

TOWN OF SNEADS, FLORIDA

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

TOWN OF SNEADS, FLORIDA
AS OF SEPTEMBER 30, 2019

COUNCIL PRESIDENT

Helen Grice

COUNCIL VICE PRESIDENT

Tim Arnold

COUNCILMEN

Daryl Johnson
Alton Ranew
Mike Weeks

TOWN MANAGER

Lynda Bell

TOWN CLERK

Sherri B. Griffin

DEPUTY TOWN CLERK

Danielle Guy

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INDEPENDENT AUDITOR'S REPORT

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of Sneads, Florida
Sneads, 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 Sneads, Florida as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Town of Sneads, Florida'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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion on Government Wide Financial Statements

As discussed in Note 14 to the financial statements, the Town has not measured and recognized the cost of the future benefits to be provided from its postretirement health insurance plan. Accounting principles generally accepted in the United States of America require that those future liabilities be reported on the Statement of Net Position and in a Schedule of Finding Progress, and the annual costs associated with the plan be recorded on the Statement of Activities. The amount by which this departure would affect the long-term liabilities, net position and expenses of the governmental activities is not readily determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on the Government Wide Financial Statements" paragraph, the financial statements 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 of Sneads, Florida as of September 30, 2019, 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 discussion and analysis and budgetary comparison information on pages 4-9 and 41-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2020, on our consideration of the Town of Sneads, Florida's internal control over financial reporting 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Sneads, Florida'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 of Sneads, Florida's internal control over financial reporting and compliance.

Grimsley & Associates

Marianna, Florida
October 9, 2020

Grimsley & Associates, P.A.
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

The Town of Sneads discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial positions (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan, (the approved budget) and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Town's financial statement.

Financial Highlights

The assets of the Town of Sneads exceeded its liabilities at September 30, 2019 by \$5,897,128 (net position).

The Town's overall net position decreased from prior reported amounts to current reported amounts by \$738,202. A significant portion of the net increase was unspent casualty insurance proceeds resulting from Hurricane Michael damage.

City Highlights

In July, 2018 the Town was awarded a grant from the State of Florida, Division Historical Resources in the amount of \$49,588 for restoration of the Town's Log Cabin. Unfortunately, the grant was closed out in the current year due to a lack of available Historic Preservation Contractors as required by the Division of Historical Resources.

In August, 2018 the Town was awarded a JAG Grant from the Florida Department of Law Enforcement. This grant was awarded to the Town for the purchase of two vehicles for the Police Department. The vehicles were ordered in September, 2018 and were delivered in January, 2019. A short term Bridge Loan was obtained by the Town for the purchase of the vehicles. The final grant and cost of the vehicles was \$78,264. The bridge loan was substantially repaid with the grant funds.

In July, 2019 the Town was awarded a grant/loan from the Florida Department of Environmental Protection to assist with water and wastewater damage repairs caused by Hurricane Michael. The award was broken down as \$70,785 for water and \$792,835 for wastewater. Of the total funds, \$174,424 is a loan and the remainder is a forgiveness loan/grant. As of June 2020, the Town has received \$182,903 reimbursement for repairs to the systems.

While we have been striving to be financially sound by implementing common sense spending practices, following carefully our procurement policy and cutting back on all non-necessary spending, this was a solid punch in the gut to the Town of Sneads. On October 10, 2018, the Town was hit by Hurricane Michael (Michael). This storm was classified as a category 5 as it crossed the Florida gulf

MANAGEMENT DISCUSSION AND ANALYSIS

coast. It was still classified as a category 3 storm as the eye crossed just west of the Town, When we accessed the damage Michael wrought, we were stunned by the damage at our Ballpark, Sneads, Park on Lake Seminole and our Waste Water Treatment Plant. (WWTP)

The Town has received significant insurance proceeds as of September 30, 2019. Some repair had been accomplished as of year end, but major repairs and replacements continue.

This Town is resilient and strong. With policies we implemented as stated earlier we are faring well.

When Michael hit, we had no idea the financial cost, we just set our course on the day to day business of running a town while trying to help our hard-hit residents!

Using this Annual Report

The financial statements focus is on the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Sneads. This allows the user to address relevant questions, broaden a basis for comparison and enhance the Town's accountability.

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, the increases or decreases in net position may be used as an 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 2018-2019 fiscal year. The focus is on both the gross and net costs of various activities, both governmental and business-type that are supported by the government's general tax and other revenues including grant funds. This statement is intended to summarize and simplify the user's analysis of various governmental services. An increase or decrease in net position is a strong indicator of whether the Town's financial situation is improving or decreasing.

The governmental activities of the Town include general government, grant funds, public safety, streets and health and human services.

The government-wide financial statements can be found in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the 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 two categories: governmental and proprietary. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

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 the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, readers may better understand the long-term impact of the Town's near-term financing decisions.

The Town maintains several governmental funds and information pertaining to these funds is presented in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances. The assets of the Street Fund are restricted for street and road operations and maintenance.

The Town of Sneads adopts an annual operating budget for all funds. The budget for the General Fund was amended to add \$284,000 primarily for capital expenditures in the Police and Fire Departments, and debt service in the Police and Street Departments. The Sneads Street Fund and Recreation Department budgets were increased by \$10,000 and \$90,000 respectively, substantially for repairs and maintenance.

Proprietary Funds

The Town reports the following proprietary funds: Water and Sewer Revenue Fund and Solid Waste Account. The Town uses enterprise funds to account for its water, wastewater and solid waste. The proprietary fund statement provides the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements may be found in this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and financial statements. These notes are also included in this report. The Town has implemented the major model portions of the GASB Statement 34. Historically, a government's largest group of assets (infrastructure) has not been reported not depreciated in governmental financial statements. This new statement requires that these assets be valued and reported within the governmental column of government-wide statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis

STATEMENT OF NET POSITION

As of SEPTEMBER 30, 2019

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Current and other Assets	\$ 265,871	\$ 1,241,640	\$ 860,100	\$ 1,092,672	\$ 1,125,971	\$ 2,334,312
Capital Assets	<u>1,247,477</u>	<u>1,067,562</u>	<u>6,352,600</u>	<u>6,123,093</u>	<u>7,600,077</u>	<u>7,190,655</u>
Total Assets	<u>1,513,348</u>	<u>2,309,202</u>	<u>7,212,700</u>	<u>7,215,765</u>	<u>8,726,048</u>	<u>9,524,967</u>
Deferred Outflow of Resources	<u>270,636</u>	<u>211,010</u>	<u>116,624</u>	<u>100,261</u>	<u>387,260</u>	<u>311,271</u>
Current Liabilities	84,811	106,768	256,856	266,794	341,667	373,562
Non Current Liabilities	<u>714,717</u>	<u>684,383</u>	<u>2,722,440</u>	<u>2,680,585</u>	<u>3,437,157</u>	<u>3,364,968</u>
Total Liabilities	<u>799,528</u>	<u>791,151</u>	<u>2,979,296</u>	<u>2,947,379</u>	<u>3,778,824</u>	<u>3,738,530</u>
Deferred Inflow of Resources	<u>122,687</u>	<u>135,730</u>	<u>52,871</u>	<u>64,850</u>	<u>175,558</u>	<u>200,580</u>
Net Position						
Invested in Capital Assets, net of related debt	1,198,112	1,156,629	3,918,158	3,763,535	5,116,270	4,920,164
Restricted	16,375	-	187,493	194,903	203,868	194,903
Unrestricted	<u>(352,718)</u>	<u>436,702</u>	<u>191,506</u>	<u>345,359</u>	<u>(161,212)</u>	<u>782,061</u>
Total Net Position	<u>\$ 861,769</u>	<u>\$ 1,593,331</u>	<u>\$ 4,297,157</u>	<u>\$ 4,303,797</u>	<u>\$ 5,158,926</u>	<u>\$ 5,897,128</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Activities

The following schedule compares revenues and expenses for the current year.

