

2021

Town of Orange Park, Florida

Financial Statements and
Independent Auditor's Report

September 30, 2021

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

**TOWN OF ORANGE PARK, FLORIDA
LIST OF TOWN OFFICIALS
AS OF SEPTEMBER 30, 2021**

TOWN COUNCIL

Randy Anderson, Mayor
Eddie Henley, Vice-Mayor
Alan Watt
John Hauber
Susana Thompson

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, 2021

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

TOWN OF ORANGE PARK, FLORIDA

SEPTEMBER 30, 2021

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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, 2021, 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, 2021, 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 other supplementary information is the responsibility of management and was derived from, and relates 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 is 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 21, 2022, 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 21, 2022
Gainesville, Florida

**TOWN OF ORANGE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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, 2021. 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 2021 by \$65 million (net position). Of this amount, \$12 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- At September 30, 2021, the Town's governmental funds reported a combined ending fund balance of \$9.7 million, an increase of \$2.3 million in comparison with the prior year.
- At September 30, 2021, unassigned fund balance for the General Fund was \$7.27 million or 67.7% 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 are 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, 2021

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.

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, 2021**

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, 2021 and 2020.

Statement of Net Position
(In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 14,034	\$ 9,532	\$ 5,958	\$ 5,664	\$ 19,992	\$ 15,196
Capital assets	25,544	25,770	25,613	25,421	51,157	51,191
Total assets	39,578	35,302	31,571	31,085	71,149	66,387
Deferred outflows of resources	1,577	2,108	74	65	1,651	2,173
Long-term liabilities outstanding	1,553	2,785	188	183	1,741	2,968
Other liabilities	3,219	971	502	815	3,721	1,786
Total liabilities	4,772	3,756	690	998	5,462	4,754
Deferred inflows of resources	2,211	1,499	76	212	2,287	1,711
Net Position:						
Net Investment in Capital Assets	25,544	25,770	25,613	25,421	51,157	51,191
Restricted	1,884	537	-	-	1,884	537
Unrestricted	6,744	5,848	5,266	4,519	12,010	10,367
Total net position	\$ 34,172	\$ 32,155	\$ 30,879	\$ 29,940	\$ 65,051	\$ 62,095

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 \$65 million at the close of the fiscal year ended September 30, 2021.

By far, the largest portion of the Town's net position (78.6%) 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, \$1,884 thousand (2.9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$12.0 million (18.5%), 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, 2021 and 2020:

TOWN OF ORANGE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

Changes in Net Position
(In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 2,476	\$ 2,413	\$ 5,015	\$ 5,057	\$ 7,491	\$ 7,470
Operating grants and contributions	1,776	302	113	-	1,889	302
Capital grants and contributions	3	1,027	-	-	3	1,027
General revenues:						
Property taxes	3,547	3,382	-	-	3,547	3,382
Other taxes	3,686	3,704	-	-	3,686	3,704
Franchise fees	727	906	-	-	727	906
Other State shared revenues	1,087	976	-	-	1,087	976
Investment earnings	(23)	70	(10)	46	(33)	116
Miscellaneous	44	62	11	3	55	65
Total revenues	13,323	12,842	5,129	5,106	18,452	17,948
Expenses:						
General government	3,145	2,647	-	-	3,145	2,647
Public safety	6,164	6,401	-	-	6,164	6,401
Public works	2,096	2,179	-	-	2,096	2,179
Culture/recreation	380	343	-	-	380	343
Water and sewer	-	-	3,494	3,691	3,494	3,691
Stormwater	-	-	217	344	217	344
Sanitation	-	-	-	-	-	-
Total expenses	11,785	11,570	3,711	4,035	15,496	15,605
Increase (decrease) in net assets before transfers	1,538	1,272	1,418	1,071	2,956	2,343
Transfers	479	626	(479)	(626)	-	-
Change in net position	2,017	1,898	939	445	2,956	2,343
Net position - beginning	32,155	30,257	29,940	29,495	62,095	59,752
Net position - ending	\$ 34,172	\$ 32,155	\$ 30,879	\$ 29,940	\$ 65,051	\$ 62,095

Governmental activities. Governmental activities net position increased by \$2,017,000. This is primarily due to increased property taxes, increased other state shared revenues, and increased 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 \$939,000 accounting for 3.1% 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 \$2,956,000 thereby accounting for a total increase of 4.8%. 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, 2021

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 2021, the Town's governmental funds reported combined ending fund balances of \$9.7 million, an increase of \$2,307,930 in comparison with the prior year.

The General Fund is the primary operating fund of the Town. At the end of fiscal year 2021, unassigned fund balance of the General Fund was \$7.25 million. Unassigned fund balance represents 67.4% of the total General Fund expenditures. The fund balance of the Town's General Fund increased by \$833,147 during the fiscal year ended September 30, 2021 (compared to a 2020 increase of \$500,502). This is due in part to net increase in revenues of \$1,537,387, a net increase in expenditures of \$497,232, a decrease of transfers in of \$132,510 and an increase in transfers out of (\$575,000).

Changes in revenue consisted of the following:

- Increase in ad valorem tax revenue of \$165,000
- Increase in communications services tax revenue of (\$42,000)
- Decrease in utility service tax on electricity of (\$3,000)
- Increase in red light camera revenue of \$78,000
- Decrease in FEMA revenue of (\$37,000)
- Decrease in franchise fee - electricity of (\$187,000)
- Decrease in investment earnings revenue of (\$81,000)
- Decrease in miscellaneous revenues of (\$20,000)
- Increase in cardroom tax of \$43,000
- Increase in Ambulance revenue of \$30,000
- Increase in Local Grant - COVID of \$1,500,000
- Increase in interfund charges of \$44,000

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 increased \$947,531 due to decreased expenditures in capital outlay. Major capital projects expenditures during the year were for the Clarke Park Playground, Bradley Park Improvements, the Claire Lane Underdrain and Roadway Improvements, the Dolphin St and Dolphin Ct Improvements, and touchless improvements to the Town Hall Building, Restrooms, and various Park Restrooms. There was also \$406,000 expended on equipment purchases which included \$65,000 for a new specialty truck, \$120,000 for three new police vehicles, \$30,000 for one new utility vehicle, and \$191,000 for equipment.

Non-major governmental funds consisting of special revenue funds have a combined fund balance of \$1,270,591. The net increase in fund balance during the current year for non-major governmental funds was \$527,252.

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 \$4 million or 13.7% 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, 2021

Unrestricted net position of the Stormwater Fund at the end of the year amounted to \$1,252,267 or 78.8% 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 \$682,748 or 2.4%. The Stormwater Fund reported an increase in net position of \$255,804 or 19.2%.

General Fund Budgetary Highlights

- All of the Town's departments combined spent \$1,017,861 less than budgeted. The amount saved was between 0.5% and 35.5% per function.
- The Town fund balance increased \$833,147 in fiscal year 2020-2021.
- The Town received 96.0% 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, 2021, 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)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,485	\$ 2,485	\$ 122	\$ 122	\$ 2,607	\$ 2,607
Construction in progress	312	359	386	499	698	858
Buildings and improvements	6,712	6,712	247	247	6,959	6,959
Improvements other than buildings	4,006	2,865	41,403	39,833	45,409	42,698
Equipment	7,230	6,774	1,675	1,402	8,905	8,176
Infrastructure	31,007	30,612	-	-	31,007	30,612
Less accumulated depreciation	(26,210)	(24,037)	(18,220)	(16,682)	(44,430)	(40,719)
Totals	\$ 25,542	\$ 25,770	\$ 25,613	\$ 25,421	\$ 51,155	\$ 51,191

Major capital projects during the 2020-21 fiscal year included:

- Clarke Park Playground
- Claire Lane Underdrain & Roadway Improvements
- Bradley Park Improvements
- Dolphin St and Dolphin Ct Improvements
- Town Hall Building and Restroom Improvements
- Plainfield Pump Station Improvements
- Laurel Lane Lift Station Improvements
- Voluntary Home Buyout Program (VHB)
- 2020-2021 Sewer Relining
- Water Meter Transmitter Program
- Water Meter Replacement Program
- 2020-2021 Stormwater Improvements

**TOWN OF ORANGE PARK, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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 2021, 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, 2021, for the municipal service area was 3.3%. This compared favorably with the state's average unemployment rate of 4.0% and with the national average unemployment rate of 4.7%.
- Since the Town is effectively built out, new construction is not expected to produce significant annual increases in property assessments. Currently, about thirty-one percent (31.0%) 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 \$821,000 in revenue in fiscal year 2021. 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 55.9% of the General Fund Expenditures, down from the prior year at 56.7%.

