

TOWN OF INGLIS, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

MAYOR

Drinda Merritt

TOWN COMMISSION

Betsy Webb, President

Ann Morin, Vice President

Thomas Brennan

Joyce Schwing

James Williams

TOWN CLERK

Darlene Slattery

**TOWN OF INGLIS, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2020**

Financial Section

Independent Auditors' Report.....	1 - 3
Management's Discussion and Analysis.....	4 - 8
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	9
Statement of Activities.....	10
Fund Financial Statements	
Balance Sheet—Governmental Funds.....	11
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	12
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	14
Statement of Net Position – Proprietary Funds.....	15
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	16
Statement of Cash Flows – Proprietary Funds.....	17
Notes to Financial Statements.....	18 - 33
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	34
Notes to Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	35
Schedule of Proportionate Share of Net Pension Liability.....	36
Schedule of Contributions.....	37

Compliance Section

Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with <i>Government Auditing Standards</i>	38 - 39
Independent Auditors' Management Letter Required by Chapter 10.550, Rules of the State of Florida Office of the Auditor General.....	40 - 41
Independent Accountants' Examination Report.....	42
Management's Response.....	43

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Town Commission, and Town Clerk,
Town of Inglis, 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 Town of Inglis, Florida, (the Town), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified audit opinion on the General Fund and Road and Bridge Fund; and (2) qualified audit opinions on the governmental activities, business-type activities and Water Fund.

Basis for Qualified Opinion on Governmental Activities, Business-Type Activities, and Water Fund

As discussed in Note (10) to the financial statements, the Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers 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, and Water 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, and the Water Fund has not been determined.

Qualified Opinion on the Governmental Activities, Business-Type Activities, and Water 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 and the Water Fund of the Town 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 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 and the aggregate remaining fund information of the Town as of September 30, 2020, and the respective changes in financial position 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 required 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 Town's total OPEB liability 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 opinion on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2021, on our consideration of the Town'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 Town's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
April 27, 2021

**TOWN OF INGLIS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

This discussion and analysis of the Town of Inglis' financial performance provides an overview of the Town's financial activities for the fiscal year ending September 30, 2020. Please read it in conjunction with the Town's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2020:

- Total ending unrestricted net position was \$2,064,459.
- The Town had total expenses for the year of \$2,223,034, compared to revenues of \$2,515,266.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the Town's activities as a whole and fund financial statements that report on the Town's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the Town's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenditures are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the Town's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the Town's financial health is improving or deteriorating. However, other non-financial factors, such as road conditions or changes in the tax base, must also be considered when assessing the overall health of the Town.

In these statements, the Town's activities are divided as follows:

- *Governmental activities* – Most of the Town's basic services are reported here, including administration, fire and police services, and road and bridge, maintenance and garbage. Taxes and charges for services finance most of these activities.
- *Business-type activities* – These activities are financed in whole or in part by fees charged to external parties for goods or services. The activities of the water services are reported as a business-type activities.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the Town's funds.

Governmental funds – The General Fund, and Road and Bridge Fund are the Town's only governmental funds. These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.

**TOWN OF INGLIS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

Proprietary funds – The Water Fund is the Town's only proprietary fund. Proprietary funds are reported using the accrual basis of accounting and, accordingly, there is a correlation between the amounts reported in the fund financial statements and the amounts reported in the government-wide financial statements.

CONDENSED FINANCIAL INFORMATION

Comparative condensed financial information is presented on the following page.

TOWN OF INGLIS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Assets:						
Non-capital assets	\$ 1,325,527	\$ 1,330,160	\$ 1,335,128	\$ 1,459,527	\$ 2,660,655	\$ 2,789,687
Capital assets	818,703	1,049,420	2,597,705	2,703,235	3,416,408	3,752,655
Total assets	2,144,230	2,379,580	3,932,833	4,162,762	6,077,063	6,542,342
Deferred outflows of resources	55,955	64,853	44,007	48,327	99,962	113,180
Liabilities:						
Current liabilities	142,753	172,345	115,826	248,202	258,579	420,547
Long-term liabilities	165,936	213,482	291,296	308,584	457,232	522,066
Total liabilities	308,689	385,827	407,122	556,786	715,811	942,613
Deferred inflows of resources	30,824	8,325	24,242	6,204	55,066	14,529
Net position:						
Net investment in capital assets	818,703	1,049,420	2,434,116	2,539,644	3,252,819	3,589,064
Restricted	228,209	34,198	14,787	10,659	242,996	44,857
Unrestricted	813,760	966,663	1,096,573	1,097,796	1,910,333	2,064,459
Total net position	\$ 1,860,672	\$ 2,050,281	\$ 3,545,476	\$ 3,648,099	\$ 5,406,148	\$ 5,698,380

