

# 2020

Town of Orange Park, Florida

Financial Statements  
and Independent Auditor's Report

September 30, 2020

**TOWN OF ORANGE PARK, FLORIDA  
LIST OF TOWN OFFICIALS  
AS OF SEPTEMBER 30, 2020**

**TOWN COUNCIL**

Alan Watt, Mayor  
Randy Anderson, Vice-Mayor  
Eddie Henely  
Roland Mastandrea

**TOWN MANAGER**

Sarah Campbell

**TOWN CLERK**

Courtney Russo

**FINANCE DIRECTOR**

John Villanueva, C.P.A.

**TOWN ATTORNEY**

Sam Garrison

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**TOWN OF ORANGE PARK, FLORIDA**

**SEPTEMBER 30, 2020**

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**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**TOWN OF ORANGE PARK, FLORIDA**

**SEPTEMBER 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

Town Council and Town Manager  
Town of Orange Park, 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 Orange Park, 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

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## INDEPENDENT AUDITOR'S REPORT

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information 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.

### 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Town Council and Town Manager  
Town of Orange Park, Florida

## INDEPENDENT AUDITOR'S REPORT

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 16, 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 effectiveness of the Town's 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.



June 16, 2021  
Gainesville, Florida

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

The management of the Town of Orange Park, Florida (the "Town"), offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2020. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights**

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of fiscal year 2020 by \$62 million (net position). Of this amount, \$10.4 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- At September 30, 2020, the Town's governmental funds reported a combined ending fund balance of \$7.4 million, a decrease of (\$0.3) million in comparison with the prior year.
- At September 30, 2020, unassigned fund balance for the General Fund was \$6.14 million or 60% of total General Fund expenditures.
- The governmental activities and the business-type activities have no outstanding debt. The Town paid off the balances of the notes payable and bonded debt in the business-type activities in October 2015.

**Overview of the Financial Statements**

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

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

The Statement of Net Position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Reconciliations are provided between the governmental fund balance sheet and the statement of net position and the governmental fund statement of revenues, expenditures, and changes in fund balances and statement of activities to facilitate this comparison between governmental funds and governmental activities.

The Town maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Sales Tax Fund, which are major funds. Financial information for the other seven governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary funds.** The Town maintains two proprietary or "enterprise funds." Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Water and Sewer Fund and Stormwater Fund.

The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Stormwater Fund, which are considered to be major funds of the Town.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of those individuals that have retired from the Town and those that will retire in the future (e.g., pension beneficiaries). Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits and other post-employment benefits.

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

**Other Supplementary Information.** The combining fund statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

**Government-wide Financial Analysis**

Below is a summary Statement of Net Position for the Town as of September 30, 2020 and 2019.

| <b>Statement of Net Position</b>  |                                    |                  |                                     |                  |                                     |                  |
|-----------------------------------|------------------------------------|------------------|-------------------------------------|------------------|-------------------------------------|------------------|
| (In thousands)                    |                                    |                  |                                     |                  |                                     |                  |
|                                   | <b>Governmental<br/>Activities</b> |                  | <b>Business-type<br/>Activities</b> |                  | <b>Total Primary<br/>Government</b> |                  |
|                                   | <b>2020</b>                        | <b>2019</b>      | <b>2020</b>                         | <b>2019</b>      | <b>2020</b>                         | <b>2019</b>      |
| Current and other assets          | \$ 9,532                           | \$ 9,860         | \$ 5,664                            | \$ 6,785         | \$ 15,196                           | \$ 16,645        |
| Capital assets                    | 25,770                             | 24,021           | 25,421                              | 24,064           | 51,191                              | 48,085           |
| <b>Total assets</b>               | <b>35,302</b>                      | <b>33,881</b>    | <b>31,085</b>                       | <b>30,849</b>    | <b>66,387</b>                       | <b>64,730</b>    |
| Deferred outflows of resources    | 2,108                              | 1,956            | 65                                  | 51               | 2,173                               | 2,007            |
| Long-term liabilities outstanding | 2,785                              | 2,503            | 183                                 | 188              | 2,968                               | 2,691            |
| Other liabilities                 | 971                                | 1,046            | 815                                 | 799              | 1,786                               | 1,845            |
| <b>Total liabilities</b>          | <b>3,756</b>                       | <b>3,549</b>     | <b>998</b>                          | <b>987</b>       | <b>4,754</b>                        | <b>4,536</b>     |
| Deferred inflows of resources     | 1,499                              | 1,743            | 212                                 | 418              | 1,711                               | 2,161            |
| Net Position:                     |                                    |                  |                                     |                  |                                     |                  |
| Net Investment in Capital Assets  | 25,770                             | 24,021           | 25,421                              | 24,064           | 51,191                              | 48,085           |
| Restricted                        | 537                                | 1,242            | -                                   | -                | 537                                 | 1,242            |
| Unrestricted                      | 5,848                              | 4,994            | 4,519                               | 5,431            | 10,367                              | 10,425           |
| <b>Total net position</b>         | <b>\$ 32,155</b>                   | <b>\$ 30,257</b> | <b>\$ 29,940</b>                    | <b>\$ 29,495</b> | <b>\$ 62,095</b>                    | <b>\$ 59,752</b> |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$62 million at the close of the fiscal year ended September 30, 2020.

By far, the largest portion of the Town's net position (82.4%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net position, \$537 thousand (0.9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$10.4 million (16.7%), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in total net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Below is a summary of the changes in net position for the Town during the fiscal years ended September 30, 2020 and 2019:

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

**Changes in Net Position**  
(In thousands)

|  | <b>Governmental Activities</b> |                  | <b>Business-type Activities</b> |                  | <b>Total Primary Government</b> |                  |
|--|--------------------------------|------------------|---------------------------------|------------------|---------------------------------|------------------|
|  | <b>2020</b>                    | <b>2019</b>      | <b>2020</b>                     | <b>2019</b>      | <b>2020</b>                     | <b>2019</b>      |
| <b>Revenues:</b>                                   |                                |                  |                                 |                  |                                 |                  |
| Program revenues:                                  |                                |                  |                                 |                  |                                 |                  |
| Charges for services                               | \$ 2,413                       | \$ 1,403         | \$ 5,057                        | \$ 5,510         | \$ 7,470                        | \$ 6,913         |
| Operating grants and contributions                 | 302                            | 1,370            | -                               | -                | 302                             | 1,370            |
| Capital grants and contributions                   | 1,027                          | -                | -                               | -                | 1,027                           | -                |
| General revenues:                                  |                                |                  |                                 |                  |                                 |                  |
| Property taxes                                     | 3,382                          | 3,169            | -                               | -                | 3,382                           | 3,169            |
| Other taxes  | 3,704                          | 4,227            | -                               | -                | 3,704                           | 4,227            |
| Franchise fees                                     | 906                            | 880              | -                               | -                | 906                             | 880              |
| Other State shared revenues                        | 976                            | 996              | -                               | -                | 976                             | 996              |
| Investment earnings                                | 70                             | 83               | 46                              | 62               | 116                             | 145              |
| Miscellaneous                                      | 62                             | 61               | 3                               | 53               | 65                              | 114              |
| <b>Total revenues</b>                              | <b>12,842</b>                  | <b>12,189</b>    | <b>5,106</b>                    | <b>5,625</b>     | <b>17,948</b>                   | <b>17,814</b>    |
| <b>Expenses:</b>                                   |                                |                  |                                 |                  |                                 |                  |
| General government                                 | 2,647                          | 2,440            | -                               | -                | 2,647                           | 2,440            |
| Public safety                                      | 6,401                          | 5,663            | -                               | -                | 6,401                           | 5,663            |
| Public works                                       | 2,179                          | 2,761            | -                               | -                | 2,179                           | 2,761            |
| Culture/recreation                                 | 343                            | 384              | -                               | -                | 343                             | 384              |
| Water and sewer                                    | -                              | -                | 3,691                           | 3,139            | 3,691                           | 3,139            |
| Stormwater   | -                              | -                | 344                             | 237              | 344                             | 237              |
| Sanitation   | -                              | -                | -                               | 490              | -                               | 490              |
| <b>Total expenses</b>                              | <b>11,570</b>                  | <b>11,248</b>    | <b>4,035</b>                    | <b>3,866</b>     | <b>15,605</b>                   | <b>15,114</b>    |
| Increase (decrease) in net assets before transfers | 1,272                          | 941              | 1,071                           | 1,759            | 2,343                           | 2,700            |
| Transfers  | 626                            | 765              | (626)                           | (765)            | -                               | -                |
| Change in net position                             | 1,898                          | 1,706            | 445                             | 994              | 2,343                           | 2,700            |
| <b>Net position - beginning</b>                    | <b>30,257</b>                  | <b>28,551</b>    | <b>29,495</b>                   | <b>28,501</b>    | <b>59,752</b>                   | <b>57,052</b>    |
| <b>Net position - ending</b>                       | <b>\$ 32,155</b>               | <b>\$ 30,257</b> | <b>\$ 29,940</b>                | <b>\$ 29,495</b> | <b>\$ 62,095</b>                | <b>\$ 59,752</b> |

**Governmental activities.** Governmental activities net position increased by \$1,898,000. This is primarily due to increased property taxes, communication service taxes, and charges for services. The Town of Orange Park now reports the garbage pickup revenue in the General Fund. The Sanitation Fund was dissolved in 2020. The Town now also collects service charges for ambulance fees, which are also reported in the General Fund.

**Business-type activities.** Business-type activities net position increased \$445,000 accounting for 1.5% increase in the business-type activities net position. This increase is due to normal business operations of the enterprise funds and the addition of the stormwater fund.

**Overall financial position.** The overall financial position of the Town has been stable. Net position increased by \$2,343,000 thereby accounting for a total increase of 3.9%. This was attributable to the explanations given above for governmental activities and business-type activities.

**Financial Analysis of the Town's Funds**

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

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

**Governmental funds.** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of fiscal year 2020, the Town's governmental funds reported combined ending fund balances of \$7.4 million, a decrease of (\$258,351) in comparison with the prior year.

The General Fund is the primary operating fund of the Town. At the end of fiscal year 2020, unassigned fund balance of the General Fund was \$6.14 million. Unassigned fund balance represents 60% of the total General Fund expenditures. The fund balance of the Town's General Fund increased by \$500,502 during the fiscal year ended September 30, 2020 (compared to a 2019 decrease of \$36,004). This is due in part to net increase in revenues of \$491,000, a net increase in expenditures of \$438,046, an increase of transfers in of \$155,587 and a decrease in transfers out of (\$328,340).

Changes in revenue consisted of the following:

- Increase in ad valorem tax revenue of \$212,000;
- Increase in communications services tax revenue of \$28,000;
- Decrease in utility service tax on electricity of (\$30,000);
- Decrease in red light camera revenue of (\$33,000);
- Decrease in FEMA revenue of (\$651,000)
- Increase in franchise fee – electricity of \$20,000;
- Decrease in investment earnings revenue of (\$7,000);
- Increase in miscellaneous revenues of \$7,000;
- Decrease in cardroom tax of (\$27,000);
- Increase in Ambulance revenue of \$477,000
- Increase in Garbage/Solid Waste revenue of \$537,000
- Decrease in interfund charges of (\$54,000).

The Sales Tax Fund is a major governmental fund. This fund includes capital projects requested by and approved by the Town Council funded by sales taxes. Fund balance for the Sales Tax Fund decreased \$842,192 or 110% due to increased expenditures in capital outlay. Major capital projects expenditures during the year were for the River Road Roadway & Utilities Improvements, the Sandy Court/Grace Lane Roadway & Utilities Improvements, the Solomon Street Roadway & Utility Improvements, and the Claire Lane Underdrain and Roadway Improvements. There was also \$458,000 expended on equipment purchases which included \$272,000 for two new specialty trucks, \$120,000 for three new police vehicles, and \$25,000 for one new utility vehicle.

Non-major governmental funds consisting of special revenue funds have a combined fund balance of \$743,339. The net increase in fund balance during the current year for non-major governmental funds was \$83,339.

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$3.2 million or 11.2% of total net position. Net position is accumulated in the Water and Sewer Fund to fund future water and sewer capital projects that are of long-term duration.

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

Unrestricted net position of the Stormwater Fund at the end of the year amounted to \$1,315,048 or 99.0% of total net position. Net position is accumulated in the Stormwater Fund to fund future stormwater capital projects that are of long-term duration.

The Water and Sewer fund reported an increase in net position of \$317,894 or 1.1%. The Stormwater Fund reported an increase in net position of \$295,302 or 28.4%.

**General Fund Budgetary Highlights**

- All of the Town's departments combined spent \$644,835 less than budgeted. The amount saved was between 0.5% and 31.2% per function.
- The Town fund balance increased \$500,502 in fiscal year 2019-2020.
- The Town received 103.1% of budgeted revenue.

**Capital Asset and Debt Administration**

**Capital assets.** The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$51.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, and infrastructure, improvements which are other than buildings, equipment, and construction in progress.

**Capital Assets at Year-End  
(In thousands)**

|                                   | <u>Governmental Activities</u> |                  | <u>Business-type Activities</u> |                  | <u>Total</u>     |                  |
|-----------------------------------|--------------------------------|------------------|---------------------------------|------------------|------------------|------------------|
|                                   | <u>2020</u>                    | <u>2019</u>      | <u>2020</u>                     | <u>2019</u>      | <u>2022</u>      | <u>2019</u>      |
| Land                              | \$ 2,485                       | \$ 1,453         | \$ 122                          | \$ 122           | \$ 2,607         | \$ 1,575         |
| Construction in progress          | 359                            | 1,761            | 499                             | 795              | 858              | 2,556            |
| Buildings and improvements        | 6,712                          | 6,647            | 247                             | 286              | 6,959            | 6,933            |
| Improvements other than buildings | 2,865                          | 2,702            | 39,833                          | 37,296           | 42,698           | 39,998           |
| Equipment                         | 6,774                          | 6,525            | 1,402                           | 938              | 8,176            | 7,463            |
| Infrastructure                    | 30,612                         | 27,117           | 0                               | 0                | 30,612           | 27,117           |
| Less accumulated depreciation     | (24,037)                       | (22,183)         | (16,682)                        | (15,373)         | (40,719)         | (37,556)         |
| <b>Totals</b>                     | <u>\$ 25,770</u>               | <u>\$ 24,022</u> | <u>\$ 25,421</u>                | <u>\$ 24,064</u> | <u>\$ 51,191</u> | <u>\$ 48,086</u> |

Major capital projects during the 2019-20 fiscal year included:

- River Road Roadway & Utilities Improvements
- Claire Lane Underdrain & Roadway Improvements
- Sandy Court/Grace Lane Roadway & Utilities Improvements
- Solomon Street Roadway & Utility Improvements
- Azalea Lane Sewer Improvements
- Plainfield Pump Station Improvements
- Jenmar Court Improvements
- Hopkins/Bellair Pump Station Improvements
- 2019-2020 Sewer Relining
- 2019-2020 Stormwater Improvements
- Water Meter Replacement Program
- Vac-Con Sewer Combination Cleaner

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

Additional information on the Town's capital assets can be found in Note 5 of the notes to the financial statements.

**Long-term debt.** At the end of fiscal year 2020, the Town had no outstanding debt. The Town's long-term debt of bonds and the Florida Department of Environmental Protection loans were paid in full in October 2015.

Under *Florida Statutes*, no debt limit margin is placed on local governments.

Additional information on the Town's long-term debt can be found in Note 6 of the notes to the financial statements of this report.

### **Economic Factors and Future Budgets and Rates**

The State of Florida, by Constitution, does not have a state personal income tax and therefore the State operates primarily using sales tax revenue, gasoline tax revenue, and corporate income taxes. Local governments (cities and counties) primarily rely on property assessments combined with a limited array of authorized other taxes (sales, gasoline, utilities services, etc.) and fees (franchise, occupational license, etc.) to support their governmental activities. There are a limited number of state shared revenues and recurring and non-recurring (one time) grants from both state and Federal government agencies.

- The unemployment rate as of September 30, 2020, for the municipal service area was 4.1%. This compared favorably with the state's average unemployment rate of 7.3% and with the national average unemployment rate of 7.9%.
- Since the Town is effectively built out, new construction is not expected to produce significant annual increases in property assessments. Currently, about thirty-five percent (33.6%) of the General Fund's annual revenues are from property taxes. The Town implemented a utility service tax on electricity which went into effect on April 1, 2015, and generated \$824,000 in revenue in fiscal year 2020. Other current revenues are not expected to increase significantly, and many of these are beyond the Town's control. Continued diversification of revenues where possible could help to alleviate pressure on property tax rates.
- Although the Town is constantly being challenged by increasing costs for employee benefits, it does not face demand to add personnel in order to extend current levels of services to new areas.
- Public Safety-related activities, such as Police and Fire Services, make up 56.7% of the General Fund Expenditures, down from the prior year at 56.9%.

### **Requests for Information**

This financial report is designed to provide a general overview for those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Orange Park, Finance Director, 2042 Park Avenue, Orange Park, Florida 32073.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF ORANGE PARK, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

|  | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>         |
|--|------------------------------------|-------------------------------------|----------------------|
| <b>Assets</b>                                    |                                    |                                     |                      |
| Equity in Pooled Cash and Investments            | \$ 6,847,683                       | \$ 4,741,366                        | \$ 11,589,049        |
| Receivables, Net                                 | 202,285                            | 327,375                             | 529,660              |
| Internal Balances                                | 952                                | (952)                               | -                    |
| Due from Other Governments                       | 1,960,796                          | -                                   | 1,960,796            |
| Other Current Assets                             | 167,565                            | 167,410                             | 334,975              |
| Restricted Equity in Pooled Cash and Investments | -                                  | 237,946                             | 237,946              |
| Net Pension Asset                                | 353,071                            | 190,424                             | 543,495              |
| Capital Assets:                                  |                                    |                                     |                      |
| Land   | 2,485,193                          | 122,549                             | 2,607,742            |
| Construction in Progress                         | 358,830                            | 498,929                             | 857,759              |
| Buildings and Improvements                       | 6,712,366                          | 247,255                             | 6,959,621            |
| Improvements Other than Buildings                | 2,865,012                          | 39,832,608                          | 42,697,620           |
| Equipment  | 6,774,117                          | 1,401,584                           | 8,175,701            |
| Infrastructure                                   | 30,612,159                         | -                                   | 30,612,159           |
| Accumulated Depreciation                         | (24,037,129)                       | (16,681,895)                        | (40,719,024)         |
| Capital Assets, Net                              | <u>25,770,548</u>                  | <u>25,421,030</u>                   | <u>51,191,578</u>    |
| <b>Total Assets</b>                              | <u>35,302,900</u>                  | <u>31,084,599</u>                   | <u>66,387,499</u>    |
| <b>Deferred Outflows of Resources</b>            |                                    |                                     |                      |
| Pension Related                                  | 2,022,824                          | 48,001                              | 2,070,825            |
| OPEB Related                                     | 84,987                             | 17,386                              | 102,373              |
| <b>Total Deferred Outflows of Resources</b>      | <u>2,107,811</u>                   | <u>65,387</u>                       | <u>2,173,198</u>     |
| <b>Liabilities</b>                               |                                    |                                     |                      |
| Accounts Payable and Accrued Liabilities         | 744,879                            | 577,441                             | 1,322,320            |
| Due to Other Governments                         | 66,290                             | -                                   | 66,290               |
| Unearned Revenue                                 | 75,450                             | -                                   | 75,450               |
| Payable from Restricted Assets:                  |                                    |                                     |                      |
| Deposits   | 84,232                             | 237,946                             | 322,178              |
| Non-Current Liabilities:                         |                                    |                                     |                      |
| Due Within One Year                              | 307,982                            | 33,909                              | 341,891              |
| Due in More than One Year                        | 2,477,345                          | 148,759                             | 2,626,104            |
| <b>Total Liabilities</b>                         | <u>3,756,178</u>                   | <u>998,055</u>                      | <u>4,754,233</u>     |
| <b>Deferred Inflows of Resources</b>             |                                    |                                     |                      |
| Pension Related                                  | 1,211,041                          | 169,152                             | 1,380,193            |
| OPEB Related                                     | 288,069                            | 42,742                              | 330,811              |
| <b>Total Deferred Inflows of Resources</b>       | <u>1,499,110</u>                   | <u>211,894</u>                      | <u>1,711,004</u>     |
| <b>Net Position</b>                              |                                    |                                     |                      |
| Net Investment in Capital Assets                 | 25,770,548                         | 25,421,030                          | 51,191,578           |
| Restricted for:                                  |                                    |                                     |                      |
| Transportation                                   | 171,971                            | -                                   | 171,971              |
| Law Enforcement                                  | 118,091                            | -                                   | 118,091              |
| Memorial Day Services                            | 20,674                             | -                                   | 20,674               |
| Building Department                              | 226,060                            | -                                   | 226,060              |
| Unrestricted                                     | 5,848,079                          | 4,519,007                           | 10,367,086           |
| <b>Total Net Position</b>                        | <u>\$ 32,155,423</u>               | <u>\$ 29,940,037</u>                | <u>\$ 62,095,460</u> |

See accompanying notes.