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, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 11,545,404	\$ 4,824,709	\$ 16,370,113
Receivables, Net	193,562	386,999	580,561
Internal Balances	513	(513)	-
Due from Other Governments	1,043,903	95,502	1,139,405
Other Current Assets	73,421	129,293	202,714
Restricted Equity in Pooled Cash and Investments	86,137	290,808	376,945
Net Pension Asset	1,092,069	231,328	1,323,397
Capital Assets:			
Land	2,485,193	122,549	2,607,742
Construction in Progress	312,353	386,173	698,526
Buildings and Improvements	6,712,366	247,255	6,959,621
Improvements Other than Buildings	4,006,190	41,402,453	45,408,643
Equipment	7,230,442	1,675,136	8,905,578
Infrastructure	31,006,654	-	31,006,654
Accumulated Depreciation	(26,209,667)	(18,220,714)	(44,430,381)
Capital Assets, Net	25,543,531	25,612,852	51,156,383
Total Assets	39,578,540	31,570,978	71,149,518
Deferred Outflows of Resources			
Pension Related	1,489,438	56,245	1,545,683
OPEB Related	87,332	17,845	105,177
Total Deferred Outflows of Resources	1,576,770	74,090	1,650,860
Liabilities			
Accounts Payable and Accrued Liabilities	786,165	211,519	997,684
Due to Other Governments	33,810	-	33,810
Unearned Revenue	2,312,214	-	2,312,214
Payable from Restricted Assets:			
Deposits	86,137	290,808	376,945
Non-Current Liabilities:			
Due Within One Year	368,526	34,209	402,735
Due in More than One Year	1,184,466	154,037	1,338,503
Total Liabilities	4,771,318	690,573	5,461,891
Deferred Inflows of Resources			
Pension Related	1,997,455	44,412	2,041,867
OPEB Related	213,960	31,494	245,454
Total Deferred Inflows of Resources	2,211,415	75,906	2,287,321
Net Position			
Net Investment in Capital Assets	25,543,531	25,612,852	51,156,383
Restricted for:			
Infrastructure	866,224	-	866,224
Transportation	666,180	-	666,180
Law Enforcement	127,319	-	127,319
Memorial Day Services	22,905	-	22,905
Building Department	202,279	-	202,279
Unrestricted	6,744,139	5,265,737	12,009,876
Total Net Position	\$ 34,172,577	\$ 30,878,589	\$ 65,051,166

See accompanying notes.

TOWN OF ORANGE PARK, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental Activities							
General Government	\$ 3,145,410	\$ 63,972	\$ -	\$ -	\$ (3,081,438)	\$ -	\$ (3,081,438)
Public Safety	6,163,638	1,839,484	1,539,719	-	(2,784,435)	-	(2,784,435)
Public Works	2,096,220	536,084	181,338	-	(1,378,798)	-	(1,378,798)
Culture/Recreation	379,728	36,828	54,829	2,723	(285,348)	-	(285,348)
Total Governmental Activities	11,784,996	2,476,368	1,775,886	2,723	(7,530,019)	-	(7,530,019)
Business-Type Activities							
Water and Sewer	3,493,517	4,617,232	17,000	-	-	1,140,715	1,140,715
Stormwater	217,184	398,087	95,502	-	-	276,405	276,405
Total Business-Type Activities	3,710,701	5,015,319	112,502	-	-	1,417,120	1,417,120
Total Primary Government	\$ 15,495,697	\$ 7,491,687	\$ 1,888,388	\$ 2,723	(7,530,019)	1,417,120	(6,112,899)
General Revenues							
Property Taxes					3,546,733	-	3,546,733
Insurance Premium Tax					244,159	-	244,159
Sales Tax					1,138,024	-	1,138,024
Utility Service Tax					821,030	-	821,030
Communication Services Tax					566,674	-	566,674
Motor Fuel Tax					840,771	-	840,771
Local Business Tax					75,319	-	75,319
Franchise Fees					726,781	-	726,781
Other State Shared Revenues					1,087,050	-	1,087,050
Investment Earnings					(22,982)	(10,398)	(33,380)
Miscellaneous					44,032	11,412	55,444
Transfers					479,582	(479,582)	-
Total General Revenues and Transfers					9,547,173	(478,568)	9,068,605
Change in Net Position					2,017,154	938,552	2,955,706
Net Position, Beginning of Year					32,155,423	29,940,037	62,095,460
Net Position, End of Year					\$ 34,172,577	\$ 30,878,589	\$ 65,051,166

See accompanying notes.

TOWN OF ORANGE PARK, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General	Capital Project Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 9,596,318	\$ 738,311	\$ 1,210,775	\$ 11,545,404
Restricted Equity in Pooled Cash and Investments	86,137	-	-	86,137
Receivables (Net of Allowance)	193,562	-	-	193,562
Due from Other Funds	-	-	2,153	2,153
Due from Other Governments	726,673	208,404	108,826	1,043,903
Inventories	44,573	-	-	44,573
Prepaid Items	28,848	-	-	28,848
Total Assets	<u>10,676,111</u>	<u>946,715</u>	<u>1,321,754</u>	<u>12,944,580</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	654,516	80,491	51,158	786,165
Due to Other Governments	33,810	-	-	33,810
Deposits	86,137	-	-	86,137
Due to Other Funds	1,635	-	5	1,640
Unearned Revenue	2,312,214	-	-	2,312,214
Total Liabilities	<u>3,088,312</u>	<u>80,491</u>	<u>51,163</u>	<u>3,219,966</u>
Deferred Inflows of Resources				
Unavailable Revenues	14,688	-	-	14,688
Fund Balances				
Non-Spendable:				
Inventories	44,573	-	-	44,573
Prepaid Items	28,848	-	-	28,848
Restricted for:				
Infrastructure	-	866,224	-	866,224
Transportation	-	-	666,180	666,180
Law Enforcement	-	-	127,319	127,319
Memorial Day Services	22,905	-	-	22,905
Building Department	-	-	202,279	202,279
Committed:				
Transportation	-	-	23,515	23,515
Cemetery Care and Maintenance	-	-	251,298	251,298
Assigned:				
Subsequent Year's Budget	229,000	-	-	229,000
Unassigned	7,247,785	-	-	7,247,785
Total Fund Balances	<u>7,573,111</u>	<u>866,224</u>	<u>1,270,591</u>	<u>9,709,926</u>
Total Liabilities and Fund Balances	<u>\$ 10,676,111</u>	<u>\$ 946,715</u>	<u>\$ 1,321,754</u>	<u>\$ 12,944,580</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, 2021

Fund Balance - Total Governmental Funds	\$	9,709,926
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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	\$ 51,753,198		
(Accumulated Depreciation)	<u>(26,209,667)</u>		25,543,531

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	1,489,438		
Deferred Outflows Related to OPEB	87,332		
Deferred Inflows Related to Pensions	(1,997,455)		
Deferred Inflows Related to OPEB	<u>(213,960)</u>		(634,645)

Some revenues have been deferred on the balance sheet because they were not measurable and available at year-end.		14,688
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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	1,092,069		
Compensated Absences	(837,559)		
Net OPEB Obligation	<u>(715,433)</u>		<u>(460,923)</u>

Net Position of Governmental Activities	\$	<u>34,172,577</u>
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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, 2021

	General	Capital Project Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 5,253,915	\$ 1,138,024	\$ 840,771	\$ 7,232,710
Permits, Fees, and Assessments	745,108	-	164,200	909,308
Intergovernmental	2,824,642	780,392	-	3,605,034
Charges for Services	1,371,862	-	48,111	1,419,973
Fines and Forfeitures	893,536	-	26,264	919,800
Investment Income (Loss)	(20,355)	(1,910)	(717)	(22,982)
Miscellaneous	50,471	-	-	50,471
Interfund Charges	477,648	-	-	477,648
Total Revenues	11,596,827	1,916,506	1,078,629	14,591,962
Expenditures				
Current:				
General Government	2,666,081	-	108,942	2,775,023
Public Safety	6,002,655	-	16,873	6,019,528
Public Works	1,396,258	2,620	-	1,398,878
Culture and Recreation	221,274	-	-	221,274
Capital Outlay	460,994	1,466,355	421,562	2,348,911
(Total Expenditures)	(10,747,262)	(1,468,975)	(547,377)	(12,763,614)
Excess (Deficiency) of Revenues Over (Under) Expenditures	849,565	447,531	531,252	1,828,348
Other Financing Sources (Uses)				
Transfers in	558,582	500,000	75,000	1,133,582
Transfers (out)	(575,000)	-	(79,000)	(654,000)
Total Other Financing Sources (Uses)	(16,418)	500,000	(4,000)	479,582
Net Changes in Fund Balance	833,147	947,531	527,252	2,307,930
Fund Balances, Beginning of Year	6,739,964	(81,307)	743,339	7,401,996
Fund Balances, End of Year	\$ 7,573,111	\$ 866,224	\$ 1,270,591	\$ 9,709,926

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
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Net Change in Fund Balance - Total Governmental Funds \$ 2,307,930

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	\$ 2,068,282	
(Less Current Year Depreciation)	<u>(2,262,174)</u>	(193,892)

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		(33,125)
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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.

869,676

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.

(13,766)

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.

(791,746)

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>(127,923)</u>
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Change in Net Position of Governmental Activities \$ 2,017,154

See accompanying notes.

