

TOWN OF SNEADS, FLORIDA

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2021

WITH

AUDITOR'S LETTER TO MANAGEMENT

AND

MANAGEMENT'S RESPONSE

TOWN OF SNEADS, FLORIDA

AS OF SEPTEMBER 30, 2021

COUNCIL PRESIDENT

Mike Weeks

COUNCIL VICE PRESIDENT

Donovan Weeks

COUNCIL MEMBERS

George Alexander  
Angela Locke  
Anthony Money

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, 2021, 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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sneads, Florida, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management 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 federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is 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 federal awards 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, 2022, on our consideration of the Town of Sneads, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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, 2022

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, 2021 by \$7,271,179 (net position).

The Town's overall net position increased from prior reported amounts to current reported amounts by \$535,911. A significant portion of the net increase was capital and operating grants proceeds related to repairs and renovations of damage caused by Hurricane Michael that hit the area in October 2018.

### **Town Highlights**

During the 2020-2021 fiscal year the Town obtained \$275,354 from the Cares Act Funding which allowed the Public Safety Departments to obtain much needed personal protective equipment (PPE). This included new laptops for Police Vehicles and tables for the Fire Department, heavy duty washer and extractor for the Fire Department to wash and clean fire uniforms and gear, waterproof uniforms and safety boots, along with other needed items. Also, the Town was able to secure a new Chevrolet Tahoe Safety Emergency Response vehicle, fully equipped with safety equipment to include the jaws of life to be respond to many of the calls involving accidents, thereby saving the wear and tear on the larger engines.

The State Revolving Fund (SRF) grant/loan, the Town was awarded in July, 2019, was used to fully renovate the Wastewater Treatment pivot spray irrigation system and repair of a lift station at the Wastewater Treatment Plant. During the current fiscal year, the Town received \$335,721 to cover final expenditures to complete the project. Of the amount received currently, \$67,144 was a loan that was repaid in the current year along with prior loan proceeds.

The Town spent in this 2020-2021 fiscal year \$915,753 for repairs to the Town's Wastewater Treatment Plant that was damaged due to Hurricane Michael in 2018. The substantial portion was funded with FEMA moneys.

The Town was approved for several CDBG related Grants that funding agreements were not received during this fiscal year. These Grants will be used to repair the flooding and drainage problems throughout the Town, re-surface many of the streets throughout the Town, assist business owners who had damage during hurricane Michael with some qualified upgrades/repairs, and

## **MANAGEMENT DISCUSSION AND ANALYSIS**

enable the Town to purchase some dilapidated buildings and upgrade the original downtown area off Old Spanish Trail. Upon receipt of these funding agreements, these projects will begin.

During the year ended September 30, 2021, the Town began recording liabilities and associated amounts for Other Post-Employment Benefits (OPEB) for the actuarial computed amounts for potential retired employee health insurance. The following statements for 2020 were restated to reflect the beginning balance and 2020 expenditure changes.

### **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 2020-2021 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.

### **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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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.

### **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 45 in this report

## MANAGEMENT DISCUSSION AND ANALYSIS

### Government-Wide Financial Analysis

#### STATEMENT OF NET POSITION

As of SEPTEMBER 30, 2021

	Governmental Activities		Business-Type Activities		Total	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Current and Other Assets	\$ 1,133,341	\$ 1,238,990	\$ 1,410,803	\$ 1,586,205	\$ 2,544,144	\$ 2,825,195
Capital Assets	<u>2,107,652</u>	<u>2,433,104</u>	<u>5,927,133</u>	<u>6,197,734</u>	<u>8,034,785</u>	<u>8,630,838</u>
Total Assets	<u>3,240,993</u>	<u>3,672,094</u>	<u>7,337,936</u>	<u>7,783,939</u>	<u>10,578,929</u>	<u>11,456,033</u>
Deferred Outflow of Resources	<u>288,715</u>	<u>153,508</u>	<u>115,658</u>	<u>60,014</u>	<u>404,373</u>	<u>213,522</u>
Current Liabilities	44,548	62,380	156,742	208,446	201,290	270,826
Non-Current Liabilities	<u>994,832</u>	<u>336,334</u>	<u>2,856,338</u>	<u>2,581,949</u>	<u>3,851,170</u>	<u>2,918,283</u>
Total Liabilities	<u>1,039,380</u>	<u>398,714</u>	<u>3,013,080</u>	<u>2,790,395</u>	<u>4,052,460</u>	<u>3,189,109</u>
Deferred Inflow of Resources	<u>134,861</u>	<u>541,522</u>	<u>60,713</u>	<u>667,745</u>	<u>195,574</u>	<u>1,209,267</u>
Net Position						
Invested in Capital Assets, Net of Related Debt	2,107,652	2,409,046	3,602,525	3,866,379	5,710,177	6,275,425
Restricted	5,047	18,436	374,794	220,770	379,841	239,206
Unrestricted	<u>242,768</u>	<u>457,884</u>	<u>402,482</u>	<u>298,664</u>	<u>645,250</u>	<u>756,548</u>
Total Net Position	<u>\$ 2,355,467</u>	<u>\$ 2,885,366</u>	<u>\$ 4,379,801</u>	<u>\$ 4,385,813</u>	<u>\$ 6,735,268</u>	<u>\$ 7,271,179</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, 2021.

