

CITY OF HIGH SPRINGS, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020



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

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified audit opinion on general fund, fire control fund, downtown development fund, and the aggregate remaining fund information; and (2) qualified audit opinion on the governmental activities, business-type activities, water fund, solid waste fund, and sewer fund.

Basis for Qualified Opinions on Major Funds

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

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

In our opinion, except for the effects of not implementing the provisions of GASB Statement No. 75, as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the water fund, solid waste fund, and the sewer fund of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the General Fund, Fire Control Fund, Downtown Development Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, fire control fund, downtown development fund, and aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and budgetary comparison schedules for the general fund, fire control fund, and downtown development fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted the schedule of changes in the City's total OPEB liability and related ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

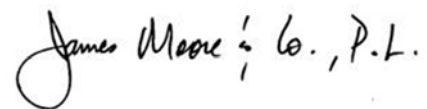
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining statements for the nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Gainesville, Florida
February 19, 2021

**CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

MDAAs management of the City of High Springs, Florida, we offer readers of the City of High Springs, Florida's financial statements this narrative overview and analysis of the financial activities of the City of High Springs, Florida for the fiscal year ended September 30, 2020.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City of High Springs, Florida's assets and liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of High Springs, Florida is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of High Springs, Florida that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of High Springs, Florida include general government, public safety, physical environment, transportation, economic environment, and culture/recreation. The business-type activities of the City of High Springs, Florida include water, solid waste, and sewer operations.

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

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

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

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Continued)

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

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

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, solid waste, and sewer operation, which are considered to be major funds.

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 – 41 of this report.

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

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Continued)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of High Springs, Florida, assets and deferred outflows of resources exceeded liabilities by \$15,329,378 at the close of the most recent fiscal year.

By far the largest portion of the City of High Springs, Florida's net position (102 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of High Springs, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City of High Springs, Florida's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$3,472,933	\$2,832,804	\$ 1,547,052	\$ 1,816,825	\$ 5,019,985	\$ 4,649,629
Capital assets	5,551,173	5,770,976	17,879,609	18,107,697	23,430,782	23,878,673
Total assets	<u>9,024,106</u>	<u>8,603,780</u>	<u>19,426,661</u>	<u>19,924,522</u>	<u>28,450,767</u>	<u>28,528,302</u>
Total deferred outflows of resources	1,736,697	1,590,344	105,560	93,867	1,842,257	1,684,211
Long-term liabilities outstanding	6,274,844	5,206,717	7,757,288	7,816,424	14,032,132	13,023,141
Other liabilities	450,227	296,042	423,121	853,026	873,348	1,149,068
Total liabilities	<u>6,725,071</u>	<u>5,502,759</u>	<u>8,180,409</u>	<u>8,669,450</u>	<u>14,905,480</u>	<u>14,172,209</u>
Total deferred inflows of resources	54,833	277,278	3,333	16,366	58,166	293,644
Net position:						
Net investment in capital assets	5,148,266	5,325,365	10,539,099	10,624,827	15,687,365	15,950,192
Restricted	1,389,640	1,120,838	922,329	736,351	2,311,969	1,857,189
Unrestricted	(2,557,007)	(2,032,116)	(112,949)	(28,605)	(2,669,956)	(2,060,721)
Total net position	<u>\$3,980,899</u>	<u>\$4,414,087</u>	<u>\$11,348,479</u>	<u>\$11,332,573</u>	<u>\$15,329,378</u>	<u>\$ 15,746,660</u>

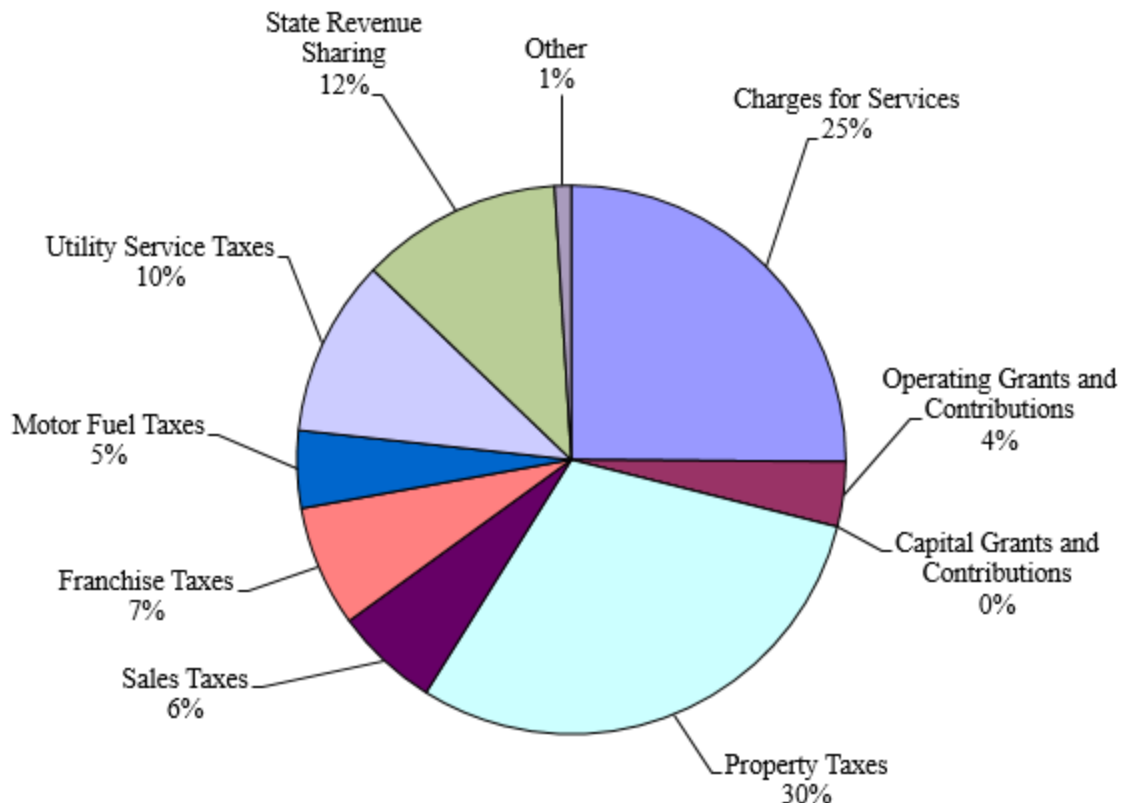
CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Continued)

An additional portion of the City of High Springs, Florida's net position (15 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (2,669,956) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental activities. Governmental activities decreased the City of High Springs, Florida's net position by \$433,188 due mainly to changes in other employee liabilities and change in Capital Assets.