TOWN OF ORANGE PARK, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer	Stormwater	
Assets			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 3,629,459	\$ 1,195,250	\$ 4,824,709
Restricted Equity in Pooled Cash and Investments	290,808	-	290,808
Receivables, Net	378,585	8,414	386,999
Due from Other Governments	-	95,502	95,502
Inventories	122,963	-	122,963
Prepaid Items	6,330	-	6,330
Total Current Assets	4,428,145	1,299,166	5,727,311
Non-Current Assets:			
Net Pension Asset	198,211	33,117	231,328
Capital Assets, Net:			
Land	122,549	-	122,549
Construction in Progress	213,272	172,901	386,173
Building and Improvements	247,255	-	247,255
Improvements Other than Buildings	41,321,379	81,074	41,402,453
Equipment	1,575,136	100,000	1,675,136
(Accumulated Depreciation)	(18,205,324)	(15,390)	(18,220,714)
Total Capital Assets, Net	25,274,267	338,585	25,612,852
Total Assets	29,900,623	1,670,868	31,571,491
Deferred Outflow of Resources			
Pension Related	46,315	9,930	56,245
OPEB Related	15,107	2,738	17,845
Total Deferred Outflow of Resources	61,422	12,668	74,090
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	165,297	46,222	211,519
Due to Other Funds	431	82	513
Current Liabilities Payable from Restricted Assets:			
Customer Deposits	290,808	-	290,808
Current Portion of Compensated Absences	32,438	1,771	34,209
Total Current Liabilities	488,974	48,075	537,049
Non-Current Liabilities:			
Compensated Absences	41,284	2,254	43,538
Other Postemployment Benefits	87,717	22,782	110,499
Total Non-Current Liabilities	129,001	25,036	154,037
Total Liabilities	617,975	73,111	691,086
Deferred Inflows of Resources			
Pension Related	31,858	12,554	44,412
OPEB Related	24,475	7,019	31,494
Total Deferred Inflows of Resources	56,333	19,573	75,906
Net Position			
Net Investment in Capital Assets	25,274,267	338,585	25,612,852
Unrestricted	4,013,470	1,252,267	5,265,737
Total Net Position	\$ 29,287,737	\$ 1,590,852	\$ 30,878,589

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, 2021

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer	Stormwater	
Operating Revenues			
Charges for Services	\$ 4,617,232	\$ 398,087	\$ 5,015,319
Other Income	11,412	-	11,412
Total Operating Revenues	4,628,644	398,087	5,026,731
Operating Expenses			
Personnel Services	701,961	124,958	826,919
Utilities	272,472	-	272,472
Supplies, Materials, and Other	197,996	16,278	214,274
Professional and Contractual Services	53,269	8,018	61,287
General and Administrative	477,648	-	477,648
Depreciation and Amortization	1,535,124	15,390	1,550,514
Repairs and Maintenance	203,304	52,540	255,844
Insurance	51,718	-	51,718
(Total Operating Expenses)	(3,493,492)	(217,184)	(3,710,676)
Operating Income (Loss)	1,135,152	180,903	1,316,055
Non-Operating Revenues (Expenses)			
Intergovernmental	17,000	95,502	112,502
Investment Revenue	(5,182)	(5,216)	(10,398)
Interest/Amortization Expense	(25)	-	(25)
Total Non-Operating Revenues (Expenses)	11,793	90,286	102,079
Income Before Capital Contributions and Transfers	1,146,945	271,189	1,418,134
Transfers (out)	(464,197)	(15,385)	(479,582)
Change in Net Position	682,748	255,804	938,552
Net Position, Beginning of Year	28,604,989	1,335,048	29,940,037
Net Position, End of Year	\$ 29,287,737	\$ 1,590,852	\$ 30,878,589

See accompanying notes.

TOWN OF ORANGE PARK, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Stormwater	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 4,646,417	\$ 304,440	\$ 4,950,857
Cash Paid to Suppliers	(935,786)	(274,004)	(1,209,790)
Cash Paid to Employees	(855,207)	(151,729)	(1,006,936)
Cash Payments for Interfund Services Used	(477,648)	-	(477,648)
Net Cash Provided by (Used in) Operating Activities	2,377,776	(121,293)	2,256,483
Cash Flows from Non-Capital Financing Activities			
Intergovernmental Charges	17,000	95,502	112,502
Due to/from Other Funds	(384)	(55)	(439)
Transfers in (out)	(464,197)	(15,385)	(479,582)
Net Cash Provided by (Used in) Non-Capital Financing Activities	(447,581)	80,062	(367,519)
Cash Flows from Capital and Related Financing Activities			
Interest Paid	(25)	-	(25)
Acquisition and Construction of Capital Assets	(1,408,361)	(333,975)	(1,742,336)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,408,386)	(333,975)	(1,742,361)
Cash Flows from Investing Activities			
Interest Received	(5,182)	(5,216)	(10,398)
Net Cash Provided by (Used in) Investing Activities	(5,182)	(5,216)	(10,398)
Net Increase (Decrease) in Cash and Cash Equivalents	516,627	(380,422)	136,205
Cash and Cash Equivalents, Beginning of Year	3,403,640	1,575,672	4,979,312
Cash and Cash Equivalents, End of Year	\$ 3,920,267	\$ 1,195,250	\$ 5,115,517
<u>Reconciliation of Cash and Cash Equivalents to Statement of Net Position</u>			
Equity in Pooled Cash and Investments	\$ 3,629,459	\$ 1,195,250	\$ 4,824,709
Restricted Equity in Pooled Cash and Investments	290,808	-	290,808
Total Cash and Cash Equivalents	\$ 3,920,267	\$ 1,195,250	\$ 5,115,517

See accompanying notes.

TOWN OF ORANGE PARK, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Stormwater	Total
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$ 1,135,152	\$ 180,903	\$ 1,316,055
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization	1,535,124	15,390	1,550,514
Decrease (Increase) in Assets:			
Accounts Receivable, Net	(57,577)	(2,047)	(59,624)
Due from Other Governments	-	(95,502)	(95,502)
Prepays	22,488	3,902	26,390
Inventory	11,727	-	11,727
Deferred Outflows of Resources	(7,413)	(1,290)	(8,703)
Increase (Decrease) in Liabilities:			
Accounts Payable and Accrued Liabilities	(168,754)	(197,168)	(365,922)
Customer Deposits	52,862	-	52,862
Compensated Absences	(10,513)	(1,580)	(12,093)
Other Postemployment Benefits	14,881	2,790	17,671
Net Pension Liability	(34,858)	(6,046)	(40,904)
Deferred Inflows of Resources	(115,343)	(20,645)	(135,988)
Net Cash Provided by (Used in)			
Operating Activities	\$ 2,377,776	\$ (121,293)	\$ 2,256,483

See accompanying notes.

TOWN OF ORANGE PARK, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2021

	Pension Trust Funds
Assets	
Cash and Cash Equivalents	\$ 1,801,360
Prepaid Benefits	79,991
Receivables:	
Employee Contribution	3,417
Employer and State Contributions	124,284
Accrued Income	28,411
Other Receivables	53,391
Total Receivables	<u>209,503</u>
Investments:	
Florida Municipal Pension Trust Fund	13,619,989
U.S. Government and Agency Securities	590,348
Corporate Bonds	8,001,254
Domestic Stocks	12,982,333
International Stocks	75,583
Mutual Funds	11,803,283
Unit Investment Funds	863,981
Total Investments	<u>47,936,771</u>
Total Assets	<u><u>50,027,625</u></u>
Liabilities	
Accounts Payable	156,432
Prepaid Contribution	24,313
Total Liabilities	<u>180,745</u>
Net Position Held in Trust for Pension Benefits	<u><u>\$ 49,846,880</u></u>

See accompanying notes.

TOWN OF ORANGE PARK, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Pension Trust Funds
Additions	
Contributions:	
Employee Contributions	\$ 225,400
Employer Contributions	772,602
State Contributions	244,132
Total Contributions	<u>1,242,134</u>
Investment Earnings:	
Change in Fair Value of Investments	8,017,212
Interest Income	600,359
Total Investment Earnings	<u>8,617,571</u>
(Less Investment Expense)	<u>(177,751)</u>
Net Investment Income	<u>8,439,820</u>
Total Additions	<u>9,681,954</u>
Deductions	
Benefits	1,746,013
Refunds	11,374
Administrative Expenses	103,746
Total Deductions	<u>(1,861,133)</u>
Change in Net Position	7,820,821
Net Position Held in Trust for Pension Benefits, Beginning of Year	<u>42,026,059</u>
Net Position Held in Trust for Pension Benefits, End of Year	<u>\$ 49,846,880</u>

See accompanying notes.

TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021

(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:

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- **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.

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(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.

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(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:

<u>Assets</u>	<u>Years</u>
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.

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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:

Lien Date	January 1
Levy Date	October 1
Installment Payments	
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
Regular Payments	
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 Standard

The Town is currently evaluating the effects that the following GASB Statement, 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.

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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, 2021, the Town's equity in pooled cash and investments included the following:

Investments Controlled by the Town	
SBA Local Government Surplus Funds	
Trust Funds (Florida PRIME)	\$ 274,763
Fixed Income	4,955,280
Money Markets	<u>7,232,458</u>
Total Investment Controlled by the Town	<u>12,462,501</u>
Cash Deposits	<u>4,284,557</u>
Total Cash and Investments	<u><u>\$ 16,747,058</u></u>

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, 2021, the carrying amount of the Town's cash deposits was \$9,239,837 and the bank balance was \$9,238,995. 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, 2021, Standard & Poor's ratings service assigned an "AAAm" rating to the Florida PRIME.

A separate financial report for Florida PRIME is prepared by the SBA in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from the SBA website at <https://www.sbafla.com/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, 2021, is 49 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 Fund, which have dollar weighted average days to maturity (WAM) of 6.30 and 8.21 years, respectively.