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

| Function/Program                      | Program Revenues     |                         |   |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                      |
|---------------------------------------|----------------------|-------------------------|---|----------------------------------|---|--------------------------|----------------------|
|                                       | Expenses             | Charges for Services    | Operating Grants and Contributions          | Capital Grants and Contributions | Primary Government                                |                          | Total                |
|                                       |                      |                         |   |                                  | Governmental Activities                           | Business-Type Activities |                      |
| <b>Governmental Activities</b>        |                      |                         |   |                                  |   |                          |                      |
| General Government                    | \$ 2,646,639         | \$ 86,957               | \$ -  | \$ -                             | \$ (2,559,682)                                    | \$ -                     | \$ (2,559,682)       |
| Public Safety                         | 6,400,651            | 1,753,337               | 11,955                                      | -                                | (4,635,359)                                       | -                        | (4,635,359)          |
| Public Works                          | 2,179,283            | 537,448                 | 220,459                                     | -                                | (1,421,376)                                       | -                        | (1,421,376)          |
| Culture/Recreation                    | 343,532              | 35,045                  | 69,621                                      | 1,027,064                        | 788,198   | -                        | 788,198              |
| <b>Total Governmental Activities</b>  | <b>11,570,105</b>    | <b>2,412,787</b>        | <b>302,035</b>                              | <b>1,027,064</b>                 | <b>(7,828,219)</b>                                | <b>-</b>                 | <b>(7,828,219)</b>   |
| <b>Business-Type Activities</b>       |                      |                         |   |                                  |   |                          |                      |
| Water and Sewer                       | 3,691,185            | 4,661,489               | -   | -                                | -   | 970,304                  | 970,304              |
| Stormwater                            | 343,577              | 395,395                 | -   | -                                | -   | 51,818                   | 51,818               |
| <b>Total Business-Type Activities</b> | <b>4,034,762</b>     | <b>5,056,884</b>        | <b>-</b>                                    | <b>-</b>                         | <b>-</b>  | <b>1,022,122</b>         | <b>1,022,122</b>     |
| <b>Total Primary Government</b>       | <b>\$ 15,604,867</b> | <b>\$ 7,469,671</b>     | <b>\$ 302,035</b>                           | <b>\$ 1,027,064</b>              | <b>(7,828,219)</b>                                | <b>1,022,122</b>         | <b>(6,806,097)</b>   |
|                                       |                      | <b>General Revenues</b> |   |                                  |   |                          |                      |
|                                       |                      |                         | Property Taxes                              |                                  | 3,381,500   | -                        | 3,381,500            |
|                                       |                      |                         | Insurance Premium Tax                       |                                  | 270,404   | -                        | 270,404              |
|                                       |                      |                         | Sales Tax                                   |                                  | 1,188,531   | -                        | 1,188,531            |
|                                       |                      |                         | Utility Service Tax                         |                                  | 824,402   | -                        | 824,402              |
|                                       |                      |                         | Communication Services Tax                  |                                  | 608,201   | -                        | 608,201              |
|                                       |                      |                         | Motor Fuel Tax                              |                                  | 738,158   | -                        | 738,158              |
|                                       |                      |                         | Local Business Tax                          |                                  | 74,506  | -                        | 74,506               |
|                                       |                      |                         | Franchise Fees                              |                                  | 905,684   | -                        | 905,684              |
|                                       |                      |                         | Other State Shared Revenues                 |                                  | 976,116   | -                        | 976,116              |
|                                       |                      |                         | Investment Earnings                         |                                  | 70,061  | 46,314                   | 116,375              |
|                                       |                      |                         | Miscellaneous                               |                                  | 61,980  | 2,760                    | 64,740               |
|                                       |                      |                         | <b>Transfers</b>                            |                                  | 626,441   | (626,441)                | -                    |
|                                       |                      |                         | <b>Total General Revenues and Transfers</b> |                                  | <b>9,725,984</b>                                  | <b>(577,367)</b>         | <b>9,148,617</b>     |
|                                       |                      |                         | <b>Change in Net Position</b>               |                                  | <b>1,897,765</b>                                  | <b>444,755</b>           | <b>2,342,520</b>     |
|                                       |                      |                         | <b>Net Position, Beginning of Year</b>      |                                  | <b>30,257,658</b>                                 | <b>29,495,282</b>        | <b>59,752,940</b>    |
|                                       |                      |                         | <b>Net Position, End of Year</b>            |                                  | <b>\$ 32,155,423</b>                              | <b>\$ 29,940,037</b>     | <b>\$ 62,095,460</b> |

See accompanying notes.

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

|  | <u>General</u>      | <u>Capital<br/>Project<br/>Sales Tax</u> | <u>Non-Major<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|--|---|---|
| <b>Assets</b>  |                     |  |   |   |
| Equity in Pooled Cash and Investments                                    | \$ 6,157,341        | \$ -                                     | \$ 690,342                                  | \$ 6,847,683                            |
| Receivables (Net of Allowance)   | 202,285             | -  | -   | 202,285                                 |
| Due from Other Funds   | 81,332              | -  | -   | 81,332                                  |
| Due from Other Governments   | 834,607             | 967,920                                  | 158,269                                     | 1,960,796                               |
| Inventories  | 33,373              | -  | -   | 33,373                                  |
| Prepaid Items  | 134,192             | -  | -   | 134,192                                 |
| <b>Total Assets</b>  | <u>7,443,130</u>    | <u>967,920</u>                           | <u>848,611</u>                              | <u>9,259,661</u>                        |
| <b>Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b> |                     |  |   |   |
| <b>Liabilities</b>   |                     |  |   |   |
| Accounts Payable and<br>Accrued Liabilities                              | 452,331             | 187,295                                  | 105,253                                     | 744,879                                 |
| Due to Other Governments   | 66,290              | -  | -   | 66,290                                  |
| Deposits   | 84,232              | -  | -   | 84,232                                  |
| Due to Other Funds   | 3,022               | 77,339                                   | 19  | 80,380                                  |
| Unearned Revenue   | 75,450              | -  | -   | 75,450                                  |
| <b>Total Liabilities</b>   | <u>681,325</u>      | <u>264,634</u>                           | <u>105,272</u>                              | <u>1,051,231</u>                        |
| <b>Deferred Inflows of Resources</b>                                     |                     |  |   |   |
| Unavailable Revenues   | 21,841              | 784,593                                  | -   | 806,434                                 |
| <b>Fund Balances</b>   |                     |  |   |   |
| Non-Spendable:   |                     |  |   |   |
| Inventories  | 33,373              | -  | -   | 33,373                                  |
| Prepaid Items  | 134,192             | -  | -   | 134,192                                 |
| Restricted for:  |                     |  |   |   |
| Transportation   | -                   | -  | 171,971                                     | 171,971                                 |
| Law Enforcement  | -                   | -  | 118,091                                     | 118,091                                 |
| Memorial Day Services  | 20,674              | -  | -   | 20,674                                  |
| Building Department  | -                   | -  | 226,060                                     | 226,060                                 |
| Committed:   |                     |  |   |   |
| Transportation   | -                   | -  | 23,569                                      | 23,569                                  |
| Cemetery Care and Maintenance  | -                   | -  | 203,648                                     | 203,648                                 |
| Assigned:  |                     |  |   |   |
| Subsequent Year's Budget   | 413,382             | -  | -   | 413,382                                 |
| Unassigned   | 6,138,343           | (81,307)                                 | -   | 6,057,036                               |
| <b>Total Fund Balances</b>   | <u>6,739,964</u>    | <u>(81,307)</u>                          | <u>743,339</u>                              | <u>7,401,996</u>                        |
| <b>Total Liabilities and Fund Balances</b>                               | <u>\$ 7,443,130</u> | <u>\$ 967,920</u>                        | <u>\$ 848,611</u>                           | <u>\$ 9,259,661</u>                     |

See accompanying notes.

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

**Fund Balance - Total Governmental Funds** \$ 7,401,996

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:

|                             |                     |            |
|-----------------------------|---------------------|------------|
| Governmental Capital Assets | \$ 49,807,677       |            |
| (Accumulated Depreciation)  | <u>(24,037,129)</u> | 25,770,548 |

Deferred outflows and inflows of resources in governmental activities are not current financial resources and, therefore, are not reported in governmental funds:

|                                       |                  |         |
|---------------------------------------|------------------|---------|
| Deferred Outflows Related to Pensions | 2,022,824        |         |
| Deferred Outflows Related to OPEB     | 84,987           |         |
| Deferred Inflows Related to Pensions  | (1,211,041)      |         |
| Deferred Inflows Related to OPEB      | <u>(288,069)</u> | 608,701 |

Some revenues have been deferred on the balance sheet because they were not measurable and available at year-end. 806,434

Non-current liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Non-current assets are not receivable in the current period and, therefore, are not reported in the funds:

|                       |                    |                    |
|-----------------------|--------------------|--------------------|
| Net Pension Asset     | 353,071            |                    |
| Compensated Absences  | (709,636)          |                    |
| Net OPEB Obligation   | (625,212)          |                    |
| Net Pension Liability | <u>(1,450,479)</u> | <u>(2,432,256)</u> |

**Net Position of Governmental Activities** \$ 32,155,423

See accompanying notes.

**TOWN OF ORANGE PARK, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

|  | <u>General</u>      | <u>Capital<br/>Project<br/>Sales Tax</u> | <u>Non-Major<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|--|---|---|
| <b>Revenues</b>  |                     |  |   |   |
| Taxes  | \$ 5,159,014        | \$ 1,188,531                             | \$ 738,157                                  | \$ 7,085,702                            |
| Permits, Fees, and Assessments                                       | 919,285             | -  | 189,223                                     | 1,108,508                               |
| Intergovernmental  | 1,261,703           | -  | -   | 1,261,703                               |
| Charges for Services   | 1,357,050           | -  | 27,078                                      | 1,384,128                               |
| Fines and Forfeitures  | 800,645             | -  | 14,275                                      | 814,920                                 |
| Investment Income  | 60,424              | 7,018                                    | 2,619                                       | 70,061                                  |
| Miscellaneous  | 67,543              | 25                                       | -   | 67,568                                  |
| Interfund Charges  | 433,776             | -  | -   | 433,776                                 |
| <b>Total Revenues</b>  | <u>10,059,440</u>   | <u>1,195,574</u>                         | <u>971,352</u>                              | <u>12,226,366</u>                       |
| <b>Expenditures</b>  |                     |  |   |   |
| Current:   |                     |  |   |   |
| General Government   | 2,551,956           | -  | 104,574                                     | 2,656,530                               |
| Public Safety  | 5,817,115           | -  | 16,500                                      | 5,833,615                               |
| Public Works   | 1,634,867           | -  | 34,570                                      | 1,669,437                               |
| Transportation   | -                   | -  | -   | -                                       |
| Culture and Recreation   | 193,495             | -  | -   | 193,495                                 |
| Capital Outlay   | 52,597              | 2,037,766                                | 658,369                                     | 2,748,732                               |
| <b>(Total Expenditures)</b>  | <u>(10,250,030)</u> | <u>(2,037,766)</u>                       | <u>(814,013)</u>                            | <u>(13,101,809)</u>                     |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>(190,590)</u>    | <u>(842,192)</u>                         | <u>157,339</u>                              | <u>(875,443)</u>                        |
| <b>Other Financing Sources (Uses)</b>                                |                     |  |   |   |
| Transfers in   | 691,092             | -  | -   | 691,092                                 |
| Transfers (out)  | -                   | -  | (74,000)                                    | (74,000)                                |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>691,092</u>      | <u>-</u>                                 | <u>(74,000)</u>                             | <u>617,092</u>                          |
| <b>Net Changes in Fund Balance</b>                                   | 500,502             | (842,192)                                | 83,339                                      | (258,351)                               |
| <b>Fund Balances, Beginning of Year</b>                              | <u>6,239,462</u>    | <u>760,885</u>                           | <u>660,000</u>                              | <u>7,660,347</u>                        |
| <b>Fund Balances, End of Year</b>                                    | <u>\$ 6,739,964</u> | <u>\$ (81,307)</u>                       | <u>\$ 743,339</u>                           | <u>\$ 7,401,996</u>                     |

See accompanying notes.

**TOWN OF ORANGE PARK, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
SEPTEMBER 30, 2020**

**Net Change in Fund Balance - Total Governmental Funds** \$ (258,351)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives:

|                                  |                    |         |
|----------------------------------|--------------------|---------|
| Capital Outlay                   | \$ 2,725,178       |         |
| (Less Current Year Depreciation) | <u>(2,010,749)</u> | 714,429 |

The net effect of various miscellaneous transactions involving capital assets, including donations, sale of capital assets, and transfer of capital assets, is to increase net position

|                            |              |           |
|----------------------------|--------------|-----------|
| Loss on Disposal           | (1,760)      |           |
| Donation of Land           | 1,027,064    |           |
| Transfer of Capital Assets | <u>9,348</u> | 1,034,652 |

The changes in net pension liability or asset and pension related deferred outflows and inflows of resources result in an adjustment to pension expense in the Statement of Activities, but not in the governmental fund statements. 344,060

The net change in net other postemployment benefit (OPEB) obligation liability and related deferred outflows and inflows of resources is reported in the Statement of Activities, but not in the governmental fund statements. 5,247

Certain revenues reported in the Statement of Activities are not considered current financial resources and, therefore, are not reported as revenue in the governmental funds. Prior unavailable revenues subsequently collected and recognized as revenue in the governmental funds in the current period are not reported in the Statement of Activities. 21,841

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

|                                |  |               |
|--------------------------------|--|---------------|
| Change in Compensated Absences |  | <u>35,887</u> |
|--------------------------------|--|---------------|

**Change in Net Position of Governmental Activities** \$ 1,897,765

See accompanying notes.

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

|   | Business-Type Activities - Enterprise Funds |                     |                |                      |
|---|---|---------------------|----------------|----------------------|
|   | Major Fund                                  | Major Fund          | Non-Major Fund | Total                |
|   | Water and Sewer                             | Stormwater          | Sanitation     |                      |
| <b>Assets</b>                                       |   |                     |                |                      |
| Current Assets:                                     |   |                     |                |                      |
| Equity in Pooled Cash and Investments               | \$ 3,165,694                                | \$ 1,575,672        | \$ -           | \$ 4,741,366         |
| Restricted Equity in Pooled Cash and Investments    | 237,946                                     | -                   | -              | 237,946              |
| Receivables, Net                                    | 321,008                                     | 6,367               | -              | 327,375              |
| Inventories   | 134,690                                     | -                   | -              | 134,690              |
| Prepaid Items                                       | 28,818                                      | 3,902               | -              | 32,720               |
| <b>Total Current Assets</b>                         | <b>3,888,156</b>                            | <b>1,585,941</b>    | <b>-</b>       | <b>5,474,097</b>     |
| Non-Current Assets:                                 |   |                     |                |                      |
| Net Pension Asset                                   | 163,353                                     | 27,071              | -              | 190,424              |
| Capital Assets, Net:                                |   |                     |                |                      |
| Land  | 122,549                                     | -                   | -              | 122,549              |
| Construction in Progress                            | 478,929                                     | 20,000              | -              | 498,929              |
| Building and Improvements                           | 247,255                                     | -                   | -              | 247,255              |
| Improvements Other than Buildings                   | 39,832,608                                  | -                   | -              | 39,832,608           |
| Equipment   | 1,401,584                                   | -                   | -              | 1,401,584            |
| (Accumulated Depreciation)                          | (16,681,895)                                | -                   | -              | (16,681,895)         |
| <b>Total Capital Assets, Net</b>                    | <b>25,401,030</b>                           | <b>20,000</b>       | <b>-</b>       | <b>25,421,030</b>    |
| <b>Total Assets</b>                                 | <b>29,452,539</b>                           | <b>1,633,012</b>    | <b>-</b>       | <b>31,085,551</b>    |
| <b>Deferred Outflow of Resources</b>                |   |                     |                |                      |
| Pension Related                                     | 39,289                                      | 8,712               | -              | 48,001               |
| OPEB Related  | 14,720                                      | 2,666               | -              | 17,386               |
| <b>Total Deferred Outflow of Resources</b>          | <b>54,009</b>                               | <b>11,378</b>       | <b>-</b>       | <b>65,387</b>        |
| <b>Liabilities</b>                                  |   |                     |                |                      |
| Current Liabilities:                                |   |                     |                |                      |
| Accounts Payable and Accrued Liabilities            | 334,051                                     | 243,390             | -              | 577,441              |
| Due to Other Funds                                  | 815   | 137                 | -              | 952                  |
| Current Liabilities Payable from Restricted Assets: |   |                     |                |                      |
| Customer Deposits                                   | 237,946                                     | -                   | -              | 237,946              |
| Current Portion of Compensated Absences             | 31,476                                      | 2,433               | -              | 33,909               |
| <b>Total Current Liabilities</b>                    | <b>604,288</b>                              | <b>245,960</b>      | <b>-</b>       | <b>850,248</b>       |
| Non-Current Liabilities:                            |   |                     |                |                      |
| Compensated Absences                                | 52,759                                      | 3,172               | -              | 55,931               |
| Other Postemployment Benefits                       | 72,836                                      | 19,992              | -              | 92,828               |
| <b>Total Non-Current Liabilities</b>                | <b>125,595</b>                              | <b>23,164</b>       | <b>-</b>       | <b>148,759</b>       |
| <b>Total Liabilities</b>                            | <b>729,883</b>                              | <b>269,124</b>      | <b>-</b>       | <b>999,007</b>       |
| <b>Deferred Inflows of Resources</b>                |   |                     |                |                      |
| Pension Related                                     | 138,160                                     | 30,992              | -              | 169,152              |
| OPEB Related  | 33,516                                      | 9,226               | -              | 42,742               |
| <b>Total Deferred Inflows of Resources</b>          | <b>171,676</b>                              | <b>40,218</b>       | <b>-</b>       | <b>211,894</b>       |
| <b>Net Position</b>                                 |   |                     |                |                      |
| Net Investment in Capital Assets                    | 25,401,030                                  | 20,000              | -              | 25,421,030           |
| Unrestricted  | 3,203,959                                   | 1,315,048           | -              | 4,519,007            |
| <b>Total Net Position</b>                           | <b>\$ 28,604,989</b>                        | <b>\$ 1,335,048</b> | <b>\$ -</b>    | <b>\$ 29,940,037</b> |

See accompanying notes.

**TOWN OF ORANGE PARK, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

|  | <b>Business-Type Activities - Enterprise Funds</b> |                     |                       |                      |
|--|--|---------------------|-----------------------|----------------------|
|  | <b>Major Fund</b>                                  | <b>Major Fund</b>   | <b>Non-Major Fund</b> | <b>Total</b>         |
|  | <b>Water and Sewer</b>                             | <b>Stormwater</b>   | <b>Sanitation</b>     |                      |
| <b>Operating Revenues</b>                                |  |                     |                       |                      |
| Charges for Services                                     | \$ 4,661,489                                       | \$ 395,395          | \$ -                  | \$ 5,056,884         |
| Other Income   | 2,760  | -                   | -                     | 2,760                |
| <b>Total Operating Revenues</b>                          | <u>4,664,249</u>                                   | <u>395,395</u>      | <u>-</u>              | <u>5,059,644</u>     |
| <b>Operating Expenses</b>                                |  |                     |                       |                      |
| Personnel Services                                       | 703,486  | 117,207             | -                     | 820,693              |
| Utilities  | 257,510  | -                   | -                     | 257,510              |
| Supplies, Materials, and Other                           | 187,103  | 14,650              | -                     | 201,753              |
| Professional and Contractual Services                    | 69,528   | 4,019               | -                     | 73,547               |
| General and Administrative                               | 433,776  | -                   | -                     | 433,776              |
| Depreciation and Amortization                            | 1,378,879  | -                   | -                     | 1,378,879            |
| Repairs and Maintenance                                  | 613,131  | 207,701             | -                     | 820,832              |
| Insurance  | 47,747   | -                   | -                     | 47,747               |
| <b>(Total Operating Expenses)</b>                        | <u>(3,691,160)</u>                                 | <u>(343,577)</u>    | <u>-</u>              | <u>(4,034,737)</u>   |
| <b>Operating Income (Loss)</b>                           | <u>973,089</u>                                     | <u>51,818</u>       | <u>-</u>              | <u>1,024,907</u>     |
| <b>Non-Operating Revenues (Expenses)</b>                 |  |                     |                       |                      |
| Investment Revenue                                       | 39,017   | 7,297               | -                     | 46,314               |
| Interest/Amortization Expense                            | (25)   | -                   | -                     | (25)                 |
| <b>Total Non-Operating Revenues (Expenses)</b>           | <u>38,992</u>                                      | <u>7,297</u>        | <u>-</u>              | <u>46,289</u>        |
| <b>Income Before Capital Contributions and Transfers</b> | 1,012,081  | 59,115              | -                     | 1,071,196            |
| <b>Transfers in</b>                                      | -  | 236,187             | -                     | 236,187              |
| <b>Transfers (out)</b>                                   | <u>(694,187)</u>                                   | <u>-</u>            | <u>(168,441)</u>      | <u>(862,628)</u>     |
| <b>Change in Net Position</b>                            | <u>317,894</u>                                     | <u>295,302</u>      | <u>(168,441)</u>      | <u>444,755</u>       |
| <b>Net Position, Beginning of Year</b>                   | <u>28,287,095</u>                                  | <u>1,039,746</u>    | <u>168,441</u>        | <u>29,495,282</u>    |
| <b>Net Position, End of Year</b>                         | <u>\$ 28,604,989</u>                               | <u>\$ 1,335,048</u> | <u>\$ -</u>           | <u>\$ 29,940,037</u> |

See accompanying notes.

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

|  | <b>Business-Type Activities - Enterprise Funds</b> |                     |                   |                     |
|--|--|---------------------|-------------------|---------------------|
|  | <b>Water and Sewer</b>                             | <b>Stormwater</b>   | <b>Sanitation</b> | <b>Total</b>        |
| <b>Cash Flows from Operating Activities</b>  |  |                     |                   |                     |
| Cash Received from Customers   | \$ 4,652,378                                       | \$ 393,144          | \$ -              | \$ 5,045,522        |
| Cash Paid to Suppliers   | (1,288,291)  | 6,800               | -                 | (1,281,491)         |
| Cash Paid to Employees   | (897,970)  | (141,962)           | -                 | (1,039,932)         |
| Cash Payments for Interfund Services Used  | (433,776)  | -                   | -                 | (433,776)           |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                                 | <b>2,032,341</b>                                   | <b>257,982</b>      | <b>-</b>          | <b>2,290,323</b>    |
| <b>Cash Flows from Non-Capital Financing Activities</b>                                    |  |                     |                   |                     |
| Due to/from Other Funds  | (16)   | (15)                | -                 | (31)                |
| Transfers in (out)   | (694,187)  | 236,187             | (270,479)         | (728,479)           |
| <b>Net Cash Provided by (Used in) Non-Capital Financing Activities</b>                     | <b>(694,203)</b>                                   | <b>236,172</b>      | <b>(270,479)</b>  | <b>(728,510)</b>    |
| <b>Cash Flows from Capital and Related Financing Activities</b>                            |  |                     |                   |                     |
| Interest Paid  | (25)   | -                   | -                 | (25)                |
| Acquisition and Construction of Capital Assets   | (2,744,889)  | -                   | -                 | (2,744,889)         |
| <b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>             | <b>(2,744,914)</b>                                 | <b>-</b>            | <b>-</b>          | <b>(2,744,914)</b>  |
| <b>Cash Flows from Investing Activities</b>  |  |                     |                   |                     |
| Interest Received  | 39,017   | 7,297               | -                 | 46,314              |
| <b>Net Cash Provided by (Used in) Investing Activities</b>                                 | <b>39,017</b>                                      | <b>7,297</b>        | <b>-</b>          | <b>46,314</b>       |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                                | <b>(1,367,759)</b>                                 | <b>501,451</b>      | <b>(270,479)</b>  | <b>(1,136,787)</b>  |
| <b>Cash and Cash Equivalents, Beginning of Year</b>  | <b>4,771,399</b>                                   | <b>1,074,221</b>    | <b>270,479</b>    | <b>6,116,099</b>    |
| <b>Cash and Cash Equivalents, End of Year</b>  | <b>\$ 3,403,640</b>                                | <b>\$ 1,575,672</b> | <b>\$ -</b>       | <b>\$ 4,979,312</b> |
| <br><b><u>Reconciliation of Cash and Cash Equivalents to Statement of Net Position</u></b> |  |                     |                   |                     |
| Equity in Pooled Cash and Investments  | \$ 3,165,694                                       | \$ 1,575,672        | \$ -              | \$ 4,741,366        |
| Restricted Equity in Pooled Cash and Investments in Non-Current Assets                     | 237,946  | -                   | -                 | 237,946             |
| <b>Total Cash and Cash Equivalents</b>   | <b>\$ 3,403,640</b>                                | <b>\$ 1,575,672</b> | <b>\$ -</b>       | <b>\$ 4,979,312</b> |

See accompanying notes.