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Program revenues:						
Charges for services	\$ 247,895	\$ 270,178	\$ 502,659	\$ 489,159	\$ 753,918	\$ 759,337
Operating grants & contributions	203,933	497,920	-	-	203,933	497,720
Capital grants & contributions	720	157,646	324,759	254,150	325,469	411,796
General revenues:						
Property taxes	320,735	328,514	-	-	320,735	328,514
Other taxes and shared revenues	481,557	500,658	-	-	481,557	500,658
Investment earnings	1,132	926	2,863	2,257	3,995	3,183
Gain (loss) on disposition of capital assets	-	(192)	-	(47)	-	(239)
Miscellaneous	11,787	14,097	-	-	11,787	14,097
Total revenues	1,267,759	1,769,747	830,271	745,519	2,098,030	2,515,266
Program expenses:						
General government	378,038	405,626	-	-	378,038	405,627
Public safety	581,907	651,025	-	-	581,907	651,024
Economic environment	166,903	494,776	-	-	166,903	494,776
Transportation	32,050	39,332	-	-	32,050	39,332
Culture and recreation	32,955	31,088	-	-	32,955	31,088
Human Services	25,188	33,291	-	-	25,188	33,291
Water	-	-	587,865	567,896	587,865	567,896
Total expenses	1,217,041	1,655,138	587,865	567,896	1,804,906	2,223,034
Transfers	-	75,000	-	(75,000)	-	-
Change in net position	50,718	189,609	242,406	102,623	293,124	292,232
Beginning net position	1,809,954	1,860,672	3,180,547	3,545,476	5,113,024	5,406,148
Ending net position	\$ 1,860,672	\$ 2,050,281	\$ 3,545,476	\$ 3,648,099	\$ 5,406,148	\$ 5,698,380

**TOWN OF INGLIS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$925,744 in program revenues, \$844,003 of general revenues, and \$75,000 of transfers in and incurred \$1,655,138 of program expenses. This resulted in a \$189,609 increase in net position.

Business-Type Activities

Revenues of the Utility Service Fund were \$745,519 compared to expenses of \$567,896 and transfers out of \$75,000. This resulted in an increase in net position for the year of \$102,623.

THE TOWN'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance decreased by \$28,193 from \$984,592 to \$956,399. The ending unassigned balance represents about 45.9% of the General Fund's budget.

Water Fund

The Utility Service Fund's net position increased by \$102,623, from \$3,545,476 to \$3,648,099.

BUDGETARY HIGHLIGHTS

Revenues of the General Fund were greater than budgeted by \$100,352. General fund expenditures were below budgeted amounts by \$141,535.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town expended \$254,150 on an engineering for a Sub-regional Wastewater Treatment Plant. Additionally, the Town expended \$238,688 on rebuilding a local bridge. The Town is anticipating completing the project in the next fiscal year. For further information on smaller purchases, please refer to a note to the accompanying financial statements entitled, *Capital Assets*.

Debt Administration

The Town did not incur any new debt during the year and decreased its total long-term debt by \$8,649, during the year. Please refer to a note to the accompanying financial statements entitled *Long-term Debt* for more detailed information about the Town's long-term debt activity.

**TOWN OF INGLIS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

ECONOMIC FACTORS

We are not currently aware of any conditions that are expected to have a significant effect on the Town's financial position or results of operations.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Town Hall at 135 Highway 40 West, Inglis, FL 34449.