		Investment Maturities (in Years)				
	Fair Value	No Specific Maturity	Less than 1	1-5	6-10	More than 10
Investments Controlled by the Town						
SBA Local Government Surplus						
Funds Trust Funds (Florida PRIME)	\$ 274,763	\$ 274,763	\$ -	\$ -	\$ -	\$ -
Fixed Income	4,955,280	228,453	-	2,878,733	253,943	1,594,151
Money Markets	7,232,458	7,232,458	-	-	-	-
Total Investments Controlled by the Town	\$ 12,462,501	\$ 7,735,674	\$ -	\$ 2,878,733	\$ 253,943	\$ 1,594,151
Pension Plan Investments						
Firefighters, Police Officers, and General Employees:						
U.S. Government and Agency Securities	\$ 590,348	\$ -	\$ -	\$ 268,774	\$ 258,745	\$ 62,829
Corporate Bonds	8,001,254	7,011,371	82,014	704,735	203,134	-
Domestic Stocks	12,982,333	12,982,333	-	-	-	-
International Stocks	75,583	75,583	-	-	-	-
Mutual Funds	11,803,283	11,803,283	-	-	-	-
Unit Investment Trust	863,981	863,981	-	-	-	-
FMIvT Broad Market High Quality Bond Fund	2,125,980	-	-	-	2,125,980	-
FMIvT Core Plus Fixed Income Fund	2,167,128	-	-	-	2,167,128	-
FMIvT Diversified Large Cap Equity	3,470,149	3,470,149	-	-	-	-
FMIvT Diversified Small to Mid Cap	1,906,524	1,906,524	-	-	-	-
FMIvT International Equity	2,798,064	2,798,064	-	-	-	-
FMIvT Core Real Estate Portfolio	1,152,144	1,152,144	-	-	-	-
Total Pension Plan Investments	\$ 47,936,771	\$ 42,063,432	\$ 82,014	\$ 973,509	\$ 4,754,987	\$ 62,829

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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, 2021:

Investment Type	Quality Ratings							
	AAA	AA+	AA	A-	A	A+	BBB-	BBB+
Investment Controlled by the Town:								
Florida PRIME	\$ 274,763	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Income	-	4,726,827	-	-	-	-	-	228,453
Money Markets	-	-	-	-	-	-	-	7,232,458
	<u>\$ 274,763</u>	<u>\$ 4,726,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,460,911</u>
Pension Plan Investments								
U.S. Government and Agency Securities	416,819	-	-	-	-	-	-	173,529
Corporate Bonds	127,321	-	40,687	223,475	242,734	39,386	42,255	7,052,698
Domestic Stocks	-	-	-	-	-	-	-	12,982,333
International Stocks	-	-	-	-	-	-	-	75,583
Mutual Funds	-	-	-	-	-	-	-	11,803,283
Unit Investment Trust	-	-	-	-	-	-	-	863,981
Florida Municipal Investment Trust	-	-	-	-	-	-	-	13,619,989
	<u>\$ 544,140</u>	<u>\$ -</u>	<u>\$ 40,687</u>	<u>\$ 223,475</u>	<u>\$ 242,734</u>	<u>\$ 39,386</u>	<u>\$ 42,255</u>	<u>\$ 46,571,396</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, 2021, is as follows:

<u>Asset Allocation</u>	<u>Asset Allocation Percentage</u>
Cash and Money Market	0.7%
Broad Market High Quality Bond Portfolio	15.5%
Core Plus	15.8%
Diversified Large Cap Equity	25.3%
Core Real Estate	8.4%
Diversified Small Cap Equity Portfolio	13.9%
International Equity Portfolio	20.4%
Total	<u>100.0%</u>

As of September 30, 2021, 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.

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, 2021:

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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)
Fiduciary Funds:				
Florida Municipal Pension Trust Fund				
General Employees' Pension Plan:				
FMLvT Broad Market High Quality Bond Fund	\$ 2,125,980	\$ -	\$ 2,125,980	\$ -
FMLvT Core Plus Fixed Income Fund	2,167,128	-	2,167,128	-
FMLvT Diversified Large Cap Equity	3,470,149	-	3,470,149	-
FMLvT Diversified Small to Mid Cap	1,906,524	-	1,906,524	-
FMLvT International Equity	2,798,064	-	2,798,064	-
FMLvT Core Real Estate Portfolio	1,152,144	-	1,152,144	-
Subtotal - General Employees' Pension Plan	13,619,989	-	13,619,989	-
Firefighters' Pension Plan:				
U.S. Government and Agency Securities	590,348	-	590,348	-
Corporate Bonds	989,883	-	989,883	-
Domestic Stocks	3,349,452	3,349,452	-	-
International Stocks	75,583	75,583	-	-
Mutual Funds	4,294,613	4,294,613	-	-
Unit Investment Trusts	863,981	863,981	-	-
Subtotal - Firefighters' Pension Plan	10,163,860	8,583,629	1,580,231	-
Police Officers' Pension Plan:				
Corporate Bonds	7,011,371	7,011,371	-	-
Domestic Stocks	9,632,881	9,632,881	-	-
Mutual Funds	7,508,670	7,508,670	-	-
Subtotal - Police Officers' Pension Plan	24,152,922	24,152,922	-	-
Total Investments Measured at Fair Value	\$ 47,936,771	\$ 32,736,551	\$ 15,200,220	\$ -

Investments Measured at the Net Asset Value (NAV)	Amount	Weighted Average Maturity	Credit Risk
Governmental Funds:			
State Board of Administration (SBA):			
Florida PRIME	\$ 274,763	49 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 FMLvT is an investment pool that offers both fixed income and equity portfolios. The FMLvT 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.

TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 3 - Receivables

Receivables at September 30, 2021, consist of the following:

	General Fund	Sales Tax Fund	Non-Major Funds	Water and Sewer Fund	Stormwater Fund	Total
Receivables						
Accounts Receivable, Net	\$ 193,562	\$ -	\$ -	\$ 378,585	\$ 8,414	\$ 580,561
Due from Other Governments	726,673	208,404	108,826	-	95,502	1,139,405
Total	<u>\$ 920,235</u>	<u>\$ 208,404</u>	<u>\$ 108,826</u>	<u>\$ 378,585</u>	<u>\$ 103,916</u>	<u>\$ 1,719,966</u>

Included in accounts receivable are water and sewer usage fees earned but not billed of \$262,920 as of September 30, 2021.

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, 2021, are as follows:

General Fund	\$ 278,258
Water and Sewer	60,464
Total	<u>\$ 338,722</u>

Note 4 - Interfund Transactions

At September 30, 2021, the Town had the following due to/from other funds:

	Due from Other Funds	Due to Other Funds
General Fund	\$ -	\$ 1,635
Water and Sewer Fund	-	431
Stormwater Fund	-	82
Non-Major Funds	2,153	5
Total	<u>\$ 2,153</u>	<u>\$ 2,153</u>

Interfund transfers for the year ended September 30, 2021, were as follows:

	Transfers in		
	General Fund	Sales Tax Fund	Non-Major Governmental Funds
Transfers out			
General Fund	\$ -	\$ 500,000	\$ 75,000
Non-Major Governmental Funds	79,000	-	-
Water and Sewer Fund	464,197	-	-
Non-Major Enterprise Funds	15,385	-	-
Total	<u>\$ 558,582</u>	<u>\$ 500,000</u>	<u>\$ 75,000</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.

TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

The Water and Sewer Fund transferred \$464,197 to the General Fund as payment in lieu of taxes.

The Building Department Fund transferred \$79,000 to the General Fund to recover salaries and benefits paid by the General Fund on behalf of building department operations. The Stormwater Fund transferred \$15,385 to the General Fund to recover costs paid for a grant manager by the General Fund on behalf of the Stormwater Fund. The General Fund transferred \$500,000 to the Sales Tax Fund for improvements to the Clark Park playground and Bradley Park. The General Fund also transferred \$75,000 to the Gas Tax Fund for street resurfacing.

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities Capital Assets					
Capital Assets Not Being Depreciated:					
Construction in Progress	\$ 358,830	\$ 337,588	\$ -	\$ (384,065)	\$ 312,353
Land	2,485,193	-	-	-	2,485,193
Total Capital Assets Not Being Depreciated	2,844,023	337,588	-	(384,065)	2,797,546
Capital Assets Being Depreciated:					
Buildings and Improvements	6,712,366	-	-	-	6,712,366
Improvements Other than Buildings	2,865,012	1,136,350	-	4,828	4,006,190
Infrastructure	30,612,159	15,258	-	379,237	31,006,654
Equipment	6,774,117	579,086	(122,761)	-	7,230,442
Total Capital Assets Being Depreciated	46,963,654	1,730,694	(122,761)	384,065	48,955,652
Less Accumulated Depreciation:					
Buildings and Improvements	(2,780,632)	(232,232)	-	-	(3,012,864)
Improvements Other than Buildings	(2,601,043)	(539,608)	-	-	(3,140,651)
Infrastructure	(14,269,987)	(780,501)	-	-	(15,050,488)
Equipment	(4,385,467)	(709,833)	89,636	-	(5,005,664)
Total Accumulated Depreciation	(24,037,129)	(2,262,174)	89,636	-	(26,209,667)
Total Capital Assets Being Depreciated, Net	22,926,525	(531,480)	(33,125)	384,065	22,745,985
Governmental Activities Capital Assets, Net	\$ 25,770,548	\$ (193,892)	\$ (33,125)	\$ -	\$ 25,543,531
Business-Type Activities					
Capital Assets Not Being Depreciated:					
Construction in Progress	\$ 498,929	\$ 386,173	\$ -	\$ (498,929)	\$ 386,173
Land	122,549	-	-	-	122,549
Total Capital Assets Not Being Depreciated	621,478	386,173	-	(498,929)	508,722
Capital Assets Being Depreciated:					
Buildings and Improvements	247,255	-	-	-	247,255
Improvements Other than Buildings	39,832,608	1,070,915	-	498,929	41,402,452
Equipment	1,401,584	285,346	(11,792)	-	1,675,138
Total Capital Assets Being Depreciated	41,481,447	1,356,261	(11,792)	498,929	43,324,845
Less Accumulated Depreciation:					
Buildings and Improvements	(119,455)	(9,632)	-	-	(129,087)
Improvements Other than Buildings	(15,757,420)	(1,326,042)	-	-	(17,083,462)
Equipment	(805,020)	(214,840)	11,694	-	(1,008,166)
Total Accumulated Depreciation	(16,681,895)	(1,550,514)	11,694	-	(18,220,715)
Total Capital Assets Being Depreciated, Net	24,799,552	(194,253)	(98)	498,929	25,104,130
Total Business-Type Activities, Net	\$ 25,421,030	\$ 191,920	\$ (98)	\$ -	\$ 25,612,852

TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 199,742
Public Safety	508,371
Public Works	1,354,232
Culture and Recreation	199,829
Total Depreciation Expense - Governmental Activities	<u>\$ 2,262,174</u>
Business-Type Activities	
Water and Sewer System	\$ 1,535,124
Stormwater	15,390
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,550,514</u>

For the year ended September 30, 2021, no interest was capitalized for business-type activities.

