

TOWN OF GRAND RIDGE, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

**TOWN OF GRAND RIDGE, FLORIDA
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SEPTEMBER 30, 2020**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Town of Grand Ridge, Florida, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

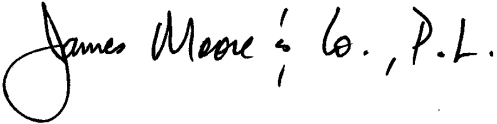
Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

James Moore & Co., P.L.

Tallahassee, Florida
August 2, 2021

Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2020

As management of the Town of Grand Ridge, Florida, we offer readers this narrative overview and analysis of the financial activities of the Town of Grand Ridge, Florida for the fiscal year ended September 30, 2020.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2020

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Grand Ridge, Florida maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 17-19 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 20-39 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town of Grand Ridge, Florida's budgetary information. Required supplementary information can be found on pages 40-44 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Grand Ridge, Florida, assets and deferred outflows exceeded liabilities and deferred inflows by \$22,495,377 at the close of the most recent fiscal year.

Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2020

By far the largest portion of the Town of Grand Ridge, Florida's net position (91 percent) in the most recent fiscal year reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town of Grand Ridge, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Grand Ridge, Florida's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Grand Ridge, Florida's Net Position

	2020		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 629,033	\$ 2,054,351	\$ 2,683,384
Capital assets, not being depreciated	242,802	3,430,721	3,673,523
Capital assets, being depreciated	614,511	18,732,403	19,346,914
Total assets	<u>1,486,346</u>	<u>24,217,475</u>	<u>25,703,821</u>
Deferred outflows	<u>97,689</u>	<u>10,178</u>	<u>107,867</u>
Long-term liabilities outstanding	57,786	2,530,348	2,588,134
Net pension liability	345,453	35,991	381,444
Other liabilities	14,154	282,996	297,150
Total liabilities	<u>417,393</u>	<u>2,849,335</u>	<u>3,266,728</u>
Deferred inflows	<u>44,905</u>	<u>4,678</u>	<u>49,583</u>
Net position:			
Net investment in capital assets	857,313	19,632,776	20,490,089
Restricted	19,112	1,152,845	1,171,957
Unrestricted	245,312	588,019	833,331
Total net position	<u>\$ 1,121,737</u>	<u>\$ 21,373,640</u>	<u>\$22,495,377</u>

**Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2020**

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

	2019		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 571,579	\$ 2,896,248	\$ 3,467,827
Capital assets, not being depreciated	242,802	3,014,191	3,256,993
Capital assets, being depreciated	694,435	19,188,255	19,882,690
Total assets	<u>1,508,816</u>	<u>25,098,694</u>	<u>26,607,510</u>
Deferred outflows	<u>98,603</u>	<u>10,432</u>	<u>109,035</u>
Long-term liabilities outstanding	58,146	3,755,442	3,813,588
Net pension liability	7,936	127,860	135,796
Other liabilities	313,471	33,163	346,634
Total liabilities	<u>379,553</u>	<u>3,916,465</u>	<u>4,296,018</u>
Deferred inflows	<u>46,060</u>	<u>4,873</u>	<u>50,933</u>
Net position:			
Net investment in capital assets	937,237	18,447,902	19,385,139
Restricted	38,889	2,200,477	2,239,366
Unrestricted	205,680	539,409	745,089
Total net position	<u>\$ 1,181,806</u>	<u>\$ 21,187,788</u>	<u>\$ 22,369,594</u>

An additional portion of the Town of Grand Ridge, Florida's net position (5 percent) represents resources that are subject to external restrictions on how they may be used in the most recent fiscal year.

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

Governmental activities. Governmental activities decreased the Town of Grand Ridge, Florida's net position by \$60,069 the most recent fiscal year.

The decrease can be contributed to depreciation expense, other state funds and expenditures consistent with the prior year.

**Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2020**

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

	2020		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 11,122	\$ 446,085	\$ 457,207
Operating grants and contributions	55,232	-	55,232
Capital grants and contributions	7,483	592,112	599,595
Investment income and other	2,668	65,421	68,089
General revenues:			
Taxes, licenses, and permits	286,427	-	286,427
Intergovernmental and other	253,710	27,392	281,102
Total revenues	<u>616,642</u>	<u>1,131,010</u>	<u>1,747,652</u>
Expenses:			
General government	292,086	-	292,086
Public Safety	31,956	-	31,956
Public works	163,401	-	163,401
Culture and recreation	189,268	-	189,268
Water, sewer and garbage	-	945,158	945,158
Total expenses	<u>676,711</u>	<u>945,158</u>	<u>1,621,869</u>
Change in net position	(60,069)	185,852	125,783
Net position , beginning of year	<u>1,181,806</u>	<u>21,187,788</u>	<u>22,369,594</u>
Net position , end of year	<u>\$ 1,121,737</u>	<u>\$ 21,373,640</u>	<u>\$ 22,495,377</u>

**Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2020**

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

	2019		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 12,779	\$ 438,773	\$ 451,552
Operating grants and contributions	48,394	-	48,394
Capital grants and contributions	51,455	46,257	97,712
Investment income and other	4,899	190,406	195,305
General revenues:			
Taxes, licenses, and permits	290,219	-	290,219
Intergovernmental and other	540,320	226,961	767,281
Total revenues	<u>948,066</u>	<u>902,397</u>	<u>1,850,463</u>
Expenses:			
General government	273,609	-	273,609
Public Safety	32,245	-	32,245
Public works	173,521	-	173,521
Culture and recreation	320,334	-	320,334
Water, sewer and garbage	-	1,299,004	1,299,004
Total expenses	<u>799,709</u>	<u>1,299,004</u>	<u>2,098,713</u>
Change in net position	148,357	(396,607)	(248,250)
Net position , beginning of year	<u>1,033,449</u>	<u>21,584,395</u>	<u>22,617,844</u>
Net position , end of year	<u>\$ 1,181,806</u>	<u>\$ 21,187,788</u>	<u>\$ 22,369,594</u>

Business-type activities. In the most recent fiscal year, business-type activities increased the Town of Grand Ridge, Florida's net position by \$185,852. The key element in this increase was due primarily to additional grant revenues in the current year.

Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2020

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town of Grand Ridge, Florida's governmental fund reported an ending fund balance of \$614,879, a \$51,236 increase in comparison with the prior year. \$592,980 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The general fund is the chief operating fund of the Town of Grand Ridge, Florida. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 109 percent of total general fund expenditures.

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

Unrestricted net position of the Water, Sewer and Garbage Fund at the end of the year amounted to \$595,366. The total increase in net position for the fund was \$185,852. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Grand Ridge, Florida's business-type activities.

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Capital assets. The Town of Grand Ridge, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2020, amounts to \$23,020,437 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads.

Additional information on the Town of Grand Ridge, Florida's capital assets can be found in Note II. C. on pages 29 – 30 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Grand Ridge, Florida had capital improvement debt outstanding of \$2,530,348.

**Town of Grand Ridge, Florida
Management's Discussion and Analysis
September 30, 2020**

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

	Governmental activities	Business- type activities	Total
Revolving fund loan	\$ -	\$ 2,254,348	\$ 2,254,348
Water revenue bond	-	276,000	276,000
Total	\$ -	\$ 2,530,348	\$ 2,530,348

Additional information on the Town of Grand Ridge, Florida's long-term debt can be found in Note II.D. on pages 30 - 32 of this report.

Economic Factors and Next Year's Budgets and Rates

The Town of Grand Ridge was awarded a DEO-CDBG grant for \$600,000 for installation of a new emergency electrical generator and waterline upgrades. Construction has begun and completion of this project is anticipated for FY 21-22.

Requests for Information

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

TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 287,281	\$ 136,623	\$ 423,904
Investments	192,831	399,167	591,998
Receivables	28,477	40,330	68,807
Due from other governments	40,355	383,576	423,931
Internal balances	58,190	(58,190)	-
Prepaid expenses	2,787	-	2,787
Restricted assets:			
Cash and cash equivalents	19,112	133,303	152,415
Certificates of deposit	-	530,226	530,226
Investments	-	489,316	489,316
Capital assets, not being depreciated	242,802	3,430,721	3,673,523
Capital assets, being depreciated, net	614,511	18,732,403	19,346,914
Total assets	<u>\$ 1,486,346</u>	<u>\$ 24,217,475</u>	<u>\$ 25,703,821</u>
DEFERRED OUTFLOWS			
Deferred outflows related to pensions	<u>\$ 97,689</u>	<u>\$ 10,178</u>	<u>\$ 107,867</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 14,154	\$ 275,649	\$ 289,803
Accrued interest	-	7,347	7,347
Noncurrent liabilities:			
Due within one year	11,990	212,903	224,893
Due in more than one year	45,796	2,317,445	2,363,241
Net pension liability	345,453	35,991	381,444
Total liabilities	<u>\$ 417,393</u>	<u>\$ 2,849,335</u>	<u>\$ 3,266,728</u>
DEFERRED INFLOWS			
Deferred inflows related to pensions	<u>\$ 44,905</u>	<u>\$ 4,678</u>	<u>\$ 49,583</u>
NET POSITION			
Net investment in capital assets	\$ 857,313	\$ 19,632,776	\$ 20,490,089
Restricted for debt service	-	1,152,845	1,152,845
Restricted for infrastructure	19,112	-	19,112
Unrestricted	245,312	588,019	833,331
Total net position	<u>\$ 1,121,737</u>	<u>\$ 21,373,640</u>	<u>\$ 22,495,377</u>