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
<b>REVENUES</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 200,309	\$ 222,819	\$ 1,326,807	\$ 1,317,727	\$ 1,527,116	\$ 1,540,546
Operating Grants & Contributions	288,133	438,070	-	-	288,133	438,070
Capital Grants & Contributions	<u>979,991</u>	<u>205,157</u>	<u>155,180</u>	<u>367,001</u>	<u>1,135,171</u>	<u>572,158</u>
<b>Total Program Revenues</b>	<u>1,468,433</u>	<u>866,046</u>	<u>1,481,987</u>	<u>1,684,728</u>	<u>2,950,420</u>	<u>2,550,774</u>
<b>General Revenues</b>						
Taxes - Other	748,968	790,169	-	-	748,968	790,169
Property Taxes	51,774	69,591	-	-	51,774	69,591
Gain on Disposition of Capital Assets	4,970	(1,516)	22,694	124,006	27,664	122,490
Insurance Proceeds - Hurricane Michael	110,607	-	178,412	-	289,019	-
Transfers	51,270	-	(51,270)	-	-	-
Miscellaneous	<u>9,870</u>	<u>29,390</u>	<u>3,135</u>	<u>2,180</u>	<u>13,005</u>	<u>31,570</u>
<b>Total General Revenues</b>	<u>977,459</u>	<u>887,634</u>	<u>152,971</u>	<u>126,186</u>	<u>1,130,430</u>	<u>1,013,820</u>
<b>Total Revenues</b>	<u>2,445,892</u>	<u>1,753,680</u>	<u>1,634,958</u>	<u>1,810,914</u>	<u>4,080,850</u>	<u>3,564,594</u>
<b>EXPENSES</b>						
<b>Governmental Activities</b>						
General Government	182,294	178,008	-	-	182,294	178,008
Public Safety	683,892	582,063	-	-	683,892	582,063
Physical Environment	2,331	2,039	-	-	2,331	2,039
Transportation	589,836	285,512	-	-	589,836	285,512
Health and Sanitation	22,409	17,840	-	-	22,409	17,840
Culture/Recreation	140,051	158,319	-	-	140,051	158,319
Interest Expense	1,457	-	-	-	1,457	-
<b>Business-Type Activities</b>						
Water and Sewer	-	-	1,297,311	1,571,908	1,297,311	1,571,908
Solid Waste	<u>-</u>	<u>-</u>	<u>218,108</u>	<u>232,994</u>	<u>218,108</u>	<u>232,994</u>
<b>Total Expenses</b>	<u>1,622,270</u>	<u>1,223,781</u>	<u>1,515,419</u>	<u>1,804,902</u>	<u>3,137,689</u>	<u>3,028,683</u>
<b>Change in Net Position</b>	<u>823,622</u>	<u>529,899</u>	<u>119,539</u>	<u>6,012</u>	<u>943,161</u>	<u>535,911</u>
<b>Net Position-Beginning</b>	1,593,331	2,355,467	4,303,797	4,379,801	5,897,128	6,735,268
Correction to Net Position-beginning	<u>(61,486)</u>	<u>-</u>	<u>(43,535)</u>	<u>-</u>	<u>(105,021)</u>	<u>-</u>
Net Position-beginning as adjusted	1,531,845	2,355,467	4,260,262	4,379,801	5,792,107	6,735,268
<b>Net Position-Ending</b>	<u>\$ 2,355,467</u>	<u>\$ 2,885,366</u>	<u>\$ 4,379,801</u>	<u>\$ 4,385,813</u>	<u>\$ 6,735,268</u>	<u>\$ 7,271,179</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, 2021 the Town's governmental funds reported combined ending fund balances of \$1,181,701. Of this amount \$1,147,040 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, 2021 was \$4,385,813 of which \$4,165,043 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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 972,131	\$ 379,492	\$1,351,623
Restricted Assets	90,598	801,624	892,222
Accounts Receivable	26,263	108,225	134,488
Inventory	-	36,302	36,302
Due from Other Governments	67,928	342,632	410,560
Internal Balances	82,070	(82,070)	-
Capital Assets:			
Land	104,496	20,427	124,923
Other Capital Assets, Net of Depreciation	2,328,608	6,177,307	8,505,915
Total Capital Assets	<u>2,433,104</u>	<u>6,197,734</u>	<u>8,630,838</u>
Total Assets	<u>3,672,094</u>	<u>7,783,939</u>	<u>11,456,033</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related To Pension	<u>153,508</u>	<u>60,014</u>	<u>213,522</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	57,289	144,307	201,596
Customer Deposits	-	96,566	96,566
Long Term Liabilities:			
Due Within One Year	5,091	64,139	69,230
Due in More Than One Year	65,257	2,232,813	2,298,070
Net Pension Liability	173,680	185,582	359,262
Net OPEB Liability	97,397	66,988	164,385
Total Liabilities	<u>398,714</u>	<u>2,790,395</u>	<u>3,189,109</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related To Pension	538,950	210,710	749,660
Deferred Inflows Related To OPEB	2,572	1,525	4,097
Deferred Grant Revenues	-	455,510	455,510
Total Deferred Inflows of Resources	<u>541,522</u>	<u>667,745</u>	<u>1,209,267</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	2,409,046	3,866,379	6,275,425
Restricted for:			
Special Projects	18,436	-	18,436
Debt Service	-	43,688	43,688
Other Purposes	-	177,082	177,082
Unrestricted (Deficit)	457,884	298,664	756,548
Total Net Position	<u>\$ 2,885,366</u>	<u>\$ 4,385,813</u>	<u>\$7,271,179</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, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
<b>Functions/Programs</b>							
Governmental Activities:							
General Government	\$ 178,008	\$ 131,937	\$ 393,460	\$ 195,157	\$ 542,546		\$ 542,546
Public Safety	582,063	44,254	23,000	10,000	(504,809)		(504,809)
Physical Environment	2,039	9,815	-	-	7,776		7,776
Transportation	285,512	15,285	916	-	(269,311)		(269,311)
Health	17,840	1,200	-	-	(16,640)		(16,640)
Culture/Recreation	158,319	20,328	20,694	-	(117,297)		(117,297)
<b>Total Governmental Activities</b>	<b>1,223,781</b>	<b>222,819</b>	<b>438,070</b>	<b>205,157</b>	<b>(357,735)</b>		<b>(357,735)</b>
Business-type Activities:							
Water & Sewer	1,571,908	1,055,713	-	367,001	-	\$ (149,194)	(149,194)
Solid Waste	232,994	262,014	-	-	-	29,020	29,020
<b>Total Business-type activities</b>	<b>1,804,902</b>	<b>1,317,727</b>	<b>-</b>	<b>367,001</b>	<b>-</b>	<b>(120,174)</b>	<b>(120,174)</b>
<b>Total Primary Government</b>	<b>\$ 3,028,683</b>	<b>\$ 1,540,546</b>	<b>\$ 438,070</b>	<b>\$ 572,158</b>	<b>(357,735)</b>	<b>(120,174)</b>	<b>(477,909)</b>
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes					69,591	-	69,591
Taxes - Other					790,169	-	790,169
Miscellaneous					29,390	2,180	31,570
Gain From Disposition of Capital Assets					(1,516)	124,006	122,490
<b>Total General Revenues and Transfers</b>					<b>887,634</b>	<b>126,186</b>	<b>1,013,820</b>
<b>Change in Net Position</b>					<b>529,899</b>	<b>6,012</b>	<b>535,911</b>
Net Position - beginning					2,435,751	4,436,643	6,872,394
Correction to Net Position - beginning					(80,284)	(56,842)	(137,126)
<b>Net Position - beginning as adjusted</b>					<b>2,355,467</b>	<b>4,379,801</b>	<b>6,735,268</b>
<b>Net Position - ending</b>					<b>\$ 2,885,366</b>	<b>\$ 4,385,813</b>	<b>7,271,179</b>