Note 6 - Long-Term Obligations

Change in long-term obligations for the year ended September 30, 2021, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 709,636	\$ 745,178	\$ (617,255)	\$ 837,559	\$ 368,526
Other Postemployment Benefits	625,212	90,221	-	715,433	-
Net Pension Liability	1,450,479	-	(1,450,479)	-	-
Total Governmental Activities	<u>\$ 2,785,327</u>	<u>\$ 835,399</u>	<u>\$ (2,067,734)</u>	<u>\$ 1,552,992</u>	<u>\$ 368,526</u>
Business-Type Activities					
Compensated Absences	\$ 89,840	\$ 66,635	\$ (78,728)	\$ 77,747	\$ 34,209
Other Postemployment Benefits	92,828	17,671	-	110,499	-
Total Business-Type Activities	<u>\$ 182,668</u>	<u>\$ 84,306</u>	<u>\$ (78,728)</u>	<u>\$ 188,246</u>	<u>\$ 34,209</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
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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 three-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 1/15th each year for the first five (5) years that early retirement precedes normal retirement and 1/30th each year for the next five (5) years.

**TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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 (6.29% of valuation payroll for the year ended September 30, 2021).

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, 2021, the annual money-weighted rate of the return on pension plan investments, net of pension plan investment expense, was 19.3%.

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, 2020, 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, 2021, are also included below.

Plan Membership

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

	October 1, 2020
Retirees and Beneficiaries	
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	39
Inactive Plan Members Entitled to but not yet Receiving Benefits	44
Active Plan Members	35
Total Retirees and Beneficiaries	118

**TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2019	<u>\$ 10,871,216</u>	<u>\$ 11,414,711</u>	<u>\$ (543,495)</u>
Changes for the Year:			
Service Cost	241,329	-	241,329
Interest	747,461	-	747,461
Differences between Expected and Actual Experience	41,280	-	41,280
Changes of Assumptions	(200,214)	-	(200,214)
Contributions - Employer	-	172,921	(172,921)
Contributions - Employee	-	72,296	(72,296)
Net Investment Income	-	722,773	(722,773)
Benefit Payments, Including Refunds of Contributions	(551,190)	(551,190)	-
Administrative Expenses	-	(1,000)	1,000
Net Changes	<u>278,666</u>	<u>415,800</u>	<u>(137,134)</u>
Balances at September 30, 2020	<u><u>\$ 11,149,882</u></u>	<u><u>\$ 11,830,511</u></u>	<u><u>\$ (680,629)</u></u>

September 30, 2021

Total Pension Liability	\$ 11,595,463
Plan Net Position	(13,716,001)
Net Pension Liability (Asset)	<u><u>\$ (2,120,538)</u></u>

Plan Net Position as a Percentage of Total Pension Liability 118.29%

For the year ended September 30, 2021, the Town recognized total pension expense of (\$447,665). 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	\$ 135,308
Differences between Actual and Expected Experience	24,080
Net Difference between Projected and Actual Earnings	43,683
Total Deferred Outflow of Resources	<u><u>\$ 203,071</u></u>

Deferred Inflow of Resources

Differences between Actual and Expected Experience	\$ 17,298
Changes in Assumptions	116,791
Total Deferred Inflow of Resources	<u><u>\$ 134,089</u></u>

TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Amount</u>
2022	\$ (152,002)
2023	19,521
2024	53,054
2025	13,101
2026	-
Total	<u>\$ (66,326)</u>

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	2.75%
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, 2021

<u>Net Pension</u> <u>Liability/(Asset)</u>	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current Discount</u> <u>Rate (7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
General Employees' Pension Plan	<u>\$ (769,142)</u>	<u>\$ (2,120,538)</u>	<u>\$ (3,253,610)</u>

As of September 30, 2020

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

**TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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). 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 five 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
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 13.60% valuation payroll for the year ended September 30, 2021. The Town and state contributions to the Firefighters' Pension Plan were \$295,632 for the year ended September 30, 2021. 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 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 19.52% for the year ended September 30, 2021.

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, 2020, 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, 2021, are also included below.

TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Plan Membership

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

	October 1, 2020
Retirees and Beneficiaries	
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	22
Inactive Plan Members Entitled to but not yet Receiving Benefits	10
Active Plan Members	19
Total Retirees and Beneficiaries	51

The components of the net pension liability of the sponsor on September 30, 2021, were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2019	\$ 8,241,044	\$ 7,920,312	\$ 320,732
Changes for the Year:			
Service Cost	249,582	-	249,582
Interest	625,151	-	625,151
Differences between Expected and Actual Experience	16,288	-	16,288
Changes of Assumptions	(179,638)	-	(179,638)
Changes of Benefit Terms	(310,559)	-	(310,559)
Contributions - Employer	-	210,146	(210,146)
Contributions - State	-	109,816	(109,816)
Contributions - Employee	-	49,209	(49,209)
Net Investment Income	-	787,121	(787,121)
Benefit Payments, Including Refunds of Contributions	-	(310,559)	310,559
Administrative Expenses	-	(46,702)	46,702
Net Changes	400,824	799,031	(398,207)
Balances at September 30, 2020	\$ 8,641,868	\$ 8,719,343	\$ (77,475)
September 30, 2021			
Total Pension Liability			\$ 9,546,756
Plan Net Position			(10,403,423)
Net Pension Liability (Asset)			\$ (856,667)

Plan Net Position as a Percentage of Total Pension Liability	108.97%
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Differences between Plan Fiduciary Net Position presented above and the amounts presented in the financial statements are due to certain accruals which are the result of timing differences. These differences are not considered to be significant.

TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

For the year ended September 30, 2021, the Town recognized total pension expense of \$288,429. The Town reported deferred outflows of resources related to pensions from the following sources:

Deferred Outflow of Resources		
Contributions Made after the Measurement Date	\$	295,633
Changes of Assumptions		116,340
Differences between Actual and Expected Experience		101,172
Net Difference between Projected and Actual Earnings		-
Total Deferred Outflow of Resources	\$	513,145
Deferred Inflow of Resources		
Differences Between Actual and Expected Experience	\$	173,604
Changes in Assumptions		134,730
Net Difference Between Projected and Actual Earnings		67,305
Total Deferred Inflow of Resources	\$	375,639

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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2022	\$ (29,789)
2023	(58,083)
2024	(31,725)
2025	(38,530)
2026	-
Total	\$ (158,127)

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-2018
Mortality Disabled	PUB-2010, projected generationally with Scale MP-2018, Disabled

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected 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, 2021**

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. 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 7.25%, 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:

As of September 30, 2021	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension (Asset) Liability	\$ 306,830	\$ (856,667)	\$ (1,828,008)

As of September 30, 2020	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension (Asset) Liability	\$ 983,964	\$ (77,475)	\$ (964,079)

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). 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.

TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

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.

**TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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 (27.39% of valuation payroll for the year ended September 30, 2021). Town and state contributions to the plan were \$585,794 for the year ended September 30, 2021. 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.

Plan Investments

The Board 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 21.18% for the year ended September 30, 2021.

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, 2020, 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, 2021, are also included below.

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

	October 1, 2020
Retirees and Beneficiaries	
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	28
Inactive Plan Members Entitled to but not yet Receiving Benefits	13
Active Plan Members	25
Total Retirees and Beneficiaries	<u>66</u>

TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2019	\$ 20,291,387	\$ 19,161,640	\$ 1,129,747
Changes for the Year:			
Service Cost	406,341	-	406,341
Interest	1,440,453	-	1,440,453
Differences between Expected and Actual Experience	1,879	-	1,879
Assumption Changes	(372,266)	-	(372,266)
Contributions - Employer	-	454,444	(454,444)
Contributions - State	-	160,615	(160,615)
Contributions - Employee	-	96,196	(96,196)
Net Investment Income	-	2,514,587	(2,514,587)
Benefit Payments, Including Refunds of Contributions	(819,329)	(819,329)	-
Administrative Expenses	-	(54,395)	54,395
Net Changes	657,078	2,352,118	(1,695,040)
Balances at September 30, 2020	<u>\$ 20,948,465</u>	<u>\$ 21,513,758</u>	<u>\$ (565,293)</u>
September 30, 2020			
Total Pension Liability			\$ 22,519,560
Plan Net Position			(25,751,774)
Net Pension Liability (Asset)			<u>\$ (3,232,214)</u>
Plan Net Position as a Percentage of Total Pension Liability			114.35%

Differences between Plan Fiduciary Net Position presented above and the amounts presented in the financial statements are due to certain accruals which are the result of timing differences. These differences are not considered to be significant.