Revenues by Source - Governmental Activities



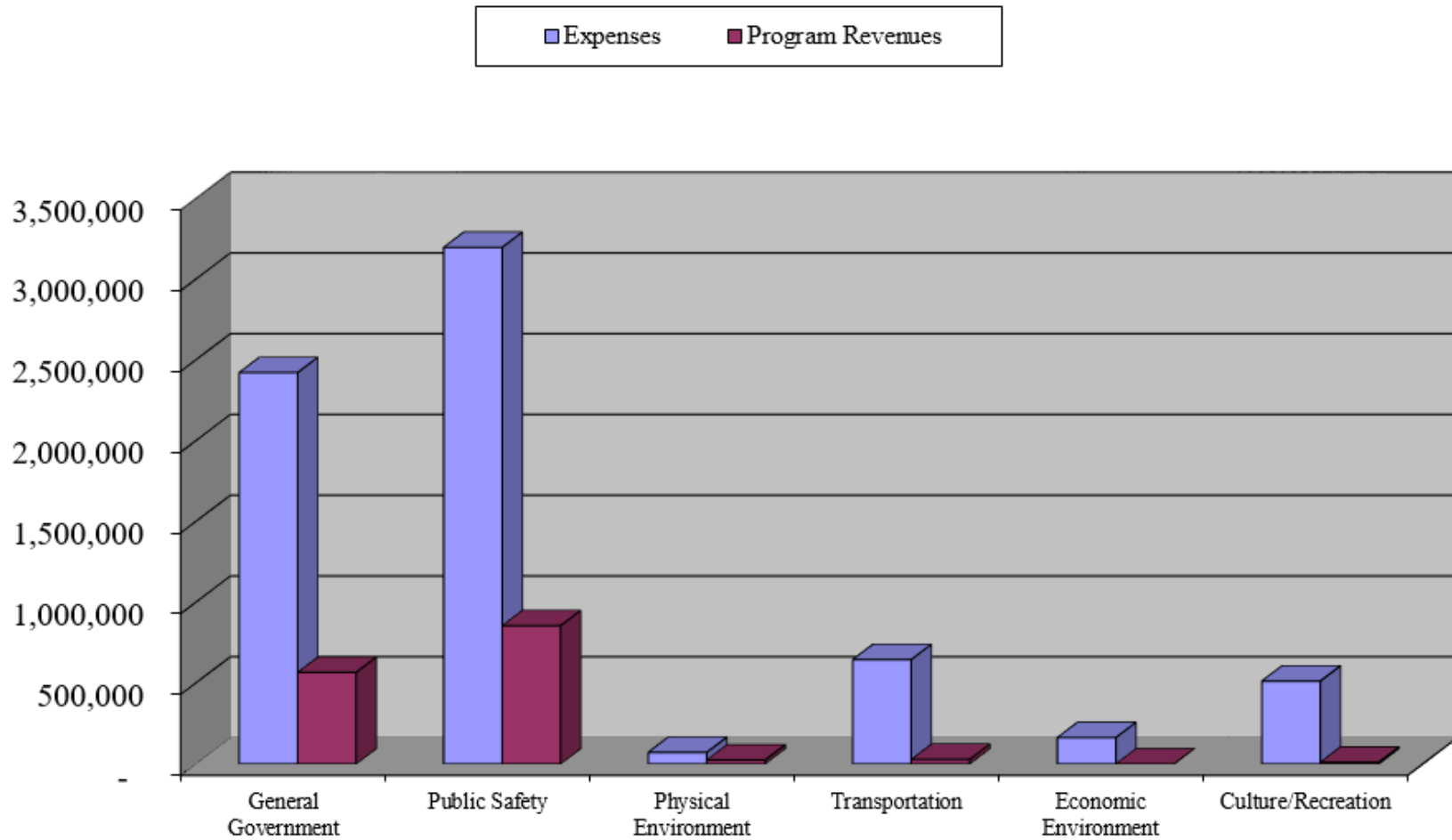
CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Continued)

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,487,801	\$ 1,244,161	\$ 3,223,882	\$ 2,900,233	\$ 4,711,683	\$ 4,144,394
Operating grants and contributions	497,354	485,088	-	-	497,354	485,088
Capital grants and contributions	-	34,672	778,692	2,915,490	778,692	2,950,162
General revenues:						
Property taxes	1,774,445	1,646,723	-	-	1,774,445	1,646,723
Other taxes	2,109,017	1,952,614	-	-	2,109,017	1,952,614
Other	57,723	98,138	22,880	38,860	80,603	136,998
Total revenues	<u>5,926,340</u>	<u>5,461,396</u>	<u>4,025,454</u>	<u>5,854,583</u>	<u>9,951,794</u>	<u>11,315,979</u>
Expenses:						
General government	2,422,909	2,004,694	-	-	2,422,909	2,004,694
Public safety	3,198,212	3,023,284	-	-	3,198,212	3,023,284
Physical environment	71,810	47,494	-	-	71,810	47,494
Transportation	646,522	556,610	-	-	646,522	556,610
Economic environment	163,376	206,256	-	-	163,376	206,256
Culture and recreation	513,360	487,357	-	-	513,360	487,357
Water	-	-	622,189	551,255	622,189	551,255
Solid waste	-	-	732,721	660,399	732,721	660,399
Sewer	-	-	1,997,977	1,316,549	1,997,977	1,316,549
Total expenses	<u>7,016,189</u>	<u>6,325,695</u>	<u>3,352,887</u>	<u>2,528,203</u>	<u>10,369,076</u>	<u>8,853,898</u>
Increase (decrease) in Net position before transfers	(1,089,849)	(864,299)	672,567	3,326,380	(417,282)	2,462,081
Transfers	656,661	656,661	(656,661)	(656,661)	-	-
Increase (decrease) in Net position	<u>(433,188)</u>	<u>(207,638)</u>	<u>15,906</u>	<u>2,669,719</u>	<u>(417,282)</u>	<u>2,462,081</u>
Net position, beginning of year	<u>4,414,087</u>	<u>4,621,725</u>	<u>11,332,573</u>	<u>8,662,854</u>	<u>15,746,660</u>	<u>13,284,579</u>
Net position, end of year	<u>\$ 3,980,899</u>	<u>\$ 4,414,087</u>	<u>\$ 11,348,479</u>	<u>\$ 11,332,573</u>	<u>\$ 15,329,378</u>	<u>\$ 15,746,660</u>

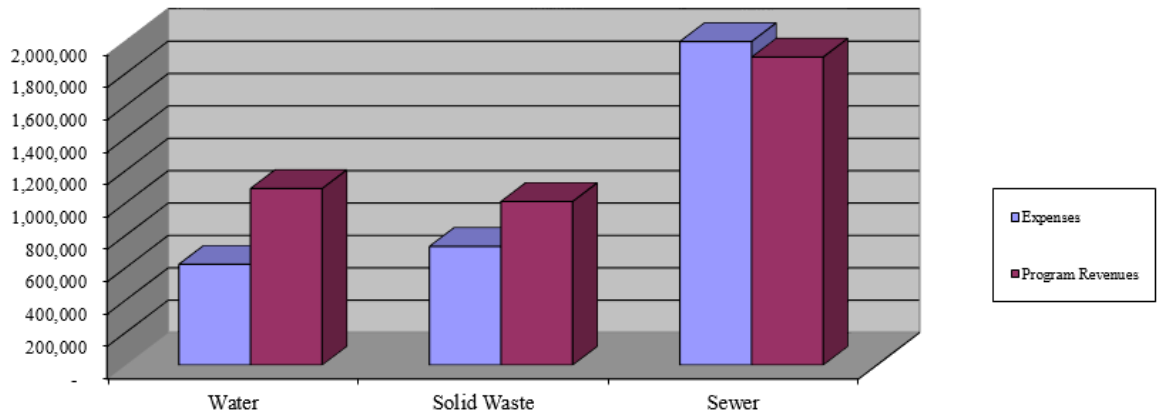
CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Continued)

Expenses and Program Revenues – Governmental Activities



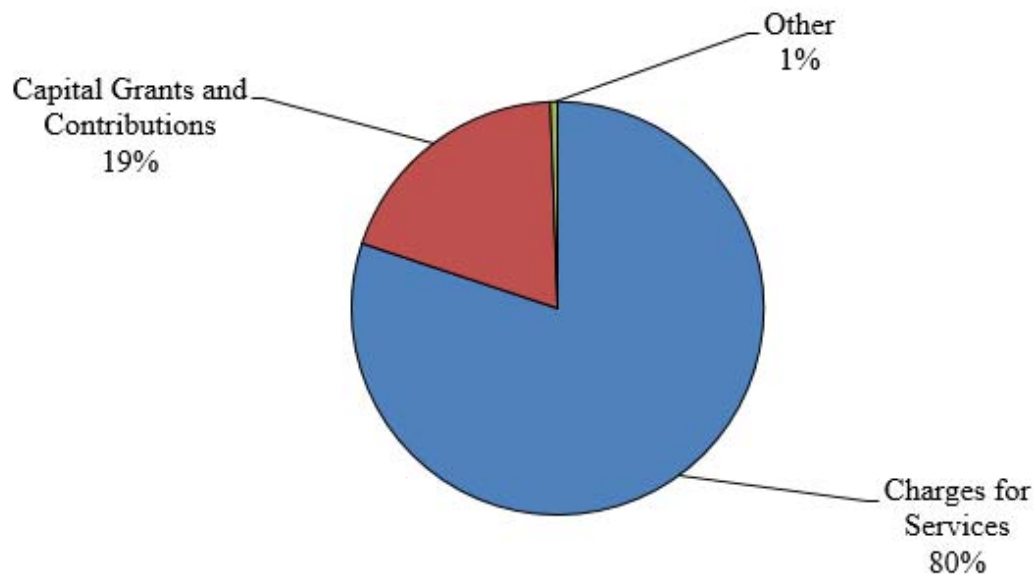
CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Continued)

Expenses and Program Revenues – Business-type Activities



Business-type activities. Business-type activities increased the City of High Springs, Florida's net position by \$15,906, due mainly to charges for services.