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

Town of Sneads, Florida  
Balance Sheet – Governmental Funds  
September 30, 2021

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	General <u>Fund</u>	Recreation <u>Fund</u>	Other <u>Fund</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>				
Cash	\$ 949,660	\$ 22,471	\$ 66,349	\$ 1,038,480
Accounts Receivable	26,263	-	24,249	50,512
Due From Other Governments	67,928	-	6,240	74,168
Due From Other Funds	148,623	-	6,240	154,863
Total Assets	<u>\$ 1,192,474</u>	<u>\$ 22,471</u>	<u>\$ 103,078</u>	<u>\$ 1,318,023</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 45,434	\$ 6,246	\$ 5,609	\$ 57,289
Due to Other Funds	-	-	72,793	72,793
Total Liabilities	<u>45,434</u>	<u>6,246</u>	<u>78,402</u>	<u>130,082</u>
 Fund Balances:				
Restricted for:				
Special Projects	-	-	18,436	18,436
Assigned For:				
Recreation	-	16,225	-	16,225
Unassigned	1,147,040	-	-	1,147,040
Total Fund Balances	<u>1,147,040</u>	<u>16,225</u>	<u>18,436</u>	<u>1,181,701</u>
Total Liabilities and Fund Balances	<u>\$ 1,192,474</u>	<u>\$ 22,471</u>	<u>\$ 96,838</u>	<u>\$ 1,311,783</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, 2021

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Total Fund Balances - Total Governmental Funds \$ 1,181,701

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. 2,433,104

Some liabilities, including loans payable, are not  
due and payable in the current period and therefore  
are not reported in the funds. (341,425)

Deferred outflows are not reportable as current expenditures and therefore  
not reported in the funds. 153,508