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

**TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Functions/Programs							
Governmental activities:							
General government	\$ 292,086	\$ 421	\$ -	\$ -	\$ (291,665)	\$ -	\$ (291,665)
Public safety	31,956	900	7,500	-	(23,556)	-	(23,556)
Public works	163,401	772	47,732	7,483	(107,414)	-	(107,414)
Culture and recreation	189,268	9,029	-	-	(180,239)	-	(180,239)
Total governmental activities	<u>676,711</u>	<u>11,122</u>	<u>55,232</u>	<u>7,483</u>	<u>(602,874)</u>	<u>-</u>	<u>(602,874)</u>
Business-type activities:							
Water, sewer and garbage	945,158	446,085	-	592,112	-	93,039	93,039
Total business-type activities	<u>945,158</u>	<u>446,085</u>	<u>-</u>	<u>592,112</u>	<u>-</u>	<u>93,039</u>	<u>93,039</u>
Total Government	<u>\$ 1,621,869</u>	<u>\$ 457,207</u>	<u>\$ 55,232</u>	<u>\$ 599,595</u>	<u>(602,874)</u>	<u>93,039</u>	<u>(509,835)</u>
General revenues:							
Taxes, licenses and permits					286,427	-	286,427
Intergovernmental					153,025	-	153,025
Insurance proceeds					65,177	27,392	92,569
Miscellaneous					35,508	-	35,508
Unrestricted investment earnings					2,668	65,421	68,089
Total general revenues					<u>542,805</u>	<u>92,813</u>	<u>635,618</u>
Change in net position					(60,069)	185,852	125,783
Net position, beginning of year					1,181,806	21,187,788	22,369,594
Net position, end of year					<u>\$ 1,121,737</u>	<u>\$ 21,373,640</u>	<u>\$ 22,495,377</u>

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

**TOWN OF GRAND RIDGE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2020**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 287,281
Investments	192,831
Accounts receivable	28,477
Prepaid expenses	2,787
Restricted assets:	
Cash and cash equivalents	19,112
Due from other governments	40,355
Due from other fund	58,190
Total Assets	<u><u>\$ 629,033</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	\$ 14,154
Total Liabilities	<u>14,154</u>
Fund Balance:	
Nonspendable	
Prepaid items	2,787
Restricted	
Infrastructure	19,112
Unassigned	592,980
Total Fund Balance	<u>614,879</u>
Total Liabilities and Fund Balance	<u><u>\$ 629,033</u></u>

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

**TOWN OF GRAND RIDGE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Fund balances - total governmental funds \$ 614,879

Amounts reported for governmental activities in the statement of activities 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	3,077,429	
Less: accumulated depreciation	<u>(2,220,116)</u>	857,313

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 Town'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	(345,453)	
Deferred outflows related to pensions	97,689	
Deferred inflows related to pensions	<u>(44,905)</u>	(292,669)

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:

Compensated absences		(57,786)
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Net position of governmental activities \$ 1,121,737

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

TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund
Revenues	
Taxes, licenses and permits	\$ 334,159
Intergovernmental	160,525
Grants	7,483
Insurance proceeds	65,177
Other	49,238
Total revenues	616,582
Expenditures	
General government	277,540
Public safety	13,685
Public works	123,585
Culture and recreation	150,536
Total expenditures	565,346
Change in fund balance	51,236
Fund balance, beginning of year	563,643
Fund balance, end of year	\$ 614,879

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

**TOWN OF GRAND RIDGE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Net change in fund balances - total governmental funds \$ 51,236

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	22,656
Depreciation expense	(102,459)
Loss on disposal of fixed assets	(121)

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 in accordance with GASB Statement No. 68.

Change in net pension liability and deferred inflows/outflows related to pensions	(31,741)
---	----------

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.