TOWN OF INGLIS, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 682,004	\$ 1,000,459	\$ 1,682,463
Investments	467,297	219,022	686,319
Receivables, net	25,073	103,578	128,651
Internal balances	1,668	(1,668)	-
Due from other governments	154,118	125,800	279,918
Restricted assets:			
Cash and cash equivalents	-	12,336	12,336
Capital assets:			
Non-depreciable	571,566	754,150	1,325,716
Depreciable, net	477,854	1,949,085	2,426,939
Total assets	<u>\$ 2,379,580</u>	<u>\$ 4,162,762</u>	<u>\$ 6,542,342</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 64,853</u>	<u>\$ 48,327</u>	<u>\$ 113,180</u>
LIABILITIES			
Accounts payable	\$ 151,671	\$ 129,970	\$ 281,641
Accrued payroll and employee benefits	7,787	2,145	9,932
Customer deposits	-	89,380	89,380
Unearned revenue	5,105	11,151	16,256
Accrued interest payable	-	1,677	1,677
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	-	8,917	8,917
Compensated absences	7,782	4,962	12,744
Due in more than one year:			
Bonds and notes payable	-	154,674	154,674
Compensated absences	8,478	1,147	9,625
Net pension liability	205,004	152,763	357,767
Total liabilities	<u>\$ 385,827</u>	<u>\$ 556,786</u>	<u>\$ 942,613</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>\$ 8,325</u>	<u>\$ 6,204</u>	<u>\$ 14,529</u>
NET POSITION			
Net investment in capital assets	\$ 1,049,420	\$ 2,539,644	\$ 3,589,064
Restricted for:			
Transportation	28,597	-	28,597
Stormwater	5,601	-	5,601
Debt service	-	10,659	10,659
Unrestricted	966,663	1,097,796	2,064,459
Total net position	<u>\$ 2,050,281</u>	<u>\$ 3,648,099</u>	<u>\$ 5,698,380</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 405,626	\$ 39,344	\$ 260	\$ -	\$ (366,022)	\$ -	\$ (366,022)
Public safety	651,025	230,834	2,152	-	(418,039)	-	(418,039)
Economic environment	494,776	-	465,303	-	(29,473)	-	(29,473)
Transportation	39,332	-	30,205	156,926	147,799	-	147,799
Culture and recreation	31,088	-	-	720	(30,368)	-	(30,368)
Human services	33,291	-	-	-	(33,291)	-	(33,291)
Total governmental activities	1,655,138	270,178	497,920	157,646	(729,394)	-	(729,394)
Business-type activities:							
Water utility	567,896	489,159	-	254,150	-	175,413	175,413
Total business-type activities	567,896	489,159	-	254,150	-	175,413	175,413
Total primary government	\$ 2,223,034	\$ 759,337	\$ 497,920	\$ 411,796	(729,394)	175,413	(553,981)
General revenues:							
Property taxes					328,514	-	328,514
Sales and use taxes					99,579	-	99,579
Franchise and utility taxes					116,152	-	116,152
Public service taxes					106,773	-	106,773
Other taxes					8,727	-	8,727
Discretionary sales surtax					124,805	-	124,805
State revenue sharing					42,471	-	42,471
Other intergovernmental revenues					2,151	-	2,151
Investment earnings (loss)					926	2,257	3,183
Gain (loss) on disposition of capital assets					(192)	(47)	(239)
Miscellaneous revenues					14,097	-	14,097
Transfers					75,000	(75,000)	-
Total general revenues and transfers					919,003	(72,790)	846,213
Change in net position					189,609	102,623	292,232
Net position - beginning					1,860,672	3,545,476	5,406,148
Net position - ending					\$ 2,050,281	\$ 3,648,099	\$ 5,698,380

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

**TOWN OF INGLIS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	<u>General Fund</u>	<u>Nonmajor Fund Road & Bridge</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 498,674	\$ 183,330	\$ 682,004
Investments	467,297	-	467,297
Receivables, net	25,073	-	25,073
Due from other governments	69,649	84,469	154,118
Due from other funds	1,668	79,537	81,205
Total assets	<u>\$ 1,062,361</u>	<u>\$ 347,336</u>	<u>\$ 1,409,697</u>
LIABILITIES			
Accounts payable	\$ 13,533	\$ 138,138	\$ 151,671
Accrued payroll and employee benefits	7,787	-	7,787
Due to other governments	-	-	-
Unearned revenue	5,105	-	5,105
Due to other funds	79,537	-	79,537
Total liabilities	<u>105,962</u>	<u>138,138</u>	<u>244,100</u>
FUND BALANCES			
Restricted for:			
Transportation	-	28,597	28,597
Stormwater	-	5,601	5,601
Assigned to:			
Subsequent year's budget	157,080	-	157,080
Transportation	-	175,000	175,000
Unassigned	799,319	-	799,319
Total fund balances	<u>956,399</u>	<u>209,198</u>	<u>1,165,597</u>
Total liabilities and fund balances	<u>\$ 1,062,361</u>	<u>\$ 347,336</u>	<u>\$ 1,409,697</u>

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

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

Fund balances - total governmental funds		\$ 1,165,597
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	2,725,394	
Less: accumulated depreciation	<u>(1,675,974)</u>	1,049,420
On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the Town's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(205,004)	
Deferred outflows related to pensions	64,853	
Deferred inflows related to pensions	<u>(8,325)</u>	(148,476)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:		
Compensated absences		(16,260)
Net position of governmental activities		<u><u>\$ 2,050,281</u></u>

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

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

	<u>General Fund</u>	<u>Nonmajor Fund Road & Bridge</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 608,556	\$ 23,141	\$ 631,697
Permits, fees, and special assessments	204,819	685	205,504
Intergovernmental	735,441	173,562	909,003
Charges for services	2,009	-	2,009
Fines and forfeitures	4,256	-	4,256
Investment income	802	124	926
Miscellaneous	16,544	-	16,544
Total revenues	<u>1,572,427</u>	<u>197,512</u>	<u>1,769,939</u>
Expenditures			
Current:			
General government	378,503	-	378,503
Public safety	623,080	-	623,080
Economic environment	490,453	-	490,453
Transportation	-	37,750	37,750
Culture and recreation	12,626	-	12,626
Human services	33,291	-	33,291
Capital outlay	62,667	238,688	301,355
Total expenditures	<u>1,600,620</u>	<u>276,438</u>	<u>1,877,058</u>
Excess (deficiency) of revenues over expenditures	<u>(28,193)</u>	<u>(78,926)</u>	<u>(107,119)</u>
Other financing sources (uses)			
Transfers in	-	75,000	75,000
Total other financing sources (uses)	<u>-</u>	<u>75,000</u>	<u>75,000</u>
Net change in fund balances	<u>(28,193)</u>	<u>(3,926)</u>	<u>(32,119)</u>
Fund balances, beginning of year	984,592	213,124	1,197,716
Fund balances, end of year	<u>\$ 956,399</u>	<u>\$ 209,198</u>	<u>\$ 1,165,597</u>