Deferred inflows are not reportable as current revenues or reductions of  
expenditures and therefore not reported in the funds. (541,522)

Total Net Position \$ 2,885,366

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 Balances – Governmental Funds  
For the Year Ended September 30, 2021

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	<u>General</u> <u>Fund</u>	<u>Recreation</u> <u>Fund</u>	<u>Other</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES</b>				
Taxes	\$ 503,224	\$ -	\$ 119,127	\$ 622,351
Licenses & Permits	98,727	-	-	98,727
Intergovernmental Revenues	878,693	-	916	879,609
Charges for Services	69,668	17,368	-	87,036
Judgments and Fines	3,820	-	-	3,820
Miscellaneous Revenues	62,518	1,054	81	63,653
Total Revenues	1,616,650	18,422	120,124	1,755,196
<b>EXPENDITURES</b>				
Current:				
General Government	168,055	-	-	168,055
Public Safety	566,483	-	-	566,483
Physical Environment	1,299	-	-	1,299
Transportation	120,974	-	106,735	227,709
Health	17,222	-	-	17,222
Culture/Recreation	32,472	100,400	-	132,872
Capital Outlay	314,619	207,675	-	522,294
Total Expenditures	1,221,124	308,075	106,735	1,635,934
Excess (Deficiency) of Revenues Over Expenditures	395,526	(289,653)	13,389	119,262
<b>OTHER SOURCES (USES) OF FUNDS</b>				
Proceeds of Debt Issuance	15,728	-	-	15,728
Transfers In	-	289,729	-	289,729
Transfers Out	(289,729)	-	-	(289,729)
Net Change in Fund Balances	121,525	76	13,389	134,990
Fund Balances - beginning	1,025,515	16,149	5,047	1,046,711
Fund Balances - ending	\$ 1,147,040	\$ 16,225	\$ 18,436	\$ 1,181,701

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, 2021

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Net Change in Fund Balances - Total Governmental Funds \$ 134,990

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, \$521,473, exceeds net capital dispositions, (\$1,516) and depreciation (\$194,505), in the current period. 325,452

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 the net decrease in accrued leave, \$19,159, exceeds the new debt proceeds, (\$15,728), in the current period. 3,431

Deferred outflows and inflows do not use or provide current financial resources to governmental funds. These amounts, however, reflect longer term uses and sources of resources and are reflected in the Statement of Net Position. This is sum of the decrease in deferred outflows, (\$135,207), and the increase in deferred inflows, (\$448,743), less the decrease in net pension liabilities, \$649,976, in the current period. 66,026

Change in Net Position of Governmental Activities \$ 529,899

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, 2021

	Business-type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 270,091	\$ 109,401	\$ 379,492
Accounts Receivable	108,050	175	108,225
Due From Other Governments	342,632	-	342,632
Due From Other Funds	-	9,639	9,639
Inventory	36,302	-	36,302
Total Current Assets	<u>757,075</u>	<u>119,215</u>	<u>876,290</u>
Noncurrent Assets:			
Cash and Cash Equivalents	801,624	-	801,624
Capital Assets:			
Land	20,427	-	20,427
Buildings and Improvements	97,099	-	97,099
Improvements Other than Buildings	11,734,526	-	11,734,526
Machinery and Equipment	698,289	19,949	718,238
Less Accumulated Depreciation	(6,358,102)	(14,454)	(6,372,556)
Total Noncurrent Assets	<u>6,993,863</u>	<u>5,495</u>	<u>6,999,358</u>
Total Assets	<u>7,750,938</u>	<u>124,710</u>	<u>7,875,648</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related To Pension	<u>60,014</u>	<u>-</u>	<u>60,014</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	143,355	952	144,307
Loans from Other Funds	91,709	-	91,709
Current Portion of Bonds & Notes	64,139	-	64,139
Total Current Liabilities	<u>299,203</u>	<u>952</u>	<u>300,155</u>
Noncurrent Liabilities:			
Accrued Leave	41,388	-	41,388
Customer Deposits	96,566	-	96,566
Bonds and Notes Payable After One Year	2,191,425	-	2,191,425
Net Pension Liability	185,582	-	185,582
Net OPEB Liability	66,988	-	66,988
Total Noncurrent Liabilities	<u>2,581,949</u>	<u>-</u>	<u>2,581,949</u>
Total Liabilities	<u>2,881,152</u>	<u>952</u>	<u>2,882,104</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related To Pension	210,710	-	210,710
Deferred Inflows Related To OPEB	1,525	-	1,525
Deferred Grant Revenues	455,510	-	455,510
Total Deferred Inflows of Resources	<u>667,745</u>	<u>-</u>	<u>667,745</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	3,860,884	5,495	3,866,379
Restricted:			
Debt Service	43,688	-	43,688
Other Purposes	177,082	-	177,082
Unrestricted	180,401	118,263	298,664
Total Net Position	<u>\$ 4,262,055</u>	<u>\$ 123,758</u>	<u>\$ 4,385,813</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, 2021