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2019

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
REVENUES						
Program Revenues						
Charges for Services	\$ 244,711	\$ 197,345	\$ 1,321,457	\$ 1,389,448	\$ 1,566,168	\$ 1,586,793
Operating Grants & Contributions	35,559	37,533	-	-	35,559	37,533
Capital Grants & Contributions	<u>31,563</u>	<u>129,250</u>	<u>-</u>	<u>-</u>	<u>31,563</u>	<u>129,250</u>
Total Program Revenues	<u>311,833</u>	<u>364,128</u>	<u>1,321,457</u>	<u>1,389,448</u>	<u>1,633,290</u>	<u>1,753,576</u>
General Revenues						
Taxes - Other	655,991	769,107	-	-	655,991	769,107
Property Taxes	20,644	21,074	-	-	20,644	21,074
Gain on Disposition of Capital Asse	-	457,504	-	32,753	-	490,257
Insurance Proceeds - Hurricane Mic	-	138,013	-	213,264	-	351,277
Transfers	20,000	4,210	(20,000)	(4,210)	-	-
Miscellaneous	<u>12,599</u>	<u>9,525</u>	<u>3,907</u>	<u>4,615</u>	<u>16,506</u>	<u>14,140</u>
Total General Revenues	<u>709,234</u>	<u>1,399,433</u>	<u>(16,093)</u>	<u>246,422</u>	<u>693,141</u>	<u>1,645,855</u>
Total Revenues	<u>1,021,067</u>	<u>1,763,561</u>	<u>1,305,364</u>	<u>1,635,870</u>	<u>2,326,431</u>	<u>3,399,431</u>
EXPENSES						
Governmental Activities						
General Government	133,091	128,523	-	-	133,091	128,523
Public Safety	560,504	530,966	-	-	560,504	530,966
Physical Environment	10,949	7,491	-	-	10,949	7,491
Transportation	282,181	269,980	-	-	282,181	269,980
Health and Sanitation	6,577	7,477	-	-	6,577	7,477
Culture/Recreation	150,870	83,085	-	-	150,870	83,085
Interest on Long Term Debt	3,269	4,477	-	-	3,269	4,477
Business Type Activities						
Water and Sewer	-	-	1,146,334	1,378,088	1,146,334	1,378,088
Solid Waste	<u>-</u>	<u>-</u>	<u>216,096</u>	<u>251,142</u>	<u>216,096</u>	<u>251,142</u>
Total Expenses	<u>1,147,441</u>	<u>1,031,999</u>	<u>1,362,430</u>	<u>1,629,230</u>	<u>2,509,871</u>	<u>2,661,229</u>
Change in Net Position	(126,374)	731,562	(57,066)	6,640	(183,440)	738,202
Net Position-Beginning	<u>988,143</u>	<u>861,769</u>	<u>4,354,223</u>	<u>4,297,157</u>	<u>5,342,366</u>	<u>5,158,926</u>
Net Position-Ending	<u>\$ 861,769</u>	<u>\$ 1,593,331</u>	<u>\$ 4,297,157</u>	<u>\$ 4,303,797</u>	<u>\$ 5,158,926</u>	<u>\$ 5,897,128</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Governmental Funds

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

As of September 30, 2019 the City's governmental funds reported combined ending funds balances of \$1,045,805. Of this amount \$1,045,805 was unrestricted.

Proprietary Funds

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

Total net position of the proprietary funds as of September 30, 2019 were \$4,303,797 of which \$4,108,894 was unrestricted including invested in capital assets.

Request for Information

The City's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about this report or need additional financial information, you may contact the City Clerk, Sherri Griffin at Sneads City Hall, telephone 850-593-6636.

FINANCIAL STATEMENTS

Town of Sneads, Florida
Statement of Net Position
September 30, 2019

	Primary Government		
	Governmental		Total
	Activities	Business-type Activities	
ASSETS			
Cash and Cash Equivalents	\$ 913,950	\$ 684,605	\$1,598,555
Restricted Assets	43,183	313,323	356,506
Accounts Receivable	26,843	125,194	152,037
Inventory	-	35,748	35,748
Due from other Governments	86,970	-	86,970
Internal Balances	66,198	(66,198)	-
Capital Assets:			
Land	104,496	20,427	124,923
Other Capital Assets, Net of Depreciation	1,067,562	6,102,666	7,170,228
Total Capital Assets	<u>1,172,058</u>	<u>6,123,093</u>	<u>7,295,151</u>
Total Assets	<u>2,309,202</u>	<u>7,215,765</u>	<u>9,524,967</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related To Pension	<u>211,010</u>	<u>100,261</u>	<u>311,271</u>
 LIABILITIES			
Accounts Payable and Accrued Expenses	91,339	113,339	204,678
Customer Deposits	-	90,751	90,751
Long Term Liabilities:			
Due within one year	15,429	62,704	78,133
Due in more than one year	63,462	2,314,607	2,378,069
Net Pension Liability	<u>620,921</u>	<u>365,978</u>	<u>986,899</u>
Total Liabilities	<u>791,151</u>	<u>2,947,379</u>	<u>3,738,530</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related To Pension	<u>135,730</u>	<u>64,850</u>	<u>200,580</u>
 NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,156,629	3,763,535	4,920,164
Restricted for:			
Special Projects	-	-	-
Debt Service	-	42,659	42,659
Other Purposes	-	152,244	152,244
Unrestricted (deficit)	<u>436,702</u>	<u>345,359</u>	<u>782,061</u>
Total Net Position	<u>\$1,593,331</u>	<u>\$4,303,797</u>	<u>\$5,897,128</u>

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

Town of Sneads, Florida
Statement of Activities
For the Year Ended September 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Functions/Programs							
Governmental Activities:							
General Government	\$ 128,523	\$ 123,209	\$ -	\$ -	\$ (5,314)		\$ (5,314)
Public Safety	530,966	35,365	29,080	129,250	(337,271)		(337,271)
Physical Environment	7,491	9,752	-	-	2,261		2,261
Transportation	269,980	15,108	-	-	(254,872)		(254,872)
Health	7,477	1,200	-	-	(6,277)		(6,277)
Culture/Recreation	83,085	12,711	8,453	-	(61,921)		(61,921)
Interest on Long Term Debt	4,477	-	-	-	(4,477)		(4,477)
Total governmental activities	<u>1,031,999</u>	<u>197,345</u>	<u>37,533</u>	<u>129,250</u>	<u>(667,871)</u>		<u>(667,871)</u>
Business-type Activities:							
Water & Sewer	1,378,088	1,148,871	-	-	-	\$ (229,217)	(229,217)
Solid Waste	251,142	240,577	-	-	-	(10,565)	(10,565)
Total business type activities	<u>1,629,230</u>	<u>1,389,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(239,782)</u>	<u>(239,782)</u>
Total primary government	<u>\$ 2,661,229</u>	<u>\$ 1,586,793</u>	<u>\$ 37,533</u>	<u>\$ 129,250</u>	<u>(667,871)</u>	<u>(239,782)</u>	<u>(907,653)</u>
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes					21,074	-	21,074
Taxes - Other					769,107	-	769,107
Miscellaneous					9,525	4,615	14,140
Gain From Disposition of Capital Assets					457,504	32,753	490,257
Insurance Proceeds - Hurricane Michael					138,013	213,264	351,277
Transfers In (Out)					4,210	(4,210)	-
Total General Revenues and Transfers					<u>1,399,433</u>	<u>246,422</u>	<u>1,645,855</u>
Change in Net Position					<u>731,562</u>	<u>6,640</u>	<u>738,202</u>
Net Position - beginning					<u>861,769</u>	<u>4,297,157</u>	<u>5,158,926</u>
Net Position - ending					<u>\$ 1,593,331</u>	<u>\$ 4,303,797</u>	<u>\$ 5,897,128</u>

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

Town of Sneads, Florida
Balance Sheet – Governmental Funds
September 30, 2019

	<u>General Fund</u>	<u>Street Fund</u>	<u>Recreation Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 898,451	\$ 19,042	\$ 15,499	\$ 932,992
Accounts Receivable	26,843	-	-	26,843
Due from other Governments	86,970	24,141	-	111,111
Due from other Funds	103,194	6,240	-	109,434
Total Assets	<u>\$ 1,115,458</u>	<u>\$ 49,423</u>	<u>\$ 15,499</u>	<u>\$ 1,180,380</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 12,000	\$ 7,609	\$ 71,730	\$ 91,339
Due to other Funds	-	43,236	-	43,236
Total Liabilities	<u>12,000</u>	<u>50,845</u>	<u>71,730</u>	<u>134,575</u>
 Fund Balances:				
Assigned For:				
Recreation	-	-	(56,231)	(56,231)
Unassigned	<u>1,103,458</u>	<u>(1,422)</u>	<u>-</u>	<u>1,102,036</u>
Total Fund Balances	<u>1,103,458</u>	<u>(1,422)</u>	<u>(56,231)</u>	<u>1,045,805</u>
Total Liabilities and Fund Balances	<u>\$ 1,115,458</u>	<u>\$ 49,423</u>	<u>\$ 15,499</u>	<u>\$ 1,180,380</u>

