			1,599,449.00	1,599,449.00

Client: **503606 - Town of Grand Ridge, Florida**
Engagement: **2018 Audit - Town of Grand Ridge, Florida (new)**
Period Ending: **9/30/2018**
Trial Balance: **TB-01 - TB**
Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 19		UV-04		
To record equipment dispositions in utility fund				
02-2600.000	ACCUMULATED DEPRECIATION		4,185.00	
02-JMCO- G/L	Gain/loss on sale of fixed assets		787.00	
02-2540.000	EQUIPMENT			4,972.00
Total			4,972.00	4,972.00
Adjusting Journal Entries JE # 20		UV-04		
To record land sale				
02-JMCO- G/L	Gain/loss on sale of fixed assets		10,160.00	
02-JMCO-AR	Utility A/R		53,500.00	
02-2700.000	LAND			63,660.00
Total			63,660.00	63,660.00
Adjusting Journal Entries JE # 21		UV-04		
Reclass of proceeds from land posted in general account				
01-6152.000	PROCEEDS FROM SALE OF CAP. ASSETS		6,500.00	
02-3260	DUE FROM GENERAL FUND		6,500.00	
01-2000	DUE TO WATER FUND			6,500.00
02-JMCO- G/L	Gain/loss on sale of fixed assets			6,500.00
Total			13,000.00	13,000.00
Adjusting Journal Entries JE # 22		UV-02		
To record depreciation expense				
02-7999	depreciation (auditor)		480,132.00	
02-2600.000	ACCUMULATED DEPRECIATION			480,132.00
Total			480,132.00	480,132.00

Client: **503606 - Town of Grand Ridge, Florida**
 Engagement: **2018 Audit - Town of Grand Ridge, Florida (new)**
 Period Ending: **9/30/2018**
 Trial Balance: **TB-01 - TB**
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 23		BB-01		
To remove PY GF payables				
01-3010.000	ACCOUNTS PAYABLE		8,522.00	
01-6185.200	FIRE DEPT FUND RAISERS			151.00
01-7030.100	LEGAL - ADMIN			713.00
01-7068.700	GRRA - MISCELLANEOUS/FUNDRAISER			107.00
01-7106.100	COPIES/MAINT - ADMIN			7.00
01-7106.700	COPIES/MAINT - RECREATION			7.00
01-7130.100	SUPPLIES - ADMIN			139.00
01-7130.700	SUPPLIES - PARKS & REC			151.00
01-7133.100	OFFICE SUPPLIES - ADMIN			81.00
01-7133.700	OFFICE SUPPLIES-REC			81.00
01-7165.400	REPAIR & MAINT - VEHICLES			275.00
01-7210.100	TELEPHONE - ADMIN			361.00
01-7215.100	CELLULAR - ADMIN			60.00
01-7215.400	CELLULAR PHONES - STREET			3.00
01-7215.700	CELLULAR PHONES - RECREATION			4.00
01-7230.100	UTILITIES - ADMIN			306.00
01-7230.400	UTILITIES - STREET			1,919.00
01-7230.700	UTILITIES - PARKS & REC			1,340.00
01-7240.200	GAS & OIL - FIRE			51.00
01-7240.200	GAS & OIL - FIRE			111.00
01-7240.200	GAS & OIL - FIRE			111.00
01-7240.400	GAS & OIL - STREET			24.00
01-7240.400	GAS & OIL - STREET			58.00
01-7240.400	GAS & OIL - STREET			58.00
01-7240.400	GAS & OIL - STREET			238.00
01-7240.400	GAS & OIL - STREET			991.00
01-7240.400	GAS & OIL - STREET			991.00
01-7240.700	GAS & OIL - PARKS & REC			88.00
01-7240.700	GAS & OIL - PARKS & REC			96.00
Total			8,522.00	8,522.00

Client: **503606 - Town of Grand Ridge, Florida**
Engagement: **2018 Audit - Town of Grand Ridge, Florida (new)**
Period Ending: **9/30/2018**
Trial Balance: **TB-01 - TB**
Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 24		BB-01		
To remove PY utility fund balances				
02-3010.000	ACCOUNTS PAYABLE		4,813.00	
02-7106.200	MAINT/COPIES - WATER			5.00
02-7106.300	MAINT/COPIES - GARBAGE			5.00
02-7106.400	MAINT/COPIES - SEWER			5.00
02-7130.400	SUPPLIES - SEWER			54.00
02-7132.200	OFFICE SUPPLIES - WATER			54.00
02-7132.300	OFFICE SUPPLIES - GARBAGE			54.00
02-7132.400	OFFICE SUPPLIES - SEWER			54.00
02-7160.200	REPAIRS & MAINT - WATER			112.00
02-7164.500	CHEMICALS-SPRAYFIELD			297.00
02-7215.200	CELLULAR PHONE - WATER			13.00
02-7215.400	CELLULAR PHONES - WW			10.00
02-7240.200	GAS & OIL - WATER			143.00
02-7240.200	GAS & OIL - WATER			155.00
02-7240.400	GAS & OIL - SEWER			123.00
02-7240.500	GAS & OIL - SPRAYFIELD			101.00
02-7240.500	GAS & OIL - SPRAYFIELD			796.00
02-7350.200	WATER ANALYSIS			80.00
02-7350.200	WATER ANALYSIS			175.00
02-7350.200	WATER ANALYSIS			690.00
02-7350.400	WASTEWATER ANALYSIS			90.00
02-7350.400	WASTEWATER ANALYSIS			1,350.00
02-7460.200	TELEPHONE-WATER			200.00
02-7460.400	TELEPHONE - WW			216.00
02-7480.000	LEGAL EXPENSES			31.00
Total			4,813.00	4,813.00
Adjusting Journal Entries JE # 25		CC-01		
To adjust compensated absences to actual				
02-7470	compensated absence expense (auditor)		1,615.00	
02-3430.000	liab. for comp. absences - LT (auditor)			1,615.00
Total			1,615.00	1,615.00
Adjusting Journal Entries JE # 26		BB-02		
To record CY GF payables				
01-7030.100	LEGAL - ADMIN		488.00	
01-7062.700	GRRA - EXPENSES - REC PROGRAM		322.00	
01-7133.100	OFFICE SUPPLIES - ADMIN		27.00	
01-7133.100	OFFICE SUPPLIES - ADMIN		372.00	
01-7160.400	REPAIRS & MAINTENANCE - STREET		137.00	
01-7160.400	REPAIRS & MAINTENANCE - STREET		301.00	
01-7165.700	REPAIR & MAINT - VEHICLES REC		16.00	
01-7210.100	TELEPHONE - ADMIN		285.00	
01-7215.100	CELLULAR - ADMIN		60.00	
01-7215.400	CELLULAR PHONES - STREET		3.00	
01-7215.700	CELLULAR PHONES - RECREATION		7.00	
01-7220.200	TRAVEL - FIRE DEPT		474.00	
01-7236.700	FRDAP CITY PARK-2017 A17047		437.00	
01-7240.400	GAS & OIL - STREET		239.00	
01-7240.700	GAS & OIL - PARKS & REC		146.00	
01-7360.100	EMPLOYEE HEALTH INS - ADMIN		238.00	
01-3010.000	ACCOUNTS PAYABLE			3,552.00
Total			3,552.00	3,552.00

Client: **503606 - Town of Grand Ridge, Florida**
Engagement: **2018 Audit - Town of Grand Ridge, Florida (new)**
Period Ending: **9/30/2018**
Trial Balance: **TB-01 - TB**
Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 27		BB-01		
To record CY RF payables				
02-7132.200	OFFICE SUPPLIES - WATER		9.00	
02-7132.300	OFFICE SUPPLIES - GARBAGE		9.00	
02-7132.400	OFFICE SUPPLIES - SEWER		9.00	
02-7164.500	CHEMICALS-SPRAYFIELD		401.00	
02-7215.200	CELLULAR PHONE - WATER		13.00	
02-7215.400	CELLULAR PHONES - WW		6.00	
02-7240.200	GAS & OIL - WATER		92.00	
02-7240.200	GAS & OIL - WATER		175.00	
02-7240.400	GAS & OIL - SEWER		53.00	
02-7240.400	GAS & OIL - SEWER		155.00	
02-7240.500	GAS & OIL - SPRAYFIELD		192.00	
02-7350.200	WATER ANALYSIS		100.00	
02-7350.200	WATER ANALYSIS		175.00	
02-7350.200	WATER ANALYSIS		405.00	
02-7350.400	WASTEWATER ANALYSIS		90.00	
02-7350.400	WASTEWATER ANALYSIS		1,200.00	
02-7460.200	TELEPHONE-WATER		212.00	
02-7460.400	TELEPHONE - WW		167.00	
02-3010.000	ACCOUNTS PAYABLE			3,463.00
Total			3,463.00	3,463.00
Adjusting Journal Entries JE # 28		BB-01/UV-02		
To book CIP for sewer line extension project				
02-2549.000	construction in progress (auditor)		20,300.00	
02-3010.000	ACCOUNTS PAYABLE			20,300.00
Total			20,300.00	20,300.00
Adjusting Journal Entries JE # 29		BB-02		
Adjusting AP to actual due to client voiding checks off AP in CY				
02-3010.000	ACCOUNTS PAYABLE		2,189.00	
02-7121.200	MISC EXPENSE - WATER			2,189.00
Total			2,189.00	2,189.00
Adjusting Journal Entries JE # 30		EE-02		
To record FRS NPL				
01-JMCO - PE	Pension Expense General		16,085.00	
01-JMCO - PE	Pension Expense Parks		4,026.00	
01-JMCO - PE	Pension Expense Street		603.00	
02-JMCO - FRS	FRS Net Pension Liability Sewer		185.00	
02-JMCO - FRS	FRS Net Pension Liability Water		288.00	
02-JMCO - PE	Pension Expense Sewer		1,027.00	
02-JMCO - PE	Pension Expense Water		1,594.00	
01-JMCO - FRS DI	FRS Deferred Inflow			8,573.00
01-JMCO - FRS DO	FRS Deferred Outflow			4,878.00
01-JMCO - FRS	FRS Net Pension Liability			7,263.00
02-JMCO - FRS DI	FRS Deferred Inflow Sewer			581.00
02-JMCO - FRS DI	FRS Deferred Inflow Water			902.00
02-JMCO - FRS DO	FRS Deferred Outflow Sewer			631.00
02-JMCO - FRS DO	FRS Deferred Outflow Water			980.00
Total			23,808.00	23,808.00

Client: **503606 - Town of Grand Ridge, Florida**
 Engagement: **2018 Audit - Town of Grand Ridge, Florida (new)**
 Period Ending: **9/30/2018**
 Trial Balance: **TB-01 - TB**
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 31		EE-02		
To record HIS NPL				
01-JMCO - HIS DI	HIS Deferred Inflow		870.00	
01-JMCO - HIS DO	HIS Deferred Outflow		529.00	
2-JMCO - HIS DI Sew	HIS Deferred Inflow Sewer		59.00	
2-JMCO - HIS DI Wat	HIS Deferred Inflow Water		92.00	
1-JMCO - HIS DO Sew	HIS Deferred Outflow Sewer		68.00	
1-JMCO - HIS DO Wat	HIS Deferred Outflow Water		106.00	
1-JMCO - HIS NPL Sew	HIS Net Pension Liability Sewer		33.00	
1-JMCO - HIS NPL Wat	HIS Net Pension Liability Water		51.00	
01-JMCO - HIS NPL	HIS Net Pension Liability			1,281.00
11-JMCO - PE General	Pension Expense General			91.00
01-JMCO - PE Parks	Pension Expense Parks			23.00
01-JMCO - PE Street	Pension Expense Street			4.00
02-JMCO - PE Sewer	Pension Expense Sewer			160.00
02-JMCO - PE Water	Pension Expense Water			249.00
Total			1,808.00	1,808.00
Adjusting Journal Entries JE # 32		LW-01		
To record prepaid assets- cash to accrual entry.				
01-JMCO-Prepaid	Prepays- Gen Fund		4,543.00	
02-JMCO-Prepaid	Prepays- Rev Fund		640.00	
01-7130.100	SUPPLIES - ADMIN			80.00
01-7360.100	EMPLOYEE HEALTH INS - ADMIN			3,823.00
01-7410.000	PROFESSIONAL SERVICES			640.00
02-7241.400	PROFESSIONAL SERVICES - WATER			640.00
Total			5,183.00	5,183.00

Town of Grand Ridge

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June 18, 2019

James Moore & Cp., P.L.
2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308

This representation letter is provided in connection with your audit of the financial statements of Town of Grand Ridge, Florida as of September 30, 2018 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Town of Grand Ridge, Florida in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated April 18, 2019 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

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- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

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- The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
- There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
- We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.
- With respect to the supplementary information accompanying the financial statements:
 - We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
 - We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
 - We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- Provisions for uncollectible receivables have been properly identified and recorded.
- As part of your audit, you assisted with preparation of the financial statements and related notes, certain cash to accrual journal entries, depreciation schedule, and annual local government report. We have designated Amanda Applewhite with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

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- We confirm, to the best of our knowledge and belief, the following representations made to you during your examination engagement:
 - We are responsible for complying with Section 218.415, Florida Statutes, Local Government Investment Policies.
 - We are responsible for selecting the criteria and have selected the following: Section 218.415, Florida Statutes, Local Government Investment Policies.
 - We have determined that the criteria are suitable and appropriate for our purposes.
 - We are responsible for establishing and maintaining effective internal control over compliance.
 - We assert that Town of Grand Ridge, Florida is in compliance with Section 218.415, Florida Statutes, Local Government Investment Policies for the year ended September 30, 2018.
 - We have communicated and disclosed to you all known noncompliance.
 - We have communicated and disclosed to you all correspondence or other communications we have received from regulatory authorities, internal auditors, and other practitioners regarding possible noncompliance with the specified requirements.
 - We have made available to you all records and documentation applicable to compliance with the specified requirements.
 - To the best of our knowledge and belief, we have disclosed to you all known noncompliance that has occurred subsequent to through the date of this letter that would affect the presentation of the Section 218.415, Florida Statutes, Local Government Investment Policies, or your report.
 - We represent that your report will be available for general use.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

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- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Town of Grand Ridge, Florida has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Town of Grand Ridge, Florida is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.

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- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
- Town of Grand Ridge, Florida has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.



(JR Moneyham, Town Manager)



(Amanda Applewhite, Town Clerk)