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	Business-type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 1,049,942	\$ 258,449	\$ 1,308,391
Miscellaneous Charges and Fees	5,771	3,565	9,336
Total Charges for Services	1,055,713	262,014	1,317,727
<b>OPERATING EXPENSES</b>			
Personal Services	404,354	-	404,354
Contractual Services	313,222	224,897	538,119
Utilities	181,352	-	181,352
Repairs and Maintenance	162,847	-	162,847
Other Supplies and Expenses	93,864	-	93,864
Insurance	39,976	7,926	47,902
Depreciation	280,237	171	280,408
Total Operating Expenditures	1,475,852	232,994	1,708,846
Operating Income (Loss)	(420,139)	29,020	(391,119)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	2,037	143	2,180
Interest Expense	(96,056)	-	(96,056)
Gain (Loss) on Disposition of Capital Assets	134,271	(10,265)	124,006
State of Florida - Grant Funds	367,001	-	367,001
Total Nonoperating Revenue (Expenses)	407,253	(10,122)	397,131
Change in Net Position	(12,886)	18,898	6,012
Net Position - beginning	4,331,783	104,860	4,436,643
Correction of Prior Year OPEB Liability	(56,842)	-	(56,842)
Adjusted Net Position - beginning	4,274,941	104,860	4,379,801
Net Position - ending	\$ 4,262,055	\$ 123,758	\$ 4,385,813

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, 2021

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	Business-type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 1,061,837	\$ 262,014	\$ 1,323,851
Payments to Suppliers	(739,950)	-	(739,950)
Payments to Employees	(411,415)	(249,048)	(660,463)
Net Cash Provided by Operating Activities	(89,528)	12,966	(76,562)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Net Loans from (to) Other Funds	(15,903)	(180)	(16,083)
Other Receipts	25	-	25
Net Cash Provided by Noncapital Financing Activities	(15,878)	(180)	(16,058)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of Capital Assets	(1,402,638)	-	(1,402,638)
Disposition of Capital Assets	939,482	-	939,482
New Capital Debt	82,888	-	82,888
Principal Paid on Capital Debt	(151,933)	-	(151,933)
Interest Paid on Capital Debt	(95,788)	-	(95,788)
Capital Grant State of Florida	540,511	-	540,511
Net Cash Provided by Capital and Related Financing Activities	(87,478)	-	(87,478)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Income	2,037	143	2,180
Net Increase in Cash and Cash Equivalents	(190,847)	12,929	(177,918)
Cash and Cash Equivalents, beginning	1,262,562	96,472	1,359,034
Cash and Cash Equivalents, ending	\$ 1,071,715	\$ 109,401	\$ 1,181,116
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (420,139)	\$ 29,020	\$ (391,119)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:			
Depreciation	280,237	171	280,408
Pension Expense	(21,819)	-	(21,819)
Change in Assets and Liabilities, and Deferred Outflows			
Accounts Receivable	6,124	-	6,124
Inventory	(554)	-	(554)
Accounts Payable	66,623	(16,225)	50,398
Net Cash Provided by Operating Activities	\$ (89,528)	\$ 12,966	\$ (76,562)

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, 2021.

#### 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).

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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.

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

The Town reports the following proprietary funds:

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

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

All of the Town's proprietary funds are enterprise funds.

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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 and OPEB 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 and Other Post-Employment Benefits (OPEB) related balances for changes in actuarial assumptions, changes in the proportion and differences between the Town 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. OPEB balances are related to health insurance costs based on actuarial assumptions

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

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 and OPEB related balances for the difference between expected and actual economic experience, the net difference between projected and actual earnings of the FRS Pension Plan 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. OPEB amounts are related to the differences in health insurance premiums expected to be paid and computed actuarial costs.

Pension and OPEB 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 the FRS's net position have 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. OPEB liabilities are reported for the Town's net liability for unfunded health insurance liabilities for future benefits.

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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

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

At September 30, 2021 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 2.0883 mills for the October 2020 through September 2021 budget year. The Jackson County Property Appraiser's office includes this assessment with countywide property tax assessments. The Jackson County Tax Collector is charged with collecting these revenues and distributing to the Town its share of these collections.

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

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 budgets for the General Fund and Street Fund were 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.

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

**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, 2021, 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>2,283,081</u>
Total Deposits With Financial Institutions	2,533,081
Petty Cash (unsecured)	<u>400</u>
Total	<u>\$ 2,533,481</u>
Carrying Value on Financial Statements	<u>\$ 2,219,596</u>

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, 2021, the Town reported significant receivables as follows:

**GENERAL FUND**

Utility Tax and Franchise Fees	\$ 26,263
Due From State of Florida	66,112
Due From Jackson County	<u>1,816</u>
Total	<u>\$ 94,191</u>

**STREET FUND**

Due From State of Florida	\$ 20,319
Due From Jackson County	3,930
Total	<u>\$ 24,249</u>

**WATER AND SEWER FUND**

Utility Services Receivable	\$ 107,843
Due From State of Florida DEO	282,000
Due From State of Florida FEMA	60,632
Other	207
Total	<u>\$ 450,682</u>

No allowances for uncollectible accounts are considered necessary.