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

**TOWN OF INGLIS, 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	\$ (32,119)
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	301,355
Depreciation expense	(70,446)
In the statement of activities, only the gain/loss on sale/disposal of capital assets is reported. However, in governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold/disposed.	
	(192)
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 (asset) and deferred inflows/outflows related to pensions	(11,229)
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. These adjustments are as follows:	
Change in compensated absences liability	2,240
Change in net position of governmental activities	\$ 189,609

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

**TOWN OF INGLIS, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020**

	<u>Water Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,000,459
Restricted cash	10,594
Investments	219,022
Accounts receivable, net	103,578
Due from other governments	125,800
Total current assets	<u>1,459,453</u>
Noncurrent assets:	
Restricted cash	1,742
Capital assets:	
Buildings and improvements	5,354,563
Equipment	82,749
Construction in progress	754,150
Accumulated depreciation	<u>(3,488,227)</u>
Total noncurrent assets	<u>2,704,977</u>
Total assets	<u><u>\$ 4,164,430</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u><u>\$ 48,327</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 129,970
Accrued payroll	2,145
Deposits	89,380
Unearned revenue	11,151
Due to other funds	1,668
Compensated absences	4,962
Payable from restricted assets:	
Accrued interest payable	1,677
Current maturities on long-term debt	8,917
Total current liabilities	<u>249,870</u>
Noncurrent liabilities:	
Notes payable	154,674
Compensated absences	1,147
Net pension liability	<u>152,763</u>
Total noncurrent liabilities	<u>308,584</u>
Total liabilities	<u><u>\$ 558,454</u></u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u><u>\$ 6,204</u></u>
NET POSITION	
Net investment in capital assets	\$ 2,539,644
Restricted for debt service	10,659
Unrestricted	1,097,796
Total net position	<u><u>\$ 3,648,099</u></u>

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

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

	Water Fund
Operating revenues	
User fees	\$ 489,159
Total operating revenues	489,159
Operating expenses	
Personnel services	222,065
Operating expenses	181,865
Depreciation	158,881
Total operating expenses	562,811
Operating income (loss)	(73,652)
Nonoperating revenues (expenses)	
Interest earnings	2,257
Gain (loss) on sale of capital assets	(47)
Interest expense	(5,085)
Total nonoperating revenues (expenses)	(2,875)
Income (loss) before capital contributions and transfers	(76,527)
Capital grants	254,150
Transfers out	(75,000)
Change in net position	102,623
Net position, beginning of year	3,545,476
Net position, end of year	\$ 3,648,099

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

**TOWN OF INGLIS, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Water Fund
Cash flows from operating activities	
Cash received from customers	\$ 372,376
Cash paid to employees	(218,809)
Cash paid to suppliers	(54,022)
Net cash provided by (used in) operating activities	99,545
Cash flows from noncapital financing activities	
Transfers to other funds	(75,000)
Net cash provided by (used in) noncapital financing activities	(75,000)
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(264,458)
Capital grants	254,150
Principal payments of long-term debt	(8,649)
Interest paid	(5,178)
Net cash provided by (used in) capital and related financing activities	(24,135)
Cash flows from investing activities	
Interest received	2,257
Purchases of investments	(477)
Net cash provided by (used in) investing activities	1,780
Net change in cash and cash equivalents	2,190
Cash and cash equivalents, beginning of year	1,010,605
Cash and cash equivalents, end of year	\$ 1,012,795
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (73,652)
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:	
Depreciation	158,881
Changes in assets and liabilities:	
Accounts receivable	4,068
Due from other governments	(125,800)
Accounts payable and accrued liabilities	127,843
Deposits	1,360
Unearned revenue	3,589
Compensated absences	558
Net pension liability	2,698
Net cash provided by (used in) operating activities	\$ 99,545
Cash and cash equivalents classified as:	
Unrestricted	\$ 1,000,459
Restricted	12,336
Total cash and cash equivalents	\$ 1,012,795

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

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

The financial statements of the Town of Inglis, Florida (the Town), 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 Town's significant accounting policies:

(a) **Reporting entity**—The Town is a political subdivision of the State of Florida established by Chapter 55-30853, Laws of Florida. It is governed by an elected Mayor and Town Commission. As required by generally accepted accounting principles, the accompanying financial statements present the Town as a primary government. Component units are entities for which a primary government is considered to be financially accountable or entities that would be misleading to exclude. There are no component units included in the Town's financial reporting entity. The Town did not participate in any joint ventures during the fiscal year.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the Town Commission of the Town, the reporting entity of government for which the Town Commission is considered to be financially accountable. In evaluating the Town as a reporting entity, management has addressed all potential component units that may or may not fall within the Town's oversight and control, and thus, be included in the Town's financial statements. No such entities or component units have been identified.