In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:

Change in compensated absences liability	360
--	-----

Change in net position of governmental activities	\$ (60,069)
--	--------------------

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

**TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2020**

**Water, Sewer
and Garbage Fund**

ASSETS

Current assets:

Cash and cash equivalents	\$	136,623
Investments		399,167
Accounts receivable		40,330
Due from other government		383,576
Total current assets		959,696

Noncurrent assets:

Restricted assets:		
Cash and cash equivalents		133,303
Certificates of deposit		530,226
Investments		489,316
Capital assets, net, where applicable of accumulated depreciation		22,163,124
Total noncurrent assets		23,315,969

Total Assets

\$ 24,275,665

DEFERRED OUTFLOWS

Deferred outflows related to pensions	\$	10,178
		10,178

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$	275,649
Accrued interest		7,347
Due to other fund		58,190
Note payable, current portion		212,903

Noncurrent liabilities:

Net pension liability		35,991
Note payable, long term portion		2,317,445

Total Liabilities

\$ 2,907,525

DEFERRED INFLOWS

Deferred inflows related to pensions	\$	4,678
		4,678

NET POSITION

Net investment in capital assets	\$	19,632,776
Restricted for debt service		1,152,845
Unrestricted		588,019

Total net position

\$ 21,373,640

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

TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Water, Sewer and Garbage Fund</u>
Operating revenues:	
Charges for services	\$ 446,085
Operating expenses:	
Personnel services	53,980
Professional and contractual services	128,313
Materials, supplies and other	181,862
Depreciation	521,903
Total operating expenses	<u>886,058</u>
Operating loss	<u>(439,973)</u>
Nonoperating revenues (expenses):	
Investment income and other	64,581
Insurance proceeds	27,392
Gain on sale of assets	840
Interest expense	(59,100)
Total nonoperating revenues (expenses)	<u>33,713</u>
Loss before capital contributions	<u>(406,260)</u>
Capital contributions	592,112
Change in net position	<u>185,852</u>
Total net position, beginning of year	21,187,788
Total net position, end of year	<u>\$ 21,373,640</u>

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

**TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Water, Sewer and Garbage Fund
Cash flows from operating activities	
Cash received from customers and others	\$ 444,389
Cash paid to employees	(51,991)
Cash paid to suppliers	(124,359)
Net cash provided by operating activities	268,039
Cash flows from capital and related financing activities	
Proceeds from capital grants	160,085
Proceeds from debt	109,151
Principal paid on capital debt	(1,246,140)
Insurance proceeds	58,378
Gain on sale of assets	990
Interest paid on capital debt	(59,100)
Purchase of capital assets	(482,732)
Net cash used in capital and related financing activities	(1,459,368)
Cash flows from investing activities	
Proceeds from sale of investments	1,225,402
Purchases of investments	(19,966)
Investment returns and other nonoperating revenues	58,836
Net cash provided by investing activities	1,264,272
Net increase in cash and cash equivalents	72,943
Cash and cash equivalents , beginning of year (including \$108,458 reported in restricted cash and cash equivalents)	196,983
Cash and cash equivalents , end of year (including \$133,303) reported in restricted cash and cash equivalents)	\$ 269,926
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (439,973)
Adjustments to operating loss to net cash provided by operating activities:	
Depreciation	521,903
Unrealized gain on investments	(5,745)
Changes in asset and liabilities:	
Increase in accounts receivable	(1,696)
Increase in due to general fund	36,425
Increase in accounts payable and accrued expenses	161,601
Decrease in accrued interest	(6,465)
Decrease in compensated absences	(898)
Increase in net pension liability	2,828
Decrease in deferred inflows	(195)
Decrease in deferred outflows	254
Total adjustments	708,012
Net cash provided by operating activities	\$ 268,039

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

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

I. Summary of Significant Accounting Policies:

A. Reporting entity

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

B. Government-wide and fund financial statements

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

C. Basis of presentation – government wide financial statements

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

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

D. Basis of presentation – fund financial statements

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

The Town reports the following major governmental fund:

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

The Town reports the following major proprietary fund:

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

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

I. Summary of Significant Accounting Policies: (Continued)

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

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

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

E. Measurement focus and basis of accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

I. Summary of Significant Accounting Policies: (Continued)

E. Measurement focus and basis of accounting (Continued)

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

F. Budgetary information

1. Budgetary basis of accounting

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

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

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

1. Deposits and Investments

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

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

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

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

I. Summary of Significant Accounting Policies: (Continued)

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

2. *Prepaid items*

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

3. *Restricted Assets*

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

4. *Capital Assets*

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

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

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

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

I. Summary of Significant Accounting Policies: (Continued)

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

4. *Capital Assets* (Continued)