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

|  | <b>Business-Type Activities - Enterprise Funds</b> |                   |                   |                     |
|--|--|-------------------|-------------------|---------------------|
|  | <b>Water and Sewer</b>                             | <b>Stormwater</b> | <b>Sanitation</b> | <b>Total</b>        |
| <b>Reconciliation of Operating Income (Loss) to Net Cash</b>   |  |                   |                   |                     |
| <b>Provided by (Used in) Operating Activities</b>  |  |                   |                   |                     |
| Operating Income (Loss)  | \$ 973,089   | \$ 51,818         | \$ -              | \$ 1,024,907        |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: |  |                   |                   |                     |
| Depreciation and Amortization  | 1,378,879  | -                 | -                 | 1,378,879           |
| Decrease (Increase) in Assets:   |  |                   |                   |                     |
| Accounts Receivable, Net   | (18,350)   | (600)             | -                 | (18,950)            |
| Prepays  | (7,923)  | (1,651)           | -                 | (9,574)             |
| Inventory  | (968)  | -                 | -                 | (968)               |
| Deferred Outflows of Resources   | (12,551)   | (2,087)           | -                 | (14,638)            |
| Increase (Decrease) in Liabilities:  |  |                   |                   |                     |
| Accounts Payable and Accrued Liabilities   | (112,304)  | 233,170           | -                 | 120,866             |
| Customer Deposits  | 14,402   | -                 | -                 | 14,402              |
| Compensated Absences   | (21,156)   | 5,605             | -                 | (15,551)            |
| Other Postemployment Benefits  | 9,015  | 1,503             | -                 | 10,518              |
| Net Pension Liability  | 5,846  | 1,024             | -                 | 6,870               |
| Deferred Inflows of Resources  | (175,638)  | (30,800)          | -                 | (206,438)           |
| <b>Net Cash Provided by (Used in) Operating Activities</b>   | <b>\$ 2,032,341</b>                                | <b>\$ 257,982</b> | <b>\$ -</b>       | <b>\$ 2,290,323</b> |

See accompanying notes.

**TOWN OF ORANGE PARK, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2020**

|  | <b>Pension<br/>Trust Funds</b> |
|--|--------------------------------|
| <b>Assets</b>  |                                |
| Cash and Cash Equivalents                              | \$ 850,113                     |
| Prepaid Benefits                                       | 69,994                         |
| Receivables:   |                                |
| Employee Contribution                                  | 2,665                          |
| Employer and State Contributions                       | 114,071                        |
| Accrued Income   | 44,252                         |
| Other Receivables                                      | 302                            |
| Total Receivables                                      | 161,290                        |
| Investments:   |                                |
| Florida Municipal Pension Trust Fund                   | 11,733,222                     |
| U.S. Government and Agency Securities                  | 3,945,913                      |
| Corporate Bonds  | 4,789,410                      |
| Domestic Stocks  | 10,350,778                     |
| International Stocks                                   | 52,257                         |
| Mutual Funds   | 9,444,955                      |
| Unit Investment Funds                                  | 765,150                        |
| Total Investments                                      | 41,081,685                     |
| <b>Total Assets</b>                                    | <b>42,163,082</b>              |
| <b>Liabilities</b>                                     |                                |
| Accounts Payable                                       | 99,473                         |
| Prepaid Contribution                                   | 37,550                         |
| <b>Total Liabilities</b>                               | <b>137,023</b>                 |
| <b>Net Position Held in Trust for Pension Benefits</b> | <b>\$ 42,026,059</b>           |

See accompanying notes.

**TOWN OF ORANGE PARK, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2020**

|   | <u>Pension<br/>Trust Funds</u> |
|---|--------------------------------|
| <b>Additions</b>  |                                |
| Contributions:  |                                |
| Employee Contributions  | \$ 217,701                     |
| Employer Contributions  | 835,931                        |
| State Contributions   | 270,431                        |
| Total Contributions   | <u>1,324,063</u>               |
| Investment Earnings:  |                                |
| Change in Fair Value of Investments   | 3,621,556                      |
| Interest Income   | 559,809                        |
| Total Investment Earnings   | 4,181,365                      |
| (Less Investment Expense)   | <u>(156,883)</u>               |
| Net Investment Income   | 4,024,482                      |
| <b>Total Additions</b>  | <u>5,348,545</u>               |
| <b>Deductions</b>   |                                |
| Benefits  | 1,659,271                      |
| Refunds   | 21,807                         |
| Administrative Expenses   | 102,102                        |
| <b>Total Deductions</b>   | <u>(1,783,180)</u>             |
| <b>Change in Net Position</b>   | 3,565,365                      |
| <b>Net Position Held in Trust for Pension Benefits,<br/>Beginning of Year</b> | <u>38,460,694</u>              |
| <b>Net Position Held in Trust for Pension Benefits,<br/>End of Year</b>       | <u>\$ 42,026,059</u>           |

See accompanying notes.

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

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of the Town of Orange Park, Florida (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The more significant of the Town's accounting policies are described below. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**(a) Reporting Entity**

The Town was first incorporated on February 18, 1879. There was considerable controversy over the original date of incorporation so the Florida Legislature passed Bill Number 86 on June 1, 1981, to confirm the *1879 Act*. The Town operates under an elected mayor-council form of government under the administration of an appointed Town Manager and provides the following services: police and fire rescue services, street maintenance and construction, water and sewer services, sanitation, stormwater, planning, zoning, culture and recreation, and economic development.

The accompanying financial statements present the financial position, results of operations and cash flows of the applicable fund types governed by the Council of the Town (the Town Council), the reporting entity of government for which the Town Council is considered to be financially accountable. There are no potential component units or related organizations of the Town that meet the criteria for inclusion in the Town's basic financial statements.

**(b) Basic Financial Statements**

The government-wide and fund financial statements, along with the notes to the financial statements, comprise the basic financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Net position is reported as one of three categories: (1) Net Investment in Capital Assets; (2) Restricted; or (3) Unrestricted.

The Statement of Activities demonstrates the degree that direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods; (2) services or privileges provided by a given function or segment; and (3) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

**(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits, pension expense, and claims and judgments, are recorded only when payment is due.

Taxes, licenses and permits, intergovernmental revenue, charges for services, and investment earnings 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.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The Town has presented the following governmental funds:

- **Major Governmental Funds**—The General Fund is the Town’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Capital Projects - Sales Tax Fund is also considered a major fund. This capital projects fund accounts for resources accumulated and payments made for the acquisition and construction of major capital facilities.
- **Non-Major Governmental Funds**—Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes. Non-major special revenue funds include the Gas Tax Fund, Confiscated Property Fund, Police Education Fund, Magnolia Cemetery Fund, Police Investigative and Evidentiary Fund, Building Department Fund, and the Fair Share Fund.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determination of operating income and changes in net position, financial position, and cash flow. All assets, deferred outflows, liabilities, and deferred inflows are included on the Statement of Net Position. The Town’s proprietary funds are all classified as enterprise funds. The Town has presented the following proprietary funds:

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

- **Major Proprietary Funds**—The Water and Sewer Fund accounts for the activities of the Town’s water distribution system, sewage treatment plant, sewage pumping stations, and collections systems. The Stormwater Fund accounts for the operations and maintenance of the Town’s stormwater management system.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Town’s enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets and amortization of intangible assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Additionally, the Town reports the following fund type:

- **Fiduciary Fund Type**—This fund type accounts for the activities of the Town of Orange Park, Florida General Employees’ Pension Plan Fund, the Firefighters’ Pension Plan Fund, and the Police Officers’ Pension Plan Fund (collectively, Pension Trust Funds), which accumulate resources for pension and disability benefit payments to retired or disabled employees.

**(d) Budgets and Budgetary Accounting**

Annual appropriated budgets are adopted for all funds. The legally adopted budgets are prepared on a basis consistent with GAAP.

The Town’s procedures in establishing the budgetary data reflected in the financial statements generally are as follows:

On or before August 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance. Budget changes during the fiscal year are approved by the Town Council. Appropriations lapse at the end of the fiscal year. Expenditures may not legally exceed appropriations for each budgeted department of the Town; however, the Town Manager is authorized to transfer budgeted amounts within a department. The legal level of budgetary control is the department level.

The budgets are integrated into the accounting system. The budgetary information presented for the general fund is prepared on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedule for the General Fund presents actual expenditures in accordance with GAAP on a basis consistent with the legally adopted budget as amended.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less. The cash and cash equivalents presented on the Statement of Cash Flows—Proprietary Funds are composed of restricted and unrestricted cash and cash equivalents and equity in pooled investments presented on the Statement of Net Position—Proprietary Funds.

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

**(f) Investments**

Investments of the Town and within the Pension Trust Funds are made through financial brokers, are held with trustees, and are stated at fair value.

**(g) Receivables and Interfund Obligations**

Receivables consist of trade receivables, amounts due from other governments, and interest receivables and are shown net of an allowance for uncollectible accounts. Uncollectible accounts receivable allowances are based on historical trends.

The unbilled portion of water and sewer revenue accrued at year-end is based upon prorating the October billing cycle.

Outstanding balances between funds 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). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

**(h) Interfund Transactions**

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers.

**(i) Inventories**

Inventories are valued at cost, which approximates market value, using the first-in first-out (FIFO) method. In the fund financial statements, the cost of the inventory is recorded as an expenditure when consumed, rather than when purchased. An offsetting non-spendable fund balance is reported in the governmental funds to indicate that the asset is not available for appropriation or expenditure.

**(j) Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. An offsetting non-spendable fund balance is reported to indicate that the asset is not available for appropriation or expenditure.

**(k) Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the enterprise funds represent cash and cash equivalents set aside for repayment of deposits to utility customers.

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

**(l) Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period and will not be recognized as an outflow of resources (expense) until that future time. Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period and will not be recognized as an inflow of resources (revenue) until that future time. Deferred outflows have a positive effect on net position, similar to assets, while deferred inflows have a negative effect on net position, similar to liabilities. The Town reports deferred outflows and inflows of resources related to pensions and other postemployment benefits (OPEB).

*Unavailable Revenues* – revenues which are measurable, but not available, are recorded as deferred inflows of resources in governmental funds financial statements.

*Pension and OPEB Related* – the difference between expected and actual experience with regard to economic or demographic factors and changes to assumptions in the measurement of total pension and OPEB liability and the differences between expected and actual earnings on pension plan investments, are reported as deferred inflows or outflows of resources, to be recognized in expense in future years. Contributions made subsequent to the measurement date, but prior to the reporting date, are reported as deferred outflows of resources.

**(m) Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide statements and in the proprietary fund statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Where cost could not be determined from the available records, estimated historical costs were used to record the estimated value of the assets. Assets acquired by gift or bequests are recorded at their fair market value at the date of transfer.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, if any, during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. General infrastructure assets acquired subsequent to June 30, 1980, are included in the governmental activities in the basic financial statements.

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

| Assets                            | Years |
|-----------------------------------|-------|
| Buildings and improvements        | 5-40  |
| Improvements other than buildings | 5-40  |
| Infrastructure                    | 10-30 |
| Equipment                         | 3-10  |

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**(n) Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements, governmental fund types recognize premiums/discounts and issuance costs during the current period. The face amount of debt issued and premiums received are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**(o) Compensated Absences**

Town employees are entitled to certain compensated absences (personal leave) based on their length of employment. All leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported. For the governmental activities, compensated absences and OPEB are generally liquidated by the General Fund.

**(p) Pension Plans**

The Town records pension contributions in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan assets are valued at fair value. The net pension liability/asset and pension related deferred outflows and inflows of resources, as well as the changes in these accounts, are recognized in the government-wide financial statements and in the proprietary fund statements.

**(q) Fund Balance/Net Position**

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

- **Fund Balance**—Generally, fund balance represents the difference between current assets and current liabilities. 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. Fund balances are classified as follows:
  - *Non-Spendable*—Fund balances are reported as non-spendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e. items that are not expected to be converted to cash such as inventory and prepaid items); or (b) legally or contractually required to be maintained intact.
  - *Restricted*—Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
  - *Committed*—Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council through the adoption of an ordinance. Only the Town Council may modify or rescind the commitment. These self-imposed limitations must be set in place prior to the end of the fiscal year.

**TOWN OF ORANGE PARK, FLORIDA**  
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- *Assigned*—Fund balances are reported as assigned when amounts are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is stipulated by the Town Council or an official for whom that authority has been given by Town Council. With the exception of the General Fund, amounts in all other governmental funds that are not non-spendable, restricted, or committed will be considered to be assigned. Also, at fiscal year-end, any appropriation of existing fund balance to eliminate a projected budgetary deficit in the next year’s budget is considered to be an assignment of fund balance.
- *Unassigned*—Fund balances reported as unassigned are the residual amount of balances that do not meet any of the above criteria. The Town reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in other funds.
- **Net Position**—Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position that does not meet the definition of net investment in capital assets or restricted is classified as unrestricted.
- **Flow Assumptions**—When both restricted and unrestricted amounts of fund balance/net position are available for use for expenditures/expenses, it is the Town’s policy to use restricted amounts first and then unrestricted amounts, as they are needed.

For unrestricted amounts of fund balance, it is the Town’s policy to use fund balance in the following order: committed, assigned, and then unassigned.

- **Minimum Fund Balance Policy**—The Town has established the following minimum fund balance policy for each of the respective funds.
  - *General Fund*—The unassigned fund balance shall not be less than 33% and not more than 67% of the total budgeted expenditures of the General Fund budget.
  - *Water and Sewer Fund*—The unrestricted net asset balance shall not be less than 33% and not more than 67% of the total budgeted operating expenses, including debt repayment, bond coverage, and transfer/charges to other funds, but excluding depreciation.

**(r) Property Taxes**

The assessment of all properties and the collection of all property taxes are made through the Property Appraiser and Tax Collector of Clay County, Florida. General property taxes are recorded when received in cash, which approximates tax levied, less discounts, for the current fiscal year.

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Details of the tax calendar are presented below:

|                             |                            |
|-----------------------------|----------------------------|
| <b>Lien Date</b>            | January 1                  |
| <b>Levy Date</b>            | October 1                  |
| <br>                        |                            |
| <b>Installment Payments</b> |                            |
| First Installment           | No later than June 30      |
| Second Installment          | No later than September 30 |
| Third Installment           | No later than December 31  |
| Fourth Installment          | No later than March 31     |
| <br>                        |                            |
| <b>Regular Payments</b>     |                            |
| Discount Periods            | November through February  |
| No Discount Period          | After March 1              |
| Delinquent Date             | April 1                    |

**(s) Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**(t) Future Adoption of New Accounting Standards**

The Town is currently evaluating the effects that the following GASB Statements, which will be implemented in future financial statements, will have on its financial statements for subsequent fiscal years:

- Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is currently under review and the Town will consider the impact, if any, upon financial reporting. The provisions of this statement are effective for the fiscal year ending September 30, 2022.

**Note 2 - Cash Deposits and Investments**

The Town maintains a cash and investment pool for all funds. Each fund's portion of this pool is included in the balance sheet account "Equity in pooled cash and investments." Interest earnings are allocated in accordance with the participating fund's relative percentage of investments.

**TOWN OF ORANGE PARK, FLORIDA  
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The Town does not have a written investment policy and follows the State of Florida investment policy as set forth in Florida Statute 218.415. Florida Statutes authorize the Town to invest in Local Government Surplus Funds Trust Fund administered by the State Board of Administration (SBA), direct obligations of the United States Treasury, interest bearing time deposits or savings accounts in qualified public depositories, and Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Both the Firefighters' and Police Officers' Pension Plans have written investment policies.

The Firefighters' Pension Plan is authorized to invest in equities, fixed income, and money market funds, subject to certain restrictions. The Police Officers' Pension Plan is authorized to invest in equities, fixed income, pooled funds, and money market funds, subject to certain restrictions. The General Employee Pension Plan invests in the Florida Municipal Investment Trust local government investment pool.

At September 30, 2020, the Town's equity in pooled cash and investments included the following:

|   |                             |
|---|-----------------------------|
| Investment Controlled by the Town:      |                             |
| SBA Local Government Surplus Funds      |                             |
| Trust Funds (Florida PRIME)             | \$ 274,336                  |
| Money Markets                           | <u>4,612,089</u>            |
| Total Investment Controlled by the Town | <u>4,886,425</u>            |
| Cash Deposits                           | <u>6,940,570</u>            |
| <b>Total Cash and Investments</b>       | <b><u>\$ 11,826,995</u></b> |

*Custodial Credit Risk:* Custodial credit risk for investments is the risk that, in the event of a failure of a counterparty, the Town will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

At September 30, 2020, the carrying amount of the Town's cash deposits was \$6,940,570 and the bank balance was \$6,990,473. Included in the carrying amount of the Town's deposits is \$750 in petty cash. All of the Town's cash deposits are fully insured by the Federal Deposit Insurance Corporation or collateralized in accordance with *Florida Security for Public Deposits Act* (the Act). Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral having a market value equal to 50% of the average daily balance for each month that all public deposits are in excess of any applicable deposit insurance. If the public deposits exceed the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a savings association, the required collateral shall have a market value equal to 125% of the deposits.

The Town's investments in the Florida Local Government Surplus Funds Trust Fund Investment Pool (LGIP), currently known as Florida PRIME, is similar to money market funds in which shares are owned in the fund rather than the underlying investments. Florida PRIME is administered by the SBA pursuant to Section 218.405 of the Florida Statutes.

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The pool invests in short-term, high-quality fixed income securities. To be considered high-quality, the security must be rated highest in the short-term rating category by one or more nationally recognized statistical ratings organizations, or deemed to be of comparable quality by the investment manager. The account balance of this fund is considered to be the fair value of this investment. As of September 30, 2020, Standard & Poor's ratings service assigned an "AAAm" rating to the Florida PRIME.

The Pension Trust Funds are held with a third-party custodian, and all securities purchased by, and collateral obtained by each plan is properly designated as plan assets. The General Employees' Pension Plan funds are held with the Florida Municipal Pension Trust Fund (FMPTF). The FMPTF invests the General Employees' Pension Plan funds through the Florida Municipal Investment Trust (FMIvT). The FMIvT is an LGIP and, therefore, considered an external investment pool for GASB reporting requirements.

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a written investment policy on interest rate risk. Information about the sensitivity of the fair values of the Town's investments (including investments held by the pension trustee) to market interest rate fluctuations is provided by the following table that shows the Town's investments and the distribution by maturity for those that have scheduled maturity dates. The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2020, is 48 days. The General Employees' Pension Plan is invested with the FMIvT, which is an external investment pool. The FMIvT investment portfolio includes the FMIvT Broad Market High Quality Bond Fund and the FMIvT Core Plus Fixed Income, which have dollar weighted average days to maturity (WAM) of 6.60 and 5.82 years, respectively.

|   | Fair Value           | Investment Maturities (in Years) |                     |                     |                     | More than 10      |
|---|----------------------|----------------------------------|---------------------|---------------------|---------------------|-------------------|
|   |                      | No Specific Maturity             | Less than 1         | 1-5                 | 6-10                |                   |
| <b>Investments Controlled by the Town</b>             |                      |                                  |                     |                     |                     |                   |
| SBA Local Government Surplus                          |                      |                                  |                     |                     |                     |                   |
| Funds Trust Funds (Florida PRIME)                     | \$ 274,336           | \$ 274,336                       | \$ -                | \$ -                | \$ -                | \$ -              |
| Money Markets   | 4,612,089            | 4,612,089                        | -                   | -                   | -                   | -                 |
| <b>Total Investments Controlled by the Town</b>       | <b>\$ 4,886,425</b>  | <b>\$ 4,886,425</b>              | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>       |
| <b>Pension Plan Investments</b>                       |                      |                                  |                     |                     |                     |                   |
| Firefighters, Police Officers, and General Employees: |                      |                                  |                     |                     |                     |                   |
| U.S. Government and Agency Securities                 | \$ 3,945,913         | \$ -                             | \$ 2,004,987        | \$ 932,168          | \$ 757,153          | \$ 251,605        |
| Corporate Bonds                                       | 4,789,410            | -                                | 97,365              | 1,048,935           | 3,400,516           | 242,594           |
| Domestic Stocks                                       | 10,350,778           | 10,350,778                       | -                   | -                   | -                   | -                 |
| International Stocks                                  | 52,257               | 52,257                           | -                   | -                   | -                   | -                 |
| Mutual Funds  | 9,444,955            | 9,444,955                        | -                   | -                   | -                   | -                 |
| Unit Investment Trust                                 | 765,150              | 765,150                          | -                   | -                   | -                   | -                 |
| FMIvT Broad Market High Quality Bond Fund             | 1,644,071            | -                                | -                   | -                   | 1,644,071           | -                 |
| FMIvT Core Plus Fixed Income Fund                     | 1,655,898            | -                                | -                   | -                   | 1,655,898           | -                 |
| FMIvT Diversified Large Cap Equity                    | 4,269,852            | 4,269,852                        | -                   | -                   | -                   | -                 |
| FMIvT Diversified Small to Mid Cap                    | 1,206,440            | 1,206,440                        | -                   | -                   | -                   | -                 |
| FMIvT International Equity                            | 1,880,627            | 1,880,627                        | -                   | -                   | -                   | -                 |
| FMIvT Core Real Estate Portfolio                      | 1,076,334            | 1,076,334                        | -                   | -                   | -                   | -                 |
| <b>Total Pension Plan Investments</b>                 | <b>\$ 41,081,685</b> | <b>\$ 29,046,393</b>             | <b>\$ 2,102,352</b> | <b>\$ 1,981,103</b> | <b>\$ 7,457,638</b> | <b>\$ 494,199</b> |

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**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The investment policies for the Firefighters' and Police Officers' Pension Plans permit investments limited to credit quality ratings from nationally recognized rating agencies as follows:

- All fixed income investments shall have a minimum rating of investment grade or higher as reported by a major credit rating service.
- Money market funds should have a minimum rating of Standard & Poor's A1 or Moody's P1.

The General Employees' Pension Fund's investments are held in the FMPTF and invested through the FMIvT. Participating Employers' investments through the FMIvT are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The General Employees' Pension Plan investment is with the pool, not the securities that make up the pool; therefore, no credit rating disclosures are required.