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

Town of Sneads, Florida
Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2019

Total Fund Balances - Total Governmental Funds	\$ 1,045,805
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.	1,172,058
Some liabilities, including loan payables are not due and payable in the current period and therefore are not reported in the funds.	(699,812)
Deferred outflows are not reportable as current expenditures and therefore not reported in the funds.	211,010
Deferred inflows are not reportable as current revenues or reductions of expenditures and therefore not reported in the funds.	<u>(135,730)</u>
Total Net Position	<u>\$ 1,593,331</u>

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

Town of Sneads, Florida
Statement of Revenues, Expenditures, and Changes in
Fund Balance – Governmental Funds
For the Year Ended September 30, 2019

	General Fund	Street Fund	Recreation Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 438,694	\$ 119,893	\$ -	\$ 558,587
Licenses & Permits	101,185	-	-	101,185
Intergovernmental Revenues	398,377	-	-	398,377
Charges for Services	64,910	-	10,948	75,858
Judgments and Fines	3,252	-	-	3,252
Miscellaneous Revenues	26,921	32	40	26,993
Total Revenues	<u>1,033,339</u>	<u>119,925</u>	<u>10,988</u>	<u>1,164,252</u>
EXPENDITURES				
Current:				
General Government	114,836	-	-	114,836
Public Safety	430,651	-	-	430,651
Physical Environment	6,751	-	-	6,751
Transportation	106,319	127,837	-	234,156
Health	7,103	-	-	7,103
Culture/Recreation	2,055	-	65,466	67,521
Debt Service:				
Principal	24,459	9,477	-	33,936
Interest	4,069	408	-	4,477
Capital Outlay	160,766	-	111,429	272,195
Total Expenditures	<u>857,009</u>	<u>137,722</u>	<u>176,895</u>	<u>1,171,626</u>
Excess (deficiency) of revenues over expenditures	176,330	(17,797)	(165,907)	(7,374)
OTHER SOURCES (USES) OF FUNDS				
Proceeds from Disposition of				
Capital Assets	695,960	-	-	695,960
Insurance Proceeds - Hurricane Michael	138,013	-	-	138,013
Transfers In	4,210	-	96,194	100,404
Transfers Out	(96,194)	-	-	(96,194)
Net Change in Fund Balances	918,319	(17,797)	(69,713)	830,809
FUND BALANCES - beginning	<u>185,139</u>	<u>16,375</u>	<u>13,482</u>	<u>214,996</u>
FUND BALANCES - ending	<u>\$ 1,103,458</u>	<u>\$ (1,422)</u>	<u>\$ (56,231)</u>	<u>\$ 1,045,805</u>

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

Town of Sneads, Florida
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
 Balance of Governmental Funds to the Statement of Activities
 For the Year Ended September 30, 2019

Net change in fund balances - Total Governmental Funds \$ 830,809

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 allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation, \$(107,936), exceeds net capital outlays, \$32,517, in the current period. (75,419)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which repayments, reductions and decrease in accrued leave and net pension liability, \$41,975, exceeded increases in debt, \$0, in the current period. 41,975

Deferred outflows and inflows do not use or provide current financial resources to governmental funds. These amounts, however, reflect longer term uses and sources of resources and are reflected in the Statement of Net Position. This is sum of the decrease in deferred outflows, \$(59,626), the increase in deferred inflows, \$(13,043) and the decrease in net pension liabilities, \$6,866, in the current period. (65,803)

Change in net position of governmental activities \$ 731,562

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

Town of Sneads, Florida
Statement of Net Position – Proprietary Funds
September 30, 2019

	Business Type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 620,692	\$ 63,913	\$ 684,605
Accounts Receivable	125,194	-	125,194
Due From Other Funds	-	7,404	7,404
Inventory	35,748	-	35,748
Total Current Assets	<u>781,634</u>	<u>71,317</u>	<u>852,951</u>
Noncurrent Assets:			
Cash and Cash Equivalents	313,323	-	313,323
Capital Assets:			
Land	20,427	-	20,427
Buildings and Improvements	67,662	-	67,662
Improvements Other than Buildings	11,643,593	-	11,643,593
Machinery and Equipment	694,735	177,902	872,637
Less Accumulated Depreciation	<u>(6,352,589)</u>	<u>(128,637)</u>	<u>(6,481,226)</u>
Total Noncurrent Assets	<u>6,387,151</u>	<u>49,265</u>	<u>6,436,416</u>
Total Assets	<u>7,168,785</u>	<u>120,582</u>	<u>7,289,367</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related To Pension	<u>88,952</u>	<u>11,309</u>	<u>100,261</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	96,528	16,811	113,339
Loans from Other Funds	71,905	1,697	73,602
Current Portion of Bonds & Notes	62,704	-	62,704
Total Current Liabilities	<u>231,137</u>	<u>18,508</u>	<u>249,645</u>
Noncurrent Liabilities:			
Accrued Leave	17,753	-	17,753
Customer Deposits	90,751	-	90,751
Bonds and Notes Payable after One Year	2,296,854	-	2,296,854
Net Pension Liability	284,020	81,958	365,978
Total Noncurrent Liabilities	<u>2,689,378</u>	<u>81,958</u>	<u>2,771,336</u>
Total Liabilities	<u>2,920,515</u>	<u>100,466</u>	<u>3,020,981</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related To Pension	<u>57,654</u>	<u>7,196</u>	<u>64,850</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	3,714,270	49,265	3,763,535
Restricted:			
Debt Service	42,659	-	42,659
Other Purposes	152,244	-	152,244
Unrestricted	370,395	(25,036)	345,359
Total Net Position	<u>\$4,279,568</u>	<u>\$ 24,229</u>	<u>\$4,303,797</u>

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

Town of Sneads, Florida
Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Funds
For the Year Ended September 30, 2019

	Business Type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
OPERATING REVENUES			
Charges for Services	\$ 1,119,687	\$ 238,519	\$ 1,358,206
Miscellaneous Charges and Fees	29,184	2,058	31,242
Total Charges for Services	1,148,871	240,577	1,389,448
OPERATING EXPENSES			
Personal Services	411,110	24,549	435,659
Contractual Services	52,468	202,720	255,188
Utilities	180,542	-	180,542
Repairs and Maintenance	238,047	-	238,047
Other Supplies and expenses	108,034	-	108,034
Insurance	33,355	6,671	40,026
Depreciation	253,857	17,202	271,059
Total Operating Expenditures	1,277,413	251,142	1,528,555
Operating Income (Loss)	(128,542)	(10,565)	(139,107)
NONOPERATING REVENUES (EXPENSES)			
Interest Income	4,485	130	4,615
Interest Expense	(100,675)	-	(100,675)
Gain on Disposition of Capital Assets	28,543	4,210	32,753
Insurance Proceeds - Hurricane Michael	213,264	-	213,264
Transfers Out	-	(4,210)	(4,210)
Total Nonoperating Revenue (Expenses)	145,617	130	145,747
Change in Net Position	17,075	(10,435)	6,640
NET POSITION, beginning of year	4,262,493	34,664	4,297,157
NET POSITION, end of year	\$ 4,279,568	\$ 24,229	\$ 4,303,797

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

Town of Sneads, Florida
Statement of Cash Flows –
Proprietary Funds
For the Year Ended September 30, 2019

	Business Type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,143,160	\$ 240,577	\$ 1,383,737
Payments to Suppliers	(562,946)	(209,136)	(772,082)
Payments to Employees	(393,046)	(21,061)	(414,107)
Net Cash Provided by Operating Activities	<u>187,168</u>	<u>10,380</u>	<u>197,548</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Net Loans from (to) Other Funds	28,552	(1,204)	27,348
Other Receipts	4,424	-	4,424
Transfers to Other Funds	-	(4,210)	(4,210)
Net Cash Provided by Noncapital Financing Activities	<u>32,976</u>	<u>(5,414)</u>	<u>27,562</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(49,945)	-	(49,945)
Disposition of Capital Assets	36,936	4,210	41,146
Principal Paid on Capital Debt	(74,884)	-	(74,884)
Interest Paid on Capital Debt	(100,861)	-	(100,861)
Insurance Proceeds - Hurricane Michael	213,264	-	213,264
Net Cash Provided by Capital and Related Financing Activities	<u>24,510</u>	<u>4,210</u>	<u>28,720</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	4,485	130	4,615
Net Increase in Cash and Cash Equivalents	249,139	9,306	258,445
Cash and Cash Equivalents, beginning of year	684,876	54,607	739,483
Cash and Cash Equivalents, end of year	<u>\$ 934,015</u>	<u>\$ 63,913</u>	<u>\$ 997,928</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (128,542)	\$ (10,565)	\$ (139,107)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:			
Depreciation	253,857	17,202	271,059
Pension Expense	33,944	4,230	38,174
Change in Assets and Liabilities, and Deferred Outflows			
Accounts Receivable	(5,711)	-	(5,711)
Inventory	4,236		4,236
Accounts Payable	35,378	255	35,633
Deferred Outflows - Contributions after Measurement Date	(5,994)	(742)	(6,736)
Net Cash Provided by Operating Activities	<u>\$ 187,168</u>	<u>\$ 10,380</u>	<u>\$ 197,548</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING

Introduction-

The accounting and reporting framework and the more significant accounting policies and principles and practices of the Town of Sneads, Florida (Town) are discussed in the various sections of this Note. The remainder of the notes are organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended September 30, 2019.