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

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

5. *Compensated Absences*

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

6. *Long-term Obligations*

In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

7. *Net position flow assumption*

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

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

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

9. ***Fund balance policies***

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

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

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

10. ***Use of Estimates***

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

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

I. Summary of Significant Accounting Policies: (Continued)

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

11. *Deferred outflows/inflows of resources*

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

12. *Pensions*

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

H. Revenues and Expenditures/Expenses

1. *Program revenues*

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

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

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

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

II. Detailed Notes on All Funds:

A. Deposits and investments

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of September 30, 2020, the Town’s carrying amount of deposits was \$576,319 and the bank balance was \$582,632. The bank balance was covered by Federal depository insurance, or by collateral held by the Town’s custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

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

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

	<u>Fair Value</u>
Money Market Mutual Fund	\$ 489,316

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

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

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

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

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

Investments – PRIME: (Continued)

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

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

Interest Rate Risk: The Town manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities, Florida State Board of Administration Florida PRIME. The weighted average days to maturity of the Florida PRIME at September 30, 2020 was 48 days. Next interest rate reset dates for floating rate securities are used in the calculation of the weighted average days to maturity.

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

As of September 30, 2020, the Town had the following investments reported at fair market values:

	Fair Value
Florida PRIME	<u>\$ 591,998</u>

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

B. Receivables

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

	<u>General</u>	<u>Water, Sewer and Garbage</u>	<u>Total</u>
Accounts	\$ 28,477	\$ 40,330	\$ 68,807
Intergovernmental	40,355	383,576	423,931
Gross Receivables	68,832	423,906	492,738
Less: allowance for uncollectable	-	-	-
Net total receivables	<u>\$ 68,832</u>	<u>\$ 423,906</u>	<u>\$ 492,738</u>

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 242,802	\$ -	\$ -	\$ 242,802
Total capital assets, not being depreciated	<u>242,802</u>	<u>-</u>	<u>-</u>	<u>242,802</u>
Capital assets, being depreciated:				
Buildings and improvements	208,017	-	3,630	204,387
Equipment, furniture, fixtures and vehicles	1,119,892	12,061	20,861	1,111,092
Improvements other than buildings	1,419,711	10,595	-	1,430,306
Infrastructure	88,842	-	-	88,842
Total capital assets, being depreciated	<u>2,836,462</u>	<u>22,656</u>	<u>24,491</u>	<u>2,834,627</u>
Less accumulated depreciation for:				
Building and improvements	(104,015)	(7,237)	(3,509)	(107,743)
Equipment, furniture, fixtures and vehicles	(875,762)	(48,546)	(20,861)	(903,447)
Infrastructure	(51,721)	(4,442)	-	(56,163)
Improvements other than buildings	(1,110,529)	(42,234)	-	(1,152,763)
Total accumulated depreciation	<u>(2,142,027)</u>	<u>(102,459)</u>	<u>(24,370)</u>	<u>(2,220,116)</u>
Total capital assets, being depreciated, net	<u>694,435</u>	<u>(79,803)</u>	<u>121</u>	<u>614,511</u>
Governmental activities capital assets, net	<u>\$ 937,237</u>	<u>\$ (79,803)</u>	<u>\$ 121</u>	<u>\$ 857,313</u>

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

II. Detailed Notes on All Funds: (Continued)

C. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,968,528	\$ -	\$ -	\$ 2,968,528
Construction in progress	45,663	416,530	-	462,193
Total capital assets, not being depreciated	<u>3,014,191</u>	<u>416,530</u>	<u>-</u>	<u>3,430,721</u>
Capital assets, being depreciated:				
Equipment, buildings, utility systems and improvements	24,146,153	66,202	25,932	24,186,423
Less accumulated depreciation	<u>(4,957,899)</u>	<u>(521,903)</u>	<u>(25,782)</u>	<u>(5,454,020)</u>
Total capital assets, being depreciated, net	<u>19,188,254</u>	<u>(455,701)</u>	<u>150</u>	<u>18,732,403</u>
Business-type activities capital assets, net	<u>\$22,202,445</u>	<u>\$ (39,171)</u>	<u>\$ 150</u>	<u>\$22,163,124</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 5,761
Public safety	18,271
Public works	39,695
Culture and recreation	38,732
Total	<u>\$ 102,459</u>
Business-type activities:	
Water, sewer and garbage	<u>\$ 521,903</u>

D. Long-term Debt

State Revolving Fund Loans

As of September 30, 2020, the Town originally entered into an agreement to borrow \$10,270,122 under revolving fund loan agreement with the State of Florida Department of Environmental Protection for the planning, design and construction of a sewer collection and transmission system. During 2019, the remaining balance was refinanced under new borrowing agreement WW892021. The refinanced revolving fund loan is payable in 20 semi-annual installments of \$202,945 including principal and approximately 1% interest. Payments commenced on July 15, 2019 and as of September 30, 2020, the Town had an outstanding balance on the loan of \$2,203,025. The Town pledged gross revenues derived from the operation and maintenance of the constructed assets to pay debt service.