Listed below are the Town's securities rated by Standard & Poor's as of September 30, 2020:

| Investment Type                           | Quality Ratings   |                     |                  |             |                     |                   |                  |             |             |                   |                     |                      |
|---|-------------------|---------------------|------------------|-------------|---------------------|-------------------|------------------|-------------|-------------|-------------------|---------------------|----------------------|
|   | AAA               | AA+                 | AA               | AA-         | A-                  | A                 | A+               | BB          | BB+         | BBB               | BBB+                | Unrated              |
| <b>Investment Controlled by the Town:</b> |                   |                     |                  |             |                     |                   |                  |             |             |                   |                     |                      |
| Florida PRIME                             | \$ 274,336        | \$ -                | \$ -             | \$ -        | \$ -                | \$ -              | \$ -             | \$ -        | \$ -        | \$ -              | \$ -                | \$ -                 |
| Money Markets                             | -                 | -                   | -                | -           | -                   | -                 | -                | -           | -           | -                 | -                   | 4,612,089            |
|   | <u>\$ 274,336</u> | <u>\$ -</u>         | <u>\$ -</u>      | <u>\$ -</u> | <u>\$ -</u>         | <u>\$ -</u>       | <u>\$ -</u>      | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u>       | <u>\$ -</u>         | <u>\$ 4,612,089</u>  |
| <b>Pension Plan Investments</b>           |                   |                     |                  |             |                     |                   |                  |             |             |                   |                     |                      |
| U.S. Government and Agency Securities     | -                 | 3,254,042           | -                | -           | -                   | -                 | -                | -           | -           | -                 | -                   | 691,871              |
| Corporate Bonds                           | 61,713            | -                   | 41,710           | -           | 2,314,255           | 396,953           | 39,930           | -           | -           | 126,272           | 1,683,225           | 125,352              |
| Domestic Stocks                           | -                 | -                   | -                | -           | -                   | -                 | -                | -           | -           | -                 | -                   | 10,350,778           |
| International Stocks                      | -                 | -                   | -                | -           | -                   | -                 | -                | -           | -           | -                 | -                   | 52,257               |
| Mutual Funds                              | -                 | -                   | -                | -           | -                   | -                 | -                | -           | -           | -                 | -                   | 9,444,955            |
| Unit Investment Trust                     | -                 | -                   | -                | -           | -                   | -                 | -                | -           | -           | -                 | -                   | 765,150              |
| Florida Municipal Investment Trust        | -                 | -                   | -                | -           | -                   | -                 | -                | -           | -           | -                 | -                   | 11,733,222           |
|   | <u>\$ 61,713</u>  | <u>\$ 3,254,042</u> | <u>\$ 41,710</u> | <u>\$ -</u> | <u>\$ 2,314,255</u> | <u>\$ 396,953</u> | <u>\$ 39,930</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 126,272</u> | <u>\$ 1,683,225</u> | <u>\$ 33,163,585</u> |

**Concentrations of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this disclosure requirement.

The investment policies for the Firefighters' and Police Officers' Pension Plans have established asset allocation limits on the following investments which are designed to reduce the concentration of credit risk as follows:

- Investments in corporate common stock and convertible bonds shall not exceed 70% of the plan assets at market.
- Not more than 5% of the plan assets at the time of purchase shall be invested in the common stock, capital stock, or convertible stock of any one issuing company nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.

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- The value of bonds issued by any single corporation shall not exceed 10% of the total fund.
- All equity and fixed income securities must be readily marketable.
- Foreign securities shall not exceed 15% of the plan’s market value.

Asset allocation in the FMPTF external investment pool at September 30, 2020, is as follows:

| <b>Asset Allocation</b>                  | <b>Asset<br/>Allocation<br/>Percentage</b> |
|--|--|
| Cash and Money Market                    | 0.8%                                       |
| Broad Market High Quality Bond Portfolio | 13.9%                                      |
| Core Plus                                | 14.0%                                      |
| Diversified Large Cap Equity             | 36.1%                                      |
| Core Real Estate                         | 9.1%                                       |
| Diversified Small Cap Equity Portfolio   | 10.2%                                      |
| International Equity Portfolio           | 15.9%                                      |
| <b>Total</b>                             | <b>100.0%</b>                              |

As of September 30, 2020, the Town’s investments subject to this disclosure requirement do not exceed 5% of its total investments in any single issuer.

*Foreign Currency Risk:* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. All foreign securities held by the pension plans are traded in U.S. dollars.

*Fair Value Measurements:* The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- **Level 1 Inputs**—are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- **Level 2 Inputs**—are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly.
- **Level 3 Inputs**—are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

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The Pension Trust Funds' investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value in the hierarchy described above. The fair value measurements for the Pension Trust Fund's operating investments are as follows at September 30, 2020:

| Investments by Fair Value Level                 | Amount               | Fair Value Measurements Using                                  |   |   |
|---|----------------------|--|---|---|
|   |                      | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <b>Fiduciary Funds:</b>                         |                      |  |   |   |
| <b>Florida Municipal Pension Trust Fund</b>     |                      |  |   |   |
| General Employees' Pension Plan:                |                      |  |   |   |
| FMIvT Broad Market High Quality Bond Fund       |                      |  |   |   |
|   | \$ 1,644,071         | \$ -   | \$ 1,644,071                                  | \$ -                                      |
|   | 1,655,898            | -  | 1,655,898                                     | -   |
|   | 4,269,852            | -  | 4,269,852                                     | -   |
|   | 1,206,440            | -  | 1,206,440                                     | -   |
|   | 1,880,627            | -  | 1,880,627                                     | -   |
|   | 1,076,334            | -  | 1,076,334                                     | -   |
| Subtotal - General Employees' Pension Plan      | <u>11,733,222</u>    | <u>-</u>   | <u>11,733,222</u>                             | <u>-</u>                                  |
| Firefighters' Pension Plan:                     |                      |  |   |   |
|   | 691,871              | -  | 691,871                                       | -   |
|   | 943,928              | -  | 943,928                                       | -   |
|   | 2,588,673            | 2,588,673  | -   | -   |
|   | 52,257               | 52,257   | -   | -   |
|   | 3,428,023            | 3,428,023  | -   | -   |
|   | 765,150              | 765,150  | -   | -   |
| Subtotal - Firefighters' Pension Plan           | <u>8,469,902</u>     | <u>6,834,103</u>   | <u>1,635,799</u>                              | <u>-</u>                                  |
| Police Officers' Pension Plan:                  |                      |  |   |   |
|   | 3,254,042            | -  | 3,254,042                                     | -   |
|   | 3,845,482            | -  | 3,845,482                                     | -   |
|   | 7,762,105            | 7,762,105  | -   | -   |
|   | 6,016,932            | 6,016,932  | -   | -   |
| Subtotal - Police Officers' Pension Plan        | <u>20,878,561</u>    | <u>13,779,037</u>  | <u>7,099,524</u>                              | <u>-</u>                                  |
| <b>Total Investments Measured at Fair Value</b> | <u>\$ 41,081,685</u> | <u>\$ 20,613,140</u>   | <u>\$ 20,468,545</u>                          | <u>\$ -</u>                               |

| Investments Measured at the Net Asset Value (NAV) | Amount            | Weighted Average Maturity | Credit Risk |
|---|-------------------|---------------------------|-------------|
| Governmental Funds:                               |                   |                           |             |
| State Board of Administration (SBA):              |                   |                           |             |
| Florida PRIME                                     | <u>\$ 274,336</u> | 48 Days                   | AAAm (S&P)  |

Equities are valued based on prices quoted in active markets and are categorized as Level 1 in the fair value hierarchy. Federal Agency Securities are valued using matrix pricing techniques that value securities based on their relationship to benchmark quoted prices and are categorized as Level 2. Corporate bonds are valued using quoted prices for similar securities in active markets and are categorized as Level 2 in the fair value hierarchy. The FMIvT is an investment pool that offers both fixed income and equity portfolios. The FMIvT portfolios are categorized in the fair value hierarchy depending on their underlying securities. The Florida PRIME SBA is valued at Net Asset Value (NAV), which is included in the information released by Florida PRIME annually in its own financial statements. GASB Statement No. 72 lists several types of investments, including money markets, which are excluded from the fair value measurement and disclosure requirements. Therefore, the Town's money market investment accounts are recorded at cost and are excluded from fair value measurement and disclosure.

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**Note 3 - Receivables**

Receivables at September 30, 2020, consist of the following:

|                            | General<br>Fund     | Sales Tax<br>Fund | Non-Major<br>Funds | Water and<br>Sewer<br>Fund | Stormwater<br>Fund | Total               |
|----------------------------|---------------------|-------------------|--------------------|----------------------------|--------------------|---------------------|
| <b>Receivables</b>         |                     |                   |                    |                            |                    |                     |
| Accounts Receivable, Net   | \$ 202,285          | \$ -              | \$ -               | \$ 321,008                 | \$ 6,367           | \$ 529,660          |
| Due from Other Governments | 834,607             | 967,920           | 158,269            | -                          | -                  | 1,960,796           |
| <b>Total</b>               | <u>\$ 1,036,892</u> | <u>\$ 967,920</u> | <u>\$ 158,269</u>  | <u>\$ 321,008</u>          | <u>\$ 6,367</u>    | <u>\$ 2,490,456</u> |

Included in accounts receivable are water and sewer usage fees earned but not billed of \$231,992 as of September 30, 2020.

The above receivables are net of an allowance for uncollectible accounts, which is based on historical trends and/or the age of the receivable. The allowances at September 30, 2020, are as follows:

|                 |                   |
|-----------------|-------------------|
| General Fund    | \$ 162,046        |
| Water and Sewer | <u>42,798</u>     |
| <b>Total</b>    | <u>\$ 204,844</u> |

**Note 4 - Interfund Transactions**

At September 30, 2020, the Town had the following due to/from other funds:

|                                | Due from<br>Other Funds | Due to<br>Other Funds |
|--------------------------------|-------------------------|-----------------------|
| General Fund                   | \$ 81,332               | \$ 3,022              |
| Capital Project Sales Tax Fund | -                       | 77,339                |
| Water and Sewer Fund           | -                       | 815                   |
| Stormwater Fund                | -                       | 137                   |
| Non-Major Funds                | -                       | 19                    |
| <b>Total</b>                   | <u>\$ 81,332</u>        | <u>\$ 81,332</u>      |

Interfund transfers for the year ended September 30, 2020, were as follows:

|                      | Transfers in      |              |                    | Governmental<br>Activities |
|----------------------|-------------------|--------------|--------------------|----------------------------|
|                      | General<br>Fund   | Sales<br>Tax | Stormwater<br>Fund |                            |
| <b>Transfers out</b> |                   |              |                    |                            |
| Sanitation Fund      | \$ 159,092        | \$ -         | \$ -               | \$ 9,349                   |
| Water and Sewer Fund | 458,000           | -            | 236,187            | -                          |
| Non-Major Funds      | 74,000            | -            | -                  | -                          |
| <b>Total</b>         | <u>\$ 691,092</u> | <u>\$ -</u>  | <u>\$ 236,187</u>  | <u>\$ 9,349</u>            |

Transfers of resources from a fund to the fund through which resources are to be expended, are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and as transfers in (out) in the proprietary funds.

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The Water and Sewer Fund transferred \$458,000 to the General Fund as payment in lieu of taxes.

The Sanitation Fund was eliminated and its operations were moved into the General Fund. The Sanitation Fund transfer of \$159,092 to the General Fund was to move the remaining balances at September 30, 2020. The Building Department Fund transferred \$74,000 to the General Fund to recover salaries and benefits paid by the General Fund on behalf of building department operations. The Water and Sewer Fund transferred \$236,187 to the Stormwater Fund to help cover operations.

**Note 5 - Capital Assets**

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

|  | Beginning<br>Balance | Increases           | Decreases             | Transfers         | Ending<br>Balance    |
|--|----------------------|---------------------|-----------------------|-------------------|----------------------|
| <b>Governmental Activities Capital Assets</b>      |                      |                     |                       |                   |                      |
| Capital Assets Not Being Depreciated:              |                      |                     |                       |                   |                      |
| Construction in Progress                           | \$ 1,760,664         | \$ 1,852,730        | \$ (3,254,564)        | \$ -              | \$ 358,830           |
| Land   | 1,452,946            | 1,032,247           | -                     | -                 | 2,485,193            |
| Total Capital Assets Not Being Depreciated         | 3,213,610            | 2,884,977           | (3,254,564)           | -                 | 2,844,023            |
| Capital Assets Being Depreciated:                  |                      |                     |                       |                   |                      |
| Buildings and Improvements                         | 6,647,225            | 17,850              | -                     | 47,291            | 6,712,366            |
| Improvements Other than Buildings                  | 2,701,924            | 163,088             | -                     | -                 | 2,865,012            |
| Infrastructure                                     | 27,117,087           | 3,495,072           | -                     | -                 | 30,612,159           |
| Equipment  | 6,524,590            | 445,818             | (197,391)             | 1,100             | 6,774,117            |
| Total Capital Assets Being Depreciated             | 42,990,826           | 4,121,828           | (197,391)             | 48,391            | 46,963,654           |
| Less Accumulated Depreciation:                     |                      |                     |                       |                   |                      |
| Buildings and Improvements                         | (2,543,113)          | (199,576)           | -                     | (37,943)          | (2,780,632)          |
| Improvements Other than Buildings                  | (2,085,833)          | (515,210)           | -                     | -                 | (2,601,043)          |
| Infrastructure                                     | (13,595,422)         | (674,565)           | -                     | -                 | (14,269,987)         |
| Equipment  | (3,958,600)          | (621,398)           | 195,631               | (1,100)           | (4,385,467)          |
| Total Accumulated Depreciation                     | (22,182,968)         | (2,010,749)         | 195,631               | (39,043)          | (24,037,129)         |
| Total Capital Assets Being Depreciated, Net        | 20,807,858           | 2,111,079           | (1,760)               | 9,348             | 22,926,525           |
| <b>Governmental Activities Capital Assets, Net</b> | <b>\$ 24,021,468</b> | <b>\$ 4,996,056</b> | <b>\$ (3,256,324)</b> | <b>\$ 9,348</b>   | <b>\$ 25,770,548</b> |
| <b>Business-Type Activities</b>                    |                      |                     |                       |                   |                      |
| Capital Assets Not Being Depreciated:              |                      |                     |                       |                   |                      |
| Construction in Progress                           | \$ 795,421           | \$ 1,212,710        | \$ (1,509,202)        | \$ -              | \$ 498,929           |
| Land   | 122,549              | -                   | -                     | -                 | 122,549              |
| Total Capital Assets Not Being Depreciated         | 917,970              | 1,212,710           | (1,509,202)           | -                 | 621,478              |
| Capital Assets Being Depreciated:                  |                      |                     |                       |                   |                      |
| Buildings and Improvements                         | 285,621              | 8,925               | -                     | (47,291)          | 247,255              |
| Improvements Other than Buildings                  | 37,295,829           | 2,536,779           | -                     | -                 | 39,832,608           |
| Equipment  | 937,701              | 495,677             | (30,694)              | (1,100)           | 1,401,584            |
| Total Capital Assets Being Depreciated             | 38,519,151           | 3,041,381           | (30,694)              | (48,391)          | 41,481,447           |
| Less Accumulated Depreciation:                     |                      |                     |                       |                   |                      |
| Buildings and Improvements                         | (148,361)            | (9,037)             | -                     | 37,943            | (119,455)            |
| Improvements Other than Buildings                  | (14,566,137)         | (1,191,283)         | -                     | -                 | (15,757,420)         |
| Equipment  | (658,255)            | (178,559)           | 30,694                | 1,100             | (805,020)            |
| Total Accumulated Depreciation                     | (15,372,753)         | (1,378,879)         | 30,694                | 39,043            | (16,681,895)         |
| Total Capital Assets Being Depreciated, Net        | 23,146,398           | 1,662,502           | -                     | (9,348)           | 24,799,552           |
| <b>Total Business-Type Activities, Net</b>         | <b>\$ 24,064,368</b> | <b>\$ 2,875,212</b> | <b>\$ (1,509,202)</b> | <b>\$ (9,348)</b> | <b>\$ 25,421,030</b> |

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Depreciation expense was charged to functions/programs as follows:

|  |                            |
|--|----------------------------|
| <b>Governmental Activities</b>                               |                            |
| General Government   | \$ 150,425                 |
| Public Safety  | 462,710                    |
| Public Works   | 1,197,919                  |
| Culture and Recreation                                       | 199,696                    |
| <b>Total Depreciation Expense - Governmental Activities</b>  | <u><u>\$ 2,010,750</u></u> |
| <br><b>Business-Type Activities</b>                          |                            |
| Water and Sewer System                                       | \$ 1,378,879               |
| <b>Total Depreciation Expense - Business-Type Activities</b> | <u><u>\$ 1,378,879</u></u> |

For the year ended September 30, 2020, no interest was capitalized for business-type activities.

**Note 6 - Long-Term Obligations**

Change in long-term obligations for the year ended September 30, 2020, were as follows:

|                                       | <u>Beginning<br/>Balance</u> | <u>Increases</u>           | <u>Decreases</u>           | <u>Ending<br/>Balance</u>  | <u>Due Within<br/>One Year</u> |
|---------------------------------------|------------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|
| <b>Governmental Activities</b>        |                              |                            |                            |                            |                                |
| Compensated Absences                  | \$ 745,523                   | \$ 713,276                 | \$ (749,163)               | \$ 709,636                 | \$ 307,982                     |
| Other Postemployment Benefits         | 577,130                      | 48,082                     | -                          | 625,212                    | -                              |
| Net Pension Liability                 | 1,180,669                    | 269,810                    | -                          | 1,450,479                  | -                              |
| <b>Total Governmental Activities</b>  | <u><u>\$ 2,503,322</u></u>   | <u><u>\$ 1,031,168</u></u> | <u><u>\$ (749,163)</u></u> | <u><u>\$ 2,785,327</u></u> | <u><u>\$ 307,982</u></u>       |
| <br><b>Business-Type Activities</b>   |                              |                            |                            |                            |                                |
| Compensated Absences                  | \$ 105,391                   | \$ 44,173                  | \$ (59,724)                | \$ 89,840                  | \$ 33,909                      |
| Other Postemployment Benefits         | 82,310                       | 10,518                     | -                          | 92,828                     | -                              |
| <b>Total Business-Type Activities</b> | <u><u>\$ 187,701</u></u>     | <u><u>\$ 54,691</u></u>    | <u><u>\$ (59,724)</u></u>  | <u><u>\$ 182,668</u></u>   | <u><u>\$ 33,909</u></u>        |

For governmental activities, the General Fund is used to liquidate compensated absences, the net pension liability, and the other postemployment liability.

**Note 7 - Pension Plans**

**General Employees' Pension Plan**

**Plan Description**

The Town contributes to the General Employees' Pension Plan, which is a single-employer defined benefit public employees' retirement system (PERS), established pursuant to Town Ordinance 11-89 adopted May 2, 1989, and as subsequently amended by Town Council. The PERS does not issue a financial report separate from the Town's financial statements. The plan has three distinct classes of participants:

- Group A:* Non-union participants (not identified as Local 630 or in a dispatcher position)
- Group B:* Local 630 participants
- Group C:* Dispatcher participants

**TOWN OF ORANGE PARK, FLORIDA  
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**Plan Benefits and Contributions**

The General Employees' Pension Plan provides pension and death benefits to its members. As stipulated by Town ordinance, authority to establish and amend benefit provisions of the General Employees' Pension Plan along with the authority to provide for cost of living adjustments rests with the Town Council.

*Vesting*

All general, full-time, permanent employees who have completed one year of service are eligible to participate in PERS. Under the provisions of the PERS, pension benefits vest upon completion of five years of credited service. An employee may retire at the earlier of age 65 with ten years of service, or age 62 with 20 years of service.

*Average Monthly Earnings*

- Group A:  
One-twelfth of the arithmetic average of earnings of the five (5) highest years of service of the ten (10) years immediately preceding retirement or termination, but not less than the highest 3-year average as of June 7, 2016.
- Group B:  
One-twelfth of the arithmetic average of earnings for the last five (5) years immediately preceding retirement or termination.
- Group C:  
One-twelfth of the arithmetic average of earnings for the five (5) highest years of service of the ten (10) years immediately preceding retirement or termination.

*Accrued Benefit*

|                                       |   |
|---------------------------------------|---|
| Group A (Hired prior to 6/7/2016):    | 2.50% per year                                    |
| Group A (Hired on or after 6/7/2016): | 2.00% per year                                    |
| Group B:                              | 2.50% per year prior to 10/1/13, 2.00% Thereafter |
| Group C (Hired prior to 6/3/2014):    | 2.50% per year prior to 6/3/14, 2.25% Thereafter  |
| Group C (Hired on or after 6/3/2014): | 2.00% per year                                    |

*Maximum Benefit Accrual*

|                                       |   |
|---------------------------------------|---|
| Group A (Hired prior to 6/7/2016):    | 75% of Average Monthly Earnings, but not less than the percentage accrued as of June 7, 2016.       |
| Group A (Hired on or after 6/7/2016): | 75% of Average Monthly Earnings.  |
| Group B:                              | 75% of Average Monthly Earnings, but not less than the percentage accrued as of September 30, 2013. |
| Group C (Hired prior to 6/3/2014):    | 90% of Average Monthly Earnings.  |
| Group C (Hired on or after 6/3/2014): | 75% of Average Monthly Earnings.  |

*Early Retirement*

Participants are eligible for early retirement upon reaching age 55 and completing ten (10) years of credited service. The accrued benefit is reduced 1/15<sup>th</sup> each year for the first five (5) years that early retirement precedes normal retirement and 1/30<sup>th</sup> each year for the next five (5) years.

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*Pre-Retirement Death Benefits*

Benefit Married: If eligible for Early Retirement, 50% of member’s accrued benefit had he or she elected the joint and survivorship annuity and retired the day before death, payable to spouse for life.

Benefit Not Married: If eligible for Early Retirement, member’s accrued benefit had he or she elected the 10-year certain and life annuity and retired the day before death.

*Contributions:*

Members are required to contribute as follows:

- Group A:* 3.0% of earnings, effective June 7, 2016
- Group B:* 3.0% of earnings
- Group C:* 5.0% of earnings

*Town Contributions:*

The Town is required to contribute at an actuarially determined rate (7.95% of valuation payroll for the year ended September 30, 2020).

**Plan Investments**

The General Employees’ Pension Plan is invested in a group contract with FMPTF.

The plan did not hold investments in any one organization that represents 5% or more of the pension plan’s fiduciary net position. For the year ended September 30, 2020, the annual money-weighted rate of the return on pension plan investments, net of pension plan investment expense, was 6.49%.

**Measurement Date**

As permitted by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Town elected to use a measurement date to value the net pension liability and related deferred inflows and outflows as of September 30, 2019, one year prior to the reporting date. The Town’s Pension Trust Funds do not issue separate financial statements. Therefore, the disclosures required by GASB Statement No. 67 as of September 30, 2020, are also included below.