Reporting entity-

The Town was originally incorporated in 1894. The Town was dissolved and re-established on May 15, 1931 by Act of the Legislature of the State of Florida, Laws of Florida, No. 15483. The Town does not have any component units that are includable in these financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP).

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Town departments. Reimbursements are reported as reductions to expenses. Proprietary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: property taxes, franchise taxes (fees) and intergovernmental revenues. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets are reported with non-current assets and current liabilities in the financial statements.

D. FUND TYPES AND MAJOR FUNDS

The Town reports the following major governmental funds:

General Fund - the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Street Fund – accounts for the revenues from state and local gasoline taxes and the associated expenditures of these restricted funds.

Recreation Fund – accounts for the revenues from the operation of the Sneads Recreation Park and the expenditures related to such operations.

The Town reports the following proprietary funds:

Water and Sewer Fund - accounts for the operations of the water and sewer systems that are financed primarily by user charges.

Solid Waste Fund - accounts for the operations of the solid waste collection system that is financed primarily by user charges.

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

E. INVENTORIES

Supply inventories on hand are kept at minimum amounts. Inventory is recorded at the lower of cost or market using the first-in first-out method. Inventory costs are recorded using the purchases method.

F. CAPITAL ASSETS AND DEPRECIATION

The Town's property, plant, and equipment and infrastructure with a cost exceeding \$1,000 and useful lives of more than one year are stated at cost and reported in the government-wide financial statements. Proprietary fund capital assets are also reported in the funds financial statements. Donated assets are stated at fair value on the date they were donated. Purchased assets are reported at cost. Capital assets acquired through capital lease obligations are recorded at the present value of the obligation at inception. Normal repairs and maintenance that do not add to the value of the asset are charged to expense. Capital assets are depreciated using the straight-line method of depreciation. When capital assets are sold or otherwise disposed of, the cost and accumulated depreciation are applied against any proceeds from the disposition and the resultant gain or loss is recorded in operations. Estimated useful lives for depreciable assets are as follows:

Vehicles and Equipment	5-40 years
Water and Sewer System	40 years
Infrastructure and Other Improvements other than Buildings	40 years
Buildings	40 years

In accordance with GASB Statement No. 34, the Town began recording the acquisition of infrastructure, streets, roads, sidewalks, etc., as capital assets effective for acquisitions made after September 30, 2003. Prior infrastructure acquisitions have not been included.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense or expenditure) until then. The deferred outflows of resources reported in the Town's Statement of Net Position represent pension related balances for changes in actuarial assumptions, changes in the proportion and differences between the Town's contributions and proportionate share of contributions, and the Town's contributions subsequent to the measure date, relating to the Florida Retirement System (FRS) Pension Plans. These amounts will be recognized as increases in pension expense in future years.

Deferred Inflows of Resources

Deferred inflows of resources represents acquisition of resources that applies to future reporting periods and will not be recognized as an inflow of resource (revenue) until then. The Town reports deferred inflows in the Statement of Net Position for pension related balances for the difference between expected and actual economic experience, the net difference between projected and actual earnings of FRS Pension investments, and changes in the proportion and differences between the Town's contribution and proportional share of contributions relating to the FRS Pension Plans. These amounts will be recognized as reductions in pension expense in future years.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

Pensions

In the government-wide and proprietary funds statement of net position, liabilities are recognized for the Town's proportionate share of the pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the net position of the Florida Retirement System (FRS) defined benefit plan and additions to/deductions from FRS's net position has been determined on the same basis as they are reported by the FRS plans. For this purpose, plan contributions are recognized as of paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

G. FUND EQUITY

The following fund balance classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- Nonspendable fund balance – Amounts that are not in a spendable form (such as inventories, prepaid expenses) or are required to be maintained intact;
- Restricted fund balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the restraint.
- Assigned fund balance – Amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balances – Amounts that are available for any purpose; positive amounts are reported in the general fund.

Expenditures are considered to be applied to fund balances from most restrictive to least restrictive as appropriate.

At September 30, 2019 the Town had no non-spendable or committed funds.

H. PROPERTY TAXES

The Town voted a local millage rate for the assessment of ad valorem property taxes. This rate was set at .6064 mills for the October 2018 through September 2019 budget year. The Jackson County Property Appraiser's office includes this assessment with county wide property tax assessments. The Jackson County Tax Collector is charged with collecting these revenues and distributing to the Town its share of these collections.

All taxes are generally due and payable on November 1 of each year. Discounts are allowed of four, three, two and one percent for payments in November through February, respectively. Delinquent taxes at April 1, are converted, by the County, into Tax Certificates. Therefore, there are no significant taxes receivable at year end.

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

I. BUDGET PROCESS

Florida Statutes govern the preparation, adoption, and administration of the budget for the Town of Sneads. The town prepares a budget for all funds. The annual budget for the General Fund and Street Fund was prepared consistent with generally accepted accounting principles. Legal level of control is established at the department total level.

J. RISK MANAGEMENT AND INSURANCE

The Town insures itself against losses from casualty, accident and dishonesty by purchasing insurance. Premiums are based on estimates and additional charges or credits may be forthcoming based on actual experience.

The Town believes the level of insurance purchased is adequate to protect it from material loss. No significant changes in coverage have been made in the last three years. There were significant claims in the current year. See Note 13 below.

K. ESTIMATES

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

NOTE 2 – CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

The Town, in accordance with state and local regulations, deposits its cash funds in approved financial institutions. The financial institution is required to pledge U. S. Government Securities as collateral for such funds. All deposits are in checking accounts, bank money market accounts, or certificates of deposit. At September 30, 2019, the Town had the following cash deposits:

Amount insured by FDIC	\$ 250,000
Amount subject to Custodial Risk (Risk of loss due to bank failure) Collateralized with securities pledged by the financial institution and held in trust, but not in the Town's name)	<u>1,763,274</u>
Total Deposits With Financial Institutions	2,013,274
Petty Cash (unsecured)	<u>400</u>
Total	<u>\$ 2,013,674</u>
Carrying value on financial statements	<u>\$ 1,930,920</u>

A significant portion of cash deposits at year end is unspent insurance proceeds received as a result of Hurricane Michael damage.

No additional items are included as cash or cash equivalents.

The Town has made no other deposits or investments and has no near term plans to do so. The Town has no formal, written cash risk policy.

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 3 – RECEIVABLES

At September 30, 2019, the Town reported significant receivables as follows:

GENERAL FUND

Utility Tax and Franchise Fees	\$ 26,843
Due From State of Florida	86,370
Due From Jackson County	600
Total	\$ 113,813

STREET FUND

Due From State of Florida	\$ 20,405
Due From Jackson County	3,736
TOTAL	\$ 24,141

WATER AND SEWER FUND

Utility Services Receivable	\$ 124,986
Other	208
TOTAL	\$ 125,194

No allowances for uncollectible accounts are considered necessary.

NOTE 4 - INTERFUND BALANCES AND ACTIVITY

As of September 30, 2019, the following interfund loans were recorded. These interfund loan amounts are expected to be repaid as funds are available.

<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>	<u>Amount</u>
Street Fund	General Fund	Operating Expense	\$ 43,236
Water & Sewer Fund	General Fund	Operating Expense	37,471
Water & Sewer Fund	General Fund	Revenue Collection	20,790
Solid Waste Fund	General Fund	Operating Expense	1,697
Water & Sewer Fund	Street Fund	Operating Expense	6,240
Water & Sewer Fund	Solid Waste Fund	Revenue Collection	7,404
Total			\$ 116,838

The following interfund transfers were made during the current year:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Recreation Fund	Operating Expense	\$ 96,194
Solid Waste Fund	General Fund	Operating Expense	4,210
Total			\$ 100,404

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 5 – CAPITAL ASSETS

Capital Assets Activity for the year ended September 30, 2019 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities				
<i>Capital assets not being depreciated</i>				
Land	\$ 104,496	\$ -	\$ -	\$ 104,496
Total	<u>104,496</u>	<u>-</u>	<u>-</u>	<u>104,496</u>
<i>Capital assets being depreciated</i>				
Roads, sidewalks, etc.	149,654	-	-	149,654
Buildings & improvements	372,652	-	(55,539)	317,113
Improvements other than buildings	1,044,922	107,305	(416,100)	736,127
Equipment	1,232,639	164,086	(139,148)	1,257,577
Total	<u>2,799,867</u>	<u>271,391</u>	<u>(610,787)</u>	<u>2,460,471</u>
Less Accumulated Depreciation				
Roads	80,573	5,986	-	86,559
Buildings & improvements	182,304	7,409	(22,247)	167,466
Improvements other than buildings	437,177	25,138	(246,886)	215,429
Equipment	956,832	69,403	(102,780)	923,455
Total	<u>1,656,886</u>	<u>107,936</u>	<u>(371,913)</u>	<u>1,392,909</u>
Net Capital assets being depreciated	<u>1,142,981</u>	<u>163,455</u>	<u>(238,874)</u>	<u>1,067,562</u>
Net Governmental Activity Capital Assets	<u>\$ 1,247,477</u>	<u>\$ 163,455</u>	<u>\$ (238,874)</u>	<u>\$ 1,172,058</u>

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 5 – CAPITAL ASSETS – Continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business Type Activities				
<i>Capital assets not being depreciated</i>				
Land	\$ 20,427	\$ -	\$ -	\$ 20,427
Total	<u>20,427</u>	<u>-</u>	<u>-</u>	<u>20,427</u>
<i>Capital assets being depreciated</i>				
Buildings & improvements	80,389	-	(12,727)	67,662
Improvements other than buildings	11,643,593	-	-	11,643,593
Equipment	870,982	49,945	(48,290)	872,637
Total	<u>12,594,964</u>	<u>49,945</u>	<u>(61,017)</u>	<u>12,583,892</u>
<i>Less Accumulated Depreciation</i>				
Buildings & improvements	38,612	1,692	(4,334)	35,970
Improvements other than buildings	5,514,110	233,729	-	5,747,839
Equipment	710,069	35,638	(48,290)	697,417
Total	<u>6,262,791</u>	<u>271,059</u>	<u>(52,624)</u>	<u>6,481,226</u>
Net Capital assets being depreciated	<u>6,332,173</u>	<u>(221,114)</u>	<u>(8,393)</u>	<u>6,102,666</u>
Net Business Type Activity Capital Assets	<u>\$ 6,352,600</u>	<u>\$ (221,114)</u>	<u>\$ (8,393)</u>	<u>\$ 6,123,093</u>

Governmental Activity depreciation expense was charged to functions as follows:

General government	\$ 7,151
Public Safety	
Police	25,720
Fire	26,159
Fire Rescue	1,275
Physical Environment	740
Transportation	31,664
Health	374
Recreation	14,853
Total	<u>\$ 107,936</u>

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 6 – LONG TERM DEBT

Governmental Activities

Note payable

Monthly installments of \$811 through January 2016 including interest at 5.0%. Balloon January 15, 2016 of \$35,962. Refinanced through January 2020 with monthly installments of \$824. Collateralized by equipment

	\$	3,177
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Note payable

One half share of note with Water & Sewer Fund. Total monthly installments of \$1,930 through March 2020 including interest at 4.5%. Collateralized by equipment

		5,715
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Note payable

Monthly installments of \$1,167 through March 2020 including interest at 5.0%. Collateralized by equipment

		6,537
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<u>Accumulated compensated absences</u>		<u>72,692</u>
Total Governmental Activities	\$	<u>88,121</u>

Changes in governmental activities are as follows for the year ended September 30, 2019:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Notes payable	\$ 49,365	\$ 130,000	\$ (163,936)	\$ 15,429	\$ 15,429
Accrued Leave	71,501	1,191	-	72,692	4,615
Total	\$ 120,866	\$ 131,191	\$ (163,936)	\$ 88,121	\$ 20,044

The Town borrowed, and repaid two short term notes in the current year in the amounts of \$80,000 and \$50,000 for advance funding of police and fire equipment. The loans were repaid with state grant funds.

The current portion of Accrued Leave is included in Accounts Payable and Accrued Expenses.

Future debt service on governmental activities, excluding compensated absences is as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 15,429	\$ 191	\$ 15,620

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 6 - LONG-TERM DEBT – Continued

construction improvements or extensions to increase net revenues, and paying principal and interest in the event that the Sinking Fund is insufficient to meet such payments.

- D. The "Operation and Maintenance Fund" is to be used exclusively for the purpose of receiving funds transferred monthly from the Revenue Fund and for paying the current expense of the system pursuant to the annual budget. Any balance remaining in the "Operation and Maintenance Fund" at the end of the fiscal year over and above the amount required to pay expenses incurred during said fiscal year shall be deposited into the revenue fund.

The Water and Sewer System Revenue Bonds – Series 2010 carry debt service and other administrative requirements consistent with the previously issued Water and Sewer System Revenue Bonds – Series 2003

WATER AND SEWER REVENUE BONDS Series – 1976 - During the year ended September 30, 2019 the Town made the final payments on the Water and Sewer System Revenue Bonds Series 1976. Final principal paid was \$55,000 and interest paid was \$2,750.

WATER AND SEWER SYSTEM REVENUE BONDS - Series 2003 - Dated April 3, 2003, \$1,800,000 authorized and issued, interest at 4.5%, payable annually on September 1.

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 36,000	\$ 63,540
2021	38,000	61,920
2022	40,000	60,210
2023	41,000	58,410
2024	43,000	56,565
2025-2029	247,000	251,955
2030-2034	307,000	191,160
2035-2039	384,000	115,515
2040-2042	276,000	25,335
TOTALS	\$ 1,412,000	\$ 884,610

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 6 - LONG-TERM DEBT – Continued

WATER AND SEWER SYSTEM REVENUE BONDS – Series 2010 - Dated November 22, 2010, \$1,004,180 authorized and issued, interest at 3.75%, payable annually on September 1.

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 16,000	\$ 34,057
2021	17,000	33,457
2022	17,000	32,819
2023	18,000	32,182
2024	18,000	31,507
2025-2029	103,000	146,696
2030-2034	125,000	125,846
2035-2039	150,000	100,534
2040-2044	180,000	70,309
2045-2049	216,000	33,897
2050	48,180	1,807
Totals	<u>\$ 908,180</u>	<u>\$ 643,111</u>

The total of annual debt service requirements for the Town's Proprietary Funds are as follows.

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 62,704	\$ 98,114	\$ 160,818
2021	57,018	95,788	152,806
2022	59,048	93,411	152,459
2023	61,078	90,944	152,022
2024	63,109	88,393	151,502
2025-2029	361,015	399,785	760,800
2030-2034	441,407	317,317	758,724
2035-2039	534,000	216,049	750,049
2040-2044	456,000	95,644	551,644
2045-2049	216,000	33,897	249,897
2050	48,180	1,807	49,987
Totals	<u>\$ 2,359,559</u>	<u>\$ 1,531,149</u>	<u>\$ 3,890,708</u>

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 6 - LONG-TERM DEBT – Continued

Summary of changes in all business type activity long term debt:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due In One</u> <u>Year</u>
Revenue Bonds	\$ 2,370,180	\$ -	\$ (50,000)	\$ 2,320,180	\$ 52,000
Notes Payable	64,262	-	(24,883)	39,379	10,704
Accrued Leave	45,595	-	(9,887)	35,708	17,956
TOTAL	<u>\$ 2,480,037</u>	<u>\$ -</u>	<u>\$ (84,770)</u>	<u>\$ 2,395,267</u>	<u>\$ 80,660</u>

The current portion of Accrued Leave is recorded in Accounts Payable and Accrued Expenses.

NOTE 7 - NET POSITION RESTRICTIONS

The Net Position of the Town is restricted for various reasons. Generally these restrictions are a result of third party restrictions related to the use of revenues provided to the Town. As of September 30, 2019 the following Net Position were restricted.