Revenues by Source – Business-type Activities



CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Continued)

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of High Springs, Florida's governmental funds reported combined ending fund balances of \$3,022,706. Approximately 46 percent of this total amount \$1,391,988 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *nonspendable or restricted* to indicate that it is not available for new spending because it has already been committed for prepaid expenses, assessments, capital projects, debt service, public safety, physical environment, transportation, economic environment, or culture/recreation expenditures.

The general fund is the chief operating fund of the City of High Springs, Florida. At the end of the current fiscal year, unassigned fund balance and total fund of the general fund was \$1,391,988. 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 29 percent of total general fund expenditures.

The fund balance of the City of High Springs, Florida's general fund increased by \$349,894 during the current fiscal year due mainly to budget and expense management and with Covid-19 there was less spending.

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

Unrestricted net position of the Water, Solid Waste, and Sewer funds at the end of the year amounted to \$115,067, \$251,785, and \$(479,801), respectively. The increases in net position for the Water, Solid Waste and Sewer funds were \$224,094, \$64,869, and \$(273,057), respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of High Springs, Florida's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of High Springs, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2020 amounts to \$23,430,782 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, vehicles, park facilities and roads. The total decrease in the City of High Springs, Florida's investment in capital assets for the current fiscal year was \$447,891.

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Continued)

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

- Adding commercial users to the sewer system
- Equipment purchased for Police and Fire Department with grants
- Zero Turn Mowers
- Breathing Air Module Compressor and Air Packs
- F250 Ford Truck for Roads & Streets

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 824,661	\$ 824,661	\$ 404,668	\$ 404,668	\$ 1,229,329	\$ 1,229,329
Construction in progress	255,517	32,306	906,600	3,328,081	1,162,117	3,360,387
Buildings	1,888,535	2,000,651	1,318,903	1,368,682	3,207,438	3,369,333
Improvements other than buildings	1,515,771	1,751,294	15,034,193	12,752,504	16,549,964	14,503,798
Machinery and equipment	1,159,939	1,162,064	215,245	253,762	1,375,184	1,415,826
Total	<u>\$ 5,644,423</u>	<u>\$ 5,770,976</u>	<u>\$ 17,879,609</u>	<u>\$ 18,107,697</u>	<u>\$ 23,524,032</u>	<u>\$ 23,878,673</u>

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

Long-term debt. At the end of the current fiscal year, the City of High Springs, Florida had total bonded debt outstanding of \$7,340,510. This debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Leases payable	\$ 402,907	\$ 445,661	\$ -	\$ -	\$ 402,907	\$ 445,661
Revenue bonds	-	-	7,340,510	7,482,870	7,340,510	7,482,870
Total	<u>\$ 402,907</u>	<u>\$ 445,661</u>	<u>\$ 7,340,510</u>	<u>\$ 7,482,870</u>	<u>\$ 7,743,417</u>	<u>\$ 7,928,531</u>

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

CITY OF HIGH SPRINGS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(Continued)

Economic Factors and Next Year's Budgets and Rates

- The City received Grant funding of \$2,500,000 from Suwannee River Water Management District (SRWMD) to be used to complete Phases 1A of the gravity sewer system project. This phase will add approximately 150 new users and this project was completed in late 2020.
- The City will receive additional Grant funding of \$1,000,000 from Suwannee River Water Management District (SRWMD) to be used to complete Phases 1B of the gravity sewer system project. This phase will add approximately 43 new users and take approximately one year.
- The City is working on a new CDBG grant. Estimated total project cost: \$750,000, \$700,000 will come from CDBG grant funds and \$50,000 will come from Local Match. The activities in this project include the replacement of the existing potable water lines in service area #2 utilizing \$519,100 in CDBG funds and \$70,000 to help fund a Unique Abilities Playground. The project also includes \$104,900 for the Engineering fees associated with bidding and Construction Observation Services for the project. Administration of the project will be carried out utilizing \$56,000 of CDBG grant funding.
- The City has also requested funding from SRWMD with some match required, for Phase 1 of the Sewer Plant Expansion and Phase I of changing the spray fields to wetlands. estimated cost of \$6,446,500. Funding already in place of \$1,464,100 from Suwannee River Water Management District (SRWMD) Water. With an additional \$2,400,000 coming from reallocation of the A2 project, the City will need an additional \$2,600,000 to fund this project. The required match will be for engineering cost for this project in the amount of \$290,000 to be paid from impact fees.
- The City Completed the United States Department of Agriculture's Farmer's Market Pavilion. The grant was obligated on May 28, 2014. The area around High Springs has a growing number of small farmers, crafters and bakers. The farmer's market has become an important sales outlet for a number of these small and emerging businesses. The pavilion will provide shelter to the vendors as well as the consumer's, there will also be room for the growth with the extra water and electric hookups for additional vendors not located in the pavilion.
- New Updated Water and Sewer Impact Fees last updated in 2014.

All of these factors were considered in preparing the City of High Springs, Florida's budget for the 2020/2021 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of High Springs, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Ashley Stathatos, City Manager, 23718 W US Hwy 27, High Springs, Florida 32643.

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,434,409	\$ -	\$ 2,434,409
Restricted cash	302,845	1,203,080	1,505,925
Receivables, net	559,615	405,214	964,829
Interfund balances	176,064	(176,064)	-
Inventories	-	114,822	114,822
Capital assets, not being depreciated	1,080,178	1,311,268	2,391,446
Capital assets, being depreciated, net	4,470,995	16,568,341	21,039,336
Total Assets	<u>\$ 9,024,106</u>	<u>\$ 19,426,661</u>	<u>\$ 28,450,767</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 1,736,697</u>	<u>\$ 105,560</u>	<u>\$ 1,842,257</u>
LIABILITIES			
Accounts payable and other current liabilities	\$ 449,422	\$ 166,950	\$ 616,372
Customer deposits payable	-	256,171	256,171
Accrued interest payable	-	24,580	24,580
Unearned revenue	805	-	805
Noncurrent liabilities:			
Due within one year			
Bonds and capital leases payable	107,984	148,394	256,378
Compensated absences	150,821	19,755	170,576
Due in more than one year			
Bonds and capital leases payable	294,923	7,192,116	7,487,039
Compensated absences	351,916	46,093	398,009
Net pension liability	5,369,200	326,350	5,695,550
Total Liabilities	<u>\$ 6,725,071</u>	<u>\$ 8,180,409</u>	<u>\$ 14,905,480</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 54,833</u>	<u>\$ 3,333</u>	<u>\$ 58,166</u>
NET POSITION			
Net investment in capital assets	\$ 5,148,266	\$ 10,539,099	\$ 15,687,365
Restricted for:			
Debt service	-	444,255	444,255
Capital projects	-	478,074	478,074
Fire services	71,473	-	71,473
Transportation	344,373	-	344,373
Community redevelopment	296,719	-	296,719
Culture and recreation	515,045	-	515,045
Building department	162,030	-	162,030
Unrestricted	(2,557,007)	(112,949)	(2,669,956)
Total Net Position	<u>\$ 3,980,899</u>	<u>\$ 11,348,479</u>	<u>\$ 15,329,378</u>