(b) **Government-wide and fund financial statements**—The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis and are reflected, on a full accrual, economic resource basis, which incorporates long term assets and receivables as well as long term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (public safety, economic environment, etc.), which are otherwise being supported by general government revenues (property, sales taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). This government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds in either the governmental or business-type categories.

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the Town's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following the Governmental Funds – Balance Sheet and the Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

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

(c) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pensions, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

(d) **Financial statement presentation**—The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

The Town reports the following major governmental fund:

The *General Fund* accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Town other than proprietary fund activities are financed through revenues received by the General Fund.

The Town reports the following major proprietary fund:

The *Water Fund* accounts for the assets, operation and maintenance of the Town-owned water system.

The Town also reports one nonmajor fund, the Road and Bridge fund.

(e) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting.

(f) **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.

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

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

(h) **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."

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled accounts receivable are accrued by the Town at year-end to recognize the sales revenues earned through the end of the fiscal year. All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

(i) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town.

Capital assets are defined by the Town as assets with an initial individual cost of \$1,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations and easements or other intangible rights of use, are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Buildings and improvements	30 years
Equipment	3 – 10 years
Water system	15 – 50 years
Plant assets and equipment	20 – 50 years
Infrastructure	40 years

(j) **Compensated absences**—The Town’s policy is to allow limited vesting of employee vacation pay and accumulated sick leave. In the governmental fund financial statements, a liability has not been reported because it will not be liquidated with expendable available financial resources. A liability for compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements.

(k) **Long-term obligations**—In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt issuance costs are expensed when paid.

(l) **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 item 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 two items in this category are unavailable revenues, which will be recognized as inflows of resources in the period that the amounts become available, and deferred inflows of resources related to pensions, as discussed further in Note (9).

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

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

Nonspendable – 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 the fund balance of the permanent fund which was restricted in perpetuity by referendum.

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 Town Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Fund balance amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the commission or (b) a body or official to which the commission has delegated the authority to assign amounts to be used for specific purposes.

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 Town’s policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unassigned.

(n) **Impact fees**—The Town has not adopted any ordinances or resolutions to levy impact fees in accordance with Section 163.31801, Florida Statutes.

(o) **Net position flow assumption**—Sometimes the Town 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 Town’s policy to consider restricted net position to have been used before unrestricted net position is applied.

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

(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) **Property Tax Calendar:**

Under Florida law, the assessment of all properties and collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser. State laws regulating tax assessment are designed to ensure a consistent property valuation method statewide and permit municipalities to levy property taxes at a rate of up to 10 mills. For the fiscal year ended September 30, 2020, the millage rate assessed by the Town was 5.0000 per \$1,000.

All property is assessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State statutes.

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties.

Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, 1% in the month of February, and without discount in March.

The Town recognizes property tax revenues on an accrual basis. Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. The Town tax calendar is as follows:

Valuation Date:	January 1, 2019
Levy Date:	October 1, 2019
Due Date:	March 31, 2020
Lien Date:	January 1, 2020

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(4) **Deposits and Investments:**

The Town's cash and equivalents and investments consist of legally authorized demand deposits and certificates of deposit. The institutions in which these deposits are kept are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, in addition to applicable Federal Depository Insurance Corporation (FDIC) insurance, these balances on deposit at September 30, 2020, are insured or collateralized through the Bureau of Collateral Management, Florida Department of Financial Services.

State statutes authorize the Town to invest excess funds in time deposits, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

The Town held no assets or investments carried at fair value at September 30, 2020, and subject to the required disclosures of GASB 72.

(5) **Accounts Receivable:**

The Town's receivables consist of the following at September 30, 2020:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund			
Accounts receivable	\$ 25,073	\$ -	\$ 25,073
Totals – Governmental Type Activities	25,073	-	25,073
Business-Type Activities			
Water Utility Fund			
Accounts receivable	149,431	(68,900)	80,531
Assessments receivable	23,047	-	23,047
Totals – Business-Type Activities	172,478	(68,900)	103,578
Totals	\$ 197,551	\$ (68,900)	\$ 128,651