General governmental activities:

Special Revenue Funds:

Street Fund - All revenues received in this fund are restricted for street and road construction and maintenance. At September 30, 2019, this fund reported a deficit balance which is reported as Unrestricted.

Business Type Activities:

Water & Sewer Fund -

Bond retirement - This amount is equal to the assets in the revenue bond debt service sinking accounts less accrued interest and funded bond principal.

Repair and Replacement - This amount is equal to the assets in the revenue bond repair and replacement accounts which are restricted for maintenance or expansion of the water and sewer system or debt service should the funds not be available in the sinking fund.

NOTE 8 - PENSION PLAN

General Information about the Pension Plan

Plan Description

The Town of Sneads participates in the Florida Retirement System (FRS), a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. A comprehensive annual financial report of the FRS, which includes its financial statements,

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 8 - PENSION PLAN - continued

required supplementary information, actuarial report and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under Section 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement system in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits

For employees initially enrolled before July 1, 2011, normal retirement benefits are available to regular class employees who retire with at least 6 years of service and have reached age 62; the age after 62 the member becomes vested; or with 30 years of service at any age. Special risk class employees may receive normal retirement benefits with at least 6 years of special risk service after reaching age 55; the age after 55 the member becomes vested; after 25 years of service, consisting of both special risk service and up to four year of wartime military service, and age 52; after 25 years special risk service regardless of age; or with 30 years any creditable service regardless of age.

For employees enrolled after July 1, 2011, regular class employees receive benefits with eight years of service and age 65 or 33 years of service, regardless of age. Special risk class employees are vested with eight years of special risk service and age 60; 30 years of service, consisting of both special risk service and up to four years of wartime military service, and age 57; 30 years of special risk service, regardless of age; or 33 years of any creditable service, regardless of age.

Service retirement benefits are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For employees initially enrolled prior to July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for employees initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 8 - PENSION PLAN – continued

retirement plan and/or class to which the employee belonged when the service credit was earned.

The System provides for several benefit options, disability benefits and survivor benefits.

The cost-of-living adjustment for retirements effective before August 1, 2011 is 3% per year. The cost-of-living adjustment formula for retirees with an effective retirement date on or after August 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit earned multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

The Town is required to contribute at an actuarially determined rate. The contributions requirements of plan members and the Town are established and may be amended by the Florida Legislature.

Applicable rates effective July 1, 2018 were:

Class	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
Regular	3.00%	6.54%	9.54%
Special Risk	3.00%	22.78%	25.78%
DROP	N/A	12.37%	12.37%

The above rates include a 1.66% health insurance subsidy contribution.

Total payroll for the Town's employees covered by the System was \$672,214 for the year ended September 30, 2019. Town and employee contributions to the plan totaled \$93,264 and \$20,166 respectively.

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

At September 30, 2019, the Town reported a liability for its proportionate shares of the net pension liability. The net pension liability for the FRS Pension Plan was determined by an actuarial valuation dated June 30, 2019. The HIS actuarial valuation was prepared as of July 1, 2018. Update procedures were used to determine liabilities as of June 30, 2019. The Town's proportions of the net pension liabilities was based on the Town's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 8 - PENSION PLAN - continued

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net pension liability at September 30, 2019	\$ 762,987	\$ 223,912	\$ 986,899
Town's proportion of total State liability at:			
June 30, 2019	0.002215495%	0.002001181%	
June 30, 2018	0.002502503%	0.002238247%	
Pension expense (benefit), year ended			
September 30, 2019	<u>\$ 99,229</u>	<u>\$ (1,988)</u>	<u>\$ 97,241</u>

At September 30, 2019 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 45,255	\$ (475)	\$ 2,720	\$ (275)
Changes of assumption	195,969	-	25,924	(18,301)
Net difference between projected and actual earnings on pension plan investments	-	(42,212)	144	-
Changes in proportion and differences between City contributions and proportionate share of contributions	13,089	(87,073)	7,492	(52,244)
City contributions subsequent to the measurement date	<u>18,136</u>	<u>-</u>	<u>2,542</u>	<u>-</u>
Total	<u>\$ 272,449</u>	<u>\$ (129,760)</u>	<u>\$ 38,822</u>	<u>\$ (70,820)</u>

Deferred outflows of resources related to pensions included \$18,136 for FRS and \$2,542 for HIS resulting from contributions subsequent to the June 30, 2019 measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended September 30, 2020.

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 8 - PENSION PLAN – continued

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

Year ended September 30,	FRS	HIS
2020	\$ 51,748	\$(13,636)
2021	15,611	(10,914)
2022	37,717	(5,974)
2023	28,452	4,338
2024	7,338	(788)
Thereafter	1,824	(5,024)

Deferred Inflows exceed Deferred Outflows in the HIS program resulting in the negative recognition amounts.

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of June 30, 2019, using the entry age normal actuarial cost method and the following significant actuarial assumptions.

	FRS	HIS
Inflation	2.60%	2.60%
Payroll Growth	3.25%	3.25%
Investment rate of return	6.90%	N/A

Mortality assumptions for both plans were based on the Generational RP-2000 with Projections Scale BB tables.

Actuarial assumptions for both cost-sharing defined benefit plan are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB report in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results for the most recent experience study for the FRS Pension Plan.

The following changes in actuarial assumptions occurred in 2019:

- FRS: The inflation rate assumption remained at 2.6%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected investment rate of return decreased from 7.00% to 6.90%. The active member mortality assumption was updated.
- HIS: The municipal rate used to determine the total pension liability decreased from 3.87% to 3.50%.

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 8 - PENSION PLAN - continued

The long-term expected rate of return assumption of 6.90% consists of two building block components: 1) a real (in excess of inflation) return of 4.30 %, consistent with the currently articulated real return target in the current Florida State Board of Administration's investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; and 2) a long-term average annual inflation assumption of 2.60% as adopted in October 2019 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.90% return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 6.9% reported investment return assumption differs from the 7.2% investment return assumption chosen by the 2019 FRS Actuarial Assumption Conference for funding purposes, as allowable under governmental accounting and reporting standards.

The table below summarizes the key assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target allocation. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumptions. These assumptions are not based on historical return, but instead are based on a forward-looking capital market model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.3%	3.3%	1.2%
Fixed income	18.0%	4.1%	4.1%	3.5%
Global equity	54.0%	8.0%	6.8%	16.5%
Real estate (property)	11.0%	6.7%	6.1%	11.7%
Private Equity	10.0%	11.2%	8.4%	25.8%
Strategic investments	6.0%	5.9%	5.7%	6.7%
Assumption Inflation - Mean			2.6%	1.7%

Money-Weighted Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on FRS pension plan investments, net of pension plan investment expense was 5.98%.

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.90%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 8 - PENSION PLAN – continued

Pension Liability Sensitivity

The following table demonstrates the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Town proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate:

	FRS			HIS		
	Current			Current		
	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
City's proportionate share of net pension liability	<u>\$1,318,948</u>	<u>\$762,986</u>	<u>\$298,663</u>	<u>\$255,607</u>	<u>\$223,912</u>	<u>\$197,514</u>

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. The report may be obtained through the Florida Department of Management Services website: <http://www.dms.myflorida.com>.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

COMPENSATED ABSENCES

The Town provides certain compensated absences for its employees. Vacation pay and compensatory time are completely vested to the employees when earned. Therefore, a liability has been recorded to reflect estimated future payments on earned leave. The liability for accrued leave has been recorded as long term debt in the various funds.

NOTE 10 - MAJOR UTILITY CUSTOMER

The Town provides sewer services to Apalachee Correctional Institution (ACI) which represents a major customer for the system. ACI paid fees during the year ended September 30, 2019 amounting to approximately 61% of total Sewer Fee Revenues. These fees are anticipated to continue to provide a significant portion of the Town's total sewer revenues.

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 11 - FRANCHISE FEE INCOME

The Town provides exclusive franchise for providing certain utility services within the Town's jurisdictional limits. These fees are based on a percentage of revenues charged by the franchisee. Currently Franchise Fees were received for the following:

	<u>Fee Rate</u>	<u>Revenue</u>
Electricity Sales	4%	<u>\$ 93,715</u>

NOTE 12 - LEASE INCOME

As of October 1, 2016, the Town renewed a lease for space in the old Town Hall building to the Jackson County Tax Collector's office. The lease calls for monthly payments of \$1,045 through September 2021. Annual lease payments total \$12,540 or a total of \$62,700 for the life of the lease. There are no provisions for contingent lease payments or sub-leases. During the year ended September 30, 2019, rent from this lease was recorded at \$11,495.

The leased portion of the building represents approximately 50% of the office space in the old Town Hall building. This building originally cost the Town \$70,262 including land and warehouse area. No cost allocation has been made to the leased portion. Renovations to bring the offices to the requirements of the lease totaled \$5,846. Accumulated depreciation related to these assets totals \$46,018. As a result of Hurricane Michael, significant repairs were required to this property. These repairs were charged to expenditures.

NOTE 13 – GRANTS, MAJOR PROJECTS AND SUBSEQUENT EVENTS

Hurricane Michael Damage -On October 10, 2018 the Town of Sneads along with the Panhandle and surrounding areas were hit by a catastrophic category 5 Hurricane named Michael. The Town had major damage at the Recreation Park, Park on Lake Seminole and Waste Water Treatment Plant. Many citizens had major damage as well. As of September 30, 2019, the Town received storm related insurance proceeds of \$795,722 deposited to the General Fund and \$246,699 deposited to the Water and Sewer Fund. Insurance proceeds related to capital assets that were totally, or substantially destroyed were considered as proceeds from the sale of capital assets. The remainder is classified as other revenue: Insurance Proceeds – Hurricane Michael. Much of the insurance proceeds had not been reinvested as of yearend.

Log Cabin Renovation Project-The Town was awarded a grant from the State of Florida, Division of Historical Resources in the amount of \$49,588 for restoration of the Town's Log Cabin in Sneads. An extension was awarded until July 31, 2019, however the grant was closed as the Town was unable to obtain the appropriate historical contractors required by the Division of Historical resources for such projects.

Police Department Vehicles-In August, 2018 the Town was awarded a JAG Grant from the Florida Department of Law Enforcement in the amount of \$80,000. Two utility vehicles were ordered in September, 2018 and delivered in January, 2019. Bridge loan was obtained by the Town to purchase vehicles until Town could be reimbursed from JAG Grant Funds.

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 13 – GRANTS, MAJOR PROJECTS AND SUBSEQUENT EVENTS –continued

State Revolving Fund Grant - In July 2019, the Town was awarded a loan/grant from the Florida Department of Environmental Protection for assistance with water and wastewater repairs required as a result of Hurricane Michael. The funds are broken down as \$70,785 for water system repairs and \$792,835 for the wastewater system. Of the total funds, \$174,424 is a loan. The remainder is a forgiveness loan/grant. As of June 2020, the Town has received \$182,903 for these repairs.

Budget Amendments- The Town of Sneads adopts an annual operating budget for all funds. The budget for the General Fund was amended to add \$284,000 primarily for capital expenditures in the Police and Fire Departments, and debt service in the Police and Street Departments. The Sneads Street Fund and Sneads Recreation Fund were also was amended to add \$10,000 and \$90,000 respectively for repairs and maintenance and supplies. Although, the Street Fund budget was amended, last minute accruals resulted in a technical over expenditure of that fund's budget by \$3,115. However, cash basis expenditures did not exceed appropriations.

In March 2020, the World Health Organization declared the coronavirus (COVID-19) a pandemic. As a result, local and financial markets experienced significant declines and local economies were greatly affected. The Federal Government passed the Coronavirus Aid, Relief, and Economic Security Act to address the fallout from COVID-19. These funds will pass through the State of Florida. No funds have been distributed to the Town as of the date of this report and no adjustments have been made to the accompanying financial statements.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS

In accordance with Section 112.0801 of the Florida Statutes, the Town provides postretirement health insurance to employees who retire from the Town and wish to remain on the Town's health plan. The retired employees reimburse the Town for the actual premium cost, including the portion that previously would have been paid by the Town during employment. Expenses for postretirement health care benefits are recognized as paid and there is not advance funding on the part of the Town.

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension Plans, became effective for periods beginning after December 15, 2009 for Phase III governments, which the Town is considered. This guideline is required for all governmental employers who provide other postemployment benefits for which the employer pays all or part of the cost of the benefits, such as the postretirement health care plan discussed above. GASB Statement No. 45 improves financial reporting and disclosure by matching the cost of postemployment benefits with the periods when the related services are received by the employer, by providing information about accrued liabilities for promised benefits related to past services and the extent those liabilities have been funded and by providing valuable information about demands on future employer cash flows.

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2019

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS - Continued

The Town did not implement GASB Statement No. 75 or obtain the actuarial report necessary to determine the amounts to report in the accompanying financial statements. The potential liability has not been reflected in the accompanying Statement of Net Position and the annual costs associated with the plan have also not been reflected in the accompanying Statement of Activities.

NOTE 15 – LITIGATION

The Town has two lawsuits pending as of year-end. In the opinion of management, after consultation with legal counsel, these matters will likely be resolved without a material adverse effect on the Town's financial statements. However, should a judgement be rendered against the Town, legal council believes insurance coverage is adequate should the Town receive an unfavorable outcome.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Sneads, Florida
 Budgetary Comparison Schedule – General Fund
 For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
REVENUES			
Taxes	\$ 418,595	\$ 418,595	\$ 438,694
Licenses & Permits	98,468	98,468	101,185
Intergovernmental Revenues	292,988	398,134	398,377
Charges for Services	66,877	66,877	64,910
Judgements and Fines	2,550	2,550	3,252
Miscellaneous Revenues	24,673	24,673	26,921
Total Revenues	<u>904,151</u>	<u>1,009,297</u>	<u>1,033,339</u>
EXPENDITURES			
Current:			
General Government	165,083	165,083	114,836
Public Safety	483,953	483,953	430,651
Physical Environment	13,700	13,700	6,751
Transportation	110,330	110,330	106,319
Health	6,900	6,900	7,103
Culture/Recreation	7,600	7,600	2,055
Debt Service:			
Principal	23,203	94,459	24,459
Interest	2,382	4,002	4,069
Capital Outlay	32,000	172,538	160,766
Total Expenditures	<u>845,151</u>	<u>1,058,565</u>	<u>857,009</u>
Excess (deficiency) of revenues over expenditures	59,000	(49,268)	176,330
Other Sources and Uses of Funds			
Proceeds From Sale of Capital Assets	2,000	2,000	695,960
Insurance Proceeds - Hurricane Michael	-	148,854	138,013
Transfers In	-	-	4,210
Transfers Out	(61,000)	(131,586)	(96,194)
Net Change in Fund Balances	<u>-</u>	<u>(30,000)</u>	<u>918,319</u>
Fund Balances- beginning	<u>185,139</u>	<u>185,139</u>	<u>185,139</u>
Fund Balances - ending	<u>\$ 185,139</u>	<u>\$ 155,139</u>	<u>\$ 1,103,458</u>

Note: This schedule is prepared on the modified accrual basis of accounting.

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

Town of Sneads, Florida
 Budgetary Comparison Schedule – Street Fund
 For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
REVENUES			
Taxes	\$ 119,607	\$ 119,607	\$ 119,893
Miscellaneous Revenues	-	-	32
Total Revenues	119,607	119,607	119,925
EXPENDITURES			
Current:			
Transportation	102,731	112,731	127,837
Debt Service:			
Principal	21,468	21,468	9,477
Interest	408	408	408
Total Expenditures	124,607	134,607	137,722
Excess (deficiency) of revenues over expenditures	(5,000)	(15,000)	(17,797)
Net Change in Fund Balances	(5,000)	(15,000)	(17,797)
Fund Balances- beginning	16,375	16,375	16,375
Fund Balances - ending	\$ 11,375	\$ 1,375	\$ (1,422)

Note: This schedule is prepared on the modified accrual basis of accounting.

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

Town of Sneads, Florida
 Budgetary Comparison Schedule – Recreation Fund
 For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
REVENUES			
Charges For Services	\$ 31,500	\$ 31,500	\$ 10,948
Miscellaneous Revenues	-	-	40
Total Revenues	31,500	31,500	10,988
EXPENDITURES			
Current:			
Culture/Recreation	92,815	182,815	65,466
Capital Outlay	6,685	6,685	111,429
Total Expenditures	99,500	189,500	176,895
Excess (deficiency) of revenues over expenditures	(68,000)	(158,000)	(165,907)
Other Sources/Uses of Funds			
Insurance Proceeds - Hurricane Michael	-	90,000	-
Transfers In	61,000	61,000	96,194
Net Change in Fund Balances	(7,000)	(7,000)	(69,713)
Fund Balances- beginning	13,482	13,482	13,482
Fund Balances - ending	\$ 6,482	\$ 6,482	\$ (56,231)

Note: This schedule is prepared on the modified accrual basis of accounting.

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

Town of Sneads, Florida
Schedule of Proportionate Share of Pension Liability
Florida Retirement System
Last 6 Fiscal Years*

FRS PENSION PLAN

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the Net Pension Liability	0.002215495%	0.002502503%	0.002641973%	0.002888261%	0.002715198%	0.002592605%
Town's proportionate share of Net Pension Liability	\$ 762,987	\$ 753,498	\$ 781,478	\$ 729,288	\$ 350,705	\$ 158,187
Town's Covered Employee Payroll	\$ 672,214	\$ 709,698	\$ 767,433	\$ 808,820	\$ 793,565	\$ 731,177
Town's proportionate share of Net Pension Liability as a percentage of its covered-employee payroll	113.50%	106.17%	101.83%	90.17%	44.19%	21.63%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

HEALTH INSURANCE SUBSIDY PROGRAM

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the Net Pension Liability	0.002001181%	0.002238247%	0.002438724%	0.002706862%	0.002587002%	0.002496623%
Town's proportionate share of Net Pension Liability	\$ 223,912	\$ 236,902	\$ 260,762	\$ 315,474	\$ 263,835	\$ 233,440
Town's Covered Employee Payroll	\$ 672,214	\$ 709,698	\$ 767,433	\$ 808,820	\$ 793,565	\$ 731,177
Town's proportionate share of Net Pension Liability as a percentage of its covered-employee payroll	33.31%	33.38%	33.98%	39.00%	33.25%	31.93%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of 6/30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which the information is available.

Town of Sneads, Florida
 Schedule of Pension Contributions
 Florida Retirement System
 Last 6 Fiscal Years*

FRS PENSION PLAN

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 72,490	\$ 71,319	\$ 68,777	\$ 70,435	\$ 66,198	\$ 56,789
Contributions in Relation to the Contractually Required Contribution	<u>(72,490)</u>	<u>(71,319)</u>	<u>(68,777)</u>	<u>(70,435)</u>	<u>(66,198)</u>	<u>(56,789)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	672,214	709,698	767,433	808,820	793,565	731,177
Contributions as a Percentage of Covered-Employee Payroll	10.78%	10.05%	8.96%	8.71%	8.34%	7.77%

HEALTH INSURANCE SUBSIDY PROGRAM

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 11,122	\$ 12,138	\$ 12,906	\$ 13,874	\$ 9,889	\$ 8,553
Contributions in Relation to the Contractually Required Contribution	<u>(11,122)</u>	<u>(12,138)</u>	<u>(12,906)</u>	<u>(13,874)</u>	<u>(9,889)</u>	<u>(8,553)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	672,214	709,698	767,433	808,820	793,565	731,177
Contributions as a Percentage of Covered-Employee Payroll	1.65%	1.71%	1.68%	1.72%	1.25%	1.17%

* The amounts presented for each fiscal year were determined as of 6/30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which the information is available.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
SECTION 218.415, FLORIDA STATUTES,
LOCAL GOVERNMENT INVESTMENT POLICIES

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and Town Council
Town of Sneads
Sneads, Florida

We have examined Town of Sneads, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for Town of Sneads, Florida's compliance with those requirements. Our responsibility is to express an opinion on Town of Sneads, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town of Sneads, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Sneads, Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

Our examination does not provide a legal determination on Town of Sneads, Florida's compliance with specified requirements.

In our opinion, Town of Sneads, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Grimsley & Associates

Marianna, Florida
October 9, 2020

Grimsley and Associates, P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORTS
REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

GRIMSLEY & ASSOCIATES

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MEMBER
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OWEN W. GRIMSLEY, C.P.A.

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*

Honorable Mayor and Town Council
Town of Sneads
Sneads, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit 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 Sneads, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Sneads, Florida's basic financial statements and have issued our report thereon dated October 9, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Sneads, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings as items 2019-001 and 2019-002.

Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Management's Response. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Grimsley & Associates

Marianna, Florida
October 9, 2020

Grimsley and Associates, P.A.
Certified Public Accountants

SCHEDULE OF FINDINGS

Town of Sneads, Florida
Schedule of Findings
September 30, 2019

2019-001

Criteria – Florida Statutes require the Town to adopt an annual budget controlling appropriations and expenditures. Expenditures may not exceed budgeted appropriations.

Condition – In the current year, the Town exceeded its budget appropriations in the Street Fund. Street Fund expenditures exceeded amended budgeted appropriations by \$3,115.

Effect – The Town is not in compliance with Florida Statute 166.241 (2).

Cause – The Town's management miscalculated year end accruals after budget amendments.

Recommendation – Town management and staff charged with tracking expenditures and appropriations should be mindful of possible large year-end expenditures that could exceed budgeted appropriations for the fiscal year.

2019-002

Criteria – The Town is required to implement GASB Statement 75.

Condition – The Town did not implement GASB Statement 75 or obtain the actuarial report necessary to determine the amounts to report in the financial statements.

Effect – The Town's liabilities related to other post-employment benefits (other than pensions) is understated.

Cause – The Town has not hired an actuarial specialist to determine the Town's liability related to other post-employment benefits.

Recommendation – We recommend that an actuarial study and all other items necessary to implement GASB Statement 75 be performed.

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT
REQUIRED BY THE STATE OF FLORIDA

GRIMSLEY & ASSOCIATES

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OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITOR'S REPORT TO TOWN MANAGEMENT

Honorable Mayor and Town Council
Town of Sneads
Sneads, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Sneads, Florida (the "Town") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated October 9, 2020.

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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings; 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 and schedule, which are dated October 9, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Honorable Mayor and Town Council
Town of Sneads
Sneads, Florida

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 disclosed 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 of Sneads, Florida has met one or more of the conditions described in Section 218.503(1) Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Town of Sneads, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Additional Matters

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

Honorable Mayor and Town Council
Town of Sneads
Sneads, Florida

Purpose of this Letter

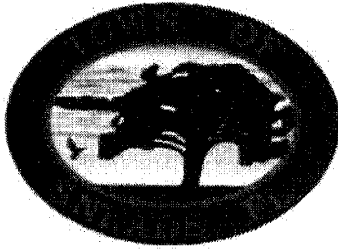
Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Mayor and Town Council, and applicable management,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

Marianna, Florida
October 9, 2020

Grimsley & Associates

Grimsley and Associates, P.A.
Certified Public Accountants

RESPONSE TO AUDIT FINDINGS



Town of Sneads

PO Drawer 159

Sneads, Florida 32460

PH (850) 593-6636 Fax (850)593-5079

Website: sneadsfl.com

Facebook: Town of Sneads – City Hall

October 9, 2020

Office of the Auditor General
P.O. Box 1735
Tallahassee, Florida 32302-1735

Dear Sir:

The Town of Sneads, Florida respectfully submits the following corrective action plan for the year ended September 30, 2019.

Auditors Grimsley & Associates, Certified Public Accountants, PA.

The findings from the September 30, 2019 schedule of questioned costs are discussed as follows: The findings are numbered consistently with the numbers assigned in this schedule.

FINDINGS-FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES:

2019-001 Controlling Appropriations and Expenditures of Annual Budget

Recommendation: Town management and staff charged with tracking expenditures and appropriations should be mindful of possible large year-end expenditures that could exceed budgeted appropriations for the fiscal year.

Response/Action Taken: Management staff will insure that financial reports are trued up prior to the end of the FY and recommend budget adjustments to Town Council as needed to insure that exceeding the budget does not occur in the future.

2019-02 Implementation of GASB Statement 75

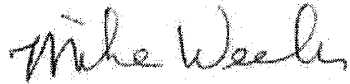
Recommendation: We recommend that an actuarial study and all other items necessary to implement GASB Statement 75 be performed.

Response/Action Taken: Management believes that GASB 75 is not feasible for the Town to calculate due to the small size and the number of employees. The Town will coordinate with the Florida League of Cities, Inc. about any programs that may be available to the Town with facilitating this in the future and will reach out for cost estimates to review the feasibility of implementing this suggested study.

Page 2

If the Office of the Auditor General has any questions regarding this plan, please call Sherri Griffin, Town Clerk at (850) 593-6636.

Sincerely,

A handwritten signature in black ink that reads "Mike Weeks". The signature is written in a cursive style with a large, prominent "M" and "W".

Mike Weeks
Council President