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

**CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,422,909	\$ 567,122	\$ 50,398	\$ -	\$ (1,805,389)	\$ -	\$ (1,805,389)
Public safety	3,198,212	856,156	171,035	-	(2,171,021)	-	(2,171,021)
Physical environment	71,810	24,900	-	-	(46,910)	-	(46,910)
Transportation	646,522	28,370	270,336	-	(347,816)	-	(347,816)
Economic environment	163,376	-	-	-	(163,376)	-	(163,376)
Culture/recreation	513,360	11,253	5,585	-	(496,522)	-	(496,522)
Total governmental activities	<u>7,016,189</u>	<u>1,487,801</u>	<u>497,354</u>	<u>-</u>	<u>(5,031,034)</u>	<u>-</u>	<u>(5,031,034)</u>
Business-type activities:							
Water	622,189	990,842	-	99,500	-	468,153	468,153
Solid waste	732,721	1,010,332	-	-	-	277,611	277,611
Sewer	1,997,977	1,222,708	-	679,192	-	(96,077)	(96,077)
Total business-type activities	<u>3,352,887</u>	<u>3,223,882</u>	<u>-</u>	<u>778,692</u>	<u>-</u>	<u>649,687</u>	<u>649,687</u>
Total primary government	<u>\$ 10,369,076</u>	<u>\$ 4,711,683</u>	<u>\$ 497,354</u>	<u>\$ 778,692</u>	<u>(5,031,034)</u>	<u>649,687</u>	<u>(4,381,347)</u>
General revenues:							
Property taxes					1,774,445	-	1,774,445
Sales taxes					363,457	-	363,457
Franchise fees					423,672	-	423,672
Utility service taxes					618,544	-	618,544
Intergovernmental					703,344	-	703,344
Miscellaneous					47,661	-	47,661
Unrestricted investment earnings					10,062	22,880	32,942
Transfers					656,661	(656,661)	-
Total general revenues and transfers					<u>4,597,846</u>	<u>(633,781)</u>	<u>3,964,065</u>
Change in net position					(433,188)	15,906	(417,282)
Net position - beginning					4,414,087	11,332,573	15,746,660
Net position - ending					<u>\$ 3,980,899</u>	<u>\$ 11,348,479</u>	<u>\$ 15,329,378</u>

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

**CITY OF HIGH SPRINGS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

		Special Revenue			
			Downtown	Other	Total
	General	Fire	Development	Governmental	Governmental
		Control Fund	Fund	Funds	Funds
ASSETS					
Cash and cash equivalents	\$ 2,434,357	\$ -	\$ 302,897	\$ -	\$ 2,737,254
Receivables, net	113,734	-	-	-	113,734
Due from other governments	373,116	72,765	-	-	445,881
Due from other funds	597,680	38,918	-	179,578	816,176
Total assets	<u>\$ 3,518,887</u>	<u>\$ 111,683</u>	<u>\$ 302,897</u>	<u>\$ 179,578</u>	<u>\$ 4,113,045</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 406,008	\$ 40,210	\$ 3,204	\$ -	\$ 449,422
Due to other funds	637,138	-	2,974	-	640,112
Unearned revenue	805	-	-	-	805
Total liabilities	<u>1,043,951</u>	<u>40,210</u>	<u>6,178</u>	<u>-</u>	<u>1,090,339</u>
FUND BALANCES					
Restricted for:					
Fire services	-	71,473	-	-	71,473
Transportation	344,373	-	-	-	344,373
Community redevelopment	-	-	296,719	-	296,719
Culture and recreation	515,045	-	-	-	515,045
Building department	162,030	-	-	-	162,030
Committed to:					
Cemetery	-	-	-	168,115	168,115
Assigned to:					
Culture and recreation	-	-	-	11,463	11,463
Subsequent year's budget	61,500	-	-	-	61,500
Unassigned	1,391,988	-	-	-	1,391,988
Total fund balances	<u>2,474,936</u>	<u>71,473</u>	<u>296,719</u>	<u>179,578</u>	<u>3,022,706</u>
Total liabilities and fund balances	<u>\$ 3,518,887</u>	<u>\$ 111,683</u>	<u>\$ 302,897</u>	<u>\$ 179,578</u>	<u>\$ 4,113,045</u>

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

CITY OF HIGH SPRINGS, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Fund balances - total governmental funds \$ 3,022,706

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Total governmental capital assets	14,675,665	
Less: Accumulated depreciation	(9,124,492)	5,551,173

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

Net pension liability	(5,369,200)	
Deferred outflows related to pensions	1,736,697	
Deferred inflows related to pensions	(54,833)	(3,687,336)

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

Capital leases payable	(402,907)	
Compensated absences	(502,737)	(905,644)

Net position of governmental activities		<u>\$ 3,980,899</u>
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The accompanying notes to financial statements
are an integral part of this statement.

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Special Revenue			
	General	Fire Control	Downtown Development Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 2,441,205	\$ -	\$ 217,485	\$ -	\$ 2,658,690
Franchise fees	423,672	-	-	-	423,672
Licenses and permits	461,739	-	-	-	461,739
Intergovernmental	1,336,857	318,662	-	-	1,655,519
Charges for services	183,344	438,200	-	-	621,544
Fines and forfeitures	6,544	-	-	-	6,544
Rents and royalties	15,967	-	-	-	15,967
Cemetery lot sales	-	-	-	24,900	24,900
Interest	6,789	654	2,619	-	10,062
Miscellaneous	40,052	-	7,651	-	47,703
Total revenues	4,916,169	757,516	227,755	24,900	5,926,340
Expenditures					
Current:					
General government	1,676,436	-	-	-	1,676,436
Public safety	1,822,922	1,157,439	-	-	2,980,361
Physical environment	49,757	-	-	200	49,957
Transportation	487,752	-	-	-	487,752
Economic environment	-	-	109,822	-	109,822
Culture/recreation	362,430	-	-	-	362,430
Debt service:					
Principal	58,891	33,391	-	-	92,282
Interest	15,729	4,176	-	-	19,905
Capital outlay	331,000	30,040	6,650	-	367,690
Total expenditures	4,804,917	1,225,046	116,472	200	6,146,635
Excess (deficiency) of revenues over expenditures	111,252	(467,530)	111,283	24,700	(220,295)
Other financing sources (uses)					
Issuance of capital leases	49,578	-	-	-	49,578
Transfers in	785,021	595,957	-	-	1,380,978
Transfers out	(595,957)	(128,250)	-	(110)	(724,317)
Total other financing sources (uses)	238,642	467,707	-	(110)	706,239
Net change in fund balances	349,894	177	111,283	24,590	485,944
Fund balances, beginning of year	2,125,042	71,296	185,436	154,988	2,536,762
Fund balances, end of year	\$ 2,474,936	\$ 71,473	\$ 296,719	\$ 179,578	\$ 3,022,706

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

CITY OF HIGH SPRINGS, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - total governmental funds	\$ 485,944
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	367,690
Depreciation expense	(587,493)
Capital lease proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position.	
These amounts are as follows:	
Capital lease proceeds	(49,578)
Capital lease principal payments	92,282
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.	
Change in net pension liability and deferred inflows/outflows related to pensions	(687,757)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. basis, expenses and liabilities are reported regardless of when financial resources are available.	
These adjustments are as follows:	
Change in compensated absences liability	(54,276)
Change in net position of governmental activities	<u>\$ (433,188)</u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 2,366,323	\$ 2,443,175	\$ 2,441,205	\$ (1,970)
Franchise fees	370,500	425,500	423,672	(1,828)
Licenses and permits	249,500	462,825	461,739	(1,086)
Intergovernmental	1,564,894	1,469,800	1,336,857	(132,943)
Charges for services	223,870	183,720	183,344	(376)
Fines and forfeitures	10,050	6,575	6,544	(31)
Rents and royalties	30,000	16,050	15,967	(83)
Interest	21,600	6,800	6,789	(11)
Miscellaneous	40,505	40,300	40,052	(248)
Total revenues	<u>4,877,242</u>	<u>5,054,745</u>	<u>4,916,169</u>	<u>(138,576)</u>
Expenditures				
Current:				
General government	1,444,614	1,676,611	1,676,436	175
Public safety	1,822,326	2,064,100	1,947,120	116,980
Physical environment	46,610	49,795	49,757	38
Transportation	467,940	546,210	545,963	247
Culture/recreation	1,183,940	574,060	585,641	(11,581)
Total expenditures	<u>4,965,430</u>	<u>4,910,776</u>	<u>4,804,917</u>	<u>105,859</u>
Excess (deficiency) of revenues over expenditures	<u>(88,188)</u>	<u>143,969</u>	<u>111,252</u>	<u>(32,717)</u>
Other financing sources (uses)				
Issuance of capital leases	-	-	49,578	49,578
Transfers in	785,021	785,021	785,021	-
Transfers out	<u>(502,232)</u>	<u>(595,957)</u>	<u>(595,957)</u>	<u>-</u>
Total other financing sources (uses)	<u>282,789</u>	<u>189,064</u>	<u>238,642</u>	<u>49,578</u>
Net change in fund balance	<u>194,601</u>	<u>333,033</u>	<u>349,894</u>	<u>16,861</u>
Fund balance, beginning of year	<u>2,125,042</u>	<u>2,125,042</u>	<u>2,125,042</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,319,643</u></u>	<u><u>\$ 2,458,075</u></u>	<u><u>\$ 2,474,936</u></u>	<u><u>\$ 16,861</u></u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FIRE CONTROL FUND AND DOWNTOWN DEVELOPMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Fire Control Fund				Downtown Development Fund			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 219,327	\$ 217,485	\$ 217,485	\$ -
Intergovernmental	364,672	318,700	318,662	(38)	-	-	-	-
Charges for service	414,000	438,545	438,200	(345)	-	-	-	-
Interest	5,200	660	654	(6)	3,000	2,700	2,619	(81)
Miscellaneous	15,350	-	-	-	9,928	7,660	7,651	(9)
Total revenues	799,222	757,905	757,516	(389)	232,255	227,845	227,755	(90)
Expenditures								
Current:								
Public safety	1,100,965	1,124,225	1,157,439	(33,214)	-	-	-	-
Economic environment	-	-	-	-	150,090	110,680	109,822	858
Debt Service:								
Principal	33,391	33,391	33,391	-	-	-	-	-
Interest	4,176	4,176	4,176	-	-	-	-	-
Capital outlay	34,672	63,820	30,040	33,780	204,620	6,650	6,650	-
Total expenditures	1,173,204	1,225,612	1,225,046	566	354,710	117,330	116,472	858
Excess (deficiency) of revenues over (under) expenditures	(373,982)	(467,707)	(467,530)	177	(122,455)	110,515	111,283	768
Other financing sources (uses)								
Transfers in	502,232	595,957	595,957	-	-	-	-	-
Transfers out	(128,250)	(128,250)	(128,250)	-	-	-	-	-
Total other financing sources (uses)	373,982	467,707	467,707	-	-	-	-	-
Net change in fund balances	-	-	177	177	(122,455)	110,515	111,283	768
Fund balances, beginning of year	71,296	71,296	71,296	-	185,436	185,436	185,436	-
Fund balances, end of year	\$ 71,296	\$ 71,296	\$ 71,473	\$ 177	\$ 62,981	\$ 295,951	\$ 296,719	\$ 768

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Sewer	Totals
ASSETS				
Current assets:				
Restricted cash:				
Customer deposits	\$ 128,742	\$ 127,429	\$ -	\$ 256,171
Revenue bond covenant accounts	-	-	172,974	172,974
Accounts receivable, net	114,286	113,979	176,949	405,214
Due from other funds	207,259	211,383	-	418,642
Inventories	45,577	-	69,245	114,822
Total current assets	<u>495,864</u>	<u>452,791</u>	<u>419,168</u>	<u>1,367,823</u>
Noncurrent assets:				
Restricted cash:				
Revenue bond covenant account	-	-	295,861	295,861
Capital improvements	-	-	11,121	11,121
Impact fee	126,044	-	340,909	466,953
Capital assets, not being depreciated	112,618	-	1,198,650	1,311,268
Capital assets, being depreciated, net	1,514,984	-	15,053,357	16,568,341
Total noncurrent assets	<u>1,753,646</u>	<u>-</u>	<u>16,899,898</u>	<u>18,653,544</u>
Total Assets	<u><u>\$ 2,249,510</u></u>	<u><u>\$ 452,791</u></u>	<u><u>\$ 17,319,066</u></u>	<u><u>\$ 20,021,367</u></u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>\$ 72,274</u>	<u>\$ 6,041</u>	<u>\$ 27,245</u>	<u>\$ 105,560</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 49,623	\$ 60,751	\$ 56,576	\$ 166,950
Due to other funds	-	-	594,706	594,706
Compensated absences	14,694	-	5,061	19,755
Customer deposits payable	128,742	127,429	-	256,171
Revenue bonds payable, current portion	-	-	148,394	148,394
Accrued interest payable from restricted assets	-	-	24,580	24,580
Total current liabilities	<u>193,059</u>	<u>188,180</u>	<u>829,317</u>	<u>1,210,556</u>
Noncurrent liabilities:				
Compensated absences	34,286	-	11,807	46,093
Net pension liability	223,444	18,676	84,230	326,350
Revenue bonds payable, net	-	-	7,192,116	7,192,116
Total noncurrent liabilities	<u>257,730</u>	<u>18,676</u>	<u>7,288,153</u>	<u>7,564,559</u>
Total Liabilities	<u><u>\$ 450,789</u></u>	<u><u>\$ 206,856</u></u>	<u><u>\$ 8,117,470</u></u>	<u><u>\$ 8,775,115</u></u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>\$ 2,282</u>	<u>\$ 191</u>	<u>\$ 860</u>	<u>\$ 3,333</u>
NET POSITION				
Net investment in capital assets	\$ 1,627,602	\$ -	\$ 8,911,497	\$ 10,539,099
Restricted for:				
Debt service	-	-	444,255	444,255
Capital projects	126,044	-	352,030	478,074
Unrestricted	115,067	251,785	(479,801)	(112,949)
Total Net Position	<u><u>\$ 1,868,713</u></u>	<u><u>\$ 251,785</u></u>	<u><u>\$ 9,227,981</u></u>	<u><u>\$ 11,348,479</u></u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Sewer	Total
Operating revenues				
Water service	\$ 962,438	\$ -	\$ -	\$ 962,438
Water penalties	13,612	-	-	13,612
Garbage/solid waste service	-	993,719	-	993,719
Garbage penalties	-	15,770	-	15,770
Sewer service	-	-	1,221,781	1,221,781
Miscellaneous income	14,792	843	927	16,562
Total operating revenues	<u>990,842</u>	<u>1,010,332</u>	<u>1,222,708</u>	<u>3,223,882</u>
Operating expenses				
Personal services	312,928	28,402	215,653	556,983
Operating expenses	149,267	704,319	398,478	1,252,064
Depreciation	159,994	-	572,228	732,222
Total operating expenses	<u>622,189</u>	<u>732,721</u>	<u>1,186,359</u>	<u>2,541,269</u>
Operating income	<u>368,653</u>	<u>277,611</u>	<u>36,349</u>	<u>682,613</u>
Nonoperating revenues (expenses)				
Interest income	13,887	-	8,993	22,880
Loss on disposition of capital assets	-	-	(496,697)	(496,697)
Interest expense	-	-	(314,921)	(314,921)
Total nonoperating revenues (expenses)	<u>13,887</u>	<u>-</u>	<u>(802,625)</u>	<u>(788,738)</u>
Income (loss) before contributions and transfers	<u>382,540</u>	<u>277,611</u>	<u>(766,276)</u>	<u>(106,125)</u>
Capital grants and contributions	99,500	-	679,192	778,692
Transfers out	(257,946)	(212,742)	(185,973)	(656,661)
Change in net position	<u>224,094</u>	<u>64,869</u>	<u>(273,057)</u>	<u>15,906</u>
Net position, beginning of year	1,644,619	186,916	9,501,038	11,332,573
Net position, end of year	<u>\$ 1,868,713</u>	<u>\$ 251,785</u>	<u>\$ 9,227,981</u>	<u>\$ 11,348,479</u>

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Sewer	Total
Cash flows from operating activities				
Cash received from customers	\$ 989,505	\$ 1,012,308	\$ 1,403,452	\$ 3,405,265
Cash paid to employees	(259,537)	(25,865)	(212,604)	(498,006)
Cash paid to suppliers	(128,359)	(703,464)	(888,847)	(1,720,670)
Net cash provided by operating activities	601,609	282,979	302,001	1,186,589
Cash flows from noncapital financing activities				
Interfund transfers	(257,946)	(212,742)	(185,973)	(656,661)
Interfund loans	(195,361)	(63,750)	673,221	414,110
Net cash provided by (used in) noncapital financing activities	(453,307)	(276,492)	487,248	(242,551)
Cash flows from capital and related financing activities				
Impact fees and capital contributions	29,250	-	157,728	186,978
Acquisition and construction of capital assets	(224,778)	-	(776,053)	(1,000,831)
Capital grants	70,250	-	433,272	503,522
Principal payments of long-term debt	-	-	(142,360)	(142,360)
Interest paid	-	-	(314,921)	(314,921)
Net cash used in capital and related financing activities	(125,278)	-	(642,334)	(767,612)
Cash flows from investing activities				
Interest received	13,887	-	8,993	22,880
Net cash provided by investing activities	13,887	-	8,993	22,880
Net change in cash and cash equivalents	36,911	6,487	155,908	199,306
Cash and cash equivalents, beginning of year	217,875	120,942	664,957	1,003,774
Cash and cash equivalents, end of year	\$ 254,786	\$ 127,429	\$ 820,865	\$ 1,203,080
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 368,653	\$ 277,611	\$ 36,349	\$ 682,613
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	159,994	-	572,228	732,222
Changes in assets and liabilities:				
Accounts receivable	(8,657)	(5,149)	180,744	166,938
Inventories and prepaid expense	(15,812)	-	(7,327)	(23,139)
Accounts payable and accrued expenses	36,720	855	(483,042)	(445,467)
Deposits	7,320	7,125	-	14,445
Compensated absences	9,438	-	2,459	11,897
Net pension liability	43,953	2,537	590	47,080
Net cash provided by operating activities	\$ 601,609	\$ 282,979	\$ 302,001	\$ 1,186,589
Cash and cash equivalents classified as:				
Restricted	\$ 254,786	\$ 127,429	\$ 820,865	\$ 1,203,080

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

CITY OF HIGH SPRINGS, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2020

	Motor Vehicle Tag Agency Fund
	<hr/>
ASSETS	
Cash	<u><u>\$ 59,855</u></u>
LIABILITIES	
Due to other governments	<u><u>\$ 59,855</u></u>

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

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) Summary of Significant Accounting Policies:

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

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

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

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

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant and similar revenues are recognized when the related expenditure is incurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

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

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

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

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

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

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

(k) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

(l) **Compensated absences**—It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

(m) **Long-term obligations**—In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses when paid.

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

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

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

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

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

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

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

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

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

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

(q) **Implementation of new accounting standards**—At September 30, 2020 and for the year then ended, the City has not implemented any significant new standards.

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

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

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

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

At September 30, 2020, the City held various demand deposits with a financial institution. All of the bank balance is covered by Federal depository insurance or by collateral held by the City's custodial banks, which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

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

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(4) Receivables:

Receivables at September 30, 2020, for the City's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Fire Control	Water	Solid Waste	Sewer	Total
Interest	\$ 224	\$ -	\$ -	\$ -	\$ -	\$ 224
Accounts	113,510	-	197,610	202,370	249,234	762,724
Intergovernmental	373,116	72,765	-	-	-	445,881
Gross Receivables	486,850	72,765	197,610	202,370	249,234	1,208,829
Allowance	-	-	(83,324)	(88,391)	(72,285)	(244,000)
Net total receivables	<u>\$ 486,850</u>	<u>\$ 72,765</u>	<u>\$ 114,286</u>	<u>\$ 113,979</u>	<u>\$ 176,949</u>	<u>\$ 964,829</u>

(5) Interfund Loans, Advances, and Transfers:

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. Individual fund interfund receivables and payables for the primary government at September 30, 2020, are comprised of the following:

Receivable Fund	Payable Fund	Amount
Fire Control Fund	General Fund	\$ 38,918
Sports Fund	General Fund	11,463
Cemetery Trust	General Fund	168,115
General Fund	Downtown Development Fund	2,974
Water Utility Fund	General Fund	207,259
General Fund	Sewer Utility Fund	594,706
Solid Waste Utility Fund	General Fund	211,383
		<u>\$ 1,234,818</u>

Interfund transfers:

Transfers In:				
	General Fund	Fire Control Fund	Sewer Fund	Total
Transfer Out:				
General Fund	\$ -	\$ 595,957	\$ -	\$ 595,957
Fire Control Fund	128,250	-	-	128,250
Cemetery Trust	110	-	-	110
Sewer Fund	185,973	-	-	185,973
Water Fund	257,946	-	-	257,946
Solid Waste Fund	212,742	-	-	212,742
	<u>\$ 785,021</u>	<u>\$ 595,957</u>	<u>\$ -</u>	<u>\$ 1,380,978</u>

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

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(6) Capital Assets:

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 824,661	\$ -	\$ -	\$ 824,661
Construction in progress	32,306	223,211	-	255,517
Total capital assets, not being depreciated	856,967	223,211	-	1,080,178
Capital assets, being depreciated				
Buildings	3,382,827	6,650	-	3,389,477
Improvements other than buildings	6,765,609	6,590	-	6,772,199
Machinery and equipment	3,302,572	131,239	-	3,433,811
Total capital assets, being depreciated	13,451,008	144,479	-	13,595,487
Less accumulated depreciation				
Buildings	(1,382,176)	(118,766)	-	(1,500,942)
Improvements other than buildings	(5,014,315)	(242,113)	-	(5,256,428)
Machinery and equipment	(2,140,508)	(226,614)	-	(2,367,122)
Total accumulated depreciation	(8,536,999)	(587,493)	-	(9,124,492)
Total capital assets, being depreciated, net	4,914,009	(443,014)	-	4,470,995
Governmental activities capital assets, net	<u>\$ 5,770,976</u>	<u>\$ (219,803)</u>	<u>\$ -</u>	<u>\$ 5,551,173</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(6) **Capital Assets:** (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 404,668	\$ -	\$ -	\$ 404,668
Construction in progress	3,328,081	770,650	(3,192,131)	906,600
Total capital assets, not being depreciated	3,732,749	770,650	(3,192,131)	1,311,268
Capital assets, being depreciated				
Buildings	2,335,448	6,390	-	2,341,838
Improvements other than buildings	18,454,963	2,803,644	-	21,258,607
Machinery and equipment	999,827	115,581	-	1,115,408
Total capital assets, being depreciated	21,790,238	2,925,615	-	24,715,853
Less accumulated depreciation				
Buildings	(966,766)	(56,169)	-	(1,022,935)
Improvements other than buildings	(5,702,459)	(521,955)	-	(6,224,414)
Machinery and equipment	(746,065)	(154,098)	-	(900,163)
Total accumulated depreciation	(7,415,290)	(732,222)	-	(8,147,512)
Total capital assets, being depreciated, net	14,374,948	2,193,393	-	16,568,341
Business-type activities capital assets, net	<u>\$ 18,107,697</u>	<u>\$ 2,964,043</u>	<u>\$ (3,192,131)</u>	<u>\$ 17,879,609</u>

Depreciation expense was charged to functions/programs as follows for the year ended September 30, 2020:

Governmental activities:	
General government	\$ 39,181
Public safety	167,989
Physical environment	21,853
Transportation	154,852
Economic environment	53,554
Culture and recreation	150,064
Total	<u>\$ 587,493</u>
Business-type activities:	
Water	\$ 159,994
Sewer	572,228
Total	<u>\$ 732,222</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(7) Long-term Liabilities:

Revenue Bonds

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

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

Revenue bonds outstanding at September 30, 2020, are as follows:

Purpose	Interest Rates	Amounts
Wastewater treatment system Series 2004	4.500%	\$ 1,752,010
Wastewater treatment system Series 2009	4.125%	5,588,500
Total		<u>\$ 7,340,510</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	\$ 148,394	\$ 309,366	\$ 457,790
2022	154,720	303,076	457,796
2023	161,240	296,518	457,758
2024	168,050	289,683	457,733
2025	175,259	282,558	457,817
2026 – 2030	994,060	1,294,829	2,288,889
2031 – 2035	1,223,479	1,065,373	2,288,852
2036 – 2040	1,506,091	782,841	2,288,932
2041 – 2045	1,600,617	440,505	2,041,122
2046 – 2050	1,208,600	127,154	1,335,754
	<u>\$ 7,340,510</u>	<u>\$ 5,191,903</u>	<u>\$12,532,413</u>

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:					
Capital leases	\$ 445,611	\$ 49,578	\$ (92,282)	\$ 402,907	\$ 107,984
Compensated absences	448,461	229,353	(175,077)	502,737	150,821
Total	<u>\$ 894,072</u>	<u>\$ 278,931</u>	<u>\$ (267,359)</u>	<u>\$ 905,644</u>	<u>\$ 258,805</u>
Business-type activities:					
Bonds payable	\$ 7,482,870	\$ -	\$ (142,360)	\$ 7,340,510	\$ 148,394
Compensated absences	53,951	29,247	(17,350)	65,848	19,755
Total	<u>\$ 7,536,821</u>	<u>\$ 29,247</u>	<u>\$ (159,710)</u>	<u>\$ 7,406,358</u>	<u>\$ 168,149</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(8) Capital Leases:

The City is leasing various vehicles and equipment with a cost of \$698,681. These lease agreements qualify as capital leases for accounting purposes and, therefore, they have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Vehicles and equipment	\$ 698,681
Less: Accumulated depreciation	(263,816)
Total	<u>\$ 434,865</u>

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2020, were as follows:

2021	\$ 125,001
2022	126,417
2023	166,701
2024	<u>20,156</u>
Total minimum lease payments	438,275
Amounts representing interest	(35,368)
Present value of minimum lease payments	<u>\$ 402,907</u>

(9) Pension Obligations:

Florida Retirement System (FRS)

The City participates in the Florida Retirement System (FRS), a multiple-employer, cost-sharing defined public employee retirement system which covers all of the City's full-time employees. The System is 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.

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(9) Pension Obligations: (Continued)

Benefits Provided and Employees Covered

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

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(9) Pension Obligations: (Continued)

Contributions

The City participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2020, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Through June 30, 2020</u>	<u>After June 30, 2020</u>
Regular Class	8.47%	10.00%
Senior Management	25.41%	27.29%
Special Risk	25.48%	24.45%
DROP	14.60%	16.98%

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

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

City Contributions – FRS	\$ 367,165
City Contributions – HIS	42,760
Employee Contributions – FRS	77,278

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

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

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 4,789,528
HIS	906,022
Total	<u>\$ 5,695,550</u>

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 City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2020 and June 30, 2019, the City's proportionate share of the FRS and HIS net pension liabilities were as follow:

<u>Plan</u>	<u>2020</u>	<u>2019</u>
FRS	0.011050682%	0.010896892%
HIS	0.007420423%	0.007279030%

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(9) Pension Obligations: (Continued)

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

FRS	\$ 1,050,978
HIS	102,138
Total	<u>\$ 1,153,116</u>

Deferred outflows/inflows related to pensions:

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions 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	\$ 183,305	\$ -	\$ 37,062	\$ (699)
Changes of assumptions	867,057	-	97,423	(52,682)
Net different between projected and actual investment earnings	285,173	-	723	-
Change in City's proportionate share	152,082	(2,233)	119,192	(2,552)
Contributions subsequent to measurement date	90,280	-	9,960	-
	<u>\$ 1,577,897</u>	<u>\$ (2,233)</u>	<u>\$ 264,360</u>	<u>\$ (55,933)</u>

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 374,887
2022	516,889
2023	423,992
2024	265,189
2025	85,728
Thereafter	17,166
Total	<u>\$ 1,683,851</u>

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(9) Pension Obligations: (Continued)

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, 2013, 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 2.40%. 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 PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 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>	

CITY OF HIGH SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(9) Pension Obligations: (Continued)

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.80%	\$ 7,648,072	\$ 4,789,528	\$ 2,402,060
HIS	2.21%	1,047,321	906,022	790,369

(10) Commitments and Contingencies:

Amounts received or receivable from grantor agencies in current and prior years are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute, a liability of the applicable fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is involved in various legal proceedings incidental to the conduct of its affairs. It is the City's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable. At September 30, 2020, no amounts have been accrued.

During and through the end of the fiscal 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 future impact to the Board as of February 19, 2021, management believes that a material impact on the Board's financial position and results of future operations is reasonably possible.

(11) Recent Accounting Pronouncements:

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

- (a) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 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. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

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

	As of the Plan Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)							
Proportion of the net pension liability	0.011050682%	0.010896892%	0.010743818%	0.010380699%	0.009635121%	0.008966125%	0.009266662%
Proportionate share of the net pension liability	\$ 4,789,528	\$ 3,752,738	\$ 3,236,094	\$ 3,070,541	\$ 2,432,876	\$ 1,158,095	\$ 565,403
Covered payroll	2,575,929	2,434,925	2,147,967	1,966,451	1,720,757	1,780,294	1,641,883
Proportionate share of the net pension liability as a percentage of covered payroll	185.93%	154.12%	150.66%	156.15%	141.38%	65.05%	34.44%
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	0.007420423%	0.007279030%	0.006574976%	0.006026319%	0.005567430%	0.005558412%	0.005728286%
Proportionate share of the net pension liability	\$ 906,022	\$ 814,451	\$ 695,903	\$ 644,362	\$ 648,861	\$ 566,871	\$ 535,609
Covered payroll	2,575,929	2,434,925	2,147,967	1,966,451	1,720,757	1,780,294	1,641,883
Proportionate share of the net pension liability as a percentage of covered payroll	35.17%	33.45%	32.40%	32.77%	37.71%	31.84%	32.62%
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, information is presented for only those years for which information is available.

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

	As of the Plan Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)							
Contractually required contribution	\$ 367,165	\$ 337,882	\$ 306,190	\$ 291,988	\$ 244,124	\$ 237,356	\$ 215,882
Contributions in relation to the contractually required contribution	367,165	337,882	306,190	291,988	244,124	237,356	215,882
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,575,929	\$ 2,434,925	\$ 2,147,967	\$ 1,966,451	\$ 1,720,757	\$ 1,780,294	\$ 1,641,883
Contributions as a percentage of covered payroll	14.25%	13.88%	14.25%	14.85%	14.19%	13.33%	13.15%
Health Insurance Subsidy Program (HIS)							
Contractually required contribution	\$ 42,760	\$ 40,420	\$ 35,656	\$ 32,643	\$ 28,565	\$ 22,432	\$ 20,688
Contributions in relation to the contractually required contribution	42,760	40,420	35,656	32,643	28,565	22,432	20,688
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,575,929	\$ 2,434,925	\$ 2,147,967	\$ 1,966,451	\$ 1,720,757	\$ 1,780,294	\$ 1,641,883
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.26%

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

OTHER SUPPLEMENTARY INFORMATION

**CITY OF HIGH SPRINGS, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	<u>Cemetery Trust</u>	<u>Sports Activity</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Due from other funds	\$ 168,115	\$ 11,463	\$ 179,578
Total assets	<u>\$ 168,115</u>	<u>\$ 11,463</u>	<u>\$ 179,578</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Committed:			
Cemetery	168,115	-	168,115
Assigned to:			
Culture and recreation	-	11,463	11,463
Total fund balances	<u>168,115</u>	<u>11,463</u>	<u>179,578</u>
 Total liabilities and fund balances	 <u>\$ 168,115</u>	 <u>\$ 11,463</u>	 <u>\$ 179,578</u>

See notes to financial statements.

CITY OF HIGH SPRINGS, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Cemetery Trust</u>	<u>Sports Activity</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Cemetery lot sales	\$ 24,900	\$ -	\$ 24,900
Total revenue	<u>24,900</u>	<u>-</u>	<u>24,900</u>
Expenditures			
Current:			
Physical environment	<u>200</u>	<u>-</u>	<u>200</u>
Total expenditures	<u>200</u>	<u>-</u>	<u>200</u>
Excess (deficiency) of revenues over expenditures	<u>24,700</u>	<u>-</u>	<u>24,700</u>
Other financing sources (uses)			
Transfers out	(110)	-	(110)
Net change in fund balances	<u>24,590</u>	<u>-</u>	<u>24,590</u>
Fund balances, beginning of year	143,525	11,463	154,988
Fund balances, end of year	<u><u>\$ 168,115</u></u>	<u><u>\$ 11,463</u></u>	<u><u>\$ 179,578</u></u>

See notes to financial statements.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of High Springs, Florida (the City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 19, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

2020-001 Budgetary Compliance

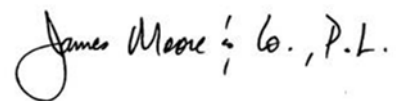
Culture and Recreation expenditures of the General Fund exceeded the final approved budget by \$11,581 due to certain line items exceeding the final approved budget. As a result, the City was not in budgetary compliance for this department. We recommend that the City analyze budget vs. actual results subsequent to year-end as the fiscal year is being closed out and determine the need for additional budget amendments to ensure budgetary compliance, as amendments may be approved by the City Commission up to 60 days after fiscal year-end. Additionally, we recommend the City consider the benefits of its historical practice of amending the budget to generally match actual results, even in cases where certain accounts and/or departments were already under budget.

Management's Response to Findings

The City's response to the findings identified in our audit are described starting on page 54. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this 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.



Gainesville, Florida
February 19, 2021

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

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

Report on the Financial Statements

We have audited the basic financial statements of City of High Springs, Florida (the City), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 19, 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 Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 19, 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 and second preceding annual financial audit report, except as noted below:

2019-001 – Deficit Unrestricted Net Position – Corrective action taken; no longer meets criteria to be reported.

Official Title and Legal Authority

Section 10.554 (1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government and blended component unit of the reporting entity is disclosed in Note 1(a) of the basic financial statements.

Financial Condition and Management

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

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

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

2020-002 Policies and Procedures

We noted the City has various accounting policies and procedures documented for internal purposes, but the only such policies to have been formally approved by the City Commission are the purchasing policy and the fund balance policy. As a best practice, we recommend these various policies be incorporated into a formal finance and accounting policy document and separate, standalone investment policy to be approved by the City Commission. Subsequently, such policies should also be reviewed every few years and updated, if necessary.

Additional Matters

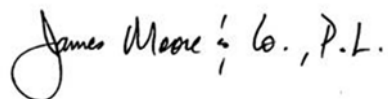
Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants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

Management's Response to Findings

The City's response to the findings identified in our audit are described starting on page 54. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Letter

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



Gainesville, Florida
February 19, 2021

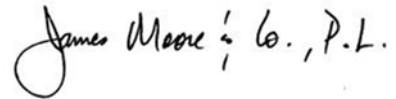
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

We have examined City of High Springs, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, City of High Springs, Florida, complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

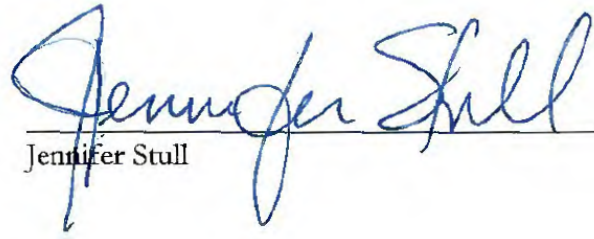


Gainesville, Florida
February 19, 2021

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

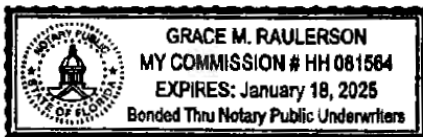
1. I am the Chief Financial Officer of the City of High Springs, which is a local governmental entity of the State of Florida.
2. City of High Springs adopted Ordinance No. 2005-24 implementing an impact fee; and
3. City of High Springs has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

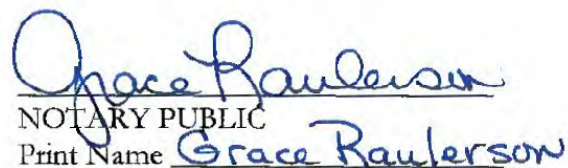
FURTHER AFFIANT SAYETH NAUGHT.


Jennifer Stull

STATE OF FLORIDA
COUNTY OF ALACHUA

SWORN TO AND SUBSCRIBED before me this 16th day of February, 2021.




NOTARY PUBLIC
Print Name Grace Raulerson

Personally known ☒ or produced identification _____

Type of identification produced: _____

My Commission Expires:

1-18-2025

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



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

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

In compliance with Florida Statue Section 218.39(6), I am responding to the management letter within the annual audit for the 2019/2020 fiscal year.

Recommendations/Findings

2020-001 – Budgetary Compliance

Culture and Recreation expenditures of the General Fund exceeded the final approved budget by \$11,670 due to certain line items exceeding the final approved budget. As a result, the City was not in budgetary compliance for this department. We recommend that the City analyze budget vs. actual results subsequent to year-end as the fiscal year is being closed out and determine the need for additional budget amendments to ensure budgetary compliance, as amendments may be approved by the City Commission up to 60 days after fiscal year-end. Additionally, we recommend the City consider the benefits of its historical practice of amending the budget to generally match actual results, even in cases where certain accounts and/or departments were already under budget.

The City performs a budget amendment every year to ensure budgetary compliance within the 60-day window. This was an isolated incident having to do with the prior years of property taxes that were deemed not exempt from ad valorem taxes, invoices were received after the 60 days budgetary compliance period, this should not happen again.

2020-002 – Policies and Procedures

We noted the City has various accounting policies and procedures documented for internal purposes, but the only such policies to have been formally approved by the City Commission are the purchasing policy and the fund balance policy. As a best practice, we recommend these various policies be incorporated into a formal finance and accounting policy document and separate, standalone investment policy to be approve by the City Commission. Subsequently, such policies should also be reviewed every few years and updated, if necessary.

The City performs annual reviews on internal policies, specifically Accounts Payable, Payroll, Cash Receipts and Controls in other Audit Areas, during the Annual Audit. Additionally, the Budget Process and Investment Policy is reviewed internally. These internal processes will be brought forward to the City Commission annually for their review.

The above findings have either been corrected or are in the process of being corrected. We believe that we have addressed and eliminated the previous findings for last year's audit. We believe that with these latest improvements, we will also be able to ensure compliance in the future.

Respectfully submitted:

A handwritten signature in black ink, appearing to read 'AS' followed by a stylized flourish.

Ashley Stathatos
City Manager