

TOWN OF SNEADS, FLORIDA

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

WITH

AUDITOR'S LETTER TO MANAGEMENT

AND

MANAGEMENT'S RESPONSE

TOWN OF SNEADS, FLORIDA

AS OF SEPTEMBER 30, 2020

COUNCIL PRESIDENT

Mike Weeks

COUNCIL VICE PRESIDENT

Alton Ranew

COUNCILMEN

George Alexander  
Tim Arnold  
Donovan Weeks

TOWN MANAGER

Lee Garner

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, 2020, 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 9 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 cost 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and budgetary comparison information on pages 4-9 and 40-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sneads, Florida's basic financial statements. The accompanying schedule of expenditures of state projects is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state projects is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2021, 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  
June 29, 2021

Grimsley & Associates, P.A.  
Certified Public Accountants



## MANAGEMENT DISCUSSION AND ANALYSIS

## MANAGEMENT DISCUSSION AND ANALYSIS

The Town of Sneads (the Town) 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, 2020 by \$6,872,394 (net position).

The Town's overall net position increased from prior reported amounts to current reported amounts by \$975,266. A significant portion of the net increase was grants and casualty insurance proceeds related to repairs and renovations of damage caused by Hurricane Michael that hit the area in October 2018.

### Town Highlights

In July, 2019 the Town was awarded an MSCOP Grant from the Florida Department of Transportation in the amount of \$801,174 for Keevers Road reconstruction and resurfacing. The Grant amount was later reduced to \$782,318 due to anticipated "actual" costs. This project was completed September, 2020.

The Sneads Police Department received two grants during the 2019-2020 fiscal year. The Department of Justice awarded the Department \$971 for half the purchase price for ballistic panels to go inside bulletproof vests. The Sneads Police Department utilized these funds by purchasing six panels. The Department of Justice, Edward Byrne Memorial Justice Assistance Grant was awarded in the amount of \$10,000 for the purchase of radios. The Sneads Police Department purchased eight radios with these 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. The Town is utilizing these funds in the 2020-2021 fiscal year for pivot repairs at an estimated cost of \$298,000.

The Town of Sneads was able to resurface and repair roads damaged by Hurricane Michael at a cost of \$323,800 by utilizing FEMA funding.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Town is still working on major repairs from the damage caused by Hurricane Michael that hit the area in October, 2018. Much needed fencing repairs, electrical and clean up at the Town's Recreation Complex was completed in the 2019-2020 fiscal year. Substantial repairs and replacement of property is still to be completed to the Town's Waste Water Treatment Plant, Recreation Park and Sneads Park on Lake Seminole.

The Town started receiving CARE Act Funds (Covid-19 Virus Relief Funds) at the end of the 2019-2020 fiscal year for Covid-19 related costs.

The Jackson County Board of County Commissioners purchased a 2020 water tanker truck at a cost of \$186,000 and donated the truck to the Sneads Volunteer Fire Department.

As the Town was still making repairs and replacing property destroyed by Hurricane Michael the Corona-19 virus struck. The Town continues to show its resiliency and continues addressing our residents' needs.

### **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 2019-2020 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 deteriorating.

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 on pages 10 and 11.

## 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 \$1,065,000 primarily for continuing capital expenditures and repairs related to hurricane damage.

The governmental fund financial statements can be found in this report on pages 12 to 15.

### **Proprietary Funds**

The Town reports the following proprietary funds: Water and Sewer Revenue Fund and Solid Waste Fund. 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 on pages 16 to 18.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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) had not been reported and not depreciated in governmental financial statements. This statement requires that these assets acquired subsequent to September 2003 be valued and reported within the governmental column of government-wide statements.

The notes to Financial statements are located on pages 19 to 39 in this report.

## Government-Wide Financial Analysis

### STATEMENT OF NET POSITION

As of SEPTEMBER 30, 2020

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
Current and Other Assets	\$ 1,241,640	\$ 1,133,341	\$ 1,092,672	\$ 1,410,803	\$ 2,334,312	\$ 2,544,144
Capital Assets	<u>1,067,562</u>	<u>2,107,652</u>	<u>6,123,093</u>	<u>5,927,133</u>	<u>7,190,655</u>	<u>8,034,785</u>
Total Assets	<u>2,309,202</u>	<u>3,240,993</u>	<u>7,215,765</u>	<u>7,337,936</u>	<u>9,524,967</u>	<u>10,578,929</u>
Deferred Outflow of Resources	<u>211,010</u>	<u>288,715</u>	<u>100,261</u>	<u>115,658</u>	<u>311,271</u>	<u>404,373</u>
Current Liabilities	106,768	44,548	266,794	156,742	373,562	201,290
Non-Current Liabilities	<u>684,383</u>	<u>914,548</u>	<u>2,680,585</u>	<u>2,799,496</u>	<u>3,364,968</u>	<u>3,714,044</u>
Total Liabilities	<u>791,151</u>	<u>959,096</u>	<u>2,947,379</u>	<u>2,956,238</u>	<u>3,738,530</u>	<u>3,915,334</u>
Deferred Inflow of Resources	<u>135,730</u>	<u>134,861</u>	<u>64,850</u>	<u>60,713</u>	<u>200,580</u>	<u>195,574</u>
Net Position						
Invested in Capital Assets, net of related debt	1,156,629	2,107,652	3,763,535	3,602,525	4,920,164	5,710,177
Restricted	-	5,047	194,903	374,794	194,903	379,841
Unrestricted	<u>436,702</u>	<u>323,052</u>	<u>345,359</u>	<u>459,324</u>	<u>782,061</u>	<u>782,376</u>
Total Net Position	<u>\$ 1,593,331</u>	<u>\$ 2,435,751</u>	<u>\$ 4,303,797</u>	<u>\$ 4,436,643</u>	<u>\$ 5,897,128</u>	<u>\$ 6,872,394</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, 2020**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
<b>REVENUES</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 197,345	\$ 200,309	\$ 1,389,448	\$ 1,326,807	\$ 1,586,793	\$ 1,527,116
Operating Grants & Contributions	37,533	288,133	-	-	37,533	288,133
Capital Grants & Contributions	<u>129,250</u>	<u>979,991</u>	<u>-</u>	<u>155,180</u>	<u>129,250</u>	<u>1,135,171</u>
<b>Total Program Revenues</b>	<u>364,128</u>	<u>1,468,433</u>	<u>1,389,448</u>	<u>1,481,987</u>	<u>1,753,576</u>	<u>2,950,420</u>
<b>General Revenues</b>						
Taxes - Other	769,107	748,968	-	-	769,107	748,968
Property Taxes	21,074	51,774	-	-	21,074	51,774
Gain on Disposition of Capital Assets	457,504	4,970	32,753	22,694	490,257	27,664
Insurance Proceeds - Hurricane Michael	138,013	110,607	213,264	178,412	351,277	289,019
Transfers	4,210	51,270	(4,210)	(51,270)	-	-
Miscellaneous	<u>9,525</u>	<u>9,870</u>	<u>4,615</u>	<u>3,135</u>	<u>14,140</u>	<u>13,005</u>
<b>Total General Revenues</b>	<u>1,399,433</u>	<u>977,459</u>	<u>246,422</u>	<u>152,971</u>	<u>1,645,855</u>	<u>1,130,430</u>
<b>Total Revenues</b>	<u>1,763,561</u>	<u>2,445,892</u>	<u>1,635,870</u>	<u>1,634,958</u>	<u>3,399,431</u>	<u>4,080,850</u>
<b>EXPENSES</b>						
<b>Governmental Activities</b>						
General Government	128,523	181,284	-	-	128,523	181,284
Public Safety	530,966	670,058	-	-	530,966	670,058
Physical Environment	7,491	2,331	-	-	7,491	2,331
Transportation	269,980	585,882	-	-	269,980	585,882
Health and Sanitation	7,477	22,409	-	-	7,477	22,409
Culture/Recreation	83,085	140,051	-	-	83,085	140,051
Interest Expense	4,477	1,457	-	-	4,477	1,457
<b>Business-Type Activities</b>						
Water and Sewer	-	-	1,378,088	1,284,004	1,378,088	1,284,004
Solid Waste	<u>-</u>	<u>-</u>	<u>251,142</u>	<u>218,108</u>	<u>251,142</u>	<u>218,108</u>
<b>Total Expenses</b>	<u>1,031,999</u>	<u>1,603,472</u>	<u>1,629,230</u>	<u>1,502,112</u>	<u>2,661,229</u>	<u>3,105,584</u>
Change in Net Position	731,562	842,420	6,640	132,846	738,202	975,266
Net Position-Beginning	<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>
Net Position-Ending	<u>\$ 1,593,331</u>	<u>\$ 2,435,751</u>	<u>\$ 4,303,797</u>	<u>\$ 4,436,643</u>	<u>\$ 5,897,128</u>	<u>\$ 6,872,394</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's 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, 2020 the Town's governmental funds reported combined ending fund balances of \$1,046,711. Of this amount \$1,041,664 was unrestricted.