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

NOTE 4 - INTERFUND BALANCES AND ACTIVITY

As of September 30, 2021, 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	\$ 72,793
Water & Sewer Fund	General Fund	Operating Expense	54,948
Water & Sewer Fund	General Fund	Revenue Collection	20,882
Water & Sewer Fund	Street Fund	Operating Expense	6,240
Water & Sewer Fund	Solid Waste Fund	Revenue Collection	9,639
<b>Total</b>			<b><u>\$ 164,502</u></b>

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	\$ 289,729
<b>Total</b>			<b><u>\$ 289,729</u></b>

NOTE 5 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated				
Land	\$ 104,496	\$ -	\$ -	\$ 104,496
Total	<u>104,496</u>	<u>-</u>	<u>-</u>	<u>104,496</u>
Capital Assets Being Depreciated				
Roads, Sidewalks, etc.	905,674		-	905,674
Buildings & Improvements	317,113	79,428	-	396,541
Improvements Other Than Buildings	821,758	207,675	-	1,029,433
Equipment	1,432,498	234,370	(26,873)	1,639,995
Total	<u>3,477,043</u>	<u>521,473</u>	<u>(26,873)</u>	<u>3,971,643</u>
Less Accumulated Depreciation				
Roads, Sidewalks, etc.	92,545	36,227	-	128,772
Buildings & Improvements	174,876	8,969	-	183,845
Improvements Other Than Buildings	246,159	31,877	-	278,036
Equipment	960,307	117,432	(25,357)	1,052,382
Total	<u>1,473,887</u>	<u>194,505</u>	<u>(25,357)</u>	<u>1,643,035</u>
Net Capital Assets Being Depreciated	<u>2,003,156</u>	<u>326,968</u>	<u>(1,516)</u>	<u>2,328,608</u>
Net Governmental Activity Capital Assets	<u>\$ 2,107,652</u>	<u>\$ 326,968</u>	<u>\$ (1,516)</u>	<u>\$ 2,433,104</u>

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

NOTE 5 – CAPITAL ASSETS – Continued

Governmental activity depreciation expense was charged to functions as follows:

General Government	\$	10,753
Public Safety:		
Police		33,292
Fire		64,133
Fire Rescue		1,168
Physical Environment		740
Transportation		58,634
Health		618
Recreation		25,167
Total	<u>\$</u>	<u>194,505</u>

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
<u>Business-type Activities</u>				
Capital Assets Not Being Depreciated				
Land	\$ 20,427	\$ -	\$ -	\$ 20,427
Construction In Progress	65,494	-	(65,494)	-
Total	<u>85,921</u>	<u>-</u>	<u>(65,494)</u>	<u>20,427</u>
Capital Assets Being Depreciated				
Buildings & Improvements	67,662	29,437	-	97,099
Improvements Other Than Buildings	11,643,593	1,459,164	(1,368,230)	11,734,527
Equipment	740,801	27,727	(50,291)	718,237
Total	<u>12,452,056</u>	<u>1,516,328</u>	<u>(1,418,521)</u>	<u>12,549,863</u>
Less Accumulated Depreciation				
Buildings & Improvements	37,662	2,427	-	40,089
Improvements Other Than Buildings	5,981,568	248,674	(478,844)	5,751,398
Equipment	591,614	29,306	(39,851)	581,069
Total	<u>6,610,844</u>	<u>280,407</u>	<u>(518,695)</u>	<u>6,372,556</u>
Net Capital Assets Being Depreciated	<u>5,841,212</u>	<u>1,235,921</u>	<u>(899,826)</u>	<u>6,177,307</u>
Net Business-type Activity Capital Assets	<u>\$ 5,927,133</u>	<u>\$ 1,235,921</u>	<u>\$ (965,320)</u>	<u>\$ 6,197,734</u>



Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

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NOTE 6 - LONG-TERM DEBT – Continued

Business-type Activities

Enterprise Fund - Water and Sewer System

As of September 30, 2021 the Town has several bonds and notes outstanding related to the Water & Sewer System.

Notes 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.

\$ 26,656

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. During the current year, an additional \$67,161 was added to this debt. It was paid off during January 2021. This agreement required a loan repayment reserve be set aside in the amount of \$174,424. During the current year, \$50,000 of this balance was transferred to the operating account and \$104,436 was applied to pay off the debt. There is \$20,203 remaining in the reserve account at September 30, 2021.

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Note Payable - Peoplesouth Bank

Payable in two annual installments beginning October 15, 2001 of \$11,126 including interest at 3.00%. Collateralized by transportation equipment. This note and its debt service is shared 50% with the General Fund.

15,728

Bonds Payable - USDA

Both of the following bonds were refinanced as November 1, 2021

Water and Sewer Revenue Bonds Series 2003, Interest rate 4.50% payable in annual installments.