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

II. Detailed Notes on All Funds: (Continued)

D. Long-term Debt (Continued)

State Revolving Fund Loans (Continued)

As of September 30, 2020, the Town borrowed \$56,600 under revolving fund loan agreement with the State of Florida Department of Environmental Protection for the planning, design and construction of a sewer collection and transmission system, under new borrowing agreement WW320420. The revolving fund loan is payable on January 15, 2021 including total principal and a .25% interest rate. As of September 30, 2020, the Town had an outstanding balance on the loan of \$39,180. The Town pledged gross revenues derived from the operation and maintenance of the constructed assets to pay debt service.

As of September 30, 2020, the Town borrowed \$25,000 under revolving fund loan agreement with the State of Florida Department of Environmental Protection for the planning, design and construction of a sewer collection and transmission system, under new borrowing agreement WW320410. The revolving fund loan is payable on January 15, 2037 including total principal and a .25% interest rate. As of September 30, 2020, the Town had an outstanding balance on the loan of \$12,143. The Town pledged gross revenues derived from the operation and maintenance of the constructed assets to pay debt service.

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

Year Ending September 30,	Principal	Interest
2021	\$ 211,903	\$ 30,948
2022	175,027	28,644
2023	177,485	26,186
2024	179,978	23,693
2025	182,506	21,165
2026 – 2030	951,709	66,646
2031 – 2035	374,248	7,695
2036 – 2037	1,492	3
Total	\$ 2,254,348	\$ 204,980

Water Revenue Bonds

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

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

D. **Long-term Debt** (Continued)

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

Purpose	Interest Rate	Amount
Water Fund Activities	2.75%	\$ 276,000

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

Year Ending September 30,	Principal	Interest
2021	\$ 1,000	\$ 7,694
2022	2,000	7,666
2023	2,000	7,611
2024	2,000	7,555
2025	2,000	7,499
2026 – 2030	17,000	36,355
2031 – 2035	25,000	33,569
2036 – 2040	33,000	29,615
2041 – 2045	42,000	24,519
2046 – 2050	54,000	18,058
2051 – 2055	66,000	9,870
2056 – 2057	30,000	1,269
	\$ 276,000	\$ 191,280

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Compensated absences	\$ 58,146	\$ 8,769	\$ (9,129)	\$ 57,786	\$ 11,990
Governmental activity long-term liabilities	\$ 58,146	\$ 8,769	\$ (9,129)	\$ 57,786	\$ 11,990
Business-type activities:					
Revolving fund loans	\$ 3,477,544	\$ 109,152	\$ (1,332,348)	\$ 2,254,348	\$ 211,903
Water revenue bonds	277,000	-	(1,000)	276,000	1,000
Compensated absences	898	-	(898)	-	-
Business-type activity long-term liabilities	\$ 3,755,442	\$ 109,152	\$ (1,334,246)	\$ 2,530,348	\$ 212,903

The total interest incurred for the year ended September 30, 2020 was \$59,100, which was charged to expense. For governmental activities, compensated absences are liquidated by the general fund.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

III. Other Information:

A. Contingent Liabilities

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

B. Florida Retirement System

(1) General Information about the Pension Plan—

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

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

Benefits Provided and Employees Covered

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

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

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

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

Benefits Provided and Employees Covered (Continued)

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. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

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

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

Financial Statements

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

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

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

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

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

Contributions

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.00%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2020, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2020	After June 30, 2020
Regular Class	8.47%	10.00%
Senior Management	25.41%	27.29%
Special Risk	24.48%	24.45%

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

For the plan year ended June 30, 2020, actual contributions made for employees participating in FRS and HIS were as follows:

	2020
Contributions – FRS	\$ 24,067
Contributions – HIS	3,185
Employee Contributions – FRS	5,757

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

At September 30, 2020, the entity reported a net pension liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 313,949
HIS	67,495
Total	\$ 381,444

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At September 30, 2020 and September 30, 2019, the Town's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2020</u>	<u>2019</u>
FRS	0.000724362%	0.000804114%
HIS	0.000552789%	0.000623003%