### **Proprietary Funds**

The Town'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, 2020 was \$4,436,643 of which \$4,061,849 was unrestricted, including Net Position Invested in Capital Assets.

### **Request for Information**

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

## FINANCIAL STATEMENTS



Town of Sneads, Florida  
Statement of Net Position  
September 30, 2020

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	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 613,901	\$ 595,976	\$1,209,877
Restricted Assets	73,149	763,058	836,207
Accounts Receivable	27,017	114,174	141,191
Inventory	-	35,748	35,748
Due from Other Governments	321,121	-	321,121
Internal Balances	98,153	(98,153)	-
Capital Assets:			
Land	104,496	85,921	190,417
Other Capital Assets, Net of Depreciation	<u>2,003,156</u>	<u>5,841,212</u>	<u>7,844,368</u>
Total Capital Assets	<u>2,107,652</u>	<u>5,927,133</u>	<u>8,034,785</u>
Total Assets	<u>3,240,993</u>	<u>7,337,936</u>	<u>10,578,929</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related To Pension	<u>288,715</u>	<u>115,658</u>	<u>404,373</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	44,548	60,201	104,749
Customer Deposits	-	96,541	96,541
Long Term Liabilities:			
Due Within One Year	-	84,773	84,773
Due in More Than One Year	73,779	2,266,466	2,340,245
Net Pension Liability	<u>840,769</u>	<u>448,257</u>	<u>1,289,026</u>
Total Liabilities	<u>959,096</u>	<u>2,956,238</u>	<u>3,915,334</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related To Pension	92,779	37,169	129,948
Deferred Revenues	<u>42,082</u>	<u>23,544</u>	<u>65,626</u>
Total Deferred Inflows of Resources	<u>134,861</u>	<u>60,713</u>	<u>195,574</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	2,107,652	3,602,525	5,710,177
Restricted for:			
Special Projects	5,047	-	5,047
Debt Service	-	218,192	218,192
Other Purposes	-	156,602	156,602
Unrestricted (Deficit)	<u>323,052</u>	<u>459,324</u>	<u>782,376</u>
Total Net Position	<u>\$ 2,435,751</u>	<u>\$ 4,436,643</u>	<u>\$6,872,394</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, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-type Activities</u>	
Governmental Activities:							
General Government	\$ 181,284	\$ 123,516	\$ 252,054	\$ -	\$ 194,286		\$ 194,286
Public Safety	670,058	42,244	23,000	216,971	(387,843)		(387,843)
Physical Environment	2,331	9,706	-	-	7,375		7,375
Transportation	585,882	15,120	-	756,020	185,258		185,258
Health	22,409	1,200	-	-	(21,209)		(21,209)
Culture/Recreation	140,051	8,523	13,079	7,000	(111,449)		(111,449)
Interest on Long Term Debt	1,457	-	-	-	(1,457)		(1,457)
<b>Total Governmental Activities</b>	<b>1,603,472</b>	<b>200,309</b>	<b>288,133</b>	<b>979,991</b>	<b>(135,039)</b>		<b>(135,039)</b>
Business-type Activities:							
Water & Sewer	1,284,004	1,077,467	-	155,180	-	\$ (51,357)	(51,357)
Solid Waste	218,108	249,340	-	-	-	31,232	31,232
<b>Total Business-type Activities</b>	<b>1,502,112</b>	<b>1,326,807</b>	<b>-</b>	<b>155,180</b>	<b>-</b>	<b>(20,125)</b>	<b>(20,125)</b>
<b>Total Primary Government</b>	<b>\$ 3,105,584</b>	<b>\$ 1,527,116</b>	<b>\$ 288,133</b>	<b>\$ 1,135,171</b>	<b>(135,039)</b>	<b>(20,125)</b>	<b>(155,164)</b>
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes					51,774	-	51,774
Taxes - Other					748,968	-	748,968
Miscellaneous					9,870	3,135	13,005
Gain From Disposition of Capital Assets					4,970	22,694	27,664
Insurance Proceeds - Hurricane Michael					110,607	178,412	289,019
Transfers In (Out)					51,270	(51,270)	-
<b>Total General Revenues and Transfers</b>					<b>977,459</b>	<b>152,971</b>	<b>1,130,430</b>
<b>Change in Net Position</b>					<b>842,420</b>	<b>132,846</b>	<b>975,266</b>
Net Position - beginning					1,593,331	4,303,797	5,897,128
Net Position - ending					<b>\$ 2,435,751</b>	<b>\$ 4,436,643</b>	<b>\$ 6,872,394</b>

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

Town of Sneads, Florida  
Balance Sheet – Governmental Funds  
September 30, 2020