For the year ended September 30, 2021, the Town recognized total pension expense of \$119,170. The Town reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

Deferred Outflow of Resources	
Contributions Made after the Measurement Date	\$ 572,555
Changes of Assumptions	255,502
Differences between Actual and Expected Experience	1,410
Net Difference Between Projected and Actual Earnings	-
Total Deferred Outflow of Resources	<u>\$ 829,467</u>
Deferred Inflow of Resources	
Differences between Actual and Expected Experience	\$ 195,591
Changes in Assumptions	279,199
Net Difference Between Projected and Actual Earnings	1,057,349
Total Deferred Inflow of Resources	<u>\$ 1,532,139</u>

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:

**TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

<u>Year Ended September 30,</u>	<u>Amount</u>
2022	\$ (472,398)
2023	(353,939)
2024	(216,917)
2025	(231,976)
2026	-
Total	<u>\$ (1,275,230)</u>

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-2018
Mortality Disabled	PUB-2010, projected generationally with Scale MP-2018, Disabled

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected 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 6.70%. 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 6.70%, 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:

As of September 30, 2021	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
Net Pension Liability/(Asset)	\$ (305,846)	\$ (3,232,214)	\$ (5,649,856)
 As of September 30, 2020			
	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Net Pension Liability/(Asset)	\$ 2,087,446	\$ (565,293)	\$ (2,763,386)

TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
SEPTEMBER 30, 2021

	General Employees' Pension Plan Fund	Firefighters' Pension Plan Fund	Police Officers' Pension Plan Fund	Total
Assets				
Cash and Cash Equivalents	\$ 96,012	\$ 188,541	\$ 1,516,807	\$ 1,801,360
Receivables:				
Employee Contributions	-	-	3,417	3,417
Due from Town	-	63,764	60,520	124,284
Accrued Income	-	13,265	15,146	28,411
Prepaid Benefits	-	-	79,991	79,991
Other Receivables	-	(1)	53,392	53,391
Total Receivables	-	77,028	212,466	289,494
Investments:				
Florida Municipal Pension Trust Fund:				
FMIvT Broad Market High Quality Bond Fund	2,125,980	-	-	2,125,980
FMIvT Core Plus Fixed Income Fund	2,167,128	-	-	2,167,128
FMIvT Diversified Large Cap Equity	3,470,149	-	-	3,470,149
FMIvT Diversified Small to Mid Cap	1,906,524	-	-	1,906,524
FMIvT International Equity	2,798,064	-	-	2,798,064
FMIvT Core Real Estate Portfolio	1,152,144	-	-	1,152,144
U.S. Government and Agency Securities	-	590,348	-	590,348
Corporate Bonds	-	989,883	7,011,371	8,001,254
Domestic Stocks	-	3,349,452	9,632,881	12,982,333
International Stocks	-	75,583	-	75,583
Mutual Funds	-	4,294,613	7,508,670	11,803,283
Real Estate Investment Fund	-	863,981	-	863,981
Total Investments	13,619,989	10,163,860	24,152,922	47,936,771
Total Assets	13,716,001	10,429,429	25,882,195	50,027,625
Liabilities				
Accounts Payable	-	26,009	130,423	156,432
Prepaid Town Contribution	-	1,582	22,731	24,313
Total Liabilities	-	27,591	153,154	180,745
Net Position Held in Trust for Pension Benefits	\$ 13,716,001	\$ 10,401,838	\$ 25,729,041	\$ 49,846,880

**TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General Employees' Pension Plan Fund	Firefighters' Pension Plan Fund	Police Officers' Pension Plan Fund	Total
Additions				
Contributions:				
Employee Contributions	\$ 74,471	\$ 53,581	\$ 97,348	\$ 225,400
Employer Contributions	135,308	208,138	429,156	772,602
State Contributions	-	87,494	156,638	244,132
Total Contributions	<u>209,779</u>	<u>349,213</u>	<u>683,142</u>	<u>1,242,134</u>
Investment Earnings:				
Change in Fair Value of Investments	2,274,672	1,482,015	4,260,525	8,017,212
Interest and Dividends	-	261,137	339,222	600,359
Total Investment Earnings	<u>2,274,672</u>	<u>1,743,152</u>	<u>4,599,747</u>	<u>8,617,571</u>
Less Investment Expense	<u>(22,556)</u>	<u>(52,577)</u>	<u>(102,618)</u>	<u>(177,751)</u>
Net Investment Income	<u>2,252,116</u>	<u>1,690,575</u>	<u>4,497,129</u>	<u>8,439,820</u>
Total Additions	<u>2,461,895</u>	<u>2,039,788</u>	<u>5,180,271</u>	<u>9,681,954</u>
Deductions				
Benefit Payments	574,176	300,808	871,029	1,746,013
Refunds	1,229	-	10,145	11,374
Administrative Expenses	1,000	54,903	47,843	103,746
Total Deductions	<u>(576,405)</u>	<u>(355,711)</u>	<u>(929,017)</u>	<u>(1,861,133)</u>
Change in Net Position	1,885,490	1,684,077	4,251,254	7,820,821
Net Position Held in Trust for Pension Benefits, Beginning of Year	<u>11,830,511</u>	<u>8,717,761</u>	<u>21,477,787</u>	<u>42,026,059</u>
Net Position Held in Trust for Pension Benefits, End of Year	<u>\$ 13,716,001</u>	<u>\$ 10,401,838</u>	<u>\$ 25,729,041</u>	<u>\$ 49,846,880</u>

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, 2021

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>
Total Plan Members	<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 \$825,933 was measured as of October 1, 2020, which is one year prior to the reporting date. The actuarial valuation date was October 1, 2019.

Changes in the Total OPEB Liability

Total OPEB Liability,	
Beginning of Year	<u>\$ 718,040</u>
Service Cost	76,500
Interest on Total OPEB Liability	21,615
Benefit Changes	-
Difference between Expected and Actual Experience	-
Changes of Assumptions and Other Inputs	21,090
Benefit Payments	<u>(11,313)</u>
Net Change in Total OPEB Liability	<u>107,892</u>
Total OPEB Obligation, End of Year	<u><u>\$ 825,932</u></u>

TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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:

	1% Decrease <u>1.43%</u>	Current Discount Rate <u>2.43%</u>	1% Increase <u>3.43%</u>
Total OPEB Liability	\$ 933,546	\$ 825,933	\$ 734,721

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:

	1% Decrease <u>1.43%</u>	Current Healthcare Cost Trend Rate <u>2.43%</u>	1% Increase <u>3.43%</u>
Total OPEB Liability	\$ 738,131	\$ 825,933	\$ 931,956

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

For the fiscal year ended September 30, 2021, the Town recognized OPEB expense of \$35,465. At September 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Benefits Paid After Measurement Date	\$ 13,734	\$ -
Differences between Actual and Expected Experience	-	187,455
Changes of Assumptions or Other Inputs	91,443	57,999
Total	<u>\$ 105,177</u>	<u>\$ 245,454</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$13,734 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, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2022	\$ (64,651)
2023	(64,651)
2024	(33,062)
2025	3,146
2026	3,287
Thereafter	1,920
Total	<u>\$ (154,011)</u>

**TOWN OF ORANGE PARK, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2020
Reporting Date:	September 30, 2021
Actuarial Cost Method:	Entry Age Normal Cost
Inflation Rate:	2.75%
Discount Rate:	2.43%
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 the 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, 2021**

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, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	\$ 5,305,601	\$ 5,305,601	\$ 5,253,915	\$ (51,686)
Permits, Fees, and Special Assessments	881,000	881,000	745,108	(135,892)
Intergovernmental	1,919,622	2,735,680	2,824,642	88,962
Charges for Services	2,323,589	2,323,589	1,849,510	(474,079)
Fines and Forfeitures	785,100	785,100	893,536	108,436
Investment Income	15,350	15,350	(20,355)	(35,705)
Miscellaneous	29,500	29,500	50,471	20,971
Total Revenues	11,259,762	12,075,820	11,596,827	(478,993)
Expenditures				
Current:				
Legislative	220,935	232,561	202,084	30,477
Code Enforcement	139,230	139,230	121,757	17,473
Executive	163,519	168,519	167,638	881
Finance	478,464	478,464	468,663	9,801
Economic and Community Development	184,855	184,855	177,249	7,606
Non-Departmental Government Expenditures	813,900	813,900	524,804	289,096
Facilities Maintenance	1,343,061	1,348,333	1,100,784	247,549
Equipment Maintenance	165,244	168,243	124,033	44,210
Police	3,916,791	3,876,791	3,719,473	157,318
Fire	2,088,988	2,168,988	2,133,567	35,421
Streets, Roads, Drainage	787,125	787,125	675,383	111,742
Rescue Services	397,715	397,715	385,405	12,310
Public Works Administration	810,065	765,065	725,148	39,917
Recreation and Programs	221,834	235,334	221,274	14,060
(Total Expenditures)	(11,731,726)	(11,765,123)	(10,747,262)	1,017,861
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(471,964)	310,697	849,565	538,868
Other Financing Sources (Uses)				
Transfers in	558,582	558,582	558,582	-
Transfers (out)	(500,000)	(575,000)	(575,000)	-
Total Other Financing Sources (Uses)	58,582	(16,418)	(16,418)	-
Net Change in Fund Balance	(413,382)	294,279	833,147	538,868
Fund Balance, Beginning of Year	6,181,094	6,165,380	6,739,964	574,584
Fund Balance, End of Year	\$ 5,767,712	\$ 6,459,659	\$ 7,573,111	\$ 1,113,452

**TOWN OF ORANGE PARK, FLORIDA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021**

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, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Total Pension Liability								
Service Cost	\$ 198,442	\$ 241,329	\$ 232,299	\$ 242,895	\$ 214,252	\$ 184,303	\$ 217,717	\$ 181,957
Interest	777,403	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 Expected Experience	45,141	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 Member Contributions	(575,405)	(551,190)	(422,466)	(375,627)	(316,027)	(248,893)	(196,624)	(194,264)
Net Change in Total Pension Liability	445,581	278,666	402,239	80,699	558,335	685,278	542,447	(113,603)
Total Pension Liability - Beginning	11,149,882	10,871,216	10,468,977	10,388,278	9,829,943	9,144,665	8,602,218	8,715,821
Total Pension Liability - Ending (a)	11,595,463	11,149,882	10,871,216	10,468,977	10,388,278	9,829,943	9,144,665	8,602,218
Plan Fiduciary Net Position								
Contributions - Town	135,308	172,921	168,906	177,948	311,423	419,653	439,208	408,449
Contributions - Member	74,471	72,296	67,573	66,273	65,433	48,259	25,606	9,876
Net Investment Income	2,252,116	722,773	566,194	759,187	1,213,981	2,010,513	342,918	208,290
Benefit Payments, Including Refunds of Member Contributions	(575,405)	(551,190)	(422,466)	(375,627)	(316,027)	(248,893)	(196,624)	(194,264)
Administrative Expenses	(1,000)	(1,000)	(1,000)	(1,000)	(425)	(2,575)	(26,172)	(25,993)
Net Change in Plan Fiduciary Net Position	1,885,490	415,800	379,207	626,781	1,274,385	2,226,957	584,936	406,358
Plan Fiduciary Net Position - Beginning	11,830,511	11,414,711	11,035,504	10,408,723	9,134,338	6,907,381	6,322,445	5,916,087
Plan Fiduciary Net Position - Ending (b)	13,716,001	11,830,511	11,414,711	11,035,504	10,408,723	9,134,338	6,907,381	6,322,445
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (2,120,538)	\$ (680,629)	\$ (543,495)	\$ (566,527)	\$ (20,445)	\$ 695,605	\$ 2,237,284	\$ 2,279,773
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	118.29%	106.10%	105.00%	105.41%	100.20%	92.92%	75.53%	73.50%
Covered Employee Payroll	\$ 2,150,340	\$ 2,173,943	\$ 2,008,990	\$ 2,045,341	\$ 2,189,775	\$ 2,131,622	\$ 1,957,935	\$ 1,971,521
Net Pension Liability as a Percentage of Covered Employee Payroll	-98.61%	-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**

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 130,111	\$ 172,921	\$ 168,906	\$ 177,407	\$ 257,642	\$ 395,500	\$ 439,208	\$ 408,449
Contributions in Relation to the Actuarially Determined Contribution	135,308	172,921	168,906	177,948	311,423	419,653	439,208	408,449
Contribution Deficiency (Excess)	<u>\$ (5,197)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (541)</u>	<u>\$ (53,781)</u>	<u>\$ (24,153)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 2,150,340	\$ 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	6.29%	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, 2021:

Actuarial Cost Method:	Entry Age Normal Cost Method
Amortization Method:	Level Dollar, Closed
Amortization Period:	30 Years
Asset Valuation Method:	Fair Market Value
Inflation:	2.75%
Salary Increases:	4.75%
Investment Rate of Return:	7.00%
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 females, set back 1 year for males, with fully generational mortality improvements project to each future decrement date with Scale MP-2018. For healthy male participants postemployment, PUB-2010 Headcount Weighted General Below Median Healthy Retiree Mortality Table, separate rates for males and females, set back 1 year for males, with fully generational mortality improvements projected to each future decrement date with Scale MP-2018.

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

2019: Mortality updated. 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**

	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Annual Money Weighted Rate of Return Net of Investment Expenses	19.30%	6.40%	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, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Total Pension Liability								
Service Cost	\$ 257,216	\$ 249,582	\$ 229,098	\$ 229,080	\$ 197,883	\$ 197,700	\$ 223,182	\$ 218,749
Interest	656,151	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	10,789	16,288	(347,209)	355,825	63,754	(201,630)	168,306	-
Changes of Assumptions	281,540	(179,638)	232,680	-	-	132,868	-	-
Contributions - Buy Back	-	-	-	-	-	33,190	-	-
Benefit Payments, Including Refunds of Employee Contributions	(300,808)	(310,559)	(303,506)	(297,050)	(301,841)	(297,050)	(251,922)	(298,285)
Net Change in Total Pension Liability	904,888	400,824	417,961	835,626	468,644	98,584	608,107	358,144
Total Pension Liability - Beginning	8,641,868	8,241,044	7,823,083	6,987,457	6,518,813	6,420,229	5,812,122	5,453,978
Total Pension Liability - Ending (a)	9,546,756	8,641,868	8,241,044	7,823,083	6,987,457	6,518,813	6,420,229	5,812,122
Plan Fiduciary Net Position								
Contributions - Employer	208,139	210,146	251,143	214,339	158,271	221,243	319,831	386,789
Contributions - State	87,494	109,816	89,667	95,363	89,453	84,808	99,592	113,263
Contributions - Member	53,581	49,209	48,171	48,334	48,573	34,771	31,176	30,202
Contributions - Buy Back	-	-	-	-	-	33,190	-	-
Net Investment Income	1,690,575	787,121	347,335	530,937	785,707	348,392	(50,813)	530,443
Benefit Payments, Including Refunds of Employee Contributions	(300,808)	(310,559)	(303,506)	(297,050)	(301,841)	(297,050)	(251,922)	(298,285)
Administrative Expenses	(54,901)	(46,702)	(50,480)	(41,929)	(38,863)	(55,455)	(23,140)	(27,472)
Net Change in Plan Fiduciary Net Position	1,684,080	799,031	382,330	549,994	741,300	369,899	124,724	734,940
Plan Fiduciary Net Position - Beginning	8,719,343	7,920,312	7,537,982	6,987,988	6,246,688	5,876,789	5,752,065	5,017,125
Plan Fiduciary Net Position - Ending (b)	10,403,423	8,719,343	7,920,312	7,537,982	6,987,988	6,246,688	5,876,789	5,752,065
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (856,667)	\$ (77,475)	\$ 320,732	\$ 285,101	\$ (531)	\$ 272,125	\$ 543,440	\$ 60,057
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	108.97%	100.90%	96.11%	96.36%	100.01%	95.83%	91.54%	98.97%
Covered Employee Payroll	\$ 1,339,519	\$ 1,230,220	\$ 1,204,275	\$ 1,208,356	\$ 1,214,329	\$ 1,040,989	\$ 1,157,180	\$ 1,006,749
Net Pension Liability as a Percentage of Covered Employee Payroll	-63.95%	-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 09/30/2021, the Board approved the following assumption changes based on the August 9, 2021 actuarial experience study:

1. The investment return assumption was lowered from 7.50% to 7.25%, net of investment related expenses.
2. The salary increase rate assumption was changed, generally adjusted downward.
3. The termination rate assumption was changed, reflecting an overall increase to the assumed rates.

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

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**

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution*	\$ 295,632	\$ 318,381	\$ 340,810	\$ 309,702	\$ 247,723	\$ 306,051	\$ 419,419	\$ 500,052
Contributions in Relation to the Actuarially Determined Contribution*	295,633	319,962	340,810	309,702	247,724	306,051	419,423	500,052
Contribution Deficiency (Excess)	\$ (1)	\$ (1,581)	\$ -	\$ -	\$ (1)	\$ -	\$ (4)	\$ -
Covered Employee Payroll	\$ 1,339,519	\$ 1,230,220	\$ 1,204,275	\$ 1,208,359	\$ 1,214,329	\$ 1,040,989	\$ 1,157,180	\$ 1,006,749
Contributions as a Percentage of Covered Employee Payroll	22.07%	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:

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 Retiree Lives:

Female: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Healthy Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

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, 2020 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. All rates are projected generationally with Mortality Improvement Scale MP-2018. 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
	<1	10%
	1	8%
	2-9	9%
	10-14	3%
	15+	0%
	The above rates were approved by the Board as the result of an Experience Study dated August 8, 2016.	
Disability Rates:	See table below. 90% 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
	20	0.14%
	25	0.15%
	30	0.18%
	35	0.23%
	40	0.30%
	45	0.51%
	50	1.00%
	55	1.55%
	60+	2.09%
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 9, 2021.	
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 9, 2021.	
Interest Rate:	7.25% per year compounded annually, net of investment related expenses. This assumption is supported by the target asset allocation of the trust 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 9, 2021.	
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

	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Annual Money Weighted Rate of Return Net of Investment Expenses	19.52%	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, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Total Pension Liability								
Service Cost	\$ 413,035	\$ 406,341	\$ 428,602	\$ 368,642	\$ 340,830	\$ 325,676	\$ 306,760	\$ 293,439
Interest	1,485,385	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	(459,092)	1,879	(325,984)	229,994	(289,995)	(291,764)	(295,266)	-
Changes in Assumptions	1,012,941	(372,266)	425,836	222,248	232,908	343,759	182,706	-
Benefit Payments, Including Refunds of Employee Contributions	(881,174)	(819,329)	(842,721)	(849,873)	(820,443)	(810,306)	(780,803)	(741,692)
Net Change in Total Pension Liability	1,571,095	657,078	1,141,662	1,338,166	785,890	839,772	649,609	730,053
Total Pension Liability - Beginning	20,948,465	20,291,387	19,149,725	17,811,559	17,025,669	16,185,897	15,536,288	14,806,235
Total Pension Liability - Ending (a)	22,519,560	20,948,465	20,291,387	19,149,725	17,811,559	17,025,669	16,185,897	15,536,288
Plan Fiduciary Net Position								
Contributions - Employer	415,918	454,444	599,933	510,167	510,150	507,652	584,222	625,417
Contributions - State	156,637	160,615	160,400	159,155	143,498	139,588	129,319	136,125
Contributions - Employee	97,348	96,196	95,479	86,091	85,448	82,605	76,183	66,554
Net Investment Income	4,497,129	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	(881,174)	(819,329)	(842,721)	(849,873)	(820,443)	(810,306)	(780,803)	(741,692)
Administrative Expenses	(47,842)	(54,395)	(52,976)	(44,260)	(50,517)	(44,045)	(35,667)	(25,516)
Net Change in Plan Fiduciary Net Position	4,238,016	2,352,118	907,483	1,807,445	1,612,367	1,010,034	37,751	1,315,707
Plan Fiduciary Net Position - Beginning	21,513,758	19,161,640	18,254,157	16,446,712	14,834,345	13,824,311	13,786,560	12,470,853
Plan Fiduciary Net Position - Ending (b)	25,751,774	21,513,758	19,161,640	18,254,157	16,446,712	14,834,345	13,824,311	13,786,560
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (3,232,214)	\$ (565,293)	\$ 1,129,747	\$ 895,568	\$ 1,364,847	\$ 2,191,324	\$ 2,361,586	\$ 1,749,728
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	114.35%	102.70%	94.43%	95.32%	92.34%	87.13%	85.41%	88.74%
Covered Employee Payroll	\$ 1,532,288	\$ 1,479,931	\$ 1,502,642	\$ 1,324,478	\$ 1,314,581	\$ 1,270,842	\$ 1,205,917	\$ 1,158,944
Net Pension Liability as a Percentage of Covered Employee Payroll	-210.94%	-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 09/30/2021, the investment rate of return was lowered from 7.10% to 6.70% per year, net of investment related expenses.

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**

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 585,794	\$ 615,059	\$ 760,337	\$ 653,895	\$ 633,102	\$ 647,240	\$ 713,541	\$ 761,542
Contributions in Relation to the Actuarially Determined Contribution	572,555	615,059	760,333	669,322	653,648	647,240	713,541	761,542
Contribution Deficiency (Excess)	\$ 13,239	\$ -	\$ 4	\$ (15,427)	\$ (20,546)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 1,532,288	\$ 1,479,931	\$ 1,502,642	\$ 1,324,478	\$ 1,314,581	\$ 1,270,842	\$ 1,205,917	\$ 1,158,944
Contributions as a Percentage of Covered Employee Payroll	37.37%	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:

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 Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 for Healthy Retirees, set forward one year.

Healthy Active Lives:

Female: Female: PubS.H-2010 (Below Median) for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Healthy Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

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, 2020 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. All rates are projected generationally with Mortality Improvement Scale MP-2018. 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 be 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: 6.70% per year, compounded annually, net of investment related assumptions. We believe this assumption is supported by the target asset allocation of the trust and long-term expected returns by asset class.
 Salary Increases:
 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: None

Termination Rate Table:	Credited Service	Probability of Termination
	0-4	7%
	5-9	6%
	10+	0%
Termination and Disability Rate Table:	Age	% Becoming Disabled During the
	20	0.14%
	25	0.15%
	30	0.18%
	35	0.23%
	40	0.30%
	45	0.51%
	50	1.00%
	55	1.55%
	60+	2.09%

Final Year Salary Load:	Years of Credited Service as of October 1, 2013	Assumption
	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**

	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014
Annual Money Weighted Rate of Return Net of Investment Expenses	21.18%	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, 2021

Total OPEB Liability	2021	2020	2019	2018
Service Cost	\$ 76,500	\$ 45,911	\$ 45,309	\$ 71,508
Interest on the Total OPEB Liability	21,616	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	21,090	108,572	(31,305)	(109,438)
Benefit Payments	(11,313)	(17,040)	(36,321)	(51,763)
Net Change in Total OPEB Liability	107,893	58,600	1,661	(358,002)
Total OPEB Liability - Beginning	718,040	659,440	657,779	1,015,781
Total OPEB Liability - Ending	<u>\$ 825,933</u>	<u>\$ 718,040</u>	<u>\$ 659,440</u>	<u>\$ 657,779</u>
 Covered-Employee Payroll	 <u>\$ 4,966,551</u>	 <u>\$ 4,838,723</u>	 <u>\$ 4,477,282</u>	 <u>\$ 4,347,926</u>
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 16.63%	 14.84%	 14.73%	 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, 2021**

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, 2021**

	Special Revenue Funds							Total
	Gas Tax	Confiscated Property	Police Education	Magnolia Cemetery	Police Investigative/ Evidentiary	Building Department	Fair Share	Non-Major Governmental Funds
Assets								
Equity in Pooled Cash and Investments	\$ 573,406	\$ 41,834	\$ 74,819	\$ 249,145	\$ 37,958	\$ 210,098	\$ 23,515	\$ 1,210,775
Due from Other Funds	-	-	-	2,153	-	-	-	2,153
Due from Other Governments	108,826	-	-	-	-	-	-	108,826
Total Assets	<u>682,232</u>	<u>41,834</u>	<u>74,819</u>	<u>251,298</u>	<u>37,958</u>	<u>210,098</u>	<u>23,515</u>	<u>1,321,754</u>
Liabilities and Fund Balances								
Liabilities								
Accounts Payable and Accrued Liabilities	16,052	26,778	514	-	-	7,814	-	51,158
Due to Other Funds	-	-	-	-	-	5	-	5
Total Liabilities	<u>16,052</u>	<u>26,778</u>	<u>514</u>	<u>-</u>	<u>-</u>	<u>7,819</u>	<u>-</u>	<u>51,163</u>
Fund Balances								
Restricted:								
Transportation	666,180	-	-	-	-	-	-	666,180
Law Enforcement	-	15,056	74,305	-	37,958	-	-	127,319
Building Department	-	-	-	-	-	202,279	-	202,279
Committed:								
Cemetery Care and Maintenance	-	-	-	251,298	-	-	-	251,298
Transportation	-	-	-	-	-	-	23,515	23,515
Total Fund Balances	<u>666,180</u>	<u>15,056</u>	<u>74,305</u>	<u>251,298</u>	<u>37,958</u>	<u>202,279</u>	<u>23,515</u>	<u>1,270,591</u>
Total Liabilities and Fund Balances	<u>\$ 682,232</u>	<u>\$ 41,834</u>	<u>\$ 74,819</u>	<u>\$ 251,298</u>	<u>\$ 37,958</u>	<u>\$ 210,098</u>	<u>\$ 23,515</u>	<u>\$ 1,321,754</u>

TOWN OF ORANGE PARK, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue Funds							Total
	Gas Tax	Confiscated Property	Police Education	Magnolia Cemetery	Police Investigative/ Evidentiary	Building Department	Fair Share	Non-Major Governmental Funds
Revenues								
Taxes	\$ 840,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 840,771
Charges and Services	-	-	-	47,650	-	461	-	48,111
Fines and Forfeitures	-	-	23,893	-	2,371	-	-	26,264
Investment Income (Loss)	-	-	(163)	-	-	(500)	(54)	(717)
Permits, Fees, and Assessments	-	-	-	-	-	164,200	-	164,200
Total Revenues	<u>840,771</u>	<u>-</u>	<u>23,730</u>	<u>47,650</u>	<u>2,371</u>	<u>164,161</u>	<u>(54)</u>	<u>1,078,629</u>
Expenditures								
Current:								
General Government	-	-	-	-	-	108,942	-	108,942
Public Safety	-	-	13,085	-	3,788	-	-	16,873
Capital Outlay	421,562	-	-	-	-	-	-	421,562
Total Expenditures	<u>(421,562)</u>	<u>-</u>	<u>(13,085)</u>	<u>-</u>	<u>(3,788)</u>	<u>(108,942)</u>	<u>-</u>	<u>(547,377)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>419,209</u>	<u>-</u>	<u>10,645</u>	<u>47,650</u>	<u>(1,417)</u>	<u>55,219</u>	<u>(54)</u>	<u>531,252</u>
Other Financing Sources (Uses)								
Transfers in	75,000	-	-	-	-	-	-	75,000
Transfers (out)	-	-	-	-	-	(79,000)	-	(79,000)
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(79,000)</u>	<u>-</u>	<u>(4,000)</u>
Change in Fund Balances	<u>494,209</u>	<u>-</u>	<u>10,645</u>	<u>47,650</u>	<u>(1,417)</u>	<u>(23,781)</u>	<u>(54)</u>	<u>527,252</u>
Fund Balances, Beginning of Year	<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>
Fund Balances, End of Year	<u>\$ 666,180</u>	<u>\$ 15,056</u>	<u>\$ 74,305</u>	<u>\$ 251,298</u>	<u>\$ 37,958</u>	<u>\$ 202,279</u>	<u>\$ 23,515</u>	<u>\$ 1,270,591</u>

OTHER REPORTS

**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, 2021, 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 21, 2022.

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.

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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***

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 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 21, 2022
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, 2021. 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, 2021.

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 21, 2022
Gainesville, Florida

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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, 2021, and have issued our report thereon dated June 21, 2022.

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; 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*; 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 21, 2022 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. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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Town Council and Town Manager
Town of Orange Park, Florida

MANAGEMENT LETTER

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 determined that the Town had no special district component units.

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 21, 2022
Gainesville, Florida

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