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(6) **Capital Assets:**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 247,307	\$ -	\$ -	\$ 247,307
Construction in progress	43,100	281,159	-	324,259
Total assets not being depreciated	<u>290,407</u>	<u>281,159</u>	<u>-</u>	<u>571,566</u>
Capital assets being depreciated:				
Improvements	336,963	-	(960)	336,003
Infrastructure	31,075	-	-	31,075
Buildings	663,676	-	-	663,676
Building improvements	185,845	-	-	185,845
Equipment	628,535	6,785	(32,900)	602,420
Vehicles	433,723	13,411	(112,325)	334,809
Total assets being depreciated	<u>2,279,817</u>	<u>20,196</u>	<u>(146,185)</u>	<u>2,153,828</u>
Less: accumulated depreciation	(1,751,521)	(70,446)	145,993	(1,675,974)
Total capital assets being depreciated, net	<u>528,296</u>	<u>(50,250)</u>	<u>(192)</u>	<u>477,854</u>
Governmental activities capital assets, net	<u>\$ 818,703</u>	<u>\$ 230,909</u>	<u>\$ (192)</u>	<u>\$ 1,049,420</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 500,000	\$ 254,150	\$ -	\$ 754,150
Total assets not being depreciated	<u>500,000</u>	<u>254,150</u>	<u>-</u>	<u>754,150</u>
Capital assets being depreciated:				
Water plant	5,324,933	-	(15,871)	5,309,062
Equipment	82,791	2,750	(2,792)	82,749
Improvements	37,943	7,558	-	45,501
Total assets being depreciated	<u>5,445,667</u>	<u>10,308</u>	<u>(18,663)</u>	<u>5,437,312</u>
Less: accumulated depreciation	(3,347,962)	(158,881)	18,616	(3,488,227)
Total capital assets being depreciated, net	<u>2,097,705</u>	<u>(148,573)</u>	<u>(47)</u>	<u>1,949,085</u>
Business-type activities capital assets, net	<u>\$ 2,597,705</u>	<u>\$ 105,577</u>	<u>\$ (47)</u>	<u>\$ 2,703,235</u>

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General governmental	\$	21,472
Public safety		24,607
Physical environment		4,323
Transportation		1,582
Culture and recreation		18,462
Total depreciation expense - governmental activities	<u>\$</u>	<u>70,446</u>
Business-type activities:		
Water utility	<u>\$</u>	<u>158,881</u>
Total depreciation expense - business-type activities	<u>\$</u>	<u>158,881</u>

(7) **Long-Term Debt:**

For the fiscal year ended September 30, 2020, a summary of the long-term liability transactions for the Town is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	<u>\$ 18,500</u>	<u>\$ 16,472</u>	<u>\$ (18,712)</u>	<u>\$ 16,260</u>	<u>\$ 7,782</u>
Business-type activities:					
Notes payable	\$ 172,240	\$ -	\$ (8,649)	\$ 163,591	\$ 8,917
Compensated absences	5,551	13,309	(12,751)	6,109	4,962
Business-type activities –	<u>\$ 177,791</u>	<u>\$ 13,309</u>	<u>\$ (21,400)</u>	<u>\$ 169,700</u>	<u>\$ 13,879</u>
Total long-term liabilities					

Notes payable in the Town's business-type activities at September 30, 2020, are comprised of the following obligations:

Note payable, 3.27% and 3.05%, respectively, to the Florida Department of Environmental Protection State Revolving Fund. A payment of \$4,036 is due on May 15 and November 15 of each year through May 15, 2032. Secured by future water revenues.	\$ 79,893
Note payable, 2.84% and 2.98%, respectively, to the Florida Department of Environmental Protection State Revolving Fund. A payment of \$2,941 is due on June 15 and December 15 of each year through June 15, 2039. Secured by future water revenues.	83,698
Total notes payable, business-type activities	<u>\$ 163,591</u>

The Town was in compliance with any applicable debt covenants as of and for the year ended September 30, 2020.

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(7) **Long-Term Debt:** (Continued)

Annual debt service requirements to maturity for the Town's state revolving fund loans are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 8,917	\$ 4,907	\$ 13,824
2022	9,198	4,629	13,827
2023	9,483	4,344	13,827
2024	9,778	4,049	13,827
2025	10,082	3,745	13,827
2026-2030	55,308	13,829	69,137
2031-2035	39,227	5,671	44,898
2036-2039	21,598	1,426	23,024
Total	<u>\$ 163,591</u>	<u>\$ 42,600</u>	<u>\$ 206,191</u>

(8) **Interfund Loans, Advances, Fees 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:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Governmental Activities:		
General Fund:		
Water Utility Fund	\$ 1,668	\$ -
Road and Bridge Fund	-	79,537
Road and Bridge Fund:		
General Fund	<u>79,537</u>	<u>-</u>
	<u>81,205</u>	<u>79,537</u>
Business-Type Activities:		
Water Fund:		
General Fund	<u>-</u>	<u>1,668</u>
	<u>-</u>	<u>1,668</u>
Total – All Funds	<u>\$ 81,205</u>	<u>\$ 81,205</u>

For the year ended September 30, 2020, the Water Fund transferred \$75,000 to the Road and Bridge Fund.