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	General Fund	Street Fund	Recreation Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 595,751	\$ 51,278	\$ 18,150	\$ 665,179
Accounts Receivable	27,017	-	-	27,017
Due From Other Governments	321,121	21,871	-	342,992
Due From Other Funds	<u>160,720</u>	<u>6,240</u>	-	<u>166,960</u>
Total Assets	<u>\$ 1,104,609</u>	<u>\$ 79,389</u>	<u>\$ 18,150</u>	<u>\$ 1,202,148</u>
 <b>LIABILITIES, DEFERRED REVENUES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 37,012	\$ 5,535	\$ 2,001	\$ 44,548
Due to Other Funds	<u>-</u>	<u>68,807</u>	<u>-</u>	<u>68,807</u>
Total Liabilities	<u>37,012</u>	<u>74,342</u>	<u>2,001</u>	<u>113,355</u>
 Deferred Revenues	 <u>42,082</u>	 <u>-</u>	 <u>-</u>	 <u>42,082</u>
Fund Balances:				
Restricted for:				
Special Projects	-	5,047	-	5,047
Assigned For:				
Recreation	-	-	16,149	16,149
Unassigned	<u>1,025,515</u>	<u>-</u>	<u>-</u>	<u>1,025,515</u>
Total Fund Balances	<u>1,025,515</u>	<u>5,047</u>	<u>16,149</u>	<u>1,046,711</u>
Total Liabilities and Fund Balances	<u>\$ 1,104,609</u>	<u>\$ 79,389</u>	<u>\$ 18,150</u>	<u>\$ 1,202,148</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, 2020

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Total Fund Balances - Total Governmental Funds	\$ 1,046,711
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.	2,107,652
Some liabilities, including loan payables are not due and payable in the current period and therefore are not reported in the funds.	(914,548)
Deferred outflows are not reportable as current expenditures and therefore not reported in the funds.	288,715
Deferred inflows are not reportable as current revenues or reductions of expenditures and therefore not reported in the funds.	<u>(92,779)</u>
Total Net Position	<u>\$ 2,435,751</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, 2020

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	<u>General Fund</u>	<u>Street Fund</u>	<u>Recreation Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 469,900	\$ 113,648	\$ -	\$ 583,548
Licenses & Permits	101,485	-	-	101,485
Intergovernmental Revenues	1,484,905	412	-	1,485,317
Charges for Services	73,506	-	5,390	78,896
Judgments and Fines	2,165	-	-	2,165
Miscellaneous Revenues	<u>27,541</u>	<u>61</u>	<u>32</u>	<u>27,634</u>
Total Revenues	<u>2,159,502</u>	<u>114,121</u>	<u>5,422</u>	<u>2,279,045</u>
<b>EXPENDITURES</b>				
Current:				
General Government	159,738	-	-	159,738
Public Safety	501,976	-	-	501,976
Physical Environment	1,591	-	-	1,591
Transportation	435,854	104,423	-	540,277
Health	22,035	-	-	22,035
Culture/Recreation	33,547	-	85,332	118,879
Debt Service:				
Principal	12,252	3,177	-	15,429
Interest	1,405	52	-	1,457
Capital Outlay	<u>992,218</u>	<u>-</u>	<u>91,922</u>	<u>1,084,140</u>
Total Expenditures	<u>2,160,616</u>	<u>107,652</u>	<u>177,254</u>	<u>2,445,522</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,114)	6,469	(171,832)	(166,477)
<b>OTHER SOURCES (USES) OF FUNDS</b>				
Proceeds from Disposition of				
Capital Assets	5,506	-	-	5,506
Insurance Proceeds - Hurricane Michael	110,607	-	-	110,607
Transfers In	51,270	-	244,212	295,482
Transfers Out	<u>(244,212)</u>	<u>-</u>	<u>-</u>	<u>(244,212)</u>
Net Change in Fund Balances	(77,943)	6,469	72,380	906
Fund Balances - beginning	<u>1,103,458</u>	<u>(1,422)</u>	<u>(56,231)</u>	<u>1,045,805</u>
Fund Balances - ending	<u>\$ 1,025,515</u>	<u>\$ 5,047</u>	<u>\$ 16,149</u>	<u>\$ 1,046,711</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, 2020

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Net Change in Fund Balances - Total Governmental Funds \$ 906

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 net capital outlays, \$1,083,187, exceeds depreciation, (\$147,593), in the current period. 935,594

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, \$15,429, exceeded the net increase in long term accrued leave, (\$10,317), in the current period. 5,112

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 increase in deferred outflows, \$77,705, the decrease in deferred inflows, \$42,951, and the increase in net pension liabilities, (\$219,848), in the current period. (99,192)

Change in Net Position of Governmental Activities \$ 842,420

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, 2020

	Business-type Activities		
	Water & Sewer	Solid Waste	Proprietary Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 499,504	\$ 96,472	\$ 595,976
Accounts Receivable	114,174	-	114,174
Due From Other Funds	-	9,459	9,459
Inventory	35,748	-	35,748
Total Current Assets	<u>649,426</u>	<u>105,931</u>	<u>755,357</u>
Noncurrent Assets:			
Cash and Cash Equivalents	763,058	-	763,058
Capital Assets:			
Land	20,427	-	20,427
Construction In Progress	65,494	-	65,494
Buildings and Improvements	67,662	-	67,662
Improvements Other than Buildings	11,643,593	-	11,643,593
Machinery and Equipment	697,409	43,392	740,801
Less Accumulated Depreciation	(6,583,558)	(27,286)	(6,610,844)
Total Noncurrent Assets	<u>6,674,085</u>	<u>16,106</u>	<u>6,690,191</u>
Total Assets	<u>7,323,511</u>	<u>122,037</u>	<u>7,445,548</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related To Pension	115,658	-	115,658
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	43,024	17,177	60,201
Loans from Other Funds	107,612	-	107,612
Current Portion of Bonds & Notes	84,773	-	84,773
Total Current Liabilities	<u>235,409</u>	<u>17,177</u>	<u>252,586</u>
Noncurrent Liabilities:			
Accrued Leave	26,630	-	26,630
Customer Deposits	96,541	-	96,541
Bonds and Notes Payable After One Year	2,239,836	-	2,239,836
Net Pension Liability	448,257	-	448,257
Total Noncurrent Liabilities	<u>2,811,264</u>	<u>-</u>	<u>2,811,264</u>
Total Liabilities	<u>3,046,673</u>	<u>17,177</u>	<u>3,063,850</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related To Pension	37,169	-	37,169
Deferred Revenues	23,544	-	23,544
Total Deferred Inflows of Resources	<u>60,713</u>	<u>-</u>	<u>60,713</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	3,586,419	16,106	3,602,525
Restricted:			
Debt Service	218,192	-	218,192
Other Purposes	156,602	-	156,602
Unrestricted	370,570	88,754	459,324
Total Net Position	<u>\$ 4,331,783</u>	<u>\$ 104,860</u>	<u>\$ 4,436,643</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, 2020

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	Business-type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 1,051,313	\$ 247,548	\$ 1,298,861
Miscellaneous Charges and Fees	<u>26,154</u>	<u>1,792</u>	<u>27,946</u>
Total Charges for Services	<u>1,077,467</u>	<u>249,340</u>	<u>1,326,807</u>
<b>OPERATING EXPENSES</b>			
Personal Services	403,784	1,067	404,851
Contractual Services	117,959	205,054	323,013
Utilities	173,823	-	173,823
Repairs and Maintenance	109,793	-	109,793
Other Supplies and Expenses	82,163	-	82,163
Insurance	37,021	7,404	44,425
Depreciation	<u>261,640</u>	<u>4,583</u>	<u>266,223</u>
Total Operating Expenditures	<u>1,186,183</u>	<u>218,108</u>	<u>1,404,291</u>
Operating Income (Loss)	<u>(108,716)</u>	<u>31,232</u>	<u>(77,484)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	3,005	130	3,135
Interest Expense	(97,821)	-	(97,821)
Gain on Disposition of Capital Assets	1,200	21,494	22,694
State of Florida - SRF Grant Funds	155,180		155,180
Insurance Proceeds - Hurricane Michael	178,412	-	178,412
Transfers In	-	77,845	77,845
Transfers Out	<u>(79,045)</u>	<u>(50,070)</u>	<u>(129,115)</u>
Total Nonoperating Revenue (Expenses)	<u>160,931</u>	<u>49,399</u>	<u>210,330</u>
Change in Net Position	<u>52,215</u>	<u>80,631</u>	<u>132,846</u>
Net Position - beginning	<u>4,279,568</u>	<u>24,229</u>	<u>4,303,797</u>
Net Position - ending	<u>\$ 4,331,783</u>	<u>\$ 104,860</u>	<u>\$ 4,436,643</u>

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, 2020

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	Business-type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 1,088,487	\$ 249,340	\$ 1,337,827
Payments to Suppliers	(556,113)	(212,092)	(768,205)
Payments to Employees	(373,662)	(1,067)	(374,729)
Net Cash Provided by Operating Activities	158,712	36,181	194,893
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Net Loans from (to) Other Funds	35,707	(3,752)	31,955
Other Receipts	5,790	-	5,790
Transfers to Other Funds	(1,200)	(50,070)	(51,270)
Net Cash Provided by Noncapital Financing Activities	40,297	(53,822)	(13,525)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of Capital Assets	(98,839)	-	(98,839)
Disposition of Capital Assets	1,200	50,070	51,270
New Capital Debt	27,755	-	27,755
Principal Paid on Capital Debt	(62,704)	-	(62,704)
Interest Paid on Capital Debt	(98,015)	-	(98,015)
Capital Grant State of Florida - SRF	155,180	-	155,180
Insurance Proceeds - Hurricane Michael	201,956	-	201,956
Net Cash Provided by Capital and Related Financing Activities	126,533	50,070	176,603
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Income	3,005	130	3,135
Net Increase in Cash and Cash Equivalents	328,547	32,559	361,106
Cash and Cash Equivalents, beginning of year	934,015	63,913	997,928
Cash and Cash Equivalents, end of year	\$ 1,262,562	\$ 96,472	\$ 1,359,034
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (108,716)	\$ 31,232	\$ (77,484)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:			
Depreciation	261,640	4,583	266,223
Pension Expense	33,257	-	33,257
Change in Assets and Liabilities, and Deferred Outflows			
Accounts Receivable	11,020	-	11,020
Accounts Payable	(44,433)	366	(44,067)
Deferred Outflows - Contributions after Measurement Date	5,944	-	5,944
Net Cash Provided by Operating Activities	\$ 158,712	\$ 36,181	\$ 194,893

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

## NOTES TO THE 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, 2020.

#### 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 proprietary 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).

**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 noncurrent 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:

All of the Town's proprietary funds are enterprise 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.

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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 \$5,000 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.

G. DEFERRED OUTFLOWS, INFLOWS AND PENSION LIABILITIES

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 measurement 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 represent 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

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

projected and actual earnings of FRS Pension investments, and changes in the proportion and differences between the Town's contribution and proportionate share of contributions relating to the FRS Pension Plans. These amounts will be recognized as reductions in pension expense in future years. As of September 30, 2020, the Town also reported deferred revenues for funds received from the FEMA program, but not spent as of year-end.

Pension Liability

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 market value.

H. 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:

-Non-spendable 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, 2020 the Town had no non-spendable or committed funds.

I. PROPERTY TAXES

The Town voted a local millage rate for the assessment of ad valorem property taxes. This rate was set at .6753 mills for the October 2019 through September 2020 budget year. The Jackson County Property Appraiser's office includes this assessment with county wide property tax

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

J. 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.

K. 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 14 below.

L. 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, 2020, 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>2,032,822</u>
Total Deposits With Financial Institutions	2,282,822
Petty Cash (unsecured)	<u>400</u>
Total	<u>\$ 2,283,222</u>
Carrying Value on Financial Statements	<u>\$ 2,024,213</u>

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2020

**NOTE 2 – CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS - continued**

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.

**NOTE 3 – RECEIVABLES**

At September 30, 2020, the Town reported significant receivables as follows:

**GENERAL FUND**

Utility Tax and Franchise Fees	\$ 27,017
Due From State of Florida	293,763
Due From Jackson County	<u>27,358</u>
Total	<u>\$ 348,138</u>

**STREET FUND**

Due From State of Florida	\$ 19,655
Due From Jackson County	<u>2,216</u>
Total	<u>\$ 21,871</u>

**WATER AND SEWER FUND**

Utility Services Receivable	\$ 113,967
Other	<u>207</u>
Total	<u>\$ 114,174</u>

No allowances for uncollectible accounts are considered necessary.

**NOTE 4 - INTERFUND BALANCES AND ACTIVITY**

As of September 30, 2020, 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	\$ 68,807
Water & Sewer Fund	General Fund	Operating Expense	71,049
Water & Sewer Fund	General Fund	Revenue Collection	20,864
Water & Sewer Fund	Street Fund	Operating Expense	6,240
Water & Sewer Fund	Solid Waste Fund	Revenue Collection	<u>9,459</u>
Total			<u>\$ 176,419</u>



Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2020

NOTE 4 - INTERFUND BALANCES AND ACTIVITY - continued

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	\$ 244,212
Water & Sewer Fund	General Fund	Sale of Surplus Property	1,200
Water & Sewer Fund	Solid Waste Fund	Transfer of Pension Liability	77,845
Solid Waste Fund	General Fund	Sale of Surplus Property	<u>50,070</u>
Total			<u>\$ 373,327</u>

NOTE 5 – CAPITAL ASSETS

Capital Assets Activity for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<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	756,020	-	905,674
Buildings & Improvements	317,113	-	-	317,113
Improvements Other Than Buildings	736,127	85,631	-	821,758
Equipment	<u>1,257,577</u>	<u>242,072</u>	<u>(67,151)</u>	<u>1,432,498</u>
Total	<u>2,460,471</u>	<u>1,083,723</u>	<u>(67,151)</u>	<u>3,477,043</u>
<b>Less Accumulated Depreciation</b>				
Roads, Sidewalks, etc.	86,559	5,986	-	92,545
Buildings & Improvements	167,466	7,410	-	174,876
Improvements Other Than Buildings	215,429	30,730	-	246,159
Equipment	<u>923,455</u>	<u>103,467</u>	<u>(66,615)</u>	<u>960,307</u>
Total	<u>1,392,909</u>	<u>147,593</u>	<u>(66,615)</u>	<u>1,473,887</u>
Net Capital Assets Being Depreciated	<u>1,067,562</u>	<u>936,130</u>	<u>(536)</u>	<u>2,003,156</u>
Net Governmental Activity Capital Assets	<u>\$ 1,172,058</u>	<u>\$ 936,130</u>	<u>\$ (536)</u>	<u>\$ 2,107,652</u>

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2020

**NOTE 5 – CAPITAL ASSETS – Continued**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 20,427	\$ -	\$ -	\$ 20,427
Construction In Progress	-	65,494	-	65,494
Total	<u>20,427</u>	<u>65,494</u>	<u>-</u>	<u>85,921</u>
<i>Capital Assets Being Depreciated</i>				
Buildings & Improvements	67,662	-	-	67,662
Improvements Other Than Buildings	11,643,593	-	-	11,643,593
Equipment	872,637	33,346	(165,182)	740,801
Total	<u>12,583,892</u>	<u>33,346</u>	<u>(165,182)</u>	<u>12,452,056</u>
Less Accumulated Depreciation				
Buildings & Improvements	35,970	1,692	-	37,662
Improvements Other Than Buildings	5,747,839	233,729	-	5,981,568
Equipment	697,417	30,803	(136,606)	591,614
Total	<u>6,481,226</u>	<u>266,224</u>	<u>(136,606)</u>	<u>6,610,844</u>
Net Capital Assets Being Depreciated	<u>6,102,666</u>	<u>(232,878)</u>	<u>(28,576)</u>	<u>5,841,212</u>
Net Business-type Activity Capital Assets	<u>\$ 6,123,093</u>	<u>\$ (167,384)</u>	<u>\$ (28,576)</u>	<u>\$ 5,927,133</u>

Governmental activity depreciation expense was charged to functions as follows:

General Government	\$ 8,743
Public Safety:	
Police	29,685
Fire	54,386
Fire Rescue	1,276
Physical Environment	740
Transportation	31,634
Health	374
Recreation	20,755
Total	<u>\$ 147,593</u>

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2020

NOTE 6 – LONG-TERM DEBT

Governmental Activities

<u>Accumulated compensated absences</u>	\$ 73,779
Total Governmental Activities	<u>\$ 73,779</u>

Changes in governmental activities are as follows for the year ended September 30, 2020:

	<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>
Notes Payable	\$ 15,429	\$ 72,230	\$ (87,659)	\$ -	\$ -
Accrued Leave	72,692	1,087	-	73,779	-
Net Pension Liability	<u>620,921</u>	<u>219,848</u>	<u>-</u>	<u>840,769</u>	<u>-</u>
Total	<u>\$ 709,042</u>	<u>\$ 293,165</u>	<u>\$ (87,659)</u>	<u>\$ 914,548</u>	<u>\$ -</u>

During the current year, the Town borrowed, and repaid a short term note with a local bank as part of a \$200,000 line of credit in the amount of \$72,230 for advance funding of road work. The loan was repaid with state grant funds. The interest rate on this loan was 4.75%. The line of credit was closed out prior to year-end.

Total interest charged to expense for governmental activities for the year ended September 30, 2020 was \$1,457.

Business-type Activities

Enterprise Fund - Water and Sewer System

As of September 30, 2020 the Town has several bonds and notes outstanding related to the Water & Sewer System.

Note Payable Florida Department of Environmental Protection – Dated August 21, 2013, \$41,012 issued, interest at 1.46%, payable in 40 semi-annual installments on June 15 and December 15 through June, 2033. The purpose of this loan was for improvements to the boat ramp and landing at the Sneads Park. The agreement requires monthly installments to a sinking fund sufficient to pay the next semi-annual payment.

Principal Balance due as of September 30, 2020	<u>\$28,675</u>
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Note Payable Florida Department of Environmental Protection – Part of a grant/loan awarded July 15, 2019. The loan portion maximum is \$174,567, interest at 1.30%. This grant/loan project is for wastewater treatment facility construction. As of year-end, the project was still in progress. Repayment of the loan will be in semi-annual payments on January 15 and July 15. As of the date of this report, repayment terms have not been established. The entire principal is classified as current for reporting purposes. This agreement required a loan repayment reserve be set aside in the amount of \$174,424. It has been funded and included in restricted assets and debt service reserve.

Principal Balance due as of September 30, 2020	<u>\$27,754</u>
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Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2020

NOTE 6 - LONG-TERM DEBT – Continued

Bonded Debt- Bonded debt carries various requirements for the handling proceeds from the operation of the water and sewer system. A summary of these requirements follows.

The Bond Ordinance adopted March 12, 2002, requires the establishment of certain "trust funds" to insure repayment of the Water and Sewer System Revenue Bonds. A summary of these requirements is as follows:

- A. All cash income derived from the ownership and operation of the system shall be deposited into the "Revenue Fund."
- B. The "Sinking Fund" is to be used exclusively for the purpose of paying principal and interest on the bonds and is to be funded by transferring on or before the 15th of each month from the Revenue Fund, 1/12 of the next annual interest and principal requirements.
- C. The "2003 Reserve Account" is to be established by transferring on or before the 15th of each month from the Revenue Fund, the sum of one twelfth of one tenth of the Maximum Bond Service requirement until the account reaches, and to maintain, the maximum debt service requirement. The funds in this account shall be used only for paying the cost of repairing or replacing any damage to the system caused by an unforeseen catastrophe, 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 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>
2021	\$ 38,000	\$ 61,920
2022	40,000	60,210
2023	41,000	58,410
2024	43,000	56,565
2025	45,000	54,630
2026-2030	258,000	240,840
2031-2035	321,000	177,345
2036-2040	401,000	98,235
2041-2042	189,000	12,915
Totals	<u>\$ 1,376,000</u>	<u>\$ 821,070</u>

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2020

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>
2021	\$ 17,000	\$ 33,457
2022	17,000	32,819
2023	18,000	32,182
2024	18,000	31,507
2025	19,000	30,832
2026-2030	107,000	142,833
2031-2035	130,000	121,159
2036-2040	155,000	94,909
2041-2045	187,000	63,559
2046-2050	224,180	25,797
Totals	<u>\$ 892,180</u>	<u>\$ 609,054</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>
2021	\$ 84,773	\$ 95,788	\$ 180,561
2022	59,048	93,411	152,459
2023	61,078	90,944	152,022
2024	63,109	88,393	151,502
2025	66,139	85,752	151,891
2026-2030	376,176	384,645	760,821
2031-2035	458,106	298,687	756,793
2036-2040	556,000	193,144	749,144
2041-2045	376,000	76,474	452,474
2046-2050	224,180	25,797	249,977
Totals	<u>\$ 2,324,609</u>	<u>\$ 1,433,035</u>	<u>\$ 3,757,644</u>

Summary of changes in all Business-type activity long-term debt (including accrued leave and net pension liability):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
Revenue Bonds	\$ 2,320,180	\$ -	\$ (52,000)	\$ 2,268,180	\$ 55,000
Notes Payable	39,379	27,754	(10,704)	56,429	29,773
Accrued Leave	35,708	-	(9,078)	26,630	
Net Pension Liability	365,978	82,279	-	448,257	-
Totals	<u>\$ 2,761,245</u>	<u>\$ 110,033</u>	<u>\$ (71,782)</u>	<u>\$ 2,799,496</u>	<u>\$ 84,773</u>

#### 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, 2020 the following Net Positions 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.

Business-type Activities:

Water & Sewer Fund -

Bond retirement - This amount is equal to the assets in the revenue bond and state revolving fund notes 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, required supplementary information, actuarial report and other relevant information, is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://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.

NOTE 8 - PENSION PLAN – continued

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 eligible 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 July 1, 2001 through June 30, 2011, normal retirement benefits are available to regular class employees who retire with at least six 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 six 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 years 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 June 30, 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 or 30 years of service. Special risk class employees without eight years of special risk service must meet the requirements of the regular class.

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 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%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2020

NOTE 8 - PENSION PLAN – continued

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, 2019 were:

Class	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
Regular	3.00%	6.75%	9.75%
Special Risk	3.00%	23.76%	26.76%
Senior Management Service	3.00%	23.69%	26.69%
DROP	N/A	12.94%	12.94%

The above rates do not include a 1.66% health insurance subsidy contribution and .06% administrative assessment.

Total payroll for the Town's employees covered by the FRS was \$652,174 for the year ended September 30, 2020. Town and employee contributions to the plan totaled \$100,009 and \$19,414 respectively. At September 30, 2020, the Town had 21 participants in the plan.

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

At September 30, 2020, the Town reported a liability for its proportionate shares of the net pension liability. The net pension liability for the FRS Pension Plan and HIS Plan were prepared as of July 1, 2020. Update procedures were used to determine liabilities as of June 30, 2020. The Town's proportions of the net pension liabilities were based on the Town's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS	Total
Net pension liability at September 30, 2020	\$ 1,054,426	\$ 234,600	\$ 1,289,026
Town's proportion of total State liability at:			
June 30, 2020	0.002432734%	0.001921396%	
June 30, 2019	0.002215495%	0.002001181%	
Pension expense (benefit), year ended September 30, 2020	\$ 137,031	\$ (987)	\$ 136,044



Town of Sneads, Florida  
Notes to Financial Statements  
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NOTE 8 - PENSION PLAN - continued

At September 30, 2020 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>	
	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences Between Expected and Actual Experience	\$ 40,353	\$ -	\$ 9,597	\$ (181)
Changes of Assumption	190,877	-	25,225	(13,641)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	62,779	-	188	-
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	52,208	(67,278)	4,797	(48,848)
Town Contributions Subsequent to the Measurement Date	<u>16,123</u>	<u>-</u>	<u>2,226</u>	<u>-</u>
Total	<u>\$ 362,340</u>	<u>\$ (67,278)</u>	<u>\$ 42,033</u>	<u>\$ (62,670)</u>

Deferred outflows of resources related to pensions included \$16,123 for FRS and \$2,226 for HIS resulting from contributions subsequent to the June 30, 2020 measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended September 30, 2020.

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,	<u>FRS</u>	<u>HIS</u>
2021	\$ 60,805	\$ (5,711)
2022	94,700	(4,237)
2023	80,495	(1,158)
2024	48,120	(2,688)
2025	10,942	(3,660)
Thereafter	-	(3,183)

Deferred inflows exceed deferred outflows in the HIS program resulting in the negative recognition amounts.

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2020

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NOTE 8 - PENSION PLAN – continued

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of June 30, 2020, using the entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Payroll Growth	3.25%	3.25%
Investment Rate of Return	6.80%	N/A

Mortality assumptions for both plans were based on the PUB-2010 base table with variation for member category and sex, projected generationally with Scale MP-2018 details in valuation report.

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Plan has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2020 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 2020:

- FRS: The inflation rate assumption decreased from 2.60% to 2.40%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected investment rate of return decreased from 6.90% to 6.80%. The active member mortality assumptions remained unchanged.
- HIS: The inflation rate assumption and overall payroll growth rate assumption follows the FRS plan rates. The municipal rate used to determine the total pension liability decreased from 3.50% to 2.21%.

Town of Sneads, Florida  
Notes to Financial Statements  
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NOTE 8 - PENSION PLAN - continued

The long-term expected rate of return assumption of 6.80% consists of two building block components: 1) a real (in excess of inflation) return of 4.30%, consistent with the capital market outlook model developed during 2020 by the outside investment consultant to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2020 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.80% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.80% reported investment return assumption differs from the 7.00% investment return assumption chosen by the 2020 FRS Actuarial Assumption Conference for funding policy 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%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Assumption Inflation - Mean			2.4%	1.7%

Money-Weighted Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on FRS Pension Plan investments, net of pension plan investment expense was 3.35%.

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.80%. 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 2.21% was used to determine the total pension liability for the program. The Bond Buyer General

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2020

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NOTE 8 - PENSION PLAN – continued

Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

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	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	<u>5.80%</u>	<u>6.80%</u>	<u>7.80%</u>	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Town's Proportionate Share of Net Pension Liability	<u>\$1,683,672</u>	<u>\$1,054,426</u>	<u>\$525,798</u>	<u>\$271,186</u>	<u>\$234,600</u>	<u>\$204,653</u>

Pension Plan Fiduciary Net Position

Detailed information about the FRS Pension 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 – 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 are responsible for 100% of the actual premium cost. Expenses for postretirement health care benefits are recognized as paid and there is no 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 all 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.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS - continued

The Town did not implement GASB Statement No. 45, as amended by GASB Statement 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. Town management does not believe these cost are material to the financial statements. However, they plan to obtain the required actuarial studies in the near future.

NOTE 10 - 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 11 - 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, 2020 amounting to approximately 56% of total sewer fee revenues. These fees are anticipated to continue to provide a significant portion of the Town's total sewer revenues.

NOTE 12 - FRANCHISE FEE INCOME

The Town provides an 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>\$ 95,301</u>

NOTE 13 - 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, 2020, rent from this lease was recorded at \$12,540.

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

NOTE 13 - LEASE INCOME - continued

assets total \$47,540. As a result of Hurricane Michael, significant repairs were required to this property. These repairs were charged to expenditures.

NOTE 14 – GRANTS, MAJOR PROJECTS AND SUBSEQUENT EVENTS

Hurricane Michael Damage - On October 10, 2018 the Town of Sneads, along with the central Florida Panhandle were hit by a catastrophic Category 5 hurricane named Michael. The Town had major damage at the Recreation Park, Sneads Park on Lake Seminole and Waste Water Treatment Plant. Many citizens had major damage as well. As of September 30, 2020, the Town continues to recover from this event through repairs, renovations and improvements of its property and equipment. The Town has received financial assistance with the recovery from insurance proceeds, Federal Emergency Management Agency (FEMA) funds, and other grants. While much headway has been accomplished, much is left to do.

MSCOP Grant – The Town was awarded a Small Counties Outreach Program Grant for Municipalities (MSCOP) in July 2019 by the Florida Department of Revenue. This grant was awarded for the purpose of Keevers Road reconstruction and resurfacing. The original award was for \$801,174, however, this was reduced to \$782,318 based on anticipated actual costs. The project was completed during September, 2020.

State Revolving Fund Grant – Also in July 2019, the Town was awarded a loan/grant from the Florida Department of Environmental Protection for assistance with water and wastewater system repairs required as a result of Hurricane Michael. The funding is 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 September 2020, the Town has received \$182,903 for these repairs. Future repairs planned for the 2020-2021 fiscal year are related to wastewater pivot repairs with an estimated cost of \$298,000.

Sneads Police Department Grants – The Police Department received two grants during the current year. A grant in the amount of \$10,000 for the purchase of radio equipment was received from the Department of Justice, Edward Byrne Memorial Justice Assistance Grant Program. A second grant in the amount of \$971 was received from the Department of Justice, Bulletproof Vest Partnership Program, and was used to acquire six ballistic panels to go inside bulletproof vests.

FEMA Funds – The Town received a total of \$291,006 from FEMA in the current year. These funds were used to complete street and road repairs and apply toward water and waste water repairs. As of September 30, 2020 a total of \$65,626 was unspent and classified as deferred income.

In Kind Grants – The Jackson County Board of County Commissioners acquired a new water tanker truck and donated it to the Town for use by the Sneads Volunteer Fire Department. This vehicle was valued at \$186,000. The town also received several other police vehicles from another government agency valued at a total of \$20,000.

NOTE 14 – GRANTS, MAJOR PROJECTS AND SUBSEQUENT EVENTS -continued

Budget Amendments - The Town of Sneads adopts an annual operating budget for all funds. Subsequent to year-end, the budget for the General Fund was amended to add \$1,065,000 primarily for capital expenditures and repairs to streets and roads funded by grants and FEMA funds.

NOTE 15 – LITIGATION

The Town had three lawsuits pending as of year-end. One of the proceedings was settled in mitigation in January 2021 with an award to the defendant. The award was covered by insurance with no direct financial detriment to the Town. In the opinion of management, after consultation with legal counsel, the remaining 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 counsel 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, 2020

	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis) <u>See Note</u>
<b>REVENUES</b>			
Taxes	\$ 437,403	\$ 437,403	\$ 469,900
Licenses & Permits	93,991	93,991	101,485
Intergovernmental Revenues	254,335	1,241,361	1,271,905
Charges for Services	68,708	68,708	73,506
Judgements and Fines	2,920	2,920	2,165
Miscellaneous Revenues	25,596	25,596	27,541
Total Revenues	882,953	1,869,979	1,946,502
<b>EXPENDITURES</b>			
Current:			
General Government	164,217	164,217	159,738
Public Safety	438,448	438,448	501,976
Physical Environment	8,200	8,200	1,591
Transportation	129,409	420,470	435,854
Health	22,960	22,960	22,035
Culture/Recreation	48,600	48,600	33,547
Debt Service:			
Principal	10,863	10,863	12,252
Interest	-	-	1,405
Capital Outlay	72,738	846,677	779,218
Total Expenditures	895,435	1,960,435	1,947,616
Excess (Deficiency) of Revenues over Expenditures	(12,482)	(90,456)	(1,114)
<b>OTHER SOURCES AND USES OF FUNDS</b>			
Proceeds From Sale of Capital Assets	2,000	2,000	5,506
Insurance Proceeds - Hurricane Michael	-	-	110,607
Transfers In	-	-	51,270
Transfers Out	(317,518)	(317,518)	(244,212)
Net Change in Fund Balance	(328,000)	(405,974)	(77,943)
Fund Balance - beginning	1,103,458	1,103,458	1,103,458
Fund Balance - ending	\$ 775,458	\$ 697,484	\$ 1,025,515

Note: This schedule is generally prepared on the modified accrual basis of accounting, however actual Intergovernmental Revenues and Capital Outlay expenditures do not include \$213,000 related to noncash contributions of equipment from other governments not included in the Town's budget process.

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, 2020

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	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
<b>REVENUES</b>			
Taxes	\$ 119,595	\$ 119,595	\$ 113,648
Intergovernmental Revenues	-	-	412
Miscellaneous Revenues	-	-	61
Total Revenues	119,595	119,595	114,121
<b>EXPENDITURES</b>			
Current:			
Transportation	116,295	116,295	104,423
Debt Service:			
Principal	3,177	3,177	3,177
Interest	123	123	52
Total Expenditures	119,595	119,595	107,652
Excess (deficiency) of			
Revenues Over Expenditures	-	-	6,469
Net Change in Fund Balance	-	-	6,469
Fund Balance - beginning	(1,422)	(1,422)	(1,422)
Fund Balance - ending	\$ (1,422)	\$ (1,422)	\$ 5,047

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, 2020

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	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
<b>REVENUES</b>			
Charges For Services	\$ 31,500	\$ 31,500	\$ 5,390
Miscellaneous Revenues	<u>-</u>	<u>-</u>	<u>32</u>
Total Revenues	<u>31,500</u>	<u>31,500</u>	<u>5,422</u>
<b>EXPENDITURES</b>			
Current:			
Culture/Recreation	339,018	339,018	85,332
Capital Outlay	<u>10,000</u>	<u>10,000</u>	<u>91,922</u>
Total Expenditures	<u>349,018</u>	<u>349,018</u>	<u>177,254</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(317,518)</u>	<u>(317,518)</u>	<u>(171,832)</u>
<b>OTHER SOURCES AND USES OF FUNDS</b>			
Insurance Proceeds - Hurricane Michael	-	-	-
Transfers In	<u>317,518</u>	<u>317,518</u>	<u>244,212</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>72,380</u>
Fund Balance - beginning	<u>(56,231)</u>	<u>(56,231)</u>	<u>(56,231)</u>
Fund Balance - ending	<u>\$ (56,231)</u>	<u>\$ (56,231)</u>	<u>\$ 16,149</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  
Schedule of Proportionate Share of Pension Liability  
Florida Retirement System  
Last 7 Fiscal Years

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**FRS PENSION PLAN**

	<u>2020</u>		<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	0.002432734%		0.002215495%		0.002502503%		0.002641973%		0.002888261%		0.002715198%		0.002592605%
Town's Proportionate Share of Net Pension Liability	\$ 1,054,426	\$	762,987	\$	753,498	\$	781,478	\$	729,288	\$	350,705	\$	158,187
Town's Covered Employee Payroll	\$ 652,174	\$	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	161.68%		113.50%		106.17%		101.83%		90.17%		44.19%		21.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.85%		82.61%		84.26%		83.89%		84.88%		92.00%		96.09%

**HEALTH INSURANCE SUBSIDY PROGRAM**

	<u>2020</u>		<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	0.001921396%		0.002001181%		0.002238247%		0.002438724%		0.002706862%		0.002587002%		0.002496623%
Town's Proportionate Share of Net Pension Liability	\$ 234,600	\$	223,912	\$	236,902	\$	260,762	\$	315,474	\$	263,835	\$	233,440
Town's Covered Employee Payroll	\$ 652,174	\$	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	35.97%		33.31%		33.38%		33.98%		39.00%		33.25%		31.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	3.00%		2.63%		2.15%		1.64%		0.97%		0.50%		0.99%

Note: 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 7 Fiscal Years

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FRS PENSION PLAN

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 78,816	\$ 72,490	\$ 71,319	\$ 68,777	\$ 70,435	\$ 66,198	\$ 56,789
Contributions in Relation to the Contractually Required Contribution	<u>(78,816)</u>	<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>	<u>\$ -</u>
Town's Covered Employee Payroll	\$ 652,174	672,214	709,698	767,433	808,820	793,565	731,177
Contributions as a Percentage of Covered Employee Payroll	12.09%	10.78%	10.05%	8.96%	8.71%	8.34%	7.77%

HEALTH INSURANCE SUBSIDY PROGRAM

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 10,756	\$ 11,122	\$ 12,138	\$ 12,906	\$ 13,874	\$ 9,889	\$ 8,553
Contributions in Relation to the Contractually Required Contribution	<u>(10,756)</u>	<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>	<u>\$ -</u>
Town's Covered Employee Payroll	652,174	672,214	709,698	767,433	808,820	793,565	731,177
Contributions as a Percentage of Covered Employee Payroll	1.65%	1.65%	1.71%	1.68%	1.72%	1.25%	1.17%

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  
 Schedule of Expenditures of State Awards  
 For the Year Ended September 30, 2020

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<u>GRANTOR/ PROGRAM TITLE</u>	<u>CSFA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>CURRENT EXPENDITURES</u>
<u>STATE AWARDS</u>			
<u>STATE OF FLORIDA</u>			
Department of Transportation			
Small County Outreach Program - Municipalities (MSCOP)	55.009	444095-1-54-1	\$ 756,020
Department of Environmental Protection			
Drinking Water Revolving Loan Fund	37.076	DW320530	44,289
Wastewater Treatment & Stormwater Management Fund	37.076	WW320520	<u>138,614</u>
Total Expenditures of State Financial Assistance			<u>\$ 938,923</u>

NOTES TO SCHEDULE:

- A. This schedule includes the grant activity of the Town of Sneads, Florida, under programs of the state government for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Department of Financial Services Rules, Chapter 691-5, Florida Administrative Code, State Financial Assistance, and presents only a selected portion of the operations of the Town of Sneads, Florida. Therefore, it is not intended to, and does not present the financial position, changes in net position, or cash flows of the Town.
- B. Expenditures reported on this schedule are reported on the accrual basis of accounting.

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 the 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, 2020. 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, 2020.

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  
June 29, 2021

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

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 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, 2020, 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 June 29, 2021.

### **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 item 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  
June 29, 2021

Grimsley and Associates, P.A.  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE  
PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

# GRIMSLEY & ASSOCIATES

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CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE RQUIRED BY CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

Honorable Mayor and Town Council  
Town of Sneads, Florida  
Sneads, Florida

### **Report on Compliance for Each Major State Project**

We have audited the Town of Sneads, Florida's compliance with the types of compliance requirements described in the Department of Financial Services' State Projects *Compliance Supplement* that could have a direct and material effect on each of the Town of Sneads, Florida's major State projects for the fiscal year ended September 30, 2020. The Town of Sneads, Florida's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State projects applicable to its State projects.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town of Sneads, Florida's major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.550, *Rules of The Auditor General*. Those standards and the Chapter 10.550, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Town of Sneads, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major State Project***

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

### **Report on Internal Control over Compliance**

Management of the Town of Sneads, Florida, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Sneads, Florida's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with the Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Sneads, Florida's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

*Grimsley & Associates*

Marianna, Florida  
June 29, 2021

Grimsley & Associates, P.A.  
Certified Public Accountants



## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Town of Sneads, Florida  
Schedule of Findings and Questioned Costs  
September 30, 2020

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Section 1 – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the statement of financial position of the Town of Sneads as of September 30, 2020.
2. No significant deficiencies were disclosed or material weaknesses identified by the audit of the financial statements.
3. One instance of noncompliance was disclosed in relation to the implementation of GASB State 75.
4. There were no significant deficiencies or material weaknesses relative to the major state projects for Town of Sneads.
5. The independent auditor’s report on compliance with requirements applicable to major state projects expressed an unmodified opinion.
6. There were no compliance findings relative to the major state projects for Town of Sneads.
7. The projects tested as major projects included the following:

<u>State Projects</u>	<u>State CSFA No.</u>
Department of Transportation Small county Outreach Program Municipalities (MSCOP)	55.009

8. The threshold for distinguishing Type A or Type B projects was \$750,000 for major state projects.
9. The Town of Sneads did not qualify as a low-risk auditee.

Town of Sneads, Florida  
Schedule of Findings and Questioned Costs  
September 30, 2020

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**FINDINGS – FINANCIAL STATEMENT AUDIT**

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

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 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, 2020, and have issued our report thereon dated June 29, 2021.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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*; Independent Auditor's Report on Compliance for Each Major State Project and report on Internal control over Compliance; Schedule of Findings and Questioned Costs; and Independent 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 June 29, 2021, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

Honorable Mayor and Town Council  
Town of Sneads  
Sneads, Florida

The management letter items are as follows:

None

The schedule of findings and questioned costs items are as follows:

Current Year Finding #	2018-19 FY Finding #	2017-18 FY Finding #
2019-002	2019-002	N/A

### **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 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  
June 29, 2021

*Grimsley & Associates*

Grimsley and Associates, P.A.  
Certified Public Accountants

## RESPONSE TO AUDIT FINDINGS





June 28, 2021

## Town of Sneads

PO Drawer 159

Sneads, Florida 32460

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

Website: [sneadsfl.com](http://sneadsfl.com)

Facebook: Town of Sneads – City Hall

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

Dear Sir:

The Town of Sneads, Florida respectively submits the following corrective action plan for the year ended September 30, 2020.

Auditors Grimsley & Associates, Certified Public Accountants, PA.

The findings from the September 30, 2020 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:**

2019-02          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 is coordinating with the Florida League of Cities, Inc. about any programs that might 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.

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

Sincerely,

Mike Weeks  
Council President