For the plan year ended June 30, 2020, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 61,837
HIS	1,727
Total	<u>\$ 63,564</u>

Deferred outflows/inflows related to pensions:

At September 30, 2020, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,015	\$ -	\$ 2,761	\$ (52)
Changes of assumptions	56,835	-	7,258	(3,925)
Net different between projected and actual investment earnings	18,693	-	54	-
Change in proportionate share	1,153	(28,346)	1,110	(17,260)
Contributions subsequent to measurement date	7,194	-	794	-
	<u>\$ 95,890</u>	<u>\$ (28,346)</u>	<u>\$ 11,977</u>	<u>\$ (21,237)</u>

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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

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

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

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. 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:

2021	\$	8,806
2022		18,524
2023		15,846
2024		8,623
2025		(1,041)
Thereafter		(462)
Total	\$	<u>50,296</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.

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 6.80%. This rate decreased from the prior year rate, which was 6.90%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.50%. 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.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2020, 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%	2.2%
Fixed income	19.0%	3.0%
Global equities	54.2%	8.0%
Real estate	10.3%	6.4%
Private equity	11.1%	10.8%
Strategic investments	4.4%	5.5%
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 Town calculated using the current discount rates, as well as what the entity's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<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	6.80%	\$ 501,324	\$ 313,949	\$ 157,453
HIS	2.21%	78,021	67,495	58,879

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

III. Other Information: (Continued)

C. Risk Management

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

D. 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 fiscal years subsequent to September 30, 2020, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Town’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, 2019.

(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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

E. Uncertainties

During the year ended September 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Town as of August 2, 2021, management believes that a material impact on the Town's financial position and results of future operations is reasonably possible.

F. Contractual Commitments: As of September 30, 2020, the Town had the following commitments related to unfinished projects—

Projects	Remaining Commitment
Local Infrastructure Improvement Projects	\$ 275,000

TOWN OF GRAND RIDGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

TOWN OF GRAND RIDGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes, licenses and permits	\$ 326,128	\$ 326,128	\$ 334,159	\$ 8,031
Intergovernmental	226,190	226,190	160,525	(65,665)
Grants	1,365,000	1,365,000	7,483	(1,357,517)
Insurance proceeds	-	-	65,177	65,177
Other	39,900	39,900	49,238	9,338
Total revenues	<u>1,957,218</u>	<u>1,957,218</u>	<u>616,582</u>	<u>(1,340,636)</u>
Expenditures				
General government	1,900,718	1,900,718	277,540	1,623,178
Public safety	-	-	13,685	(13,685)
Public works	1,000	1,000	123,585	(122,585)
Culture and recreation	-	-	150,536	(150,536)
Total expenditures	<u>1,901,718</u>	<u>1,901,718</u>	<u>565,346</u>	<u>1,336,372</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,500</u>	<u>55,500</u>	<u>51,236</u>	<u>(4,264)</u>
Fund balances, beginning of year	563,643	563,643	563,643	-
Fund balances, end of year	<u>\$ 619,143</u>	<u>\$ 619,143</u>	<u>\$ 614,879</u>	<u>\$ (4,264)</u>

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

**TOWN OF GRAND RIDGE, FLORIDA
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

I. Budgetary Information:

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

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

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Florida Retirement System (FRS)							
Proportion of the net pension liability (asset)	0.000724362%	0.000804114%	0.000844177%	0.000836668%	0.000915433%	0.000959102%	0.000899662%
Proportionate share of the net pension liability (asset)	\$ 313,949	\$ 276,926	\$ 254,271	\$ 247,481	\$ 231,148	\$ 123,882	\$ 54,893
Covered-employee payroll	191,895	208,402	221,075	212,107	233,339	255,960	250,780
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	163.60%	132.88%	115.02%	116.68%	99.06%	48.40%	21.89%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)							
Proportion of the net pension liability (asset)	0.000552789%	0.000623003%	0.000676715%	0.000658648%	0.000755851%	0.000843667%	0.000844008%
Proportionate share of the net pension liability (asset)	\$ 67,495	\$ 69,708	\$ 71,623	\$ 70,426	\$ 88,091	\$ 86,042	\$ 78,917
Covered-employee payroll	191,895	208,402	221,075	212,107	233,339	255,960	250,780
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.17%	33.45%	32.40%	33.20%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	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, the Town will present information for only those years for which information is available.

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

	2020	2019	2018	2017	2016	2015	2014
<u>Florida Retirement System (FRS)</u>							
Contractually required contribution	\$ 24,067	\$ 24,933	\$ 24,058	\$ 22,111	\$ 22,415	\$ 24,458	\$ 21,484
Contributions in relation to the contractually required contribution	(24,067)	(24,933)	(24,058)	(22,111)	(22,415)	(24,458)	(21,484)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 191,895	\$ 208,402	\$ 221,075	\$ 212,107	\$ 233,339	\$ 255,960	\$ 250,780
Contributions as a percentage of covered-employee payroll	12.54%	11.96%	10.88%	10.42%	9.61%	9.56%	8.57%
<u>Health Insurance Subsidy Program (HIS)</u>							
Contractually required contribution	\$ 3,185	\$ 3,459	\$ 3,670	\$ 3,521	\$ 3,873	\$ 3,225	\$ 3,009
Contributions in relation to the contractually required contribution	(3,185)	(3,459)	(3,670)	(3,521)	(3,873)	(3,225)	(3,009)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 191,895	\$ 208,402	\$ 221,075	\$ 212,107	\$ 233,339	\$ 255,960	\$ 250,780
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.20%

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

**TOWN OF GRAND RIDGE, FLORIDA
OFFICIALS
SEPTEMBER 30, 2020**

TOWN COUNCIL

Richard Gable – Mayor

Kimberly J. Applewhite, Councilmember

Treven Rouse, Councilmember

Kenneth Stephens, Councilmember

Tracy Hagan, Councilmember

TOWN MANAGER

J.R. Moneyham

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

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

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

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below as Findings 2020-001 and 2020-002 to be a material weaknesses.

Finding 2020-001: Preparation of Financial Statements and Significant Adjustments

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

Cause: For the year ended September 30, 2020, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

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

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

Finding 2020-002: Segregation of Duties

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

Cause:

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

Effect: Assets could potentially be misappropriated.

Recommendation:

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

Compliance and Other Matters

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

Finding 2020-003: Health Insurance Reimbursement

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

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

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

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

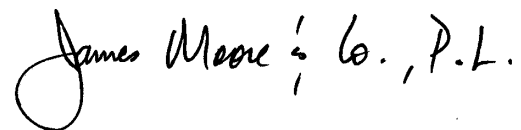
Recommendation: We recommend the Town review its employer healthcare arrangement to become in compliance with the Affordable Care Act. In addition, we recommend the Town monitor new regulations related to individual coverage health reimbursement accounts.

Town of Grand Ridge, Florida's Response to Findings

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

Purpose of this Report

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

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

Tallahassee, Florida
August 2, 2021

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

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

Report on the Financial Statements

We have audited the financial statements of the Town of Grand Ridge, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated August 2, 2021.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report(s) on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated August 2, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted in the table below.

Tabulation of Uncorrected Audit Findings			
Description	Current Year Finding #	2018-19 FY Finding #	2017-18 FY Finding #
Preparation of Financial Statements and Significant Adjustments	2020-001	2019-001	2018-001
Health Insurance Reimbursement	2020-003	2019-002	2018-004

Official Title and Legal Authority

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

Financial Condition and Management

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

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

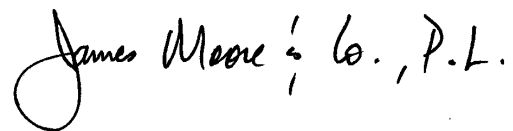
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

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

Purpose of this Letter

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

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

Tallahassee, Florida
August 2, 2021

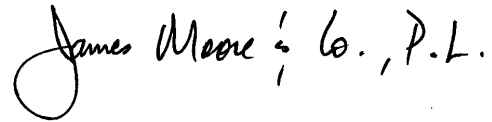
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To Town Council,
Town of Grand Ridge, Florida:

We have examined Town of Grand Ridge, Florida's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020. Management is responsible for Town of Grand Ridge, Florida's compliance with those requirements. Our responsibility is to express an opinion on Town of Grand Ridge, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Town of Grand Ridge, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Town of Grand Ridge, Florida's compliance with specified requirements.

In our opinion, Town of Grand Ridge, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.


James Moore & Co., P.L.

Tallahassee, Florida
August 2, 2021

Town of Grand Ridge

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

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

Email: townofgrandridge@embarqmail.com

Response to Schedule of Findings and Questioned Costs

Finding 2020-001: Significant Adjustments and Preparation of Financial Statements and Material Adjustments

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

Finding 2020-002: Segregation of Duties

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

Finding 2020-003: Health Insurance Reimbursement

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