1,338,000

Water and Sewer Revenue Bonds Series 2003, Interest rate 3.75% payable in annual installments.

875,180

Accumulated compensated absences

41,388

Net Pension Liability

185,582

Net Other Post Employment Benefits Liability

66,988

Total Business-type Activities

\$ 2,549,522

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

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NOTE 6 - LONG-TERM DEBT – Continued

Bonded Debt- The Water and Sewer Revenue Bonds Series 2003 and 2010 were refinanced November 1, 2021. Therefore, the following requirements are applicable only through October 31, 2021.

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, one twelfth 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 2010 bond issue carried similar debt service requirements.

On November 1, 2021, the Town entered into an agreement with United Bank to refinance the 2003 and 2010 bond issues. The old bonds carried no prepayment penalties and were paid out.

The general summary of the refinancing is as follows:

New Bond Proceeds	<u>\$2,261,000</u>
Application of Proceeds	
Water & Sewer Bonds Series 2003	\$1,338,000
Water & Sewer Bonds Series 2010	875,180
Interest Expense 2003 Bonds	10,063
Interest Expense 2010 Bonds	5,485
Sinking Fund (new bonds)	12,272
Bond Issue Costs	20,000
Total Proceeds Applied	<u>\$2,261,000</u>

Town of Sneads, Florida  
Notes to Financial Statements  
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NOTE 6 - LONG-TERM DEBT – Continued

The Town of Sneads, Florida Utility Revenue Refunding Bond, Series 2021 requires certain accounts be established for as long as the debt is outstanding.

- A. The “Debt Service Reserve Fund Account” is to be established in an interest-bearing account at the Refunding Bondholder and shall maintain a minimum of \$150,000. Funds in this account will be used in the event the moneys in the Sinking Fund Account are insufficient to make a required payment when due. In the event the Town draws from this reserve to the extend it falls below the minimum balance, the Town shall promptly replenish the Reserve Fund to the required minimum level. Failure to replenish the reserve before the next payment date on the Refunding Bonds shall be an event of default.
- B. The “Sinking Fund Account” is to be established in an interest-bearing account at the Refunding Bondholder and shall be used for monthly Sinking Fund deposits in the amount of one third of the next quarterly payment. Deposits shall be made by the 10th of each month.

The Town shall maintain a debt service coverage ratio (DSCR) of not less than 1:1. The DSCR shall be tested annually at the Town’s fiscal year end. DSCR shall be calculated as the excess of the Town’s utility revenues over expenses adding back depreciation, amortization and interest expense, divided by the sum of current annual maturities of the Town’s long-term debt plus interest.

The total of annual debt service requirements for the Town’s 2003 and 2010 bond issues would have been as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	57,000	93,029	150,029
2023	59,000	90,592	149,592
2024	61,000	88,072	149,072
2025	64,000	85,462	149,462
2026	67,000	82,724	149,724
2027-2031	381,000	368,051	749,051
2032-2036	470,000	279,184	749,184
2037-2041	580,000	169,286	749,286
2042-2046	292,000	60,957	352,957
2047-2050	182,180	17,390	199,570
Totals	<u>\$ 2,213,180</u>	<u>\$ 1,334,747</u>	<u>\$ 3,547,927</u>

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

NOTE 6 - LONG-TERM DEBT – Continued

The total of annual debt service requirements for the Town's 2021 bond issue will be as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	63,594	46,811	110,405
2023	88,005	59,202	147,207
2024	90,436	56,770	147,206
2025	92,935	54,271	147,206
2026	95,503	51,703	147,206
2027-2031	518,588	217,442	736,030
2032-2036	594,307	141,724	736,031
2037-2041	681,080	54,950	736,030
2042-2046	36,552	250	36,802
Totals	<u>\$ 2,261,000</u>	<u>\$ 683,123</u>	<u>\$ 2,944,123</u>

The total of annual debt service requirements for all of the Town's 2021 Enterprise Fund bond and note debt, using the 2021 bond issue rather than the 2003 and 2010 bond issues, will be as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 70,733	\$ 47,664	\$ 118,397
2023	95,326	59,872	155,198
2024	97,938	57,253	155,191
2025	95,075	54,561	149,636
2026	97,674	51,962	149,636
2027-2031	529,928	218,251	748,179
2032-2036	599,078	141,812	740,890
2037-2041	681,080	54,951	736,031
2042-2046	36,552	250	36,802
Totals	<u>\$ 2,303,384</u>	<u>\$ 686,576</u>	<u>\$ 2,989,960</u>

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

NOTE 6 - LONG-TERM DEBT – Continued

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

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance (1)</u>	<u>Due In One</u> <u>Year (1)</u>
Revenue Bonds	\$ 2,268,180	\$ -	\$ (55,000)	\$ 2,213,180	\$ 57,000
Notes Payable	56,429	82,888	(96,933)	42,384	7,139
Accrued Leave	26,630	14,758	-	41,388	-
Net Pension Liability	530,536	-	(344,954)	185,582	-
Net OPEB Liability	56,842	10,146	-	66,988	-
Totals	<u>\$ 2,938,617</u>	<u>\$ 107,792</u>	<u>\$ (496,887)</u>	<u>\$ 2,549,522</u>	<u>\$ 64,139</u>

(1) Based on Bond Issues in effect at year end.

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, 2021 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

NOTE 8 - PENSION PLAN – continued

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 available for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Section 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist 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,

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

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NOTE 8 - PENSION PLAN – continued

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.

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, 2020 were:

<u>Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>	<u>Total Contribution Rate</u>
Regular	3.00%	8.28%	11.28%
Special Risk	3.00%	22.73%	25.73%
Senior Management Service	3.00%	25.57%	28.57%
DROP	N/A	15.32%	15.32%

The above rates include a 1.66% health insurance subsidy contribution and .06% administrative assessment.

Total payroll for the Town's employees covered by the FRS was \$719,569 for the year ended September 30, 2021. Town and employee contributions to the plan totaled \$98,447 and \$19,206 respectively. At September 30, 2021, the Town had 28 participants in the plan.

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

At September 30, 2021, 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.

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

NOTE 8 - PENSION PLAN – continued

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 as follows:

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net pension liability at September 30, 2021	\$ 145,319	\$ 213,943	\$ 359,262
Town's proportion of total State liability at:			
June 30, 2021	0.001923776%	0.001744124%	
June 30, 2020	0.002432734%	0.001921396%	
Pension expense (benefit), year ended September 30, 2021	<u>\$ (111,740)</u>	<u>\$ (7,418)</u>	<u>\$ (119,158)</u>

At September 30, 2021 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 24,908	\$ -	\$ 7,159	\$ 90
Changes of Assumption	99,435	-	16,810	8,815
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	506,983	224	-
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	38,107	179,864	2,102	54,208
Town Contributions Subsequent to the Measurement Date	<u>21,835</u>	<u>-</u>	<u>2,942</u>	<u>-</u>
Total	<u>\$ 184,285</u>	<u>\$ 686,847</u>	<u>\$ 29,237</u>	<u>\$ 63,113</u>

Deferred outflows of resources related to pensions included \$21,835 for FRS and \$2,942 for HIS resulting from contributions subsequent to the June 30, 2021 measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended September 30, 2022.

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

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NOTE 8 - PENSION PLAN – continued

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

Year ended September 30,	FRS	HIS
2022	\$(88,461)	\$ (9,331)
2023	(103,154)	(2,972)
2024	(136,639)	(6,133)
2025	(175,093)	(8,141)
2026	1,085	(6,088)
Thereafter	-	(1,211)

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

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of June 30, 2021, 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 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results for the most recent experience study for the FRS Pension Plan.

The following changes in actuarial assumptions occurred in 2021:

- FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.
- HIS: The municipal rate used to determine the total pension liability decreased from 2.21% to 2.16%.

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

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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.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed Income	20.0%	3.8%	3.7%	3.3%
Global Equity	54.2%	8.2%	6.7%	17.8%
Real Estate	10.3%	7.1%	6.2%	13.8%
Private Equity	10.8%	11.7%	8.5%	26.4%
Strategic Investments	3.7%	5.7%	5.4%	8.4%
Assumption Inflation - Mean			2.4%	1.2%

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 30.41%.

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  
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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’s proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

	FRS			HIS		
	Current			Current		
	1% Decrease 5.80%	Discount Rate 6.80%	1% Increase 7.80%	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Town's Proportionate Share of Net Pension Liability	<u>\$649,878</u>	<u>\$145,319</u>	<u>(\$276,435)</u>	<u>\$247,339</u>	<u>\$213,943</u>	<u>\$186,583</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>.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida legislature created the Florida Retirement Investment Plan (Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate schedule covering both the defined benefit and defined contribution plans. Required contributions to the Investment Plan for the year ended September 30, 2021 were \$21,481 by the Town and \$4,524 by employees.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Town has implemented Governmental Accounting Standards Board Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for retiree health insurance. Although the Town pays no premiums for retiree’s health insurance, this statement requires accounts be recorded for actuarial determined deferred liabilities based

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

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NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS – continued

on the expected increase in the Town’s health insurance rates when adding older retired individuals to the overall plan.

The Town Health Insurance Plan (Plan) provides Other Post-Employment Benefits (OPEB) to eligible retirees and their eligible dependents as required by Section 112.0801, Florida Statutes. Employees who retire may continue to participate in the group health insurance provided by the Town. They shall be offered the same health insurance coverage as offered to active employees at the premium costs no higher than that to active employees. The plan has no assets, and is not expected to in the future. The plan does not operate within a trust. No publicly available financial reports are available.

Eligibility for participation is limited to full-time employees of the Town. For all employees participating in the Florida Retirement System, participants are eligible for normal retirement upon reaching the earlier of 1) age 62, or 2) 30 years of service regardless of age.

Benefits Provided

The Town makes available post-employment health insurance to its retirees. