

CITY OF HIGH SPRINGS, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019



**CITY OF HIGH SPRINGS, FLORIDA
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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Commissioners,
City of High Springs, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of High Springs, Florida (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City'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.

Auditors' 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 auditors' 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 (1) unmodified audit opinion on general fund, fire control fund, downtown development fund, other governmental funds, sewer fund and the aggregate remaining fund information; and (2) qualified audit opinion on the governmental activities, business-type activities, water fund and sewer fund.

Basis for Qualified Opinions on Major Funds

The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities, business-type activities, Water Fund, and the Sewer Fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, the business-type activities, the Water Fund, and the Sewer Fund has not been determined.

Qualified Opinion on the Governmental Activities, Business-Type Activities, Water Fund, and Sewer Fund

In our opinion, except for the effects of not implementing the provisions of GASB Statement No. 75, as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the Water Fund, and the Sewer Fund of the City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the General Fund, Fire Control Fund, Downtown Development Fund, Other Governmental Funds, and Solid Waste Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, Fire Control Fund, Downtown Development Fund, Other Governmental Funds, and Solid Waste Fund of the City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and budgetary comparison schedules for the General Fund, Fire Control Fund, and Downtown Development Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted the schedule of changes in the City's total OPEB liability and related ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

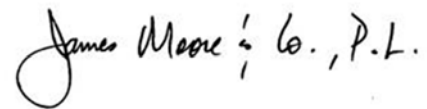
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining statements for the nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by Section 215.97, Florida Statutes, Florida Single Audit Act, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
February 13, 2020

**CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019**

MDAAs management of the City of High Springs, Florida, we offer readers of the City of High Springs, Florida's financial statements this narrative overview and analysis of the financial activities of the City of High Springs, Florida for the fiscal year ended September 30, 2019.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of High Springs, Florida's basic financial statements. The City of High Springs, Florida's basic financial statements comprise 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 City of High Springs, Florida's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of High Springs, Florida's assets and liabilities, and deferred inflows/outflows of resources, 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 City of High Springs, 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 City of High Springs, 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 City of High Springs, Florida include general government, public safety, physical environment, transportation, economic environment, and culture/recreation. The business-type activities of the City of High Springs, Florida include water, solid waste, and sewer operations.

The government-wide financial statements can be found on pages 14 – 15 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of High Springs, 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 City of High Springs, Florida can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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.

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)

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 City of High Springs, Florida maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, fire control fund, and downtown development fund which are all considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this financial statement reporting package.

The City of High Springs, Florida adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and major special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 – 21 of this report.

Proprietary funds. The City of High Springs, Florida maintains proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of High Springs, Florida uses enterprise funds to account for its water, solid waste, and sewer 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 separate information for the water, solid waste, and sewer operation, which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 22 – 24 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of fiduciary funds are not available to support the City of High Springs, Florida's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund statement can be found on page 25 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 26 – 41 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 46 – 47 of this report.

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)

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 City of High Springs, Florida, assets and deferred outflows of resources exceeded liabilities by \$15,746,660 at the close of the most recent fiscal year.

By far the largest portion of the City of High Springs, Florida's net position (101 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of High Springs, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City of High Springs, 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.

City of High Springs, Florida's Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$2,832,804	\$2,649,336	\$ 1,816,825	\$ 770,943	\$ 4,649,629	\$ 3,420,279
Capital assets	5,770,976	5,206,830	18,107,697	16,069,678	23,878,673	21,276,508
Total assets	<u>8,603,780</u>	<u>7,856,166</u>	<u>19,924,522</u>	<u>16,840,621</u>	<u>28,528,302</u>	<u>24,696,787</u>
Total deferred outflows of resources	1,590,344	1,678,889	93,867	95,346	1,684,211	1,774,235
Long-term liabilities outstanding	5,206,717	4,305,326	7,816,424	7,900,135	13,023,141	12,205,461
Other liabilities	296,042	261,333	853,026	353,290	1,149,068	614,623
Total liabilities	<u>5,502,759</u>	<u>4,566,659</u>	<u>8,669,450</u>	<u>8,253,425</u>	<u>14,172,209</u>	<u>12,820,084</u>
Total deferred inflows of resources	277,278	346,671	16,366	19,688	293,644	366,359
Net position:						
Net investment in capital assets	5,325,365	5,034,734	10,624,827	8,450,208	15,950,192	13,484,942
Restricted	1,120,838	1,545,963	736,351	747,977	1,857,189	2,293,940
Unrestricted	(2,032,116)	(1,958,972)	(28,605)	(535,331)	(2,060,721)	(2,494,303)
Total net position	<u>\$4,414,087</u>	<u>\$4,621,725</u>	<u>\$11,332,573</u>	<u>\$ 8,662,854</u>	<u>\$15,746,660</u>	<u>\$13,284,579</u>

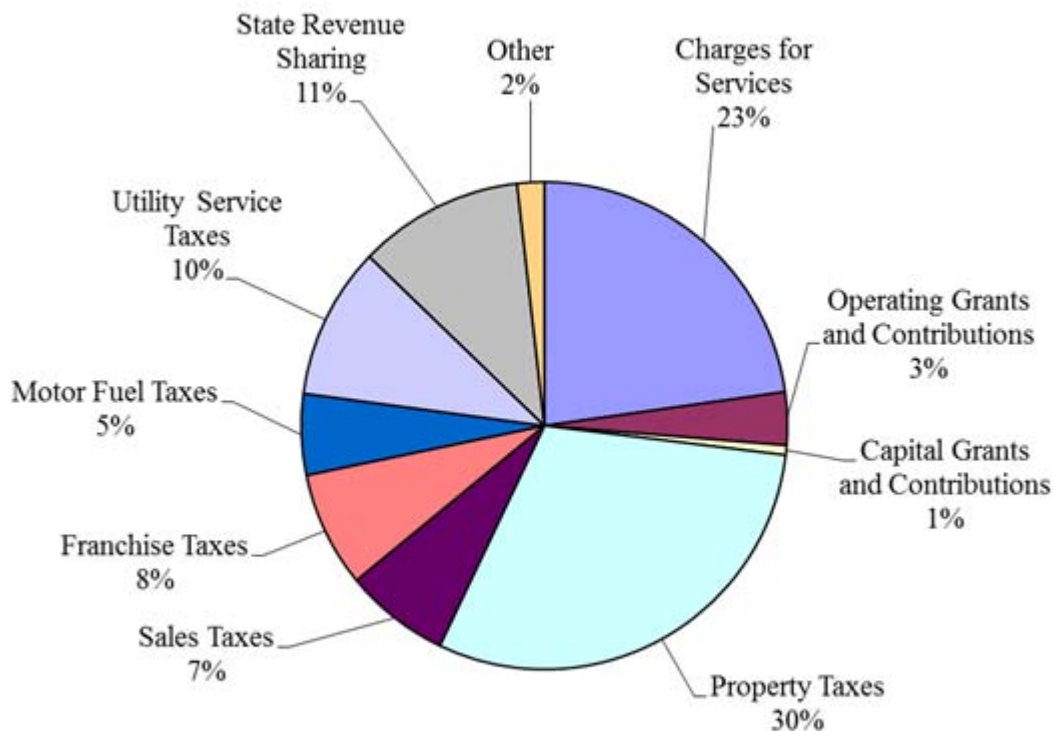
CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)

An additional portion of the City of High Springs, Florida's net position (12 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (2,060,721) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of High Springs, Florida is able to report positive balances in two categories of net position, both for the government as a whole, as well as for its separate business-type activities.

Governmental activities. Governmental activities decreased the City of High Springs, Florida's net position by \$207,638 due mainly to changes in pension and other employee liabilities and change in Capital Assets.

Revenues by Source - Governmental Activities



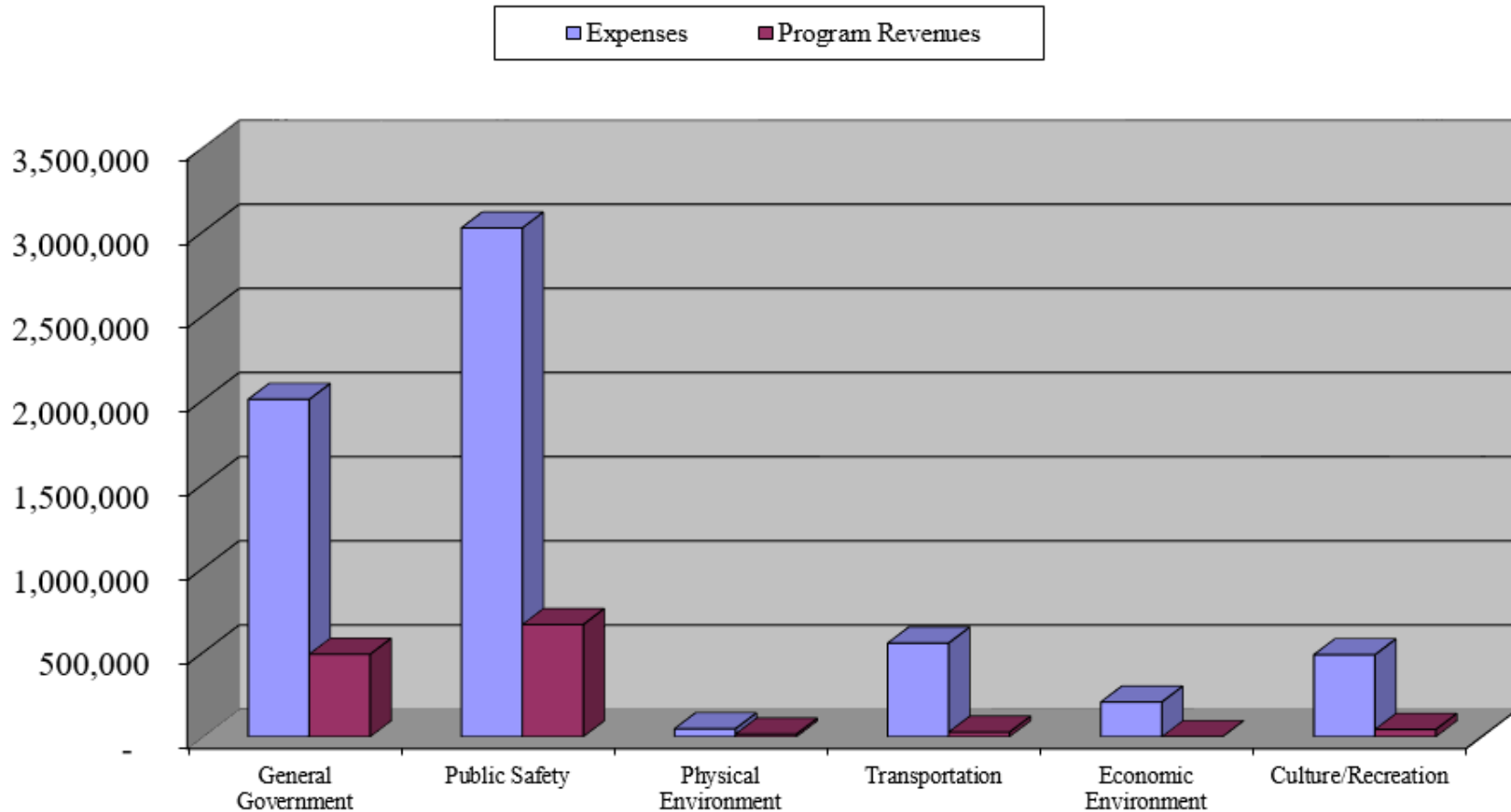
CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)

City of High Springs, Florida's Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,244,161	\$ 909,980	\$ 2,900,233	\$ 2,450,365	\$ 4,144,394	\$ 3,360,345
Operating grants and contributions	485,088	523,235	-	-	485,088	523,235
Capital grants and contributions	34,672	36,367	2,915,490	1,038,680	2,950,162	1,075,047
General revenues:						
Property taxes	1,646,723	1,560,446	-	-	1,646,723	1,560,446
Other taxes	1,952,614	1,833,953	-	-	1,952,614	1,833,953
Other	98,138	26,525	38,860	10,235	136,998	36,760
Total revenues	5,461,396	4,890,506	5,854,583	3,499,280	11,315,979	8,389,786
Expenses:						
General government	2,004,694	1,635,143	-	-	2,004,694	1,635,143
Public safety	3,023,284	2,633,097	-	-	3,023,284	2,633,097
Physical environment	47,494	21,899	-	-	47,494	21,899
Transportation	556,610	503,699	-	-	556,610	503,699
Economic environment	206,256	183,158	-	-	206,256	183,158
Culture and recreation	487,357	375,496	-	-	487,357	375,496
Water	-	-	551,255	419,245	551,255	419,245
Solid waste	-	-	660,399	598,782	660,399	598,782
Sewer	-	-	1,316,549	1,275,020	1,316,549	1,275,020
Total expenses	6,325,695	5,352,492	2,528,203	2,293,047	8,853,898	7,645,539
Increase (decrease) in Net position before transfers	(864,299)	(461,986)	3,326,380	1,206,233	2,462,081	744,247
Transfers	656,661	620,660	(656,661)	(620,660)	-	-
Increase (decrease) in Net position	(207,638)	158,674	2,669,719	585,573	2,462,081	744,247
Net position, beginning of year	4,621,725	4,463,051	8,662,854	8,077,281	13,284,579	12,540,332
Net position, end of year	\$ 4,414,087	\$ 4,621,725	\$ 11,332,573	\$ 8,662,854	\$ 15,746,660	\$ 13,284,579

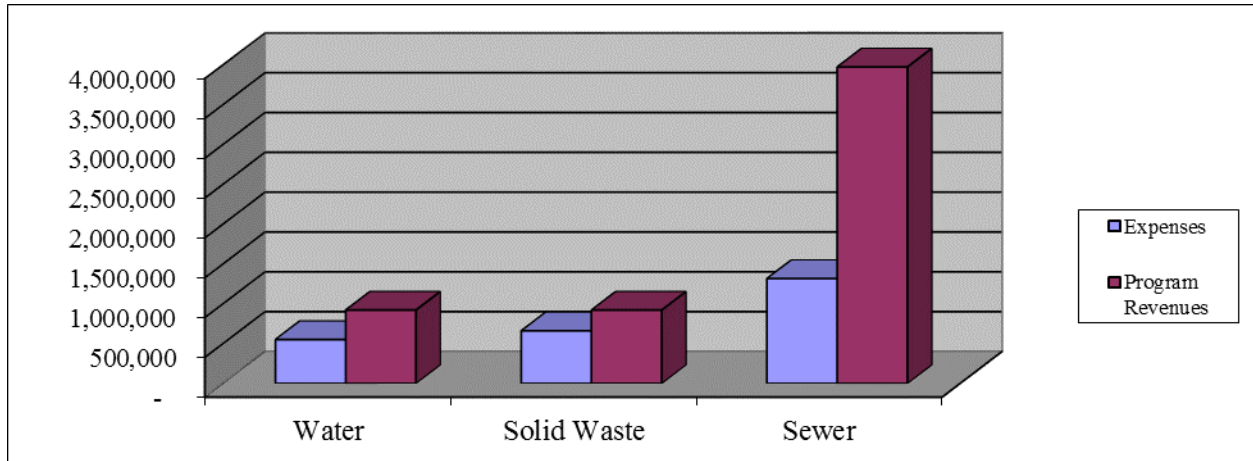
CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)

Expenses and Program Revenues – Governmental Activities



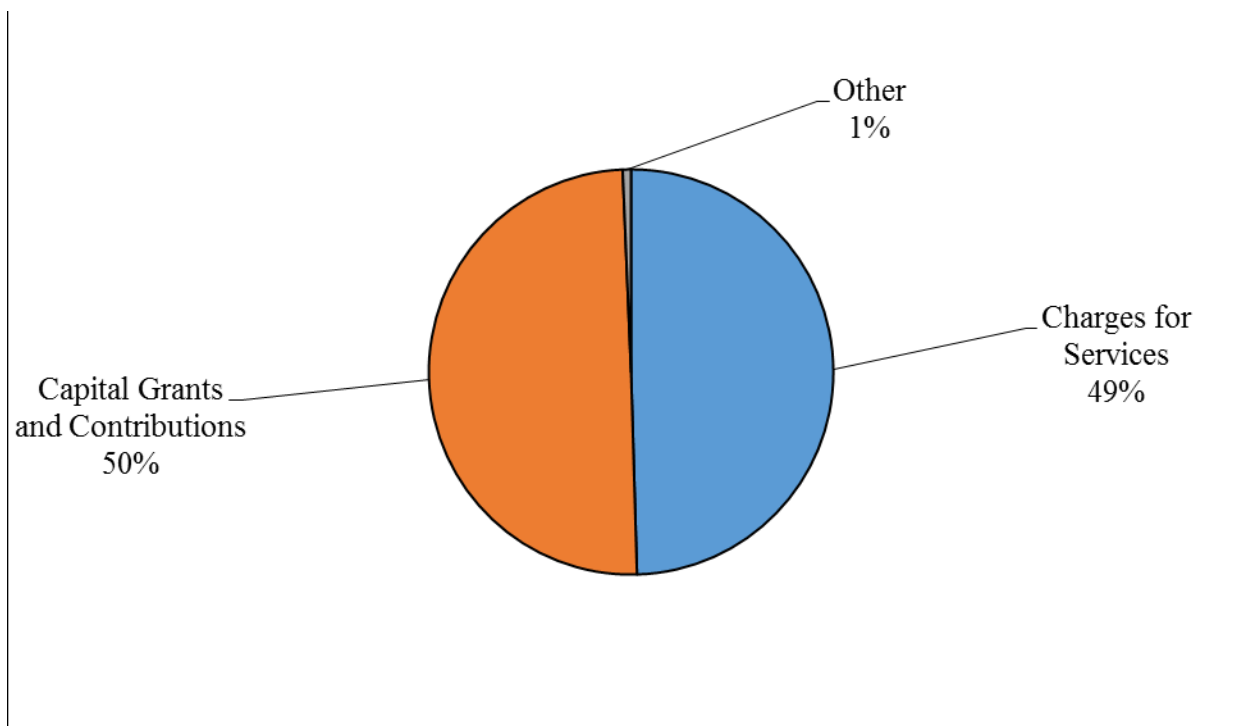
CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)

Expenses and Program Revenues – Business-type Activities



Business-type activities. Business-type activities increased the City of High Springs, Florida's net position by \$2,669,719, due mainly to capital grants received for sewer fund improvements.

Revenues by Source – Business-type Activities



CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of High Springs, Florida's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of High Springs, 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 City of High Springs, Florida's governmental funds reported combined ending fund balances of \$2,536,762. Approximately 50 percent of this total amount \$1,260,661 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *nonspendable or restricted* to indicate that it is not available for new spending because it has already been committed for prepaid expenses, assessments, capital projects, debt service, public safety, physical environment, transportation, economic environment, or culture/recreation expenditures.

The general fund is the chief operating fund of the City of High Springs, Florida. At the end of the current fiscal year, unassigned fund balance and total fund of the general fund was \$1,260,661. 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 25 percent of total general fund expenditures.

The fund balance of the City of High Springs, Florida's general fund increased by \$49,368 during the current fiscal year due mainly to budget and expense management.

Proprietary funds. The City of High Springs, Florida's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water, Solid Waste, and Sewer funds at the end of the year amounted to \$(14,652), \$186,916, and \$(200,869), respectively. The increases in net position for the Water, Solid Waste and Sewer funds were \$134,447, \$47,849, and \$2,487,423, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of High Springs, Florida's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of High Springs, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2019 amounts to \$23,878,673 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, vehicles, park facilities and roads. The total increase in the City of High Springs, Florida's investment in capital assets for the current fiscal year was \$2,602,165.

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)

Major capital asset events during the current fiscal year included the following:

- Adding commercial users to the sewer system
- Equipment purchased for Police and Fire Department with grants
- Bathrooms at Memorial Park
- Backhoe Loader and Tractor
- Bleachers Memorial Park
- Breathing Air Module Compressor and Air Packs

City of High Springs, Florida's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 824,661	\$ 824,661	\$ 404,668	\$ 404,668	\$ 1,229,329	\$ 1,229,329
Construction in progress	32,306	68,051	3,328,081	777,330	3,360,387	845,381
Buildings	2,000,651	1,875,414	1,368,682	1,424,532	3,369,333	3,299,946
Improvements other than buildings	1,751,294	1,688,190	12,752,504	13,214,305	14,503,798	14,902,495
Machinery and equipment	1,162,064	750,514	253,762	248,843	1,415,826	999,357
Total	\$ 5,770,976	\$ 5,206,830	\$ 18,107,697	\$ 16,069,678	\$ 23,878,673	\$ 21,276,508

Additional information on the City of High Springs, Florida's capital assets can be found in Note 6 on pages 33 – 34 of this report.

Long-term debt. At the end of the current fiscal year, the City of High Springs, Florida had total bonded debt outstanding of \$7,482,870. This debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of High Springs, Florida's Outstanding Debt
Notes Payable and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Leases payable	\$ 445,661	\$ 172,096	\$ -	\$ -	\$ 445,661	\$ 172,096
Revenue bonds	-	-	7,482,870	7,619,470	7,482,870	7,619,470
Total	\$ 445,661	\$ 172,096	\$ 7,482,870	\$ 7,619,470	\$ 7,928,531	\$ 7,791,566

Additional information on the City of High Springs, Florida's long-term debt can be found in Notes 7 and 8 on pages 35 – 36 of this report.

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019
(Continued)

Economic Factors and Next Year's Budgets and Rates

- The City received Grant funding of \$2,500,000 from Suwannee River Water Management District (SRWMD) to be used to complete Phases 1A of the gravity sewer system project. This phase will add approximately 150 new users and will be completed in FY 2019-2020.
- The City will receive additional Grant funding of \$1,000,000 from Suwannee River Water Management District (SRWMD) to be used to complete Phases 1B of the gravity sewer system project. This phase will add approximately 43 new users and take approximately one year.
- The City is working on a new CDBG grant. Estimated total project cost: \$750,000, \$700,000 will come from CDBG grant funds and \$50,000 will come from Local Match. The activities in this project include the replacement of the existing potable water lines in service area #2 utilizing \$519,100 in CDBG funds and \$70,000 to help fund a Unique Abilities Playground. The project also includes \$104,900 for the Engineering fees associated with bidding and Construction Observation Services for the project. Administration of the project will be carried out utilizing \$56,000 of CDBG grant funding.
- The City received funding of \$1,708,500 from Suwannee River Water Management District (SRWMD) for Phase I of changing the spray fields to wetlands. Estimated cost of \$2,387,000 exceeds available construction budget by over \$1,000,000. Staff is currently working with engineers and FDED/SRWMD to see if additional construction monies can be made available.
- The City has requested funding from SRWMD with some match required, for Phase 1 of the Sewer Plant Expansion, estimated cost of \$5,400,000. The required match will be for engineering cost for this project in the amount of \$290,000 to be paid from impact fees. Also changing the spray fields to wetlands, Phase II is also included in this estimated cost.
- The City accepted the United States Department of Agriculture's Letter of Conditions on May 5, 2014, for the construction of a Farmer's Market Pavilion. The grant was obligated on May 28, 2014. The area around High Springs has a growing number of small farmers, crafters and bakers. The farmer's market has become an important sales outlet for a number of these small and emerging businesses. The pavilion will provide shelter to the vendors as well as the consumer's, there will also be room for the growth with the extra water and electric hookups for additional vendors not located in the pavilion.

All of these factors were considered in preparing the City of High Springs, Florida's budget for the 2019/2020 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of High Springs, 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 Mr. Joel DeCoursey, City Manager, 110 NW 1st Avenue, High Springs, Florida 32643.

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,054,376	\$ -	\$ 2,054,376
Restricted cash	214,573	1,003,136	1,217,709
Receivables, net	801,626	483,960	1,285,586
Interfund balances	(238,046)	238,046	-
Inventories	-	91,683	91,683
Prepaid items	275	-	275
Capital assets, not being depreciated	856,967	3,732,749	4,589,716
Capital assets, being depreciated, net	4,914,009	14,374,948	19,288,957
Total Assets	<u>\$ 8,603,780</u>	<u>\$ 19,924,522</u>	<u>\$ 28,528,302</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 1,590,344</u>	<u>\$ 93,867</u>	<u>\$ 1,684,211</u>
LIABILITIES			
Accounts payable and other current liabilities	\$ 293,400	\$ 611,300	\$ 904,700
Customer deposits payable	-	241,726	241,726
Accrued interest payable	-	25,059	25,059
Unearned revenue	2,642	-	2,642
Noncurrent liabilities:			
Due within one year			
Bonds and capital leases payable	95,912	142,364	238,276
Compensated absences	134,538	16,186	150,724
Due in more than one year			
Bonds and capital leases payable	349,699	7,340,506	7,690,205
Compensated absences	313,923	37,765	351,688
Net pension liability	4,312,645	254,544	4,567,189
Total Liabilities	<u>\$ 5,502,759</u>	<u>\$ 8,669,450</u>	<u>\$ 14,172,209</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 277,278</u>	<u>\$ 16,366</u>	<u>\$ 293,644</u>
NET POSITION			
Net investment in capital assets	\$ 5,325,365	\$ 10,624,827	\$ 15,950,192
Restricted for:			
Debt service	-	439,493	439,493
Capital projects	-	296,858	296,858
Fire services	71,296	-	71,296
Transportation	681,160	-	681,160
Community redevelopment	185,436	-	185,436
Culture and recreation	156,853	-	156,853
Building department	26,093	-	26,093
Unrestricted	(2,032,116)	(28,605)	(2,060,721)
Total Net Position	<u>\$ 4,414,087</u>	<u>\$ 11,332,573</u>	<u>\$ 15,746,660</u>

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

**CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	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
Governmental activities:							
General government	\$ 2,004,694	\$ 490,617	\$ 156,145	\$ -	\$ (1,357,932)	\$ -	\$ (1,357,932)
Public safety	3,023,284	666,702	24,615	34,672	(2,297,295)	-	(2,297,295)
Physical environment	47,494	15,950	-	-	(31,544)	-	(31,544)
Transportation	556,610	27,579	293,483	-	(235,548)	-	(235,548)
Economic environment	206,256	-	-	-	(206,256)	-	(206,256)
Culture/recreation	487,357	43,313	11,833	-	(432,211)	-	(432,211)
Total governmental activities	<u>6,325,695</u>	<u>1,244,161</u>	<u>486,076</u>	<u>34,672</u>	<u>(4,560,786)</u>	<u>-</u>	<u>(4,560,786)</u>
Business-type activities:							
Water	551,255	891,209	-	30,240	-	370,194	370,194
Solid waste	660,399	920,990	-	-	-	260,591	260,591
Sewer	1,316,549	1,088,034	-	2,885,250	-	2,656,735	2,656,735
Total business-type activities	<u>2,528,203</u>	<u>2,900,233</u>	<u>-</u>	<u>2,915,490</u>	<u>-</u>	<u>3,287,520</u>	<u>3,287,520</u>
Total primary government	<u>\$ 8,853,898</u>	<u>\$ 4,144,394</u>	<u>\$ 486,076</u>	<u>\$ 2,950,162</u>	<u>(4,560,786)</u>	<u>3,287,520</u>	<u>(1,273,266)</u>
General revenues:							
Property taxes					1,646,723	-	1,646,723
Sales taxes					381,449	-	381,449
Franchise fees					419,467	-	419,467
Utility service taxes					551,211	-	551,211
Intergovernmental					600,487	-	600,487
Miscellaneous					77,871	-	77,871
Unrestricted investment earnings					19,279	38,860	58,139
Transfers					656,661	(656,661)	-
Total general revenues and transfers					<u>4,353,148</u>	<u>(617,801)</u>	<u>3,735,347</u>
Change in net position					(207,638)	2,669,719	2,462,081
Net position - beginning					4,621,725	8,662,854	13,284,579
Net position - ending					<u>\$ 4,414,087</u>	<u>\$ 11,332,573</u>	<u>\$ 15,746,660</u>

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

**CITY OF HIGH SPRINGS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

		Special Revenue			
	General	Fire Control Fund	Downtown Development Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,054,325	\$ -	\$ 214,624	\$ -	\$ 2,268,949
Receivables, net	103,285	-	-	-	103,285
Due from other governments	698,341	-	-	-	698,341
Due from other funds	26,819	79,638	-	154,988	261,445
Prepaid items	275	-	-	-	275
Total assets	<u>\$ 2,883,045</u>	<u>\$ 79,638</u>	<u>\$ 214,624</u>	<u>\$ 154,988</u>	<u>\$ 3,332,295</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 283,562	\$ 8,342	\$ 1,496	\$ -	\$ 293,400
Due to other funds	471,799	-	27,692	-	499,491
Unearned revenue	2,642	-	-	-	2,642
Total liabilities	<u>758,003</u>	<u>8,342</u>	<u>29,188</u>	<u>-</u>	<u>795,533</u>
FUND BALANCES					
Nonspendable for prepaid items	275	-	-	-	275
Restricted for:					
Fire services	-	71,296	-	-	71,296
Transportation	681,160	-	-	-	681,160
Community redevelopment	-	-	185,436	-	185,436
Culture and recreation	156,853	-	-	-	156,853
Building department	26,093	-	-	-	26,093
Committed to:					
Cemetery	-	-	-	143,525	143,525
Culture and recreation	-	-	-	11,463	11,463
Unassigned	1,260,661	-	-	-	1,260,661
Total fund balances	<u>2,125,042</u>	<u>71,296</u>	<u>185,436</u>	<u>154,988</u>	<u>2,536,762</u>
Total liabilities and fund balances	<u>\$ 2,883,045</u>	<u>\$ 79,638</u>	<u>\$ 214,624</u>	<u>\$ 154,988</u>	<u>\$ 3,332,295</u>

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

**CITY OF HIGH SPRINGS, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

Fund balances - total governmental funds \$ 2,536,762

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.

Total governmental capital assets	14,307,975	
Less: Accumulated depreciation	<u>(8,536,999)</u>	5,770,976

On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension liability	(4,312,645)	
Deferred outflows related to pensions	1,590,344	
Deferred inflows related to pensions	<u>(277,278)</u>	(2,999,579)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Capital leases payable	(445,611)	
Compensated absences	<u>(448,461)</u>	(894,072)

Net position of governmental activities \$ 4,414,087

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		Special Revenue			
			Downtown		
	General	Fire Control	Development Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 2,269,058	\$ -	\$ 222,359	\$ -	\$ 2,491,417
Licenses and permits	370,320	-	-	-	370,320
Intergovernmental	1,192,361	219,672	-	-	1,412,033
Franchise fees	419,467	-	-	-	419,467
Charges for services	183,670	420,634	-	-	604,304
Fines and forfeitures	9,538	-	-	-	9,538
Rents and royalties	27,242	-	-	-	27,242
Cemetery lot sales	-	-	-	15,950	15,950
Interest	14,131	1,105	4,043	-	19,279
Miscellaneous	70,053	15,353	6,440	-	91,846
Total revenues	<u>4,555,840</u>	<u>656,764</u>	<u>232,842</u>	<u>15,950</u>	<u>5,461,396</u>
EXPENDITURES					
Current:					
General government	1,338,958	-	-	-	1,338,958
Public safety	1,798,156	993,037	-	-	2,791,193
Physical environment	30,565	-	-	306	30,871
Transportation	406,486	-	-	-	406,486
Economic environment	-	-	160,295	-	160,295
Culture/recreation	353,362	-	-	-	353,362
Debt service:					
Principal	22,548	32,421	-	-	54,969
Interest	6,183	5,146	-	-	11,329
Capital outlay	1,070,381	70,372	9,566	-	1,150,319
Total expenditures	<u>5,026,639</u>	<u>1,100,976</u>	<u>169,861</u>	<u>306</u>	<u>6,297,782</u>
Excess (deficiency) of revenues over expenditures	<u>(470,799)</u>	<u>(444,212)</u>	<u>62,981</u>	<u>15,644</u>	<u>(836,386)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of capital leases	328,484	-	-	-	328,484
Transfers in	785,021	593,338	-	-	1,378,359
Transfers out	(593,338)	(128,250)	-	(110)	(721,698)
Total other financing sources (uses)	<u>520,167</u>	<u>465,088</u>	<u>-</u>	<u>(110)</u>	<u>985,145</u>
Net change in fund balances	<u>49,368</u>	<u>20,876</u>	<u>62,981</u>	<u>15,534</u>	<u>148,759</u>
Fund balances, beginning of year	2,075,674	50,420	122,455	139,454	2,388,003
Fund balances, end of year	<u>\$ 2,125,042</u>	<u>\$ 71,296</u>	<u>\$ 185,436</u>	<u>\$ 154,988</u>	<u>\$ 2,536,762</u>

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

CITY OF HIGH SPRINGS, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net change in fund balances - total governmental funds \$ 148,759

Differences in amounts reported for governmental activities in the statement of activities are:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay expenditures	1,150,319
Depreciation expense	(586,173)

Capital lease proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position.

These amounts are as follows:

Capital lease proceeds	(328,484)
Capital lease principal payments	54,969

Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.

Change in net pension liability and deferred inflows/outflows related to pensions	(611,101)
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. basis, expenses and liabilities are reported regardless of when financial resources are available.

These adjustments are as follows:

Change in compensated absences liability	(35,927)
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Change in net position of governmental activities	\$ (207,638)
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The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 2,254,339	\$ 2,378,383	\$ 2,269,058	\$ (109,325)
Licenses and permits	217,500	371,300	370,320	(980)
Intergovernmental	1,466,204	1,190,995	1,192,361	1,366
Franchise fees	366,500	419,500	419,467	(33)
Charges for services	160,255	183,870	183,670	(200)
Fines and forfeitures	11,000	9,575	9,538	(37)
Rents and royalties	23,500	29,550	27,242	(2,308)
Interest	600	14,135	14,131	(4)
Miscellaneous	17,200	73,235	70,053	(3,182)
Total revenues	<u>4,517,098</u>	<u>4,670,543</u>	<u>4,555,840</u>	<u>(114,703)</u>
EXPENDITURES				
Current:				
General government	1,580,360	1,758,090	1,338,958	419,132
Public safety	1,657,598	1,798,611	1,798,156	455
Physical environment	47,080	30,685	30,565	120
Transportation	390,849	406,885	406,486	399
Culture/recreation	538,479	360,623	353,362	7,261
Debt service:				
Principal	-	20,805	22,548	(1,743)
Interest	-	7,950	6,183	1,767
Capital outlay	763,895	736,225	1,070,381	(334,156)
Total expenditures	<u>4,978,261</u>	<u>5,119,874</u>	<u>5,026,639</u>	<u>93,235</u>
Excess (deficiency) of revenues over expenditures	<u>(461,163)</u>	<u>(449,331)</u>	<u>(470,799)</u>	<u>(21,468)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital leases	-	-	328,484	328,484
Transfers in	814,124	785,021	785,021	-
Transfers out	(552,961)	(593,340)	(593,338)	2
Total other financing sources (uses)	<u>261,163</u>	<u>191,681</u>	<u>520,167</u>	<u>328,486</u>
Net change in fund balance	<u>(200,000)</u>	<u>(257,650)</u>	<u>49,368</u>	<u>307,018</u>
Fund balance, beginning of year	<u>2,075,674</u>	<u>2,075,674</u>	<u>2,075,674</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,875,674</u>	<u>\$ 1,818,024</u>	<u>\$ 2,125,042</u>	<u>\$ 307,018</u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FIRE CONTROL FUND AND DOWNTOWN DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Fire Control Fund				Downtown Development Fund			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 212,239	\$ 222,389	\$ 222,359	\$ (30)
Intergovernmental	185,000	219,672	219,672	-	-	-	-	-
Charges for service	409,266	399,828	420,634	20,806	-	-	-	-
Interest	100	1,105	1,105	-	200	4,050	4,043	(7)
Miscellaneous	500	15,350	15,353	3	9,928	7,428	6,440	(988)
Total revenues	594,866	635,955	656,764	20,809	222,367	233,867	232,842	(1,025)
EXPENDITURES								
Current:								
Public safety	941,836	993,105	993,037	68	-	-	-	-
Economic environment	-	-	-	-	154,715	346,732	160,295	186,437
Debt Service:								
Principal	33,097	32,422	32,421	1	-	-	-	-
Interest	5,146	5,146	5,146	-	-	-	-	-
Capital outlay	15,525	70,372	70,372	-	293,297	9,590	9,566	24
Total expenditures	995,604	1,101,045	1,100,976	69	448,012	356,322	169,861	186,461
Excess (deficiency) of revenues over (under) expenditures	<u>(400,738)</u>	<u>(465,090)</u>	<u>(444,212)</u>	<u>20,878</u>	<u>(225,645)</u>	<u>(122,455)</u>	<u>62,981</u>	<u>185,436</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	552,961	593,340	593,338	(2)	-	-	-	-
Transfers out	(152,223)	(128,250)	(128,250)	-	(32,303)	-	-	-
Total other financing sources (uses)	400,738	465,090	465,088	(2)	(32,303)	-	-	-
Net change in fund balances	-	-	20,876	20,876	(257,948)	(122,455)	62,981	185,436
Fund balances, beginning of year	50,420	50,420	50,420	-	122,455	122,455	122,455	-
Fund balances, end of year	<u>\$ 50,420</u>	<u>\$ 50,420</u>	<u>\$ 71,296</u>	<u>\$ 20,876</u>	<u>\$ (135,493)</u>	<u>\$ -</u>	<u>\$ 185,436</u>	<u>\$ 185,436</u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Sewer	Totals
ASSETS				
Current assets:				
Restricted cash:				
Customer deposits	\$ 121,422	\$ 120,304	\$ -	\$ 241,726
Revenue bond covenant accounts	-	-	167,423	167,423
Accounts receivable, net	105,629	108,830	269,501	483,960
Due from other funds	11,898	147,633	78,515	238,046
Inventories	29,765	-	61,918	91,683
Total current assets	<u>268,714</u>	<u>376,767</u>	<u>577,357</u>	<u>1,222,838</u>
Noncurrent assets:				
Restricted cash:				
Revenue bond covenant account	-	-	297,129	297,129
Capital improvements	-	-	11,053	11,053
Impact fee	96,453	-	189,352	285,805
Capital assets, not being depreciated	36,668	-	3,696,081	3,732,749
Capital assets, being depreciated, net	1,526,150	-	12,848,798	14,374,948
Total noncurrent assets	<u>1,659,271</u>	<u>-</u>	<u>17,042,413</u>	<u>18,701,684</u>
Total Assets	<u><u>\$ 1,927,985</u></u>	<u><u>\$ 376,767</u></u>	<u><u>\$ 17,619,770</u></u>	<u><u>\$ 19,924,522</u></u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>\$ 58,055</u>	<u>\$ 5,456</u>	<u>\$ 30,356</u>	<u>\$ 93,867</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 12,903	\$ 59,258	\$ 539,139	\$ 611,300
Compensated absences	11,863	-	4,323	16,186
Customer deposits payable	121,422	120,304	-	241,726
Revenue bonds payable, current portion	-	-	142,364	142,364
Accrued interest payable from restricted assets	-	-	25,059	25,059
Total current liabilities	<u>146,188</u>	<u>179,562</u>	<u>710,885</u>	<u>1,036,635</u>
Noncurrent liabilities:				
Compensated absences	27,679	-	10,086	37,765
Net pension liability	157,432	14,794	82,318	254,544
Revenue bonds payable, net	-	-	7,340,506	7,340,506
Total noncurrent liabilities	<u>185,111</u>	<u>14,794</u>	<u>7,432,910</u>	<u>7,632,815</u>
Total Liabilities	<u><u>\$ 331,299</u></u>	<u><u>\$ 194,356</u></u>	<u><u>\$ 8,143,795</u></u>	<u><u>\$ 8,669,450</u></u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>\$ 10,122</u>	<u>\$ 951</u>	<u>\$ 5,293</u>	<u>\$ 16,366</u>
NET POSITION				
Net investment in capital assets	\$ 1,562,818	\$ -	\$ 9,062,009	\$ 10,624,827
Restricted for:				
Debt service	-	-	439,493	439,493
Capital projects	96,453	-	200,405	296,858
Unrestricted	(14,652)	186,916	(200,869)	(28,605)
Total Net Position	<u><u>\$ 1,644,619</u></u>	<u><u>\$ 186,916</u></u>	<u><u>\$ 9,501,038</u></u>	<u><u>\$ 11,332,573</u></u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Sewer	Total
Operating revenues				
Water service	\$ 868,674	\$ -	\$ -	\$ 868,674
Water penalties	20,526	-	-	20,526
Garbage/solid waste service	-	896,437	-	896,437
Garbage penalties	-	24,375	-	24,375
Sewer service	-	-	1,088,034	1,088,034
Miscellaneous income	2,009	178	-	2,187
Total operating revenues	891,209	920,990	1,088,034	2,900,233
Operating expenses				
Personal services	254,911	27,806	211,374	494,091
Operating expenses	192,261	632,593	287,847	1,112,701
Depreciation	104,083	-	497,041	601,124
Total operating expenses	551,255	660,399	996,262	2,207,916
Operating income	339,954	260,591	91,772	692,317
Nonoperating revenues (expenses)				
Interest income	22,199	-	16,661	38,860
Interest expense	-	-	(320,287)	(320,287)
Total nonoperating revenues (expenses)	22,199	-	(303,626)	(281,427)
Income (loss) before contributions and transfers	362,153	260,591	(211,854)	410,890
Capital grants and contributions	30,240	-	2,885,250	2,915,490
Transfers out	(257,946)	(212,742)	(185,973)	(656,661)
Change in net position	134,447	47,849	2,487,423	2,669,719
Net position, beginning of year	1,510,172	139,067	7,013,615	8,662,854
Net position, end of year	<u>\$ 1,644,619</u>	<u>\$ 186,916</u>	<u>\$ 9,501,038</u>	<u>\$ 11,332,573</u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Sewer	Total
Cash flows from operating activities				
Cash received from customers	\$ 876,260	\$ 901,359	\$ 1,180,266	\$ 2,957,885
Cash paid to employees	(228,024)	(26,191)	(187,928)	(442,143)
Cash paid to suppliers	(205,416)	(622,832)	203,861	(624,387)
Net cash provided by operating activities	<u>442,820</u>	<u>252,336</u>	<u>1,196,199</u>	<u>1,891,355</u>
Cash flows from noncapital financing activities				
Interfund transfers	(257,946)	(212,742)	(185,973)	(656,661)
Interfund loans	(150,731)	(38,331)	(737,113)	(926,175)
Net cash used in noncapital financing activities	<u>(408,677)</u>	<u>(251,073)</u>	<u>(923,086)</u>	<u>(1,582,836)</u>
Cash flows from capital and related financing activities				
Impact fees and capital contributions	25,240	-	169,222	194,462
Acquisition and construction of capital assets	(59,823)	-	(2,579,320)	(2,639,143)
Capital grants	5,000	-	2,540,500	2,545,500
Principal payments of long-term debt	-	-	(136,600)	(136,600)
Interest paid	-	-	(320,287)	(320,287)
Net cash used in capital and related financing activities	<u>(29,583)</u>	<u>-</u>	<u>(326,485)</u>	<u>(356,068)</u>
Cash flows from investing activities				
Interest received	22,199	-	16,661	38,860
Net cash provided by investing activities	<u>22,199</u>	<u>-</u>	<u>16,661</u>	<u>38,860</u>
Net change in cash and cash equivalents	<u>26,759</u>	<u>1,263</u>	<u>(36,711)</u>	<u>(8,689)</u>
Cash and cash equivalents, beginning of year	191,116	119,041	701,668	1,011,825
Cash and cash equivalents, end of year	<u><u>\$ 217,875</u></u>	<u><u>\$ 120,304</u></u>	<u><u>\$ 664,957</u></u>	<u><u>\$ 1,003,136</u></u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 339,954	\$ 260,591	\$ 91,772	\$ 692,317
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	104,083	-	497,041	601,124
Changes in assets and liabilities:				
Accounts receivable	(17,789)	(21,532)	92,232	52,911
Inventories and prepaid expense	27,043	-	(31,920)	(4,877)
Accounts payable and accrued expenses	(40,198)	9,761	523,628	493,191
Deposits	2,840	1,901	-	4,741
Compensated absences	2,126	-	8,422	10,548
Net pension liability	24,761	1,615	15,024	41,400
Net cash provided by operating activities	<u><u>\$ 442,820</u></u>	<u><u>\$ 252,336</u></u>	<u><u>\$ 1,196,199</u></u>	<u><u>\$ 1,891,355</u></u>
Cash and cash equivalents classified as:				
Restricted	<u><u>\$ 217,875</u></u>	<u><u>\$ 120,304</u></u>	<u><u>\$ 664,957</u></u>	<u><u>\$ 1,003,136</u></u>

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

**CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2019**

	Motor Vehicle Tag Agency Fund
	<hr/>
ASSETS	
Cash	\$ 60,669
	<hr/> <hr/>
LIABILITIES	
Due to other governments	\$ 60,669
	<hr/> <hr/>

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

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) Summary of Significant Accounting Policies:

The financial statements of the City of High Springs, Florida (the City), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the City's significant accounting policies:

(a) **Reporting entity**—The City was created pursuant to provisions of Chapter 165, *Florida Statutes*, and specifically has legal Authority under Chapter 61.2230, *Laws of Florida*.

Blended component unit. The financial activity of The High Springs, Florida Community Redevelopment Agency (the Agency), is included in the financial reporting entity as a blended component unit. The Agency was established under Chapter 163, *Florida Statutes*, for the purpose of fostering economic development in the downtown area of the City. The members of the Agency's board are appointed by the City Commissioners. The Agency is fiscally dependent on the City, and the City Commission approves the Agency's annual budget. The Agency is presented as a governmental fund type.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Thus, blended component assets are appropriately presented as funds of the primary government.

(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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) **Summary of Significant Accounting Policies:** (Continued)

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 City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant and similar revenues are recognized when the related expenditure is incurred. 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.

Property 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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 ***Fire Control Fund*** is a special revenue fund used to account for receipts for fire protection services and the subsequent expenditures of these funds.

The ***Downtown Development Fund*** is a special revenue fund used to account for tax increment and other revenues associated with the City's Community Redevelopment Agency and the expenditures of these funds in the redevelopment district.

The City reports the following major proprietary funds:

The ***Water Fund*** accounts for the activities of the City's water distribution operations.

The ***Solid Waste Fund*** accounts for the activities of the City's solid waste collection system.

The ***Sewer Fund*** accounts for the construction activities and City's wastewater treatment system.

Additionally, the City reports the following fund types:

The ***Motor Vehicle Tag Agency Fund*** accounts for the collection of fees associated with the sale of motor vehicle tags, title transfers, and sales taxes and the remittance of these funds collected for the State of Florida and Alachua County Tax Collector.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) **Summary of Significant Accounting Policies:** (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating 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 City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection 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 non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first.

(d) **Budgets and budgetary accounting**—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Commission. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

(e) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(f) **Deposits and investments**—The City'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.

The City does not have an investment policy, however state statutes authorize the City to invest in direct obligations of the U.S. Treasury or direct obligations for which the faith and credit of the United States is pledged, Local Government Surplus Trust Fund administered by the State Board of Administration, Federal agencies and instrumentalities, SEC registered money market funds with the highest credit quality rating, and savings and certificate of deposit accounts in State-certified public depositories.

(g) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Property tax calendar**—Property taxes are billed and collected for the City by the County Tax Collector according to Florida Statute under the following calendar:

Lien Date:	January 1
Levy Date:	October 1
Due Date:	November 1
Delinquency Date:	April 1, of the following year

(i) **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.

(j) **Restricted assets**—Certain assets are required to be segregated due to various debt agreements and restricted revenue sources. Certain proceeds from enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond covenant accounts” are used to report resources set aside to subsidize potential deficiencies from the City’s operations that could adversely affect debt service payments, accumulated for debt service payments over the next twelve months, set aside to make up potential future deficiencies in the revenue bond debt service account, and to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The general fund reports assets set aside for infrastructure under a County discretionary surtax.

(k) **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. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the acquisition value at the date of donation.

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.

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

<u>Assets</u>	<u>Years</u>
Buildings	25 – 60
Improvements other than buildings	15
Machinery and equipment	5 – 15

(l) **Compensated absences**—It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and sick pay is 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.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Long-term obligations**—In the government-wide financial statements, and 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses when paid.

(n) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only items in this category consisted of deferred amounts related to pension, as discussed further in Note (9).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category consisted of deferred inflows of resources related to pensions, as discussed further in Note (9).

(o) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Non-spendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property held for sale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(1) **Summary of Significant Accounting Policies:** (Continued)

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the City Commission or the City Manager.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, is the City's policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted. The City has a fund balance reserve policy from the unassigned general fund balance to provide sufficient funds for unforeseen or unexpected events. The reserve shall be equal to but not less than \$75,000 annually until such time as the fund balance reaches \$1,000,000.

(p) **Net position flow assumption**—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the City's policy to consider restricted net position to have been used before unrestricted net position is applied.

(q) **Implementation of new accounting standards**—At September 30, 2019 and for the year then ended, the City has not implemented any significant new standards.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Deposits and Investments in Certificates of Deposit:**

At September 30, 2019, the City held various demand deposits with a financial institution. All of the bank balance is covered by Federal depository insurance or by collateral held by the City's custodial banks, 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.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(4) Receivables:

Receivables at September 30, 2019, for the City's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Sewer</u>	<u>Total</u>
Interest	\$ 224	\$ -	\$ -	\$ -	\$ 224
Accounts	103,061	168,953	177,221	326,786	776,021
Intergovernmental	698,341	-	-	-	698,341
Gross Receivables	801,626	168,953	177,221	326,786	1,474,586
Allowance	-	(63,324)	(68,391)	(57,285)	(189,000)
Net total receivables	<u>\$ 801,626</u>	<u>\$105,629</u>	<u>\$ 108,830</u>	<u>\$ 269,501</u>	<u>\$ 1,285,586</u>

(5) Capital Assets:

Capital asset activity for the year ended September 30, 2019, 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	\$ 824,661	\$ -	\$ -	\$ 824,661
Construction in progress	68,051	2,629	(38,374)	32,306
Total capital assets, not being depreciated	892,712	2,629	(38,374)	856,967
Capital assets, being depreciated				
Buildings	3,143,923	238,904	-	3,382,827
Improvements other than buildings	6,473,576	292,033	-	6,765,609
Machinery and equipment	2,647,445	655,127	-	3,302,572
Total capital assets, being depreciated	12,264,944	1,186,064	-	13,451,008
Less accumulated depreciation				
Buildings	\$ (1,268,509)	\$ (113,667)	\$ -	\$ (1,382,176)
Improvements other than buildings	(4,785,386)	(228,929)	-	(5,014,315)
Machinery and equipment	(1,896,931)	(243,577)	-	(2,140,508)
Total accumulated depreciation	(7,950,826)	(586,173)	-	(8,536,999)
Total capital assets, being depreciated, net	4,314,118	599,891	-	4,914,009
Governmental activities capital assets, net	<u>\$ 5,206,830</u>	<u>\$ 602,520</u>	<u>\$ (38,374)</u>	<u>\$ 5,770,976</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(5) **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	\$ 404,668	\$ -	\$ -	\$ 404,668
Construction in progress	777,330	2,550,751	-	3,328,081
Total capital assets, not being depreciated	1,181,998	2,550,751	-	3,732,749
Capital assets, being depreciated				
Buildings	2,335,448	-	-	2,335,448
Improvements other than buildings	18,432,776	22,187	-	18,454,963
Machinery and equipment	933,622	66,205	-	999,827
Total capital assets, being depreciated	21,701,846	88,392	-	21,790,238
Less accumulated depreciation				
Buildings	(910,916)	(55,850)	-	(966,766)
Improvements other than buildings	(5,218,471)	(61,286)	-	(5,702,459)
Machinery and equipment	(684,779)	(483,988)	-	(746,065)
Total accumulated depreciation	(6,814,166)	(601,124)	-	(7,415,290)
Total capital assets, being depreciated, net	14,887,680	(512,732)	-	14,374,948
Business-type activities capital assets, net	<u>\$ 16,069,678</u>	<u>\$ 2,038,019</u>	<u>\$ -</u>	<u>\$ 18,107,697</u>

Depreciation expense was charged to functions/programs as follows for the year ended September 30, 2019:

Governmental activities:	
General government	\$ 42,135
Public safety	197,482
Physical environment	16,623
Transportation	144,441
Economic environment	51,918
Culture and recreation	133,574
Total	<u>\$ 586,173</u>
Business-type activities:	
Water	\$ 104,083
Sewer	497,041
Total	<u>\$ 601,124</u>

(6) **Long-term Liabilities:**

Revenue Bonds

The City issued revenue bonds on January 15, 2004, in the amount of \$2,235,250, where the City pledges income derived from the constructed assets to pay debt service. The purpose of the issuance was financing construction of Phase 1 of the City's wastewater treatment system. The bonds have a stated interest rate of 4.50% and are payable over 40 years with a final maturity date of September 1, 2043.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(6) Long-term Liabilities: (Continued)

On October 29, 2009 the City issued bonds in the amount of \$6,353,000, where the City pledges income derived from the constructed assets to pay debt service. The purpose of the issuance was financing construction of Phases 2 and 3 of the City's wastewater treatment system. The bonds have a stated interest rate of 4.125% and are payable over 40 years with a final maturity date of September 1, 2049.

Revenue bonds outstanding at September 30, 2019, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Wastewater treatment system Series 2004	4.500%	\$ 1,795,070
Wastewater treatment system Series 2009	4.125%	5,687,800
Total		<u>\$ 7,482,870</u>

Revenue bonds debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	<u>Total Principal</u>	<u>Interest</u>
2020	\$ 142,360	\$ 315,400
2021	148,390	309,366
2022	154,720	303,076
2023	161,240	296,518
2024	168,050	289,682
2025 – 2029	953,651	1,335,268
2030 – 2034	1,173,717	1,115,161
2035 – 2039	1,444,776	844,147
2040 – 2044	1,654,566	510,422
2045 – 2049	1,481,400	188,262
	<u>\$ 7,482,870</u>	<u>\$ 5,507,302</u>

Long-term liability activity for the year ended September 30, 2019, 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:					
Capital leases	\$ 172,096	\$ 328,484	\$ (54,969)	\$ 445,611	\$ 95,912
Compensated absences	412,534	192,566	(156,639)	448,461	134,538
Total	<u>\$ 584,630</u>	<u>\$ 521,050</u>	<u>\$ (211,608)</u>	<u>\$ 894,072</u>	<u>\$ 230,450</u>
Business-type activities:					
Bonds payable	\$ 7,619,470	\$ -	\$ (136,600)	\$ 7,482,870	\$ 142,364
Compensated absences	43,403	27,616	(17,068)	53,951	16,186
Total	<u>\$ 7,662,873</u>	<u>\$ 27,616</u>	<u>\$ (153,668)</u>	<u>\$ 7,536,821</u>	<u>\$ 158,550</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(7) Interfund Loans, Advances, and Transfers:

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. Individual fund interfund receivables and payables for the primary government at September 30, 2019, are comprised of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Fire Control Fund	General Fund	\$ 79,638
Sports Fund	General Fund	11,463
Cemetery Trust	General Fund	143,525
General Fund	Downtown Development Fund	26,819
General Fund	Water Utility Fund	11,898
General Fund	Sewer Utility Fund	78,515
Solid Waste Utility Fund	General Fund	147,633
		<u>\$ 499,491</u>

Interfund transfers:

<u>Transfers In:</u>				
	<u>General Fund</u>	<u>Fire Control Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Transfer Out:				
General Fund	\$ -	\$ 593,338	\$ -	\$ 593,338
Fire Control Fund	128,250	-	-	128,250
Cemetery Trust	110	-	-	110
Sewer Fund	185,973	-	-	185,973
Water Fund	257,946	-	-	257,946
Solid Waste Fund	212,742	-	-	212,742
	<u>\$ 785,021</u>	<u>\$ 593,338</u>	<u>\$ -</u>	<u>\$ 1,378,359</u>

Transfers are used to move revenues between funds to reflect the activities of the fund with the primary government. The primary government accounts for activities such as budgetary authorizations, subsidies or matching funds for various grant programs, and reimbursements to the general fund for services provided to other funds.

(8) Capital Leases:

The City has entered into four lease agreements as a lessee for financing vehicles and equipment with a cost of \$649,103. These lease agreements qualify as capital leases for accounting purposes and, therefore, they have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Vehicles and equipment	\$ 649,103
Less: Accumulated depreciation	(204,635)
Total	<u>\$ 444,468</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(8) Capital Leases: (Continued)

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2019, were as follows:

2020	\$ 114,876
2021	114,875
2022	114,878
2023	<u>148,707</u>
Total minimum lease payments	493,336
Amounts representing interest	<u>(47,725)</u>
Present value of minimum lease payments	<u>\$ 445,611</u>

(9) Pension Obligations:

Florida Retirement System (FRS)

The City participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the City'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 City 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, 2019, 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 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a 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.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(9) Pension Obligations: (Continued)

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

Contributions

The City participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2019, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2019	After June 30, 2019
Regular Class	8.26%	8.47%
Senior Management	24.06%	25.41%
Special Risk	24.50%	25.48%
DROP	14.03%	14.60%

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(9) Pension Obligations: (Continued)

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, including in the above rates.

Actual contributions made for City employees participating in FRS and HIS for the plan year ended June 30, 2019, were as follows:

City Contributions – FRS	\$ 337,882
City Contributions – HIS	40,420
Employee Contributions – FRS	73,048

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2019, the City reported a liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 3,752,738
HIS	814,451
Total	<u>\$ 4,567,189</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2019 and June 30, 2018, the City's proportionate share of the FRS and HIS net pension liabilities were as follow:

<u>Plan</u>	<u>2019</u>	<u>2018</u>
FRS	0.010896892%	0.010743818%
HIS	0.007279030%	0.006574976%

For the year ended September 30, 2019, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 953,101
HIS	87,942
Total	<u>\$ 1,041,043</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(9) Pension Obligations: (Continued)

Deferred outflows/inflows related to pensions:

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 222,586	\$ (2,329)	\$ 9,892	\$ (997)
Changes of assumptions	963,865	-	94,306	(66,567)
Net different between projected and actual investment earnings	-	(207,621)	526	-
Change in City's proportionate share	167,256	(11,452)	133,793	(4,678)
Contributions subsequent to measurement date	82,286	-	9,701	-
	<u>\$ 1,435,993</u>	<u>\$ (221,402)</u>	<u>\$ 248,218</u>	<u>\$ (72,242)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. 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:

Year Ending September 30,	Amount
2020	\$ 353,783
2021	338,448
2022	305,654
2023	160,611
2024	59,338
Thereafter	80,746
Total	<u>\$ 1,298,580</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 2019 for the period July 1, 2003, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(9) Pension Obligations: (Continued)

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 6.90%. This rate decreased from the prior year rate, which was 7.00%. 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 3.50% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.87%. Mortality assumptions for both plans were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

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 2019, 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	3.3%
Fixed income	18.0%	4.1%
Global equities	54.0%	8.0%
Real estate	10.0%	6.7%
Private equity	11.0%	11.2%
Strategic investments	6.0%	5.9%
Total	<u>100.0%</u>	

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 City calculated using the current discount rates, as well as what the City'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:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.90%	\$ 6,487,234	\$ 3,752,738	\$ 1,468,971
HIS	3.50%	929,737	814,451	718,430

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

(10) Commitments and Contingencies:

Amounts received or receivable from grantor agencies in current and prior years 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 fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is involved in various legal proceedings incidental to the conduct of its affairs. It is the City's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable. At September 30, 2019, no amounts have been accrued.

(11) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

- (a) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2018.
- (b) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The provisions in GASB 87 are effective for periods beginning after December 15, 2019.
- (c) GASB issued Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, in August 2018. GASB 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions in GASB 90 are effective for periods beginning after December 15, 2018.
- (d) GASB issued Statement No. 91, *Conduit Debt Obligations*, in May 2019. GASB 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions in GASB 91 are effective for periods beginning after December 15, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HIGH SPRINGS, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)						
Proportion of the net pension liability	0.010896892%	0.010743818%	0.010380699%	0.009635121%	0.008966125%	0.009266662%
Proportionate share of the net pension liability	\$ 3,752,738	\$ 3,236,094	\$ 3,070,541	\$ 2,432,876	\$ 1,158,095	\$ 565,403
Covered payroll	2,434,925	2,147,967	1,966,451	1,720,757	1,780,294	1,641,883
Proportionate share of the net pension liability as a percentage of covered payroll	154.12%	150.66%	156.15%	141.38%	65.05%	34.44%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)						
Proportion of the net pension liability	0.007279030%	0.006574976%	0.006026319%	0.005567430%	0.005558412%	0.005728286%
Proportionate share of the net pension liability	\$ 814,451	\$ 695,903	\$ 644,362	\$ 648,861	\$ 566,871	\$ 535,609
Covered payroll	2,434,925	2,147,967	1,966,451	1,720,757	1,780,294	1,641,883
Proportionate share of the net pension liability as a percentage of covered payroll	33.45%	32.40%	32.77%	37.71%	31.84%	32.62%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	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, information is presented for only those years for which information is available.

CITY OF HIGH SPRINGS, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)						
Contractually required contribution	\$ 337,882	\$ 306,190	\$ 291,988	\$ 244,124	\$ 237,356	\$ 215,882
Contributions in relation to the contractually required contribution	337,882	306,190	291,988	244,124	237,356	215,882
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,434,925	\$ 2,147,967	\$ 1,966,451	\$ 1,720,757	\$ 1,780,294	\$ 1,641,883
Contributions as a percentage of covered payroll	13.88%	14.25%	14.85%	14.19%	13.33%	13.15%
Health Insurance Subsidy Program (HIS)						
Contractually required contribution	\$ 40,420	\$ 35,656	\$ 32,643	\$ 28,565	\$ 22,432	\$ 20,688
Contributions in relation to the contractually required contribution	40,420	35,656	32,643	28,565	22,432	20,688
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,434,925	\$ 2,147,967	\$ 1,966,451	\$ 1,720,757	\$ 1,780,294	\$ 1,641,883
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.26%	1.26%

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

OTHER SUPPLEMENTARY INFORMATION

**CITY OF HIGH SPRINGS, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	<u>Cemetery Trust</u>	<u>Sports Activity</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Due from other funds	\$ 143,525	\$ 11,463	\$ 154,988
Total assets	<u>\$ 143,525</u>	<u>\$ 11,463</u>	<u>\$ 154,988</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Committed:			
Cemetery	143,525	-	143,525
Assigned to:			
Culture and recreation	-	11,463	11,463
Total fund balances	<u>143,525</u>	<u>11,463</u>	<u>154,988</u>
Total liabilities and fund balances	<u>\$ 143,525</u>	<u>\$ 11,463</u>	<u>\$ 154,988</u>

See notes to financial statements.

CITY OF HIGH SPRINGS, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Cemetery Trust</u>	<u>Sports Activity</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Cemetery lot sales	\$ 15,950	\$ -	\$ 15,950
Total revenue	<u>15,950</u>	<u>-</u>	<u>15,950</u>
EXPENDITURES			
Current			
Physical environment	306	-	306
Excess (deficiency) of revenues over expenditures	<u>15,644</u>	<u>-</u>	<u>15,644</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(110)	-	(110)
Net change in fund balances	<u>15,534</u>	<u>-</u>	<u>15,534</u>
Fund balances, beginning of year	127,991	11,463	139,454
Fund balances, end of year	<u><u>\$ 143,525</u></u>	<u><u>\$ 11,463</u></u>	<u><u>\$ 154,988</u></u>

See notes to financial statements.

CITY OF HIGH SPRINGS, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>Pass-Through Grantor/ State Grantor/Program Title</u>	<u>CSFA Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
STATE FINANCIAL ASSISTANCE			
Florida Department of Environmental Protection			
Direct Programs:			
Florida Springs Grant Program	37.052	LP61031	\$ 28,700
Indirect Programs:			
Passed through Suwannee River Water Management District			
Florida Springs Grant Program	37.052	LP61037	2,511,816
Total Florida Department of Environmental Protection			<u>2,540,516</u>
Florida Department of Financial Services			
Direct Programs:			
Florida Firefighter Assistance Grant Program	43.006	N/A	34,672
Total State Financial Assistance			<u><u>\$ 2,575,188</u></u>

The accompanying notes to the schedule of expenditures of state financial assistance are an integral part of this schedule.

**CITY OF HIGH SPRINGS, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

(1) Basis of Presentation:

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of the City of High Springs, Florida (the City), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

(2) Summary of Significant Accounting Policies:

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Section 215, Florida Statutes, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City did not pass any monies recognized on the schedule of expenditures of state financial assistance to subrecipients.

(3) Contingency:

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, all Project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable state laws and regulations.

**CITY OF HIGH SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major State projects: *Unmodified*

Any audit findings disclosed that are required to be reported for state financial assistance projects in accordance with Chapter 10.550? _____ yes X none reported

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Identification of major State projects:

<u>CSFA Number</u>	<u>Project Name</u>
37.052	Florida Springs Grant Program

B. Financial Statement Findings: None

C. State Financial Assistance Projects Findings and Questioned Costs: None

D. Prior Audit Findings: None.

E. Corrective Action Plan: Not applicable as there are no financial statement or state financial assistance internal control or compliance findings.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.550 RULES OF THE AUDITOR
GENERAL**

To the Mayor and City Commissioners,
City of High Springs, Florida:

Report on Compliance for Each Major State Project

We have audited City of High Springs, Florida's (the City) compliance with the types of compliance requirements described in the *Department of Financial Services* State Projects Compliance Supplement that could have a direct and material effect on each of the City of High Springs, Florida's major state projects for the year ended September 30, 2019. The City's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 Florida Auditor General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2019.

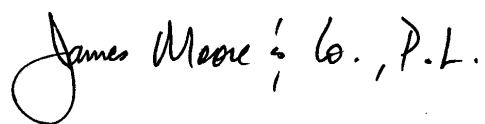
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Chapter 10.550, Rules of the Florida Auditor General. Accordingly, this report is not suitable for any other purpose.

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

Gainesville, Florida
February 13, 2020

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

To the Mayor and City Commissioners,
City of High Springs, 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, each major fund, and the aggregate remaining fund information of City of High Springs, Florida (the City) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 13, 2020.

Internal Control over Financial Reporting

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

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

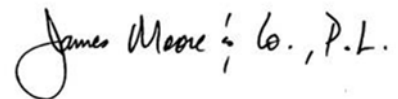
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
February 13, 2020

**MANAGEMENT LETTER OF INDEPENDENT AUDITORS REQUIRED
BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Mayor and City Commissioners,
City of High Springs, Florida:

Report on the Financial Statements

We have audited the basic financial statements of City of High Springs, Florida (the City), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 13, 2020.

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 Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' 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*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 13, 2020, 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 and second preceding annual financial audit report, except as noted below. Findings 2018-001 is a repeat finding for at least the past two preceding years:

2018-001 – Deficit Unrestricted Net Position – Corrective action taken, but finding not fully addressed. See recommendation 2019-001.

2018-002 – Budgetary Compliance – Corrective action taken.

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 legal authority for the primary government and blended component unit of the reporting entity is disclosed in Note 1(a) of the basic financial statements.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted the following recommendations:

2019-001, formerly 2018-001 – Deficit Unrestricted Net Position

In connection with our audit, we determined the City met the condition described in Section 218.39(5)(b), Florida Statutes; and therefore, we are required to notify each member of the governing body. The City reported a deficit unrestricted net position in the enterprise funds of \$28,605 as of September 30, 2019. The deficit unrestricted net position was made up of a Water Fund deficit of \$14,652 and a Sewer Fund deficit of \$200,869. We recommend steps continue to be made toward recovering these deficit balances.

Additional Matters


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

City of High Springs, Florida's Response to Findings

The City's response to the findings identified in our audit are described starting on page 58. The City'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 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 State grant agencies, the City Commission, management, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.



Gainesville, Florida
February 13, 2020

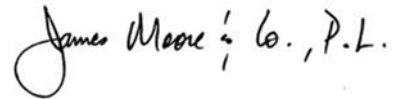
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Mayor and City Commissioners,
City of High Springs, Florida:

We have examined City of High Springs, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2019, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, City of High Springs, Florida, complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.



Gainesville, Florida
February 13, 2020

City of High Springs
23718 W US Hwy 27
High Springs, Florida 32643



Telephone (386) 454-1416
Facsimile: (386) 454-2126
Web: www.highsprings.us

February 13, 2020

To: Auditor General, State of Florida
James Moore Certified Public Accountants
and Consultants
And Mayor Alice Jones
City Commission
City of High Springs, Florida

In compliance with Florida Statue Section 218.39(6), I am responding to the management letter within the annual audit for the 2018/2019 fiscal year.

Recommendations/Findings

2019-001, formerly 2018-011 – Deficit Unrestricted Net Position

In connection with our audit, we determined the City met the condition described in Section 218.39(5)(b), Florida Statutes; and therefore, we are required to notify each member of the governing body. The City reported a deficit unrestricted net position in the enterprise funds of \$28,605 as of September 30, 2019.

The deficit unrestricted net position was made up of a water Fund deficit of \$14,652 and a Sewer fund deficit of \$200,869. We recommend steps continue to be made toward recovering these deficit balances.

The Water Fund deficit decreased from the prior year by \$154,524 and the Sewer Fund deficit also decreased from the prior year by \$304,353.

The City of High Springs is aware of the deficit in the unrestricted net position in the Enterprise Funds. The City Sewer Fund at this time does not have enough customers on the system to sustain itself but added in FY 2018-2019 150 new sewer customer and will add an additional 43 in FY 2019-2020 with grants through SRWMD.

The City is also working towards additional funding from SRWMD to add an additional 120 sewer customers, as the City continues to receive these grants it puts the Sewer Fund closer to being self-sufficient.

Respectfully submitted:



Joel DeCoursey
City Manager

AFFIDAVIT

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

1. I am the Chief Financial Officer of the City of High Springs which is a local governmental entity of the State of Florida;
2. The City of High Springs on September 12, 2013, adopted Ordinance No. 2013-05 implementing an impact fee; and
3. The City of High Springs has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.


Jennifer Stull, Finance Director

STATE OF FLORIDA
COUNTY OF ALACHUA

The foregoing instrument was acknowledged before me by means of ☒ physical presence, or ☐ online notarization, this 3rd day of February, 2020, by Jennifer Stull
(Name of Person Acknowledging)


NOTARY PUBLIC
Print Name Jenny L. Parham

Personally known ☒ or produced identification _____

Type of identification produced: _____

My Commission Expires:

1-18-22