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(9) **Employees' Retirement Plans:**

A. Florida Retirement System

Plan Description and Administration

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

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

Benefits Provided and Employees Covered

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

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

(9) **Employees' Retirement Plans:** (Continued)

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

Contributions

The entity 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):

FRS Membership Plan & Class	Through June 30, 2020	After June 30, 2020
Regular Class	8.47%	10.00%

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

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

Entity Contributions – FRS	\$ 18,947
Entity Contributions – HIS	5,220
Employee Contributions – FRS	9,435

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

(9) **Employees' Retirement Plans:** (Continued)

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

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

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 247,154
HIS	110,613
Total	<u>\$ 357,767</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 entity's proportion of the net pension liability was based on a projection of the 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 entity's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2020</u>	<u>2019</u>
FRS	0.000570249%	0.000563263%
HIS	0.000905933%	0.000858927%

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

FRS	\$ 37,728
HIS	1,013
Total	<u>\$ 38,741</u>

Deferred outflows/inflows related to pensions:

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

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,459	\$ -	\$ 4,525	\$ (85)
Changes of assumptions	44,743	-	11,894	(6,432)
Net different between projected and actual investment earnings	14,716	-	88	-
Change in Entity's proportionate share	6,817	(2,257)	14,489	(5,755)
Contributions subsequent to measurement date	5,226	-	1,223	-
	<u>\$ 80,961</u>	<u>\$ (2,257)</u>	<u>\$ 32,219</u>	<u>\$ (12,272)</u>

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(9) **Employees' Retirement Plans:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from entity contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2021	\$	15,611
2022		28,623
2023		23,076
2024		15,562
2025		6,711
Thereafter		2,619
Total	\$	<u>92,202</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 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.

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(9) **Employees' Retirement Plans:** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.2%
Fixed income	19.0%	3.0%
Global equities	54.2%	8.0%
Real estate	10.3%	6.4%
Private equity	11.1%	10.8%
Strategic investments	4.4%	5.5%
Total	<u>100.0%</u>	

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.80%	\$ 394,664	\$ 247,154	\$ 123,954
HIS	2.21%	127,864	110,613	96,493

(10) **Other Post-Employment Benefits (OPEB):**

The Town provides other post-employment benefits (OPEB) to its employees by providing retirement healthcare benefits.

The Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

(11) **Risk Management:**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The Town is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the Town's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the Town.

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(12) **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 Town expects such amounts, if any, to be immaterial.

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

(13) **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 Town's financial statements:

- (a) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2019.
- (b) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.
- (c) GASB issued Statement No. 91, *Conduit Debt Obligations*, in May 2019. GASB 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions in GASB 91 are effective for periods beginning after December 15, 2021.

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 597,088	\$ 597,088	\$ 608,556	\$ 11,468
Licenses and permits	158,860	158,860	204,819	45,959
Intergovernmental	710,662	710,662	735,441	24,779
Charges for services	325	325	2,009	1,684
Fines and forfeitures	1,000	1,000	4,256	3,256
Interest revenues	1,100	1,100	802	(298)
Miscellaneous	3,040	3,040	16,544	13,504
Total revenues	<u>1,472,075</u>	<u>1,472,075</u>	<u>1,572,427</u>	<u>100,352</u>
Expenditures				
Current:				
General Government:				
Legislative	31,650	31,650	31,650	-
Executive	286,870	297,969	252,234	45,735
Legal	1,200	1,200	480	720
Other general government	98,558	98,558	94,139	4,419
Public Safety:				
Code enforcement	74,497	74,497	68,274	6,223
Police	292,894	292,894	292,894	-
Fire	219,726	219,726	230,751	(11,025)
Transportation	4,235	4,235	31,161	(26,926)
Economic environment	481,300	481,300	490,453	(9,153)
Culture and recreation	26,804	26,804	12,626	14,178
Human services	31,591	33,430	33,291	139
Contingency	100,000	87,062	-	87,062
Capital outlay	92,830	92,830	62,667	30,163
Total expenditures	<u>1,742,155</u>	<u>1,742,155</u>	<u>1,600,620</u>	<u>141,535</u>
Excess (deficiency) of revenues over expenditures	<u>(270,080)</u>	<u>(270,080)</u>	<u>(28,193)</u>	<u>241,887</u>
Net change in fund balances	<u>(270,080)</u>	<u>(270,080)</u>	<u>(28,193)</u>	<u>241,887</u>
Fund balances, beginning of year	984,592	984,592	984,592	-
Fund balances, end of year	<u>\$ 714,512</u>	<u>\$ 714,512</u>	<u>\$ 956,399</u>	<u>\$ 241,887</u>

The accompanying notes to the schedule of revenues, expenses, and changes in fund balance budget to actual are an integral part of this schedule.

**TOWN OF INGLIS, FLORIDA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2020**

The Town adopts an annual budget for the General Fund. The Town generally follows these procedures in establishing the budgetary data reflected in the schedule:

1. Prior to September 1, the Town Clerk submits to the Town Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance.
4. Any revision that alters the expenditures of any fund must be approved by the Town Commission. The fund is the legal level of control.

The budget amounts presented in the accompanying financial schedules were prepared on a basis that does not materially differ from the modified accrual basis of accounting.

TOWN OF INGLIS, 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
Florida Retirement System (FRS)						
Proportion of the net pension liability	0.000570249%	0.000563263%	0.000550636%	0.000537772%	0.000529740%	0.000467932%
Proportionate share of the net pension liability	\$ 247,154	\$ 193,980	\$ 165,854	\$ 159,069	\$ 133,760	\$ 60,440
Covered payroll	314,486	287,322	253,127	244,292	231,274	202,194
Proportionate share of the net pension liability as a percentage of covered payroll	78.59%	67.51%	65.52%	65.11%	57.84%	29.89%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)						
Proportion of the net pension liability	0.000905933%	0.000858927%	0.000774825%	0.000759402%	0.000740352%	0.000666480%
Proportionate share of the net pension liability	\$ 110,613	\$ 96,105	\$ 82,008	\$ 81,199	\$ 86,285	\$ 67,970
Covered payroll	314,486	287,322	253,127	244,292	231,274	202,194
Proportionate share of the net pension liability as a percentage of covered payroll	35.17%	33.45%	32.40%	33.24%	37.31%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

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

TOWN OF INGLIS, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,					
	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)						
Contractually required contribution	\$ 18,947	\$ 17,465	\$ 15,693	\$ 14,574	\$ 13,726	\$ 11,181
Contributions in relation to the contractually required contribution	(18,947)	(17,465)	(15,693)	(14,574)	(13,726)	(11,181)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 314,486	\$ 287,322	\$ 253,127	\$ 244,292	\$ 231,274	\$ 202,194
Contributions as a percentage of covered payroll	6.02%	6.08%	6.20%	5.97%	5.93%	5.53%
Health Insurance Subsidy Program (HIS)						
Contractually required contribution	\$ 5,220	\$ 4,770	\$ 4,202	\$ 4,055	\$ 3,994	\$ 2,689
Contributions in relation to the contractually required contribution	(5,220)	(4,770)	(4,202)	(4,055)	(3,994)	(2,689)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 314,486	\$ 287,322	\$ 253,127	\$ 244,292	\$ 231,274	\$ 202,194
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%

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

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

To the Honorable Mayor and Town Commission,
Town of Inglis, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Inglis, Florida, (the Town) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 27, 2021.

Internal Control over Financial Reporting

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

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

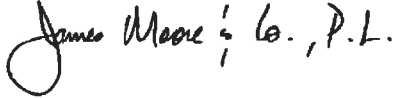
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Town'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

James Moore & Co., P.L.

Gainesville, Florida
April 27, 2021

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

To the Honorable Mayor and Town Commission,
Town of Inglis, Florida:

Report on the Financial Statements

We have audited the financial statements of the Town of Inglis, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated April 27, 2021.

As discussed in Note (10) to the financial statements, the Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers 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 and the water fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, business-type activities and the water fund, has not been determined.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 27, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management’s responsibility to monitor the Town’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. We noted the following observations as a result of these procedures:

2020-001 Financial Condition Assessment

As part of performing financial condition assessment procedures, we noted various areas in which the Town’s financial activity met the “unfavorable” criterion, resulting in an overall “unfavorable” rating. While context much be considered as part of this analysis, it should be noted that many of these “unfavorable” ratings were driven by the operating results of the utility fund, which has experienced the following operating results in the last five years:

Year	2016	2017	2018	2019	2020
Operating Income (Loss)	\$ (31,801)	\$ (57,355)	\$ (18,369)	\$ (79,857)	\$ (73,652)

We note the Town’s utility rates have not been adjusted since October 2017. We recommend the Town review the utility rate structure in place as it relates to revenue projections, while also considering operational and future capital needs to determine that an adequate rate structure is in place, and that any necessary rate increases be adopted as soon as possible.

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to address 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.

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 granting agencies, the Town Commission, management, and others within the Town and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Gainesville, Florida
April 27, 2021

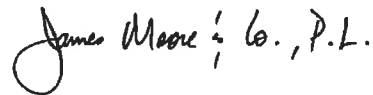
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, Town Commission, and Town Clerk,
Town of Inglis, Florida

We have examined the Town of Inglis, Florida's (the Town) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2020. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town'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 Town 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 Town's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, 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, the Town of Inglis, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.



Gainesville, Florida
April 27, 2021

MANAGEMENT'S RESPONSE TO FINDINGS

2020-001 Financial Condition Assessment

Management and the Commission discuss and review during the Town's budget workshops the utility rate structure, and consider the need for adjustments as it relates to the revenue projections while considering the operational and future capital needs for the Town's utility system.