**Plan Membership**

Plan membership in the General Employees’ Pension Plan is as follows:

|   | <b>October 1,<br/>2019</b> |
|---|----------------------------|
| <b>Retirees and Beneficiaries</b>                                   |                            |
| Inactive Plan Members or Beneficiaries                              |                            |
| Currently Receiving Benefits  | 32                         |
| Inactive Plan Members Entitled to but<br>not yet Receiving Benefits | 45                         |
| Active Plan Members   | 39                         |
| <b>Total Retirees and Beneficiaries</b>                             | <b>116</b>                 |

**TOWN OF ORANGE PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
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**General Employees' Pension Plan**

|   | <b>Total Pension<br/>Liability</b> | <b>Plan Fiduciary<br/>Net Position</b> | <b>Net Pension<br/>Liability (Asset)</b> |
|---|------------------------------------|--|--|
| <b>Balances at September 30, 2018</b>                   | \$ 10,468,977                      | \$ 11,035,504                          | \$ (566,527)                             |
| Changes for the Year:                                   |                                    |  |  |
| Service Cost  | 232,299                            | -                                      | 232,299                                  |
| Interest  | 725,020                            | -                                      | 725,020                                  |
| Differences between Expected and<br>Actual Experience   | (132,614)                          | -                                      | (132,614)                                |
| Changes of Assumptions                                  | -                                  | -                                      | -  |
| Contributions - Employer                                | -                                  | 168,906                                | (168,906)                                |
| Contributions - Employee                                | -                                  | 67,573                                 | (67,573)                                 |
| Net Investment Income                                   | -                                  | 566,194                                | (566,194)                                |
| Benefit Payments, Including<br>Refunds of Contributions | (422,466)                          | (422,466)                              | -  |
| Administrative Expenses                                 | -                                  | (1,000)                                | 1,000                                    |
| Net Changes   | 402,239                            | 379,207                                | 23,032                                   |
| <b>Balances at September 30, 2019</b>                   | <u>\$ 10,871,216</u>               | <u>\$ 11,414,711</u>                   | <u>\$ (543,495)</u>                      |

**September 30, 2020**

|                                      |                     |
|--------------------------------------|---------------------|
| Total Pension Liability              | \$ 11,149,882       |
| Plan Net Position                    | <u>(11,830,511)</u> |
| <b>Net Pension Liability (Asset)</b> | <u>\$ (680,629)</u> |

Plan Net Position as a Percentage of Total Pension Liability 106.10%

For the year ended September 30, 2020, the Town recognized total pension expense of (\$505,992). The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Deferred Outflow of Resources**

|   |                   |
|---|-------------------|
| Contributions Made after the Measurement Date | \$ 172,921        |
| Changes in Assumptions                        | <u>2,514</u>      |
| <b>Total Deferred Outflow of Resources</b>    | <u>\$ 175,435</u> |

**Deferred Inflow of Resources**

|   |                   |
|---|-------------------|
| Differences between Actual and Expected<br>Experience   | \$ 158,094        |
| Net Difference between Projected and<br>Actual Earnings | <u>394,198</u>    |
| <b>Total Deferred Inflow of Resources</b>               | <u>\$ 552,292</u> |

**TOWN OF ORANGE PARK, FLORIDA  
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Contributions made after the measurement date (shown above) will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ended<br/>September 30</b> | <b>Amount</b>       |
|------------------------------------|---------------------|
| 2021                               | \$ (523,753)        |
| 2022                               | (98,882)            |
| 2023                               | 32,906              |
| 2024                               | 39,951              |
| 2025                               | -                   |
| <b>Total</b>                       | <b>\$ (549,778)</b> |

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of October 1, 2018, updated to September 30, 2019, using the following actuarial assumptions applied to all measurement periods:

|                           |       |   |
|---------------------------|-------|---|
| Inflation                 | 2.75% |   |
| Salary Increases          | 4.75% |   |
| Investment Rate of Return | 7.00% |   |
| Mortality                 |       | For Healthy Participants, PUB-2010, Scale MP-2018 |

*Changes in Assumptions.* The mortality tables were updated from the RP 2000 Combined Healthy Participant Mortality Tables to the PUB-2010, Scale MP-2018 Mortality Tables as used in the latest FRS valuation.

*Discount Rate.* A discount rate of 7.0% was used to measure the total pension liability. The discount rate was based on the expected rate of return on plan investments of 7.0%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member contribution rate. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future expected benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability/(Asset) to the Discount Rate Assumption:*

**As of September 30, 2020**

| <b>Net Pension<br/>Liability/(Asset)</b> | <b>1% Decrease<br/>(6.00%)</b> | <b>Current Discount<br/>Rate (7.00%)</b> | <b>1% Increase<br/>(8.00%)</b> |
|--|--------------------------------|--|--------------------------------|
| General Employees' Pension Plan          | \$ 653,003                     | \$ (680,629)                             | \$ (1,797,603)                 |

**As of September 30, 2019**

| <b>Net Pension<br/>Liability/(Asset)</b> | <b>1% Decrease<br/>(6.00%)</b> | <b>Current Discount<br/>Rate (7.00%)</b> | <b>1% Increase<br/>(8.00%)</b> |
|--|--------------------------------|--|--------------------------------|
| General Employees' Pension Plan          | \$ 805,263                     | \$ (543,495)                             | \$ (1,668,230)                 |

**TOWN OF ORANGE PARK, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
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**Firefighters' Pension Plan**

**Plan Description**

The Firefighters' Pension Plan, a single-employer defined benefit plan, was established pursuant to Town Ordinance 8-89 adopted March 21, 1989, and as subsequently amended by the Town Council. Members of the Firefighters' Pension Plan include full-time state certified firefighters. The funding method and determination of benefits payable are provided in various acts of the Florida Legislature (the Act), which created funds, including subsequent amendments, thereto. The Act provides, in general, that funds are to be accumulated from employee contributions, Town contributions, state appropriations, and income from investment of accumulated funds. The Act also provides that, should the accumulated funds at any time be insufficient to meet and pay the benefits due, the Town shall supplement the fund by an appropriation from current funds or from any revenue which may lawfully be used for said purposes in an amount sufficient to make up the deficiency. The Firefighters' Pension Plan is administered by a Board of Trustees. The Board consists of five Trustees, two of whom are legal residents of the Town who are appointed by the Town Council, two of whom are members of the plan who are elected by the membership, and a fifth member is elected by the other four and appointed by the Town Council. Each Trustee serves a two-year term. Investments are reported at fair value. The Firefighters' Pension Plan does not issue a stand-alone financial report.

**Plan Benefits and Contributions**

The Firefighters' Pension Plan provides pension, death, and disability benefits to its members. As stipulated by Town ordinance, authority to establish and amend benefit provisions of the Firefighters' Pension Plan along with the authority to provide for cost of living adjustments rests with the Town Council.

*Vesting*

Each person employed by the Town Fire Department as a full-time Firefighter becomes a member of the Plan. Members are considered vested after 5 years of credited service and are entitled to plan benefits. Fire Department employees attaining the earlier of the age of 55 and ten years of credited service or 25 years of credited service regardless of age are considered fully vested in the plan.

*Benefit*

If hired prior to June 7, 2016, the retirement benefit is equal to 3.00% of average final compensation for each year of credited service. If hired after June 6, 2016, the retirement benefit is equal to 2.75% of average final compensation for each year of credited service.

*Maximum Benefit*

If hired prior to June 7, 2016, 80% of average final compensation. If hired after June 6, 2016, 75% of average final compensation.

*Early Retirement*

Members are eligible for early retirement upon reach age 50 and 10 years of credited service. The retirement benefit is based on the accrued benefit, reduced 3.0% per year for each year prior to normal retirement.

**TOWN OF ORANGE PARK, FLORIDA  
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*Disability Benefits*

For service incurred disabilities, active employees receive disability benefits accrued to the date of disability but not less than 42% of average final compensation, subject to the maximum limit. For non-service incurred disabilities, employees with ten years of credited service receive disability benefits accrued to the date of disability. Disability benefits are payable for life with 120 monthly payments guaranteed, or until recovery, as determined by the Board.

*Pre-Retirement Death Benefits*

If an employee dies before completion of five (5) years of continuous service, employee contributions are refunded without interest. If an employee dies after the completion of at least five (5) years of continuous service, the monthly accrued benefits, reduced actuarially, are payable to the designated beneficiary for their lifetime. After retirement, benefits are payable to the beneficiary in accordance with the option selected at retirement.

**Contributions**

The Town is required to contribute at an actuarially determined rate of 18.71% valuation payroll for the year ended September 30, 2020. The Town and State contributions to the Firefighters' Pension Plan were \$318,381 for the year ended September 30, 2020. Under the provisions of the Town Ordinance, Fire Department employees of the Town are required to contribute 4% of their annual compensation to the Firefighters' Pension Plan. The payments are deducted from the employees' wages and remitted by the Town to the Firefighters' Pension Plan bi-weekly.

Administrative costs are funded by contributions made to the plan. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the standardized measure of the pension benefit obligation. The Town must provide annual contributions sufficient to satisfy any actuarially determined contribution requirements not covered by the state premium tax refunds and employee contributions.

**Plan Investments**

The Firefighters' Pension Board of Trustees is responsible for establishing and amending the Plans' investments. The plan's current investment policy gives the Board discretion to allocate assets provided that no more than 60% of the funds at cost are invested in common stock or capital stock.

The plan did not hold investments in any one organization that represents 5% or more of the pension plan's fiduciary net position. The money-weighted rate of return on Plan investments, net of related investment expenses, was 10.02% for the year ended September 30, 2020.

**Measurement Date**

As permitted by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Town elected to use a measurement date to value the net pension liability and related deferred inflows and outflows as of September 30, 2019, one year prior to the reporting date. The Town's Pension Trust Funds do not issue separate financial statements. Therefore, the disclosures required by GASB Statement No. 67 as of September 30, 2020, are also included below.

**TOWN OF ORANGE PARK, FLORIDA  
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**Plan Membership**

Plan membership in the Firefighters' Pension Plan is as follows:

|   | <b>October 1,<br/>2019</b> |
|---|----------------------------|
| <b>Retirees and Beneficiaries</b>                                   |                            |
| Inactive Plan Members or Beneficiaries                              |                            |
| Currently Receiving Benefits  | 22                         |
| Inactive Plan Members Entitled to but<br>not yet Receiving Benefits | 11                         |
| Active Plan Members   | 19                         |
| <b>Total Retirees and Beneficiaries</b>                             | <b>52</b>                  |

The components of the net pension liability of the sponsor on September 30, 2020, were as follows:

**Firefighters' Pension Plan**

|   | <b>Total Pension<br/>Liability</b> | <b>Plan Fiduciary<br/>Net Position</b> | <b>Net Pension<br/>Liability</b> |
|---|------------------------------------|--|----------------------------------|
| <b>Balances at September 30, 2018</b>                   | \$ 7,823,083                       | \$ 7,537,982                           | \$ 285,101                       |
| Changes for the Year:                                   |                                    |  |                                  |
| Service Cost  | 229,098                            | -                                      | 229,098                          |
| Interest  | 611,896                            | -                                      | 611,896                          |
| Differences between Expected and<br>Actual Experience   | (347,209)                          | -                                      | (347,209)                        |
| Changes of Assumptions                                  | 232,680                            | -                                      | 232,680                          |
| Changes of Benefit Terms                                | (4,998)                            | -                                      | (4,998)                          |
| Contributions - Employer                                | -                                  | 251,143                                | (251,143)                        |
| Contributions - State                                   | -                                  | 89,667                                 | (89,667)                         |
| Contributions - Employee                                | -                                  | 48,171                                 | (48,171)                         |
| Net Investment Income                                   | -                                  | 347,335                                | (347,335)                        |
| Benefit Payments, Including<br>Refunds of Contributions | (303,506)                          | (303,506)                              | -                                |
| Administrative Expenses                                 | -                                  | (50,480)                               | 50,480                           |
| Net Changes   | 417,961                            | 382,330                                | 35,631                           |
| <b>Balances at September 30, 2019</b>                   | <b>\$ 8,241,044</b>                | <b>\$ 7,920,312</b>                    | <b>\$ 320,732</b>                |

**September 30, 2020**

|                                      |                    |
|--------------------------------------|--------------------|
| Total Pension Liability              | \$ 8,641,868       |
| Plan Net Position                    | (8,719,343)        |
| <b>Net Pension Liability (Asset)</b> | <b>\$ (77,475)</b> |

|  |         |
|--|---------|
| Plan Net Position as a Percentage of Total Pension Liability | 100.90% |
|--|---------|

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

For the year ended September 30, 2020, the Town recognized total pension expense of \$429,203. The Town reported deferred outflows of resources related to pensions from the following sources:

|  |                          |
|--|--------------------------|
| <b>Deferred Outflow of Resources</b>   |                          |
| Contributions Made after the Measurement Date                                | \$ 319,962               |
| Changes of Assumptions   | 174,510                  |
| Differences between Actual and Expected Experience                           | 193,851                  |
| Difference between Projected and Actual Earnings on Pension Plan Investments | <u>100,592</u>           |
| <b>Total Deferred Outflow of Resources</b>                                   | <b><u>\$ 788,915</u></b> |
| <br>   |                          |
| <b>Deferred Inflows of Resources</b>   |                          |
| Differences between Actual and Expected Experience                           | <u>\$ 260,406</u>        |
| <b>Total Deferred Inflows of Resources</b>                                   | <b><u>\$ 260,406</u></b> |

Contributions made after the measurement date (shown above) will be recognized as a reduction in the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended<br/>September 30,</u> | <u>Amount</u>            |
|-------------------------------------|--------------------------|
| 2021                                | \$ 90,040                |
| 2022                                | 49,579                   |
| 2023                                | 21,285                   |
| 2024                                | <u>47,643</u>            |
| <b>Total</b>                        | <b><u>\$ 208,547</u></b> |

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of October 1, 2019, updated to September 30, 2020, using the following actuarial assumptions applied to all measurement periods:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.50%   |
| Salary Increases          | Service Based   |
| Discount Rate             | 7.50%   |
| Investment Rate of Return | 7.50%   |
| Mortality                 | PUB-2010, projected generationally with Scale MP-2019           |
| Mortality Disabled        | PUB-2010, projected generationally with Scale MP-2019, Disabled |

| <u>Asset Class</u>        | <u>Target Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|---------------------------|--------------------------|---|
| Domestic Equity           | 50%                      | 7.5%  |
| International Equity      | 15%                      | 8.5%  |
| Broad Market Fixed Income | 25%                      | 2.5%  |
| Real Estate               | 10%                      | 4.5%  |

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

*Discount Rate.* The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate.* The following presents the net pension liability of the Firefighters’ Pension Plan Fund, calculated using the discount rate of 7.50%, as well as what the Plan’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| <b>As of September 30, 2020</b> | <b>1% Decrease<br/>(6.50%)</b> | <b>Current<br/>Discount<br/>Rate (7.50%)</b> | <b>1% Increase<br/>(8.50%)</b> |
|---------------------------------|--------------------------------|--|--------------------------------|
| Net Pension (Asset) Liability   | \$ 983,964                     | \$ (77,475)                                  | \$ (964,079)                   |
| <br>                            |                                |  |                                |
| <b>As of September 30, 2019</b> | <b>1% Decrease<br/>(6.50%)</b> | <b>Current<br/>Discount<br/>Rate (7.50%)</b> | <b>1% Increase<br/>(8.50%)</b> |
| Net Pension (Asset) Liability   | \$ 1,382,689                   | \$ 320,732                                   | \$ (559,959)                   |

**Police Officers’ Pension Plan**

**Plan Description**

The Police Officers’ Pension Plan, a single-employer defined benefit pension plan, was established pursuant to Town Ordinance 28-82, adopted December 28, 1982, as subsequently amended by the Town Council. Members of the Police Officers’ Pension Plan include full-time state certified police officers. The funding method and determination of benefits payable are provided in various acts of the Florida Legislature (the Act), which created funds, including subsequent amendment, thereto. The Act provides, in general, that funds are to be accumulated from employee contributions, Town contributions, state appropriations, and income from investment of accumulated funds. The Act also provides that, should the accumulated funds at any time be insufficient to meet and pay the benefits due, the Town shall supplement the fund by an appropriation from current funds or from any revenue which may lawfully be used for said purposes in an amount sufficient to make up the deficiency. The Police Officers’ Pension Plan is administered by a Board of Trustees. The Board consists of five Trustees: two citizens of Orange park appointed by the Town, two full-time Police Officers who are elected by a majority of the Members of the Plan, and a fifth Trustee who is chosen by a majority of the first four Trustees. Each Trustee serves a four-year term. Investments are reported at fair value. The Police Officers’ Pension Plan does not issue a stand-alone financial report.

**Plan Benefits**

The Police Officers’ Pension Plan provides pension, death, and disability benefits to its members. As stipulated by Town ordinance, authority to establish and amend benefit provisions of the Police Officers’ Pension Plan along with the authority to provide for cost of living adjustments rests with the Town Council. In 2014, the Town passed Ordinance 12-14 amending the Police Officers’ Pension Plan. The Ordinance amended several key provisions of the Plan as noted throughout the paragraphs below.

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

*Vesting*

All Police Department employees attaining the earlier of the age of 55 and ten years of credited service or age 52 and 25 years of credited service are entitled to a retirement benefit.

*Accrued Benefit*

The accrued benefit is a percentage of average monthly earnings, based on the following accrual rates:

| <u>Hire Date</u>              | <u>Applicable Credited Service</u> | <u>Accrual Rate</u> |
|-------------------------------|------------------------------------|---------------------|
| Before 11/13/12               | Prior to 11/13/12                  | 3.75%               |
| 11/13/12-06/02/14             |                                    | 3.50%               |
| On and after 06/03/14         |                                    | 3.35%               |
| Between 11/13/12 and 06/02/14 | All years of Credited Service      | 3.25%               |
| Between 06/03/14 and 05/02/16 | All years of Credited Service      | 3.20%               |
| On and After 05/03/16         | All years of Credited Service      | 3.00%               |

*Maximum Benefit*

If hired prior to November 13, 2012, 90% of average monthly earnings. If hired after November 13, 2012, 75% of average monthly earnings.

*Supplemental Benefit*

Each member hired prior to November 13, 2012, who retires under normal retirement shall receive an additional \$200 per month payable for life. For members hired on or after November 13, 2012, the additional benefit shall be \$100 per month payable for life.

*Early Retirement*

Employees who have attained age 45 and have completed ten (10) years of service are eligible for an early retirement equal to the applicable multiplier times average monthly earnings times years of credited service (excluding the supplement), reduced 3% for each year that early retirement precedes normal retirement.

*Disability Benefits*

Active employees who become disabled receive disability benefits (upon expiration of accrued sick pay and vacation pay) of 50% of pay on date of disability if service connected. Employees who become disabled from a non-service connected disability must have ten (10) years of credited service to receive benefits of 25% of pay on date of disability. The minimum disability benefit is 2% of average monthly earnings times years of credited service. The benefits are payable for life, with 120 monthly payments guaranteed, or until recovery, as determined by the Board. If an employee is terminated before completion of five years of continuous service, employee contributions are refunded without interest.

**Contributions**

The Town is required to contribute at an actuarially determined rate (30.45% of valuation payroll for the year ended September 30, 2020). Town and state contributions to the plan were \$615,060 for the year ended September 30, 2020. Employees are required to contribute a rate of not less than 6.5% of gross earnings. For employees hired before the effective date of Ordinance 12-14, their contribution is reduced to 3% of gross earnings once such employees reach the maximum accrual of 90% of average monthly earnings.

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

**Plan Investments**

The Board of Trustees is responsible for establishing and amending the plan's investment policies. The Plan's current investment policy gives the Board discretion to allocate assets provided that no more than 70% of the total market value of assets of the fund shall at any time be invested in common and/or preferred stocks nor shall the aggregate investment in any one issuing company exceed one percent of the outstanding capital stock of that company. The plan did not hold investments in any one organization that represents 5% or more of the pension plan's fiduciary net position. The money-weighted rate of return on plan investments, net of related investment expenses, was 13.31% for the year ended September 30, 2020.

**Measurement Date**

As permitted by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Town elected to use a measurement date to value the net pension liability and related deferred inflows and outflows as of September 30, 2019, one year prior to the reporting date. The Town's Pension Trust Funds do not issue separate financial statements. Therefore, the disclosures required by GASB Statement No. 67 as of September 30, 2020, are also included below.

Plan membership in the Police Officer's Pension Plan is as follows:

|   | <b>October 1,<br/>2019</b>         |  |                                  |
|---|------------------------------------|--|----------------------------------|
| <b>Retirees and Beneficiaries</b>                                   |                                    |  |                                  |
| Inactive Plan Members or Beneficiaries                              |                                    |  |                                  |
| Currently Receiving Benefits  |                                    | 28                                     |                                  |
| Inactive Plan Members Entitled to but<br>not yet Receiving Benefits |                                    | 14                                     |                                  |
| Active Plan Members   |                                    | 25                                     |                                  |
| <b>Total Retirees and Beneficiaries</b>                             |                                    | 67                                     |                                  |
| <br><b>Police Officers' Pension Plan</b>                            |                                    |  |                                  |
|   | <b>Total Pension<br/>Liability</b> | <b>Plan Fiduciary<br/>Net Position</b> | <b>Net Pension<br/>Liability</b> |
| <b>Balances at September 30, 2018</b>                               | \$ 19,149,725                      | \$ 18,254,157                          | \$ 895,568                       |
| Changes for the Year:   |                                    |  |                                  |
| Service Cost  | 428,602                            | -                                      | 428,602                          |
| Interest  | 1,455,929                          | -                                      | 1,455,929                        |
| Differences between Expected and<br>Actual Experience               | (325,984)                          | -                                      | (325,984)                        |
| Assumption Changes  | 425,836                            | -                                      | 425,836                          |
| Contributions - Employer  | -                                  | 599,933                                | (599,933)                        |
| Contributions - State   | -                                  | 160,400                                | (160,400)                        |
| Contributions - Employee  | -                                  | 95,479                                 | (95,479)                         |
| Net Investment Income   | -                                  | 947,368                                | (947,368)                        |
| Benefit Payments, Including<br>Refunds of Contributions             | (842,721)                          | (842,721)                              | -                                |
| Administrative Expenses   | -                                  | (52,976)                               | 52,976                           |
| Net Changes   | 1,141,662                          | 907,483                                | 234,179                          |
| <b>Balances at September 30, 2019</b>                               | \$ 20,291,387                      | \$ 19,161,640                          | \$ 1,129,747                     |
| <br><b>September 30, 2020</b>                                       |                                    |  |                                  |
| Total Pension Liability   |                                    |  | \$ 20,948,465                    |
| Plan Net Position   |                                    |  | (21,513,758)                     |
| <b>Net Pension Liability (Asset)</b>                                |                                    |  | \$ (565,293)                     |
| Plan Net Position as a Percentage of Total Pension Liability        |                                    |  | 102.70%                          |

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

For the year ended September 30, 2020, the Town recognized total pension expense of \$638,131. The Town reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

|  |                            |
|--|----------------------------|
| <b>Deferred Outflow of Resources</b>               |                            |
| Contributions Made after the Measurement Date      | \$ 615,059                 |
| Differences between Actual and Expected Experience | 76,665                     |
| Changes in Assumptions                             | <u>414,751</u>             |
| <b>Total Deferred Outflow of Resources</b>         | <b><u>\$ 1,106,475</u></b> |
| <br>   |                            |
| <b>Deferred Inflow of Resources</b>                |                            |
| Differences between Actual and Expected Experience | \$ 260,788                 |
| Net Difference between Projected and Actual        |                            |
| Earnings on Pension Plan Investments               | <u>306,707</u>             |
| <b>Total Deferred Inflow of Resources</b>          | <b><u>\$ 567,495</u></b>   |

Contributions made after the measurement date (shown above) will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended</u><br><u>September 30,</u> | <u>Amount</u>             |
|---|---------------------------|
| 2021                                      | \$ (6,544)                |
| 2022                                      | (147,825)                 |
| 2023                                      | (29,366)                  |
| 2024                                      | <u>107,656</u>            |
| <b>Total</b>                              | <b><u>\$ (76,079)</u></b> |

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of October 1, 2019, updated to September 30, 2020, using the following actuarial assumptions applied to all measurement periods:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.50%   |
| Salary Increases          | Service based   |
| Discount Rate             | 7.10%   |
| Investment Rate of Return | 7.10%   |
| Mortality                 | PUB-2010, projected generationally with Scale MP-2019           |
| Mortality Disabled        | PUB-2010, projected generationally with Scale MP-2019, Disabled |

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

| <u>Asset Class</u>        | <u>Target Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|---------------------------|--------------------------|---|
| Domestic Equity           | 55%                      | 7.5%  |
| International Equity      | 10%                      | 8.5%  |
| Broad Market Fixed Income | 35%                      | 2.5%  |

*Discount Rate.* The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate.* The following presents the net pension liability of the Police Officers' Pension Fund, calculated using the discount rate of 7.10%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| <b>As of September 30, 2020</b>     | <b>1% Decrease<br/>(6.10%)</b> | <b>Current<br/>Discount<br/>Rate (7.10%)</b> | <b>1% Increase<br/>(8.10%)</b> |
|-------------------------------------|--------------------------------|--|--------------------------------|
| Net Pension Liability/(Asset)       | \$ 2,087,446                   | \$ (565,293)                                 | \$ (2,763,386)                 |
| <br><b>As of September 30, 2019</b> |                                |  |                                |
|                                     | <b>1% Decrease<br/>(6.10%)</b> | <b>Current<br/>Discount<br/>Rate (7.10%)</b> | <b>1% Increase<br/>(8.10%)</b> |
| Net Pension Liability/(Asset)       | \$ 3,823,919                   | \$ 1,129,747                                 | \$ (1,089,187)                 |

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

|  | General<br>Employees'<br>Pension Plan<br>Fund | Firefighters'<br>Pension Plan<br>Fund | Police<br>Officers'<br>Pension Plan<br>Fund | Total                |
|--|---|---------------------------------------|---|----------------------|
| <b>Assets</b>  |   |                                       |   |                      |
| Cash and Cash Equivalents                                  | \$ 94,623                                     | \$ 223,627                            | \$ 531,863                                  | \$ 850,113           |
| Receivables:   |   |                                       |   |                      |
| Employee Contributions                                     | 2,666   | -                                     | (1)   | 2,665                |
| Due from Town  | -   | 29,644                                | 84,427                                      | 114,071              |
| Accrued Income   | -   | 12,162                                | 32,090                                      | 44,252               |
| Prepaid Benefits   | -   | -                                     | 69,994                                      | 69,994               |
| Other Receivables  | -   | 27                                    | 275   | 302                  |
| Total Receivables  | 2,666   | 41,833                                | 186,785                                     | 231,284              |
| Investments:   |   |                                       |   |                      |
| Florida Municipal Pension Trust Fund:                      |   |                                       |   |                      |
| FMIvT Broad Market High Quality<br>Bond Fund               | 1,644,070                                     | -                                     | -   | 1,644,070            |
| FMIvT Core Plus Fixed Income Fund                          | 1,655,899                                     | -                                     | -   | 1,655,899            |
| FMIvT Diversified Large Cap Equity                         | 4,269,852                                     | -                                     | -   | 4,269,852            |
| FMIvT Diversified Small to Mid Cap                         | 1,206,440                                     | -                                     | -   | 1,206,440            |
| FMIvT International Equity                                 | 1,880,627                                     | -                                     | -   | 1,880,627            |
| FMIvT Core Real Estate Portfolio                           | 1,076,334                                     | -                                     | -   | 1,076,334            |
| U.S. Government and Agency<br>Securities                   | -   | 691,871                               | 3,254,042                                   | 3,945,913            |
| Corporate Bonds  | -   | 943,928                               | 3,845,482                                   | 4,789,410            |
| Domestic Stocks  | -   | 2,588,673                             | 7,762,105                                   | 10,350,778           |
| International Stocks                                       | -   | 52,257                                | -   | 52,257               |
| Mutual Funds   | -   | 3,428,023                             | 6,016,932                                   | 9,444,955            |
| Real Estate Investment Fund                                | -   | 765,150                               | -   | 765,150              |
| Total Investments  | 11,733,222                                    | 8,469,902                             | 20,878,561                                  | 41,081,685           |
| <b>Total Assets</b>  | <b>11,830,511</b>                             | <b>8,735,362</b>                      | <b>21,597,209</b>                           | <b>42,163,082</b>    |
| <b>Liabilities</b>   |   |                                       |   |                      |
| Accounts Payable   | -   | 16,020                                | 83,453                                      | 99,473               |
| Prepaid Town Contribution                                  | -   | 1,581                                 | 35,969                                      | 37,550               |
| <b>Total Liabilities</b>                                   | <b>-</b>                                      | <b>17,601</b>                         | <b>119,422</b>                              | <b>137,023</b>       |
| <b>Net Position Held in Trust for<br/>Pension Benefits</b> | <b>\$ 11,830,511</b>                          | <b>\$ 8,717,761</b>                   | <b>\$ 21,477,787</b>                        | <b>\$ 42,026,059</b> |

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

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

|   | General<br>Employees'<br>Pension Plan<br>Fund | Firefighters'<br>Pension Plan<br>Fund | Police<br>Officers'<br>Pension Plan<br>Fund | Total                |
|---|---|---------------------------------------|---|----------------------|
| <b>Additions</b>  |   |                                       |   |                      |
| Contributions:  |   |                                       |   |                      |
| Employee Contributions  | \$ 72,296                                     | \$ 49,209                             | \$ 96,196                                   | \$ 217,701           |
| Employer Contributions  | 172,921                                       | 208,565                               | 454,445                                     | 835,931              |
| State Contributions   | -   | 109,816                               | 160,615                                     | 270,431              |
| <b>Total Contributions</b>  | <b>245,217</b>                                | <b>367,590</b>                        | <b>711,256</b>                              | <b>1,324,063</b>     |
| Investment Earnings:  |   |                                       |   |                      |
| Change in Fair Value<br>of Investments  | 742,519                                       | 625,106                               | 2,253,931                                   | 3,621,556            |
| Interest and Dividends  | -   | 208,800                               | 351,009                                     | 559,809              |
| <b>Total Investment Earnings</b>  | <b>742,519</b>                                | <b>833,906</b>                        | <b>2,604,940</b>                            | <b>4,181,365</b>     |
| Less Investment Expense   | (19,746)                                      | (46,785)                              | (90,352)                                    | (156,883)            |
| <b>Net Investment Income</b>  | <b>722,773</b>                                | <b>787,121</b>                        | <b>2,514,588</b>                            | <b>4,024,482</b>     |
| <b>Total Additions</b>  | <b>967,990</b>                                | <b>1,154,711</b>                      | <b>3,225,844</b>                            | <b>5,348,545</b>     |
| <b>Deductions</b>   |   |                                       |   |                      |
| Benefit Payments  | 545,195                                       | 298,663                               | 815,413                                     | 1,659,271            |
| Refunds   | 5,995   | 11,896                                | 3,916                                       | 21,807               |
| Administrative Expenses   | 1,000   | 46,703                                | 54,399                                      | 102,102              |
| <b>Total Deductions</b>   | <b>(552,190)</b>                              | <b>(357,262)</b>                      | <b>(873,728)</b>                            | <b>(1,783,180)</b>   |
| <b>Change in Net Position</b>   | <b>415,800</b>                                | <b>797,449</b>                        | <b>2,352,116</b>                            | <b>3,565,365</b>     |
| <b>Net Position Held in Trust for<br/>Pension Benefits, Beginning<br/>of Year</b> | <b>11,414,711</b>                             | <b>7,920,312</b>                      | <b>19,125,671</b>                           | <b>38,460,694</b>    |
| <b>Net Position Held in Trust for<br/>Pension Benefits, End of Year</b>           | <b>\$ 11,830,511</b>                          | <b>\$ 8,717,761</b>                   | <b>\$ 21,477,787</b>                        | <b>\$ 42,026,059</b> |

**Note 8 - Deferred Compensation Plans**

The Town maintains for its employees two deferred compensation plans under provisions of Internal Revenue Code Section 457 (the Plans). The Plans, available to all full-time employees, allow participants to defer a portion of their salary until future years. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. The Town has very little administrative involvement, performs no investing function and has no fiduciary responsibility for these Plans. All amounts of compensation deferred under the Plans, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are solely the property and rights of the participants and are not subject to claims of the Town's creditors. Accordingly, these Plan assets are not reported as a part of these financial statements.

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

**Note 9 - Other Postemployment Benefits (OPEB)**

The Town provides retirees with the option to purchase health and dental insurance (at their own expense) from the Town's single employer, experience rated health insurance plan (the Plan) that provides medical and dental benefits to active and eligible retirees at the Town's group rate as mandated by Florida Statute 112.0801. State law prohibits the Town from separately rating retirees and active employees; therefore, this requirement creates an implicit rate benefit for the retirees' because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. As a result, the Town is subsidizing the premium rates paid by retirees by allowing them to participate in the Plan at reduced or blended group premium rates. The Plan does not issue a separate publicly available financial report.

**Membership Information**

The following table provides a summary of the number of participants in the plan as of October 1, 2019 (the latest valuation date).

|   |                   |
|---|-------------------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 17                |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits    | -                 |
| Active Plan Members   | <u>92</u>         |
| <b>Total Plan Members</b>   | <u><u>109</u></u> |

**Funding Policy**

Contribution requirements for the Plan of the Town are established and may be amended by Town Council. The Town has followed the pay-as-you-go funding policy. The Town pays any remaining required amounts after contributions of Plan members are taken into account. Currently, retired members pay the full premium associated with the coverage elected and there is no direct Town subsidy. Spouses and other dependents are also eligible for coverage, and the member is responsible for payment of the applicable premiums.

**Total OPEB Liability** – The Town's total OPEB liability of \$718,040 was measured as of October 1, 2019, which is one year prior to the reporting date. The actuarial valuation date was October 1, 2019.

**Changes in the Total OPEB Liability**

|   |                          |
|---|--------------------------|
| <b>Total OPEB Liability,</b>                      |                          |
| <b>Beginning of Year</b>                          | \$ <u>659,440</u>        |
| Service Cost                                      | 45,911                   |
| Interest on Total OPEB Liability                  | 26,692                   |
| Benefit Changes                                   | 161                      |
| Difference between Expected and Actual Experience | (105,696)                |
| Changes of Assumptions and Other Inputs           | 108,572                  |
| Benefit Payments                                  | <u>(17,040)</u>          |
| Net Change in Total OPEB Liability                | <u>58,600</u>            |
| <b>Total OPEB Obligation, End of Year</b>         | <u><u>\$ 718,040</u></u> |

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

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following table presents the total OPEB liability of the Town as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

|                             | <b>1% Decrease</b> | <b>Current<br/>Discount Rate</b> | <b>1% Increase</b> |
|-----------------------------|--------------------|----------------------------------|--------------------|
|                             | <b>1.74%</b>       | <b>2.74%</b>                     | <b>3.74%</b>       |
| <b>Total OPEB Liability</b> | \$ 809,825         | \$ 718,040                       | \$ 639,709         |

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following table presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

|                             | <b>1% Decrease</b> | <b>Current<br/>Healthcare Cost<br/>Trend Rate</b> | <b>1% Increase</b> |
|-----------------------------|--------------------|---|--------------------|
| <b>Total OPEB Liability</b> | \$ 646,759         | \$ 718,040  | \$ 803,404         |

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended September 30, 2020, the Town recognized OPEB expense of \$4,918. At September 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| <b>Description</b>                                 | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Benefits Paid After Measurement Date               | \$ 11,313                                     | \$ -   |
| Differences between Actual and Expected Experience | -   | 250,844                                      |
| Changes of Assumptions or Other Inputs             | 91,060  | 79,968                                       |
| <b>Total</b>                                       | <b>\$ 102,373</b>                             | <b>\$ 330,812</b>                            |

Of the total amount reported as deferred outflows of resources related to OPEB, \$11,313 resulting from benefits paid subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended September 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Fiscal Year Ending<br/>September 30</b> | <b>Amount</b>       |
|--|---------------------|
| 2021                                       | \$ (67,846)         |
| 2022                                       | (67,846)            |
| 2023                                       | (67,846)            |
| 2024                                       | (36,257)            |
| 2025                                       | (49)                |
| Thereafter                                 | 92                  |
| <b>Total</b>                               | <b>\$ (239,752)</b> |

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

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial methods and assumptions include the following:

|                             |   |
|-----------------------------|---|
| Actuarial Valuation Date:   | October 1, 2019   |
| Measurement Date:           | October 1, 2019   |
| Reporting Date:             | September 30, 2020  |
| Actuarial Cost Method:      | Entry Age Normal Cost   |
| Inflation Rate:             | 2.75%   |
| Discount Rate:              | 2.74%   |
| Projected Salary Increases: | 4.50%-6.50%   |
| Retirement Age:             | Retirement ages follow the pension plan retirement ages as described in Note 7.   |
| Mortality:                  | Healthy members based on various PUB-2010 mortality tables and generational mortality improvements with Scale MP-2018.    |
| Healthcare Cost Trend Rate: | Based on the Getzen Model, with trend starting at 6.20% and gradually trending to an ultimate trend rate of 4.40% in 2040 |
| Expenses:                   | Administrative expenses are equal to expected expenses during the measurement period as provided by the Town.             |

**Note 10 - Interlocal Agreement**

The Town annually executes agreements with the Board of County Commissioners of Clay County, Florida (the County). The agreements specify services related to transportation, public safety, culture/recreation, and physical environment that will be performed by the Town or reimbursed to the County for their performance of the services. The intent and purpose of the agreements is to ensure that tax dollars collected in the Town are not allocated to pay costs incurred by the County for providing services in unincorporated areas. The Town entered into a local agreement with Clay County on March 20, 2019, for the issuance of a Certificate of Public Convenience and Necessity (COPCN) for Emergency Medical Transportation Services. The interlocal agreement is for a period of two years from the date of issuance. The Town is required to pay the County an amount of \$258,000 per year.

**Note 11 - Risk Management**

The Town is exposed to various risks of loss related to general/professional liability, automobile liability, property damage, and workers' compensation. The Town purchases commercial insurance with various deductibles for the various types of losses. The Town has not had any significant reduction in insurance coverage, and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years.

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

**Note 12 - Commitments and Contingencies**

The Town is subject to various disputes, legal proceedings, and labor relation claims, which arise in the normal course of its operations. Although the outcome of these issues is not presently determinable, it is the opinion of the Town that the resolution of these matters will not have a material adverse effect to the financial condition of the Town.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF ORANGE PARK, 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<br/>Final Budget</u> |
|--|-------------------------|---------------------|---------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                     |                                       |
| <b>Revenues</b>  |                         |                     |                     |                                       |
| Taxes  | \$ 5,107,965            | \$ 5,107,965        | \$ 5,159,014        | \$ 51,049                             |
| Permits, Fees, and Special Assessments                               | 873,000                 | 873,000             | 919,285             | 46,285                                |
| Intergovernmental  | 1,225,891               | 1,225,891           | 1,261,703           | 35,812                                |
| Charges for Services   | 2,040,817               | 2,091,567           | 1,790,826           | (300,741)                             |
| Fines and Forfeitures  | 863,100                 | 863,100             | 800,645             | (62,455)                              |
| Investment Income  | 78,850                  | 78,850              | 60,424              | (18,426)                              |
| Miscellaneous  | 48,410                  | 48,410              | 67,543              | 19,133                                |
| <b>Total Revenues</b>  | <u>10,238,033</u>       | <u>10,288,783</u>   | <u>10,059,440</u>   | <u>(229,343)</u>                      |
| <b>Expenditures</b>  |                         |                     |                     |                                       |
| Current:   |                         |                     |                     |                                       |
| Legislative  | 243,042                 | 242,674             | 200,993             | 41,681                                |
| Code Enforcement   | 132,050                 | 132,050             | 104,875             | 27,175                                |
| Executive  | 153,949                 | 161,649             | 160,143             | 1,506                                 |
| Finance  | 462,453                 | 462,453             | 455,610             | 6,843                                 |
| Economic and Community Development                                   | 184,275                 | 184,275             | 178,511             | 5,764                                 |
| Non-Departmental Government Expenditures                             | 738,221                 | 738,221             | 635,243             | 102,978                               |
| Facilities Maintenance   | 620,286                 | 608,162             | 500,203             | 107,959                               |
| Equipment Maintenance  | 167,153                 | 167,153             | 115,014             | 52,139                                |
| Police   | 3,732,738               | 3,714,538           | 3,623,989           | 90,549                                |
| Fire   | 2,076,160               | 2,094,360           | 2,077,579           | 16,781                                |
| Streets, Roads, Drainage   | 919,467                 | 891,967             | 781,422             | 110,545                               |
| Rescue Services  | 369,297                 | 423,053             | 369,783             | 53,270                                |
| Public Works Administration  | 812,860                 | 857,860             | 853,445             | 4,415                                 |
| Recreation and Programs  | 216,450                 | 216,450             | 193,220             | 23,230                                |
| <b>(Total Expenditures)</b>  | <u>(10,828,401)</u>     | <u>(10,894,865)</u> | <u>(10,250,030)</u> | <u>644,835</u>                        |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>(590,368)</u>        | <u>(606,082)</u>    | <u>(190,590)</u>    | <u>415,492</u>                        |
| <b>Other Financing Sources (Uses)</b>                                |                         |                     |                     |                                       |
| Transfers in   | 532,000                 | 532,000             | 691,092             | 159,092                               |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>532,000</u>          | <u>532,000</u>      | <u>691,092</u>      | <u>159,092</u>                        |
| <b>Net Change in Fund Balance</b>                                    | (58,368)                | (74,082)            | 500,502             | 574,584                               |
| <b>Fund Balance, Beginning of Year</b>                               | <u>6,239,462</u>        | <u>6,239,462</u>    | <u>6,239,462</u>    | <u>-</u>                              |
| <b>Fund Balance, End of Year</b>                                     | <u>\$ 6,181,094</u>     | <u>\$ 6,165,380</u> | <u>\$ 6,739,964</u> | <u>\$ 574,584</u>                     |

**TOWN OF ORANGE PARK, FLORIDA**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2020**

**Note 1 - Budgetary Information**

The budget is prepared on a basis consistent with generally accepted accounting principles using the modified accrual basis of accounting. The Town of Orange Park, Florida maintains the legal level of budgetary control at the activity level in the General Fund. Total expenditures may not exceed appropriations without Council approval.

**TOWN OF ORANGE PARK, FLORIDA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**GENERAL EMPLOYEES' PENSION PLAN**

|   | September 30,<br>2020 | September 30,<br>2019 | September 30,<br>2018 | September 30,<br>2017 | September 30,<br>2016 | September 30,<br>2015 | September 30,<br>2014 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability</b>  |                       |                       |                       |                       |                       |                       |                       |
| Service Cost  | \$ 241,329            | \$ 232,299            | \$ 242,895            | \$ 214,252            | \$ 184,303            | \$ 217,717            | \$ 181,957            |
| Interest  | 747,461               | 725,020               | 697,173               | 689,944               | 642,052               | 604,681               | 569,116               |
| Benefit Changes   | -                     | -                     | -                     | -                     | (32,351)              | (86,307)              | (285,187)             |
| Differences between Actual and<br>Expected Experience                                 | 41,280                | (132,614)             | (498,830)             | (29,834)              | 19,887                | 2,980                 | (571,357)             |
| Assumption Changes  | (200,214)             | -                     | 15,088                | -                     | 120,280               | -                     | 186,132               |
| Benefit Payments, Including Refunds of<br>Member Contributions                        | (551,190)             | (422,466)             | (375,627)             | (316,027)             | (248,893)             | (196,624)             | (194,264)             |
| Net Change in Total Pension Liability   | 278,666               | 402,239               | 80,699                | 558,335               | 685,278               | 542,447               | (113,603)             |
| <b>Total Pension Liability - Beginning</b>  | <b>10,871,216</b>     | <b>10,468,977</b>     | <b>10,388,278</b>     | <b>9,829,943</b>      | <b>9,144,665</b>      | <b>8,602,218</b>      | <b>8,715,821</b>      |
| <b>Total Pension Liability - Ending (a)</b>   | <b>11,149,882</b>     | <b>10,871,216</b>     | <b>10,468,977</b>     | <b>10,388,278</b>     | <b>9,829,943</b>      | <b>9,144,665</b>      | <b>8,602,218</b>      |
| <b>Plan Fiduciary Net Position</b>  |                       |                       |                       |                       |                       |                       |                       |
| Contributions - Town  | 172,921               | 168,906               | 177,948               | 311,423               | 419,653               | 439,208               | 408,449               |
| Contributions - Member  | 72,296                | 67,573                | 66,273                | 65,433                | 48,259                | 25,606                | 9,876                 |
| Net Investment Income   | 722,773               | 566,194               | 759,187               | 1,213,981             | 2,010,513             | 342,918               | 208,290               |
| Benefit Payments, Including Refunds of<br>Member Contributions                        | (551,190)             | (422,466)             | (375,627)             | (316,027)             | (248,893)             | (196,624)             | (194,264)             |
| Administrative Expenses   | (1,000)               | (1,000)               | (1,000)               | (425)                 | (2,575)               | (26,172)              | (25,993)              |
| Net Change in Plan Fiduciary Net Position   | 415,800               | 379,207               | 626,781               | 1,274,385             | 2,226,957             | 584,936               | 406,358               |
| <b>Plan Fiduciary Net Position - Beginning</b>  | <b>11,414,711</b>     | <b>11,035,504</b>     | <b>10,408,723</b>     | <b>9,134,338</b>      | <b>6,907,381</b>      | <b>6,322,445</b>      | <b>5,916,087</b>      |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                       | <b>11,830,511</b>     | <b>11,414,711</b>     | <b>11,035,504</b>     | <b>10,408,723</b>     | <b>9,134,338</b>      | <b>6,907,381</b>      | <b>6,322,445</b>      |
| <b>Net Pension Liability - Ending (a) - (b)</b>                                       | <b>\$ (680,629)</b>   | <b>\$ (543,495)</b>   | <b>\$ (566,527)</b>   | <b>\$ (20,445)</b>    | <b>\$ 695,605</b>     | <b>\$ 2,237,284</b>   | <b>\$ 2,279,773</b>   |
| <b>Plan Fiduciary Net Position as a Percentage<br/>of the Total Pension Liability</b> | 106.10%               | 105.00%               | 105.41%               | 100.20%               | 92.92%                | 75.53%                | 73.50%                |
| <b>Covered Employee Payroll</b>   | <b>\$ 2,173,943</b>   | <b>\$ 2,008,990</b>   | <b>\$ 2,045,341</b>   | <b>\$ 2,189,775</b>   | <b>\$ 2,131,622</b>   | <b>\$ 1,957,935</b>   | <b>\$ 1,971,521</b>   |
| <b>Net Pension Liability as a Percentage of<br/>Covered Employee Payroll</b>          | -31.31%               | -27.05%               | -27.70%               | -0.93%                | 32.63%                | 114.27%               | 115.64%               |

**TOWN OF ORANGE PARK, FLORIDA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**GENERAL EMPLOYEES' PENSION PLAN**

Additional years will be added to this schedule annually until 10 years of data is presented.

**Notes to Schedule:**

*Changes of Benefit Terms:*

For measurement date 9/30/2016, Ordinance 11-16 was adopted by Town Council on June 7, 2016, which amended benefits for employees not represented by Local 630 or in dispatcher positions. The plan changes that were made in conjunction with that Ordinance are as follows:

- Average annual earnings are the average for the highest five years of service for the last ten years preceding retirement, termination, or death. However, average annual earnings cannot be less than the average annual earnings as of June 7, 2016.
- The benefit multiplier is 2.00% for participants hired on or after June 7, 2016.
- The maximum pension benefit is 75% of average earnings but not less than the maximum pension benefit as of June 7, 2016.
- Employee contributions are 3.00% of gross earnings effective June 7, 2016.

*Changes of Assumptions:*

For measurement date 09/30/2017, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System.

**TOWN OF ORANGE PARK, FLORIDA  
SCHEDULE OF CONTRIBUTIONS  
GENERAL EMPLOYEES' PENSION PLAN**

|  | <u>2020</u>    | <u>2019</u>    | <u>2018</u>     | <u>2017</u>        | <u>2016</u>        | <u>2015</u>    | <u>2014</u>    |
|--|----------------|----------------|-----------------|--------------------|--------------------|----------------|----------------|
| Actuarially Determined Contribution                                  | \$ 172,921     | \$ 168,906     | \$ 177,407      | \$ 257,642         | \$ 395,500         | \$ 439,208     | \$ 408,449     |
| Contributions in Relation to the Actuarially Determined Contribution | <u>172,921</u> | <u>168,906</u> | <u>177,948</u>  | <u>311,423</u>     | <u>419,653</u>     | <u>439,208</u> | <u>408,449</u> |
| Contribution Deficiency (Excess)                                     | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ (541)</u> | <u>\$ (53,781)</u> | <u>\$ (24,153)</u> | <u>\$ -</u>    | <u>\$ -</u>    |
| Covered Employee Payroll   | \$ 2,173,943   | \$ 2,008,990   | \$ 2,045,341    | \$ 2,189,775       | \$ 2,131,622       | \$ 1,957,935   | \$ 1,971,521   |
| Contributions as a Percentage of Covered Employee Payroll            | 7.95%          | 8.41%          | 8.70%           | 14.22%             | 19.69%             | 22.43%         | 20.72%         |

Additional years will be added to this schedule annually until 10 years of data is presented.

**NOTES TO SCHEDULE**

Valuation Date: Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates for fiscal year September 30, 2020

|                            |  |
|----------------------------|--|
| Actuarial Cost Method:     | Entry Age Normal Cost Method   |
| Amortization Method:       | Level Dollar, Closed   |
| Amortization Period:       | 30 years   |
| Asset Valuation Method:    | Fair Market Value  |
| Inflation:                 |  |
| Salary Increases:          |  |
| Investment Rate of Return: |  |
| Retirement Age:            | Experience - based table of rates that are specific to the type of eligibility condition   |
| Mortality:                 | For healthy male participants during employment, PUN-2010 Headcount Weighted General Below Median Employee Mortality Table, separate rates for males and |

**Other Information:**

**Benefit Changes**

2015: For employees not represented by Local 630 or in dispatcher positions - final average monthly earnings changed to five year average for participants hired after June 7, 2016, multiplier reduced to 2.0%, maximum annual benefit is 75%, effective June 7, 2016, employee contributions of 3.0% of earnings. 2013: For employees represented by Local 630 - final average monthly earnings changed to five year average, multiplier reduced to 2.0% for credited service after September 30, 2013, maximum annual benefit reduced to 75% of final average earnings, employee contributions of 1.0% of earnings effective October 1, 2013, 2% of earnings effective October 1, 2014, and 3% of earnings thereafter added to the plan. For employees in dispatcher positions - final average monthly earnings changed to five year average, multiplier reduced to 2.25% for credited service after June 3, 2014 (2.0% if hired on or after June 3, 2014), maximum annual benefit reduced to 90% of final average earnings (75% if hired on or after June 3, 2014), employee contributions of 2.0% of earnings effective June 3, 2014, 3.5% of earnings effective October 1, 2014, and 5.0% of earnings thereafter added to the plan.

**Assumption Changes**

2017: Mortality updated. 2016: Mortality updated.

2013: Investment return updated to 7% compounded annually, net of investment expenses. Salary increase factors updated 2009: The Town will no longer purchase annuities effective October 1, 2010.

**TOWN OF ORANGE PARK, FLORIDA  
SCHEDULE OF INVESTMENT RETURNS  
GENERAL EMPLOYEES' PENSION PLAN**

|  | <b>September 30,<br/>2020</b> | <b>September 30,<br/>2019</b> | <b>September 30,<br/>2018</b> | <b>September 30,<br/>2017</b> | <b>September 30,<br/>2016</b> | <b>September 30,<br/>2015</b> | <b>September 30,<br/>2014</b> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Annual Money Weighted Rate of Return Net<br/>of Investment Expenses</b> | 6.48%                         | 5.20%                         | 7.30%                         | 13.42%                        | N/A*                          | N/A*                          | N/A*                          |

The data presented above was measured using actuarial methods prescribed by GASB Statements No. 67 and 68.

Additional years will be added to this schedule annually until 10 years of data is presented.

\* Previously, the General Employees' Pension Plan was invested in an annuity contract with NY Life. Due to the nature of the investment, the annual money weighted rate of return was unavailable. During fiscal year 2017, the Town switched the pension plan investments to a more traditional investment portfolio with the League of Cities.

**TOWN OF ORANGE PARK, FLORIDA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FIREFIGHTERS' PENSION PLAN**

|   | September 30,<br>2020 | September 30,<br>2019 | September 30,<br>2018 | September 30,<br>2017 | September 30,<br>2016 | September 30,<br>2015 | September 30,<br>2014 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability</b>  |                       |                       |                       |                       |                       |                       |                       |
| Service Cost  | \$ 249,582            | \$ 229,098            | \$ 229,080            | \$ 197,883            | \$ 197,700            | \$ 223,182            | \$ 218,749            |
| Interest  | 625,151               | 611,896               | 547,771               | 508,848               | 496,512               | 468,541               | 437,680               |
| Change in Excess State Money  | -                     | -                     | -                     | -                     | (52,584)              | -                     | -                     |
| Changes of Benefit Items  | -                     | (4,998)               | -                     | -                     | (210,422)             | -                     | -                     |
| Differences between Expected and Actual Experience                                | 16,288                | (347,209)             | 355,825               | 63,754                | (201,630)             | 168,306               | -                     |
| Changes of Assumptions  | (179,638)             | 232,680               | -                     | -                     | 132,868               | -                     | -                     |
| Contributions - Buy Back  | -                     | -                     | -                     | -                     | 33,190                | -                     | -                     |
| Benefit Payments, Including Refunds of Employee Contributions                     | (310,559)             | (303,506)             | (297,050)             | (301,841)             | (297,050)             | (251,922)             | (298,285)             |
| Net Change in Total Pension Liability   | 400,824               | 417,961               | 835,626               | 468,644               | 98,584                | 608,107               | 358,144               |
| <b>Total Pension Liability - Beginning</b>  | 8,241,044             | 7,823,083             | 6,987,457             | 6,518,813             | 6,420,229             | 5,812,122             | 5,453,978             |
| <b>Total Pension Liability - Ending (a)</b>                                       | 8,641,868             | 8,241,044             | 7,823,083             | 6,987,457             | 6,518,813             | 6,420,229             | 5,812,122             |
| <b>Plan Fiduciary Net Position</b>  |                       |                       |                       |                       |                       |                       |                       |
| Contributions - Employer  | 210,146               | 251,143               | 214,339               | 158,271               | 221,243               | 319,831               | 386,789               |
| Contributions - State   | 109,816               | 89,667                | 95,363                | 89,453                | 84,808                | 99,592                | 113,263               |
| Contributions - Member  | 49,209                | 48,171                | 48,334                | 48,573                | 34,771                | 31,176                | 30,202                |
| Contributions - Buy Back  | -                     | -                     | -                     | -                     | 33,190                | -                     | -                     |
| Net Investment Income   | 787,121               | 347,335               | 530,937               | 785,707               | 348,392               | (50,813)              | 530,443               |
| Benefit Payments, Including Refunds of Employee Contributions                     | (310,559)             | (303,506)             | (297,050)             | (301,841)             | (297,050)             | (251,922)             | (298,285)             |
| Administrative Expenses   | (46,702)              | (50,480)              | (41,929)              | (38,863)              | (55,455)              | (23,140)              | (27,472)              |
| Net Change in Plan Fiduciary Net Position   | 799,031               | 382,330               | 549,994               | 741,300               | 369,899               | 124,724               | 734,940               |
| <b>Plan Fiduciary Net Position - Beginning</b>                                    | 7,920,312             | 7,537,982             | 6,987,988             | 6,246,688             | 5,876,789             | 5,752,065             | 5,017,125             |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                   | 8,719,343             | 7,920,312             | 7,537,982             | 6,987,988             | 6,246,688             | 5,876,789             | 5,752,065             |
| <b>Net Pension Liability - Ending (a) - (b)</b>                                   | \$ (77,475)           | \$ 320,732            | \$ 285,101            | \$ (531)              | \$ 272,125            | \$ 543,440            | \$ 60,057             |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> | 100.90%               | 96.11%                | 96.36%                | 100.01%               | 95.83%                | 91.54%                | 98.97%                |
| <b>Covered Employee Payroll</b>   | \$ 1,230,220          | \$ 1,204,275          | \$ 1,208,356          | \$ 1,214,329          | \$ 1,040,989          | \$ 1,157,180          | \$ 1,006,749          |
| <b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>          | -6.30%                | 26.63%                | 23.59%                | -0.04%                | 26.14%                | 46.96%                | 5.97%                 |

**TOWN OF ORANGE PARK, FLORIDA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FIREFIGHTERS' PENSION PLAN**

**Notes to Schedule:**

*Changes of Assumptions:*

For measurement date 09/30/2020, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.1816, Florida Statutes. The Statutes state that, effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

For measurement date 09/30/2019, the investment rate of return was lowered from 7.75% to 7.50% per year, compounded annually, net of investment-related expenses.

For measurement date 09/30/2016, amounts reported as changes of assumptions resulted from the Experience Study dated August 8, 2016, the Board has adopted the following changes of assumptions:

- Salary Increases
- Mortality Rates
- Normal and Early Retirement Rates
- Withdrawal Rates
- Investment Return
- Payroll Growth

Additionally, the inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

*Changes of Benefit Terms:*

For measurement date 9/30/2019, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.1816, Florida Statutes. The Statutes state that, effective July 1, 2019 a death or disability (under the Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

For measurement date 09/30/2016, amounts reported as changes of benefit terms resulted from the following changes:

1. Ordinance No. 10-16, adopted and effective June 7, 2016, implemented the following benefit changes:
  - An increase in the Member Contribution Rate
  - An increase in the averaging period for calculation of Average Final Compensation
  - A reduced benefit accrual rate for Members, hired after June 6, 2016
  - Maximum benefit limitations for all Members, expressed as a percentage of Average Final Compensation
  - A benefit commencement date upon attainment of age 55 for Vested Terminated Members
2. Ordinance No. 07-16, adopted and effective April 5, 2016, incorporated language for compliance with the Internal Revenue Code. A letter of No Actuarial Impact was submitted for these changes.

**TOWN OF ORANGE PARK, FLORIDA  
SCHEDULE OF CONTRIBUTIONS  
FIREFIGHTERS' PENSION PLAN**

|  | <b>2020</b>         | <b>2019</b>         | <b>2018</b>         | <b>2017</b>         | <b>2016</b>         | <b>2015</b>         | <b>2014</b>         |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially Determined Contribution*                                     | \$ 318,381          | \$ 340,810          | \$ 309,702          | \$ 247,723          | \$ 306,051          | \$ 419,419          | \$ 500,052          |
| Contributions in Relation to the Actuarially<br>Determined Contribution* | 319,962             | 340,810             | 309,702             | 247,724             | 306,051             | 419,423             | 500,052             |
| Contribution Deficiency (Excess)   | <u>\$ (1,581)</u>   | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ (1)</u>       | <u>\$ -</u>         | <u>\$ (4)</u>       | <u>\$ -</u>         |
| Covered Employee Payroll   | <u>\$ 1,230,220</u> | <u>\$ 1,204,275</u> | <u>\$ 1,208,359</u> | <u>\$ 1,214,329</u> | <u>\$ 1,040,989</u> | <u>\$ 1,157,180</u> | <u>\$ 1,006,749</u> |
| Contributions as a Percentage of<br>Covered Employee Payroll             | 26.01%              | 28.30%              | 25.63%              | 20.40%              | 29.40%              | 36.25%              | 49.67%              |

\*Amounts include the contribution from the State of Florida.

Additional years will be added to this schedule annually until 10 years of data is presented.

**NOTES TO SCHEDULE**

Valuation Date: October 1, 2018

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Mortality Rate:

*Healthy Inactive Lives:*

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

*Healthy Active Lives:*

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.

Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.

*Disabled Lives:*

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The above assumed rates were mandated by Chapter 2015-157, Laws of Florida.

This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2016 FRS valuation report for special risk participants. We feel this assumption sufficiently accommodates future mortality improvements.

**TOWN OF ORANGE PARK, FLORIDA  
SCHEDULE OF CONTRIBUTIONS  
FIREFIGHTERS' PENSION PLAN**

|                                |   |                                     |
|--------------------------------|---|-------------------------------------|
| Termination Rates:             | Credited Service  | Probability of Termination          |
|                                | 0-5   | 7%                                  |
|                                | 6-9   | 6%                                  |
|                                | 10-14   | 3%                                  |
|                                | 15-19   | 2%                                  |
|                                | 20-24   | 1%                                  |
|                                | The above rates were approved by the Board as the result of an Experience Study dated August 8, 2016.   |                                     |
| Disability Rates:              | See table below. 75% of Disability and Pre-Retirement Deaths are assumed to be service-connected. These rates are similar to those used by other Florida municipal special risk programs.   |                                     |
|                                | Age   | % Becoming Disabled During the Year |
|                                | 20  | 0.03%                               |
|                                | 30  | 0.04%                               |
|                                | 40  | 0.07%                               |
|                                | 50  | 0.18%                               |
| Retirement Age:                | Assumed 100% immediate retirement upon the earlier of 1) age 55 and 10 years of service or 2) 25 years of service, regardless of age. This assumption was approved by the Board as the result of an Experience Study dated August 8, 2016.      |                                     |
| Early Retirement:              | Members eligible for Early Retirement (age 50 with 10 years of Credit Service) are not assumed to retire. This assumption was approved by the Board as the result of an Experience Study dated August 8, 2016.                                  |                                     |
| Interest Rate:                 | 7.75% per year compounded annually, net of investment related expenses. This assumption is supported by the plan's investment policy and long-term expected returns by asset class.   |                                     |
| Salary Increases:              | 6.0% per year for less than 5 years of Credited Service, and 5.0% per year for 5 or more years of Credited Service. This assumption was approved by the Board as the result of an Experience Study dated August 8, 2016.                        |                                     |
| Asset Smoothing Methodology:   | The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of the Assets. |                                     |
| Payroll Growth:                | None.   |                                     |
| Funding Method:                | Entry Age Normal Actuarial Cost Method.   |                                     |
| Amortization Method:           | Level Percentage of Pay, Closed.  |                                     |
| Remaining Amortization Period: | 28 Years (as of 10/01/2017).  |                                     |

**SCHEDULE OF INVESTMENT RETURNS**

|  | <u>September 30,<br/>2020</u> | <u>September 30,<br/>2019</u> | <u>September 30,<br/>2018</u> | <u>September 30,<br/>2017</u> | <u>September 30,<br/>2016</u> | <u>September 30,<br/>2015</u> | <u>September 30,<br/>2014</u> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Annual Money Weighted Rate of Return<br/>Net of Investment Expenses</b> | 10.02%                        | 4.44%                         | 7.71%                         | 12.84%                        | 6.01%                         | -0.90%                        | 10.65%                        |

The data presented above was measured using actuarial methods prescribed by GASB Statements No. 67 and 68.

Additional years will be added to this schedule annually until 10 years of data is presented.

**TOWN OF ORANGE PARK, FLORIDA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**POLICE OFFICERS' PENSION PLAN**

|   | September 30,<br>2020 | September 30,<br>2019 | September 30,<br>2018 | September 30,<br>2017 | September 30,<br>2016 | September 30,<br>2015 | September 30,<br>2014 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Pension Liability</b>  |                       |                       |                       |                       |                       |                       |                       |
| Service Cost  | \$ 406,341            | \$ 428,602            | \$ 368,642            | \$ 340,830            | \$ 325,676            | \$ 306,760            | \$ 293,439            |
| Interest  | 1,440,453             | 1,455,929             | 1,367,155             | 1,322,590             | 1,272,407             | 1,236,212             | 1,178,306             |
| Differences between Expected and Actual Experience                                | 1,879                 | (325,984)             | 229,994               | (289,995)             | (291,764)             | (295,266)             | -                     |
| Changes in Assumptions  | (372,266)             | 425,836               | 222,248               | 232,908               | 343,759               | 182,706               | -                     |
| Benefit Payments, Including Refunds of Employee Contributions                     | (819,329)             | (842,721)             | (849,873)             | (820,443)             | (810,306)             | (780,803)             | (741,692)             |
| Net Change in Total Pension Liability   | 657,078               | 1,141,662             | 1,338,166             | 785,890               | 839,772               | 649,609               | 730,053               |
| <b>Total Pension Liability - Beginning</b>  | <b>20,291,387</b>     | <b>19,149,725</b>     | <b>17,811,559</b>     | <b>17,025,669</b>     | <b>16,185,897</b>     | <b>15,536,288</b>     | <b>14,806,235</b>     |
| <b>Total Pension Liability - Ending (a)</b>                                       | <b>20,948,465</b>     | <b>20,291,387</b>     | <b>19,149,725</b>     | <b>17,811,559</b>     | <b>17,025,669</b>     | <b>16,185,897</b>     | <b>15,536,288</b>     |
| <b>Plan Fiduciary Net Position</b>  |                       |                       |                       |                       |                       |                       |                       |
| Contributions - Employer  | 454,444               | 599,933               | 510,167               | 510,150               | 507,652               | 584,222               | 625,417               |
| Contributions - State   | 160,615               | 160,400               | 159,155               | 143,498               | 139,588               | 129,319               | 136,125               |
| Contributions - Employee  | 96,196                | 95,479                | 86,091                | 85,448                | 82,605                | 76,183                | 66,554                |
| Net Investment Income   | 2,514,587             | 947,368               | 1,946,165             | 1,744,231             | 1,134,540             | 64,497                | 1,254,819             |
| Benefit Payments, Including Refunds of Employee Contributions                     | (819,329)             | (842,721)             | (849,873)             | (820,443)             | (810,306)             | (780,803)             | (741,692)             |
| Administrative Expenses   | (54,395)              | (52,976)              | (44,260)              | (50,517)              | (44,045)              | (35,667)              | (25,516)              |
| Net Change in Plan Fiduciary Net Position   | 2,352,118             | 907,483               | 1,807,445             | 1,612,367             | 1,010,034             | 37,751                | 1,315,707             |
| <b>Plan Fiduciary Net Position - Beginning</b>                                    | <b>19,161,640</b>     | <b>18,254,157</b>     | <b>16,446,712</b>     | <b>14,834,345</b>     | <b>13,824,311</b>     | <b>13,786,560</b>     | <b>12,470,853</b>     |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                   | <b>21,513,758</b>     | <b>19,161,640</b>     | <b>18,254,157</b>     | <b>16,446,712</b>     | <b>14,834,345</b>     | <b>13,824,311</b>     | <b>13,786,560</b>     |
| <b>Net Pension Liability - Ending (a) - (b)</b>                                   | <b>\$ (565,293)</b>   | <b>\$ 1,129,747</b>   | <b>\$ 895,568</b>     | <b>\$ 1,364,847</b>   | <b>\$ 2,191,324</b>   | <b>\$ 2,361,586</b>   | <b>\$ 1,749,728</b>   |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> | 102.70%               | 94.43%                | 95.32%                | 92.34%                | 87.13%                | 85.41%                | 88.74%                |
| <b>Covered Employee Payroll</b>   | <b>\$ 1,479,931</b>   | <b>\$ 1,502,642</b>   | <b>\$ 1,324,478</b>   | <b>\$ 1,314,581</b>   | <b>\$ 1,270,842</b>   | <b>\$ 1,205,917</b>   | <b>\$ 1,158,944</b>   |
| <b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>          | -38.20%               | 75.18%                | 67.62%                | 103.82%               | 172.43%               | 195.83%               | 150.98%               |

**TOWN OF ORANGE PARK, FLORIDA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**POLICE OFFICERS' PENSION PLAN**

**Notes to Schedule:**

*Changes of Assumptions:*

For measurement date 09/30/2020, as mandated by Chapter 2015-157, Law of Florida, the assumed rates of mortality were changed to the rates used in the Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on the plan demographics.

For measurement date 09/30/2019, as a result of October 18, 2019 Actuarial Experience Study, the following changes were made:

- The investment return assumption was lowered from 7.60% to 7.10%.
- The salary increase assumption has been updated from a flat 6.00% to 6.50% for the first five years of service, and 4.50% thereafter.
- The termination rates have been updated from an age based table to a service based table. The assumed termination rates are 7.0% for the first 5 years of service, 5.5% for the next 5 years of service, and 0.0% thereafter.
- The normal retirement rates have been updated from the earlier of age 55 and 10 years of service or age 52 and 25 years of service (members at the assumed retirement age are assumed to retire one year later).
- The early retirement rates have been updated.

For measurement date 09/30/2017, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from those in the July 1, 2015 FRS valuation report to those used in the July 1, 2016 FRS valuation report. Additionally, the investment return was lowered from 7.80% to 7.70% per year, net of investment related expenses.

For measurement date 09/30/2016, amounts reported as changes of assumptions are as follows:

- The investment return assumption was lowered from 7.90% to 7.80% per year, net of investment related expenses.
- The payroll growth assumption was lowered from 0.90% to 0.80% per year in order to comply with the requirements of Part VII of Chapter 112, Florida Statutes. This requirement states that the payroll growth assumption utilized for purposes of amortizing the Unfunded Actuarial Accrued Liability may not exceed the actual 10-year average payroll increase realized by the plan.
- As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables for special risk employees used by the Florida Retirement System actuary in the July 1, 2015 actuarial valuation.
- The assumed rate of annual COLA increase was lowered from 3.00% to 2.50% per year, equal to the expected long-term inflation rate as provided by the plan's investment consultant.

For measurement date 9/30/2015, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 8.00% to 7.90%.

*Changes of Benefit Terms:*

For measurement date 09/30/2016, Ordinance 08-16 was adopted by Town Council on May 3, 2016. The plan changes that were made in conjunction with that Ordinance are as follows:

- The benefit accrual rate was reduced from 3.20% to 3.00% per year for future new hires, effective May 3, 2016.  
The supplemental benefit will be \$100 per month.
- A DROP Plan was established for future retirees. The period of participation shall not exceed sixty (60) months and participant DROP accounts will receive the same net-of-fees investment returns that are realized by the Fund while participating in DROP.
- Pursuant to the requirements of Chapter 2015-39, Laws of Florida, a Share Plan was established.  
A letter of no actuarial impact for the above plan changes was issued, dated March 29, 2016. Future savings will be realized as the current active membership is replace with new hires at the lower benefit structure.

**TOWN OF ORANGE PARK, FLORIDA  
SCHEDULE OF CONTRIBUTIONS  
POLICE OFFICERS' PENSION PLAN**

|   | <u>2020</u>         | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially Determined Contribution                                     | \$ 615,059          | \$ 760,337          | \$ 653,895          | \$ 633,102          | \$ 647,240          | \$ 713,541          | \$ 761,542          |
| Contributions in Relation to the Actuarially<br>Determined Contribution | 615,059             | 760,333             | 669,322             | 653,648             | 647,240             | 713,541             | 761,542             |
| Contribution Deficiency (Excess)  | <u>\$ -</u>         | <u>\$ 4</u>         | <u>\$ (15,427)</u>  | <u>\$ (20,546)</u>  | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         |
| Covered Employee Payroll  | <u>\$ 1,479,931</u> | <u>\$ 1,502,642</u> | <u>\$ 1,324,478</u> | <u>\$ 1,314,581</u> | <u>\$ 1,270,842</u> | <u>\$ 1,205,917</u> | <u>\$ 1,158,944</u> |
| Contributions as a Percentage of Covered<br>Employee Payroll            | 41.56%              | 50.60%              | 50.53%              | 49.72%              | 50.93%              | 59.17%              | 65.71%              |

Additional years will be added to this schedule annually until 10 years of data is presented.

**NOTES TO SCHEDULE**

Valuation Date: October 1, 2018

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Mortality Rate:

*Healthy Inactive Lives:*

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

*Healthy Active Lives:*

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.

Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.

*Disabled Lives:*

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

The above assumed rates were mandated by Chapter 2015-157, Laws of Florida.

This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those

outlined in Milliman's July 1, 2016 FRS valuation report for special risk participants.

We feel this assumption sufficiently accommodates future mortality improvements.

**TOWN OF ORANGE PARK, FLORIDA  
SCHEDULE OF CONTRIBUTIONS  
POLICE OFFICERS' PENSION PLAN**

Termination Rates: See table below.  
 Disability Rates: See table below. 75% of disablements and pre-retirement deaths are assumed to service-related.  
 Retirement Age: Earlier of age 55 and 10 years of service or age 52 and 25 years of service; Members at the assumed retirement age are assumed to retire one year later. We feel this assumption is reasonable given current Plan provisions.  
 Early Retirement: Commencing with the earliest Early Retirement Age (45), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year. We feel this assumption is reasonable given current Plan provisions.  
 Interest Rate: 7.70% per year, compounded annually, net of investment related assumptions. We believe this assumption is reasonable given the investment policy and long-term expected returns by asset class.  
 Salary Increases: 6.00% per year up to the assumed retirement age.  
 Cost-of-Living Adjustment: 2.50% per year, beginning at age 55 for eligible Members. This is consistent with the long-term inflation rate assumption, as provided by the plan's investment consultant.  
 Payroll Growth Assumption: 0.80% per year for amortization of UAAL.  
 Termination and Disability Rate Table:

| <u>Age</u> | <u>% Terminating<br/>During the Year</u> | <u>% Becoming<br/>Disabled During<br/>During the Year</u> |
|------------|--|---|
| 20         | 9.3%                                     | 0.14%   |
| 30         | 7.9%                                     | 0.18%   |
| 40         | 4.3%                                     | 0.30%   |
| 50         | 1.1%                                     | 1.00%   |

| <u>Final Year Salary Load:</u> | <u>Years of Credited Service as of<br/>October 1, 2013</u> | <u>Assumption</u> |
|--------------------------------|--|-------------------|
|                                | Less than 5 years  | No Load           |
|                                | 5-10 years   | 10%               |
|                                | 10 or more years   | 20%               |

Cost Method: Entry Age Normal Actuarial Cost Method.  
 Marriage Assumption: 100% of participants are assumed to be married, with husbands 3 years older than wives.  
 Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

**SCHEDULE OF INVESTMENT RETURNS**  
Last 10 Fiscal Years

|   | <u>September 30,<br/>2020</u> | <u>September 30,<br/>2019</u> | <u>September 30,<br/>2018</u> | <u>September 30,<br/>2017</u> | <u>September 30,<br/>2016</u> | <u>September 30,<br/>2015</u> | <u>September 30,<br/>2014</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b>Annual Money Weighted Rate of Return</b> |                               |                               |                               |                               |                               |                               |                               |
| <b>Net of Investment Expenses</b>           | 13.31%                        | 5.25%                         | 12.03%                        | 12.00%                        | 8.37%                         | 0.48%                         | 10.24%                        |

The data presented above was measured using actuarial methods prescribed by GASB Statements No. 67 and 68. Additional years will be added to this schedule annually, until 10 years of data is presented.

**TOWN OF ORANGE PARK, FLORIDA**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**SEPTEMBER 30, 2020**

| <b>Total OPEB Liability</b>   | <b>2020</b>             | <b>2019</b>             | <b>2018</b>             |
|---|-------------------------|-------------------------|-------------------------|
| Service Cost  | \$ 45,911               | \$ 45,309               | \$ 71,508               |
| Interest on the Total OPEB Liability                                    | 26,692                  | 23,978                  | 32,910                  |
| Benefit Changes   | 161                     | -                       | -                       |
| Difference between Expected and Actual Experience                       | (105,696)               | -                       | (301,219)               |
| Changes of Assumptions and Other Inputs                                 | 108,572                 | (31,305)                | (109,438)               |
| Benefit Payments  | (17,040)                | (36,321)                | (51,763)                |
| Net Change in Total OPEB Liability                                      | 58,600                  | 1,661                   | (358,002)               |
| Total OPEB Liability - Beginning  | 659,440                 | 657,779                 | 1,015,781               |
| Total OPEB Liability - Ending   | <u>\$ 718,040</u>       | <u>\$ 659,440</u>       | <u>\$ 657,779</u>       |
| <br>Covered-Employee Payroll  | <br><u>\$ 4,838,723</u> | <br><u>\$ 4,477,282</u> | <br><u>\$ 4,347,926</u> |
| <br>Total OPEB Liability as a Percentage<br>of Covered-Employee Payroll | <br>14.84%              | <br>14.73%              | <br>15.13%              |

**Notes to the Schedule**

This table will be built out to include a ten-year history.

**OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF ORANGE PARK, FLORIDA  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020**

**SPECIAL REVENUE FUNDS**

The *Special Revenue Funds* are used to account for specific revenues that are legally restricted to expenditure for particular purposes:

- *Gas Tax Fund*—This fund accounts for revenue derived from fuel taxes. These funds are used for transportation expenditures.
- *Confiscated Property Fund*—This fund accounts for revenue derived from confiscated property and cash. Proceeds are used to augment police activities.
- *Police Education Fund*—This fund accounts for revenue derived from county court costs. Expenditures are used to provide criminal justice education degree programs and training courses for police department personnel.
- *Magnolia Cemetery Fund*—This fund accounts for revenues derived from the operations of the cemetery.
- *Police Investigative/Evidentiary Fund*—This fund accounts for revenue ordered by the courts and administered by the police department for use in officer investigations where it is necessary to protect the identity of the source of funds.
- *Building Department Fund*—This fund accounts for various fees charged to be used to fund the building department.
- *Fair Share Fund*—This fund accounts for proportionate fair share revenue to address the impact of development on transportation facilities. Expenditures are used toward funding of scheduled improvements in the Capital Improvements Element of the Comprehensive Plan.

**TOWN OF ORANGE PARK, FLORIDA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020**

|  | <b>Special Revenue Funds</b> |                                 |                             |                              |  |                                | <b>Total</b>          |   |
|--|------------------------------|---------------------------------|-----------------------------|------------------------------|--|--------------------------------|-----------------------|---|
|  | <b>Gas<br/>Tax</b>           | <b>Confiscated<br/>Property</b> | <b>Police<br/>Education</b> | <b>Magnolia<br/>Cemetery</b> | <b>Police<br/>Investigative/<br/>Evidentiary</b> | <b>Building<br/>Department</b> | <b>Fair<br/>Share</b> | <b>Non-Major<br/>Governmental<br/>Funds</b> |
| <b>Assets</b>                              |                              |                                 |                             |                              |  |                                |                       |   |
| Equity in Pooled Cash and Investments      | \$ 74,712                    | \$ 41,238                       | \$ 63,669                   | \$ 203,648                   | \$ 39,375  | \$ 244,131                     | \$ 23,569             | \$ 690,342                                  |
| Due from Other Governments                 | 158,269                      | -                               | -                           | -                            | -  | -                              | -                     | 158,269                                     |
| <b>Total Assets</b>                        | <u>232,981</u>               | <u>41,238</u>                   | <u>63,669</u>               | <u>203,648</u>               | <u>39,375</u>                                    | <u>244,131</u>                 | <u>23,569</u>         | <u>848,611</u>                              |
| <b>Liabilities and Fund Balances</b>       |                              |                                 |                             |                              |  |                                |                       |   |
| <b>Liabilities</b>                         |                              |                                 |                             |                              |  |                                |                       |   |
| Accounts Payable and Accrued Liabilities   | 61,010                       | 26,182                          | -                           | -                            | -  | 18,061                         | -                     | 105,253                                     |
| Due to Other Funds                         | -                            | -                               | 9                           | -                            | -  | 10                             | -                     | 19  |
| <b>Total Liabilities</b>                   | <u>61,010</u>                | <u>26,182</u>                   | <u>9</u>                    | <u>-</u>                     | <u>-</u>   | <u>18,071</u>                  | <u>-</u>              | <u>105,272</u>                              |
| <b>Fund Balances</b>                       |                              |                                 |                             |                              |  |                                |                       |   |
| Restricted:                                |                              |                                 |                             |                              |  |                                |                       |   |
| Transportation                             | 171,971                      | -                               | -                           | -                            | -  | -                              | -                     | 171,971                                     |
| Law Enforcement                            | -                            | 15,056                          | 63,660                      | -                            | 39,375   | -                              | -                     | 118,091                                     |
| Building Department                        | -                            | -                               | -                           | -                            | -  | 226,060                        | -                     | 226,060                                     |
| Committed:                                 |                              |                                 |                             |                              |  |                                |                       |   |
| Cemetery Care and Maintenance              | -                            | -                               | -                           | 203,648                      | -  | -                              | -                     | 203,648                                     |
| Transportation                             | -                            | -                               | -                           | -                            | -  | -                              | 23,569                | 23,569                                      |
| <b>Total Fund Balances</b>                 | <u>171,971</u>               | <u>15,056</u>                   | <u>63,660</u>               | <u>203,648</u>               | <u>39,375</u>                                    | <u>226,060</u>                 | <u>23,569</u>         | <u>743,339</u>                              |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 232,981</u>            | <u>\$ 41,238</u>                | <u>\$ 63,669</u>            | <u>\$ 203,648</u>            | <u>\$ 39,375</u>                                 | <u>\$ 244,131</u>              | <u>\$ 23,569</u>      | <u>\$ 848,611</u>                           |

**TOWN OF ORANGE PARK, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2020**

|  | Special Revenue Funds |                         |                     |                      |   |                        | Total            |                                    |
|--|-----------------------|-------------------------|---------------------|----------------------|---|------------------------|------------------|------------------------------------|
|  | Gas<br>Tax            | Confiscated<br>Property | Police<br>Education | Magnolia<br>Cemetery | Police<br>Investigative/<br>Evidentiary | Building<br>Department | Fair<br>Share    | Non-Major<br>Governmental<br>Funds |
| <b>Revenues</b>  |                       |                         |                     |                      |   |                        |                  |                                    |
| Taxes  | \$ 738,157            | \$ -                    | \$ -                | \$ -                 | \$ -                                    | \$ -                   | \$ -             | \$ 738,157                         |
| Charges and Services   | -                     | -                       | -                   | 26,500               | -                                       | 578                    | -                | 27,078                             |
| Fines and Forfeitures  | -                     | 50                      | 12,933              | -                    | 1,292                                   | -                      | -                | 14,275                             |
| Investment Income  | -                     | -                       | 493                 | -                    | -                                       | 1,934                  | 192              | 2,619                              |
| Permits, Fees, and<br>Assessments                                    | -                     | -                       | -                   | -                    | -                                       | 189,223                | -                | 189,223                            |
| <b>Total Revenues</b>  | <u>738,157</u>        | <u>50</u>               | <u>13,426</u>       | <u>26,500</u>        | <u>1,292</u>                            | <u>191,735</u>         | <u>192</u>       | <u>971,352</u>                     |
| <b>Expenditures</b>  |                       |                         |                     |                      |   |                        |                  |                                    |
| Current:   |                       |                         |                     |                      |   |                        |                  |                                    |
| General Government   | -                     | -                       | -                   | -                    | -                                       | 104,574                | -                | 104,574                            |
| Transportation   | 34,570                | -                       | -                   | -                    | -                                       | -                      | -                | 34,570                             |
| Public Safety  | -                     | -                       | 11,564              | -                    | 4,936                                   | -                      | -                | 16,500                             |
| Capital Outlay   | 658,369               | -                       | -                   | -                    | -                                       | -                      | -                | 658,369                            |
| <b>Total Expenditures</b>  | <u>(692,939)</u>      | <u>-</u>                | <u>(11,564)</u>     | <u>-</u>             | <u>(4,936)</u>                          | <u>(104,574)</u>       | <u>-</u>         | <u>(814,013)</u>                   |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>45,218</u>         | <u>50</u>               | <u>1,862</u>        | <u>26,500</u>        | <u>(3,644)</u>                          | <u>87,161</u>          | <u>192</u>       | <u>157,339</u>                     |
| <b>Other Financing Sources (Uses)</b>                                |                       |                         |                     |                      |   |                        |                  |                                    |
| Transfers (out)  | -                     | -                       | -                   | -                    | -                                       | (74,000)               | -                | (74,000)                           |
| <b>Total Other Financing<br/>Sources (Uses)</b>                      | <u>-</u>              | <u>-</u>                | <u>-</u>            | <u>-</u>             | <u>-</u>                                | <u>(74,000)</u>        | <u>-</u>         | <u>(74,000)</u>                    |
| <b>Change in Fund Balances</b>                                       | <u>45,218</u>         | <u>50</u>               | <u>1,862</u>        | <u>26,500</u>        | <u>(3,644)</u>                          | <u>13,161</u>          | <u>192</u>       | <u>83,339</u>                      |
| <b>Fund Balances, Beginning<br/>of Year</b>                          | <u>126,753</u>        | <u>15,006</u>           | <u>61,798</u>       | <u>177,148</u>       | <u>43,019</u>                           | <u>212,899</u>         | <u>23,377</u>    | <u>660,000</u>                     |
| <b>Fund Balances, End of Year</b>                                    | <u>\$ 171,971</u>     | <u>\$ 15,056</u>        | <u>\$ 63,660</u>    | <u>\$ 203,648</u>    | <u>\$ 39,375</u>                        | <u>\$ 226,060</u>      | <u>\$ 23,569</u> | <u>\$ 743,339</u>                  |

## **OTHER REPORTS**

**TOWN OF ORANGE PARK, FLORIDA  
SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

| Federal Grantor/Pass-Through Grantor/<br>Grant Program                         | CFDA/CSFA<br>Number | Grant ID Number        | Expenditures        |
|--|---------------------|------------------------|---------------------|
| <b>Federal Awards</b>  |                     |                        |                     |
| <b>U.S. Department of Homeland Security</b>                                    |                     |                        |                     |
| Passed Through State of Florida Division of<br>Emergency Management:           |                     |                        |                     |
| Federal Disaster Assistance  | 97.036              | Hurricane Irma DR 4337 | \$ 37,334           |
| <b>Subtotal Expenditures - CSFA No. 97.036</b>                                 |                     |                        | <u>37,334</u>       |
| <b>Total U.S. Department of Homeland Security</b>                              |                     |                        | <u>37,334</u>       |
| <b>U.S. Department of Treasury</b>   |                     |                        |                     |
| Passed Through Florida Department of Emergency<br>Management from Clay County: |                     |                        |                     |
| Coronavirus Relief Fund (CARES Act)  | 21.019              | Y2275                  | 1,443,425           |
| <b>Total U.S. Department of Treasury</b>                                       |                     |                        | <u>1,443,425</u>    |
| <b>Total Federal Expenditures</b>  |                     |                        | <u>\$ 1,480,759</u> |
| <b>State Financial Assistance</b>  |                     |                        |                     |
| <b>State of Florida Department of Economic Opportunity</b>                     |                     |                        |                     |
| Growth Management Implementation   | 40.024              | PO364                  | 40,000              |
| <b>Subtotal Expenditures - CSFA 40.024</b>                                     |                     |                        | <u>40,000</u>       |
| <b>Total State of Florida Department of State</b>                              |                     |                        | <u>40,000</u>       |
| <b>Total State Expenditures</b>  |                     |                        | <u>40,000</u>       |
| <b>Total Expenditures of Federal Awards and<br/>State Financial Assistance</b> |                     |                        | <u>\$ 1,520,759</u> |

**TOWN OF ORANGE PARK, FLORIDA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the modified accrual basis of accounting.

During the year ended September 30, 2020, FEMA approved \$37,334 of eligible expenditures that were incurred in a prior year and are included in the accompanying schedule of expenditures of federal awards.

**Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Town did not elect to use the 10% de minimis indirect cost rate in Section 200.414, *Indirect (F&A) Costs*, of the Uniform Guidance.

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Town Council and Town Manager  
Town of Orange Park, Florida

### Report on Compliance for Each Major Federal Program

We have audited the Town of Orange Park, Florida's (the Town) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended September 30, 2020. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal Program

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

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Town Council and Town Manager  
Town of Orange Park, Florida

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Report on Internal Control over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



June 16, 2021  
Gainesville, Florida

**TOWN OF ORANGE PARK, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**Summary of Auditor's Results**

**Financial Statements**

1. The independent auditor's report expresses an unmodified opinion on the financial statements of the Town of Orange Park, Florida (the Town).
2. The audit did not report any significant deficiencies or material weaknesses 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*.
3. There were no instances of non-compliance identified during the audit of the financial statements reported in the 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*.

**Federal Awards**

4. The audit disclosed no significant deficiencies and/or material weaknesses in internal control over major federal programs that are required to be reported in the schedule of findings and questioned costs.
5. The report on compliance for the major federal programs expresses an unmodified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with the *Uniform Guidance*.
7. The programs tested as major federal program included:

| <b>Federal Programs</b>             | <b><u>CFDA No.</u></b> |
|-------------------------------------|------------------------|
| Coronavirus Relief Fund (CARES Act) | 21.019                 |

8. The threshold for distinguishing Type A and B programs was \$750,000 for federal programs.
9. The Town did not qualify as a low risk auditee for federal grant programs.

**Financial Statement Findings**

Financial statement findings, if any, are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and Compliance.

**Findings and Questioned Costs for Major Federal Program**

The audit disclosed no findings for major federal programs to be reported under the Uniform Guidance.

**Status of Prior Audit Findings**

The prior year findings 2019-01 and 2019-02, as required to be reported in accordance with the Uniform Guidance, have been corrected.

**INDEPENDENT AUDITOR'S 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**

Town Council and Town Manager  
Town of Orange Park, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Orange Park, 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 June 16, 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 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, non-compliance with which could have a direct and material effect on

Town Council and Town Manager  
Town of Orange Park, Florida

**INDEPENDENT AUDITOR'S 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***

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 non-compliance 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



June 16, 2021  
Gainesville, Florida

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES – INVESTMENT OF PUBLIC FUNDS**

Town Council and Town Manager  
Town of Orange Park, Florida

We have examined the Town of Orange Park, Florida’s (the Town) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2020. Town 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, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, 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.

Our examination does not provide legal determination of the Town’s compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2020.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and pass-through entities, the Mayor, and Town Council members, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 16, 2021  
Gainesville, Florida

## MANAGEMENT LETTER

Town Council and Town Manager  
Town of Orange Park, Florida

### Report on the Financial Statements

We have audited the financial statements of the Town of Orange Park, Florida (the Town), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 16, 2021.

### Auditor's 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; 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 June 16, 2021 should be considered in conjunction with the 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 financial audit report. The prior year audit findings have been corrected.

### 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. This information is included in the notes to the financial statements.

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Town of Orange Park, Florida

## MANAGEMENT LETTER

### 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 review of financial information provided by same.

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

### Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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 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 other granting agencies, the Town Council, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 16, 2021  
Gainesville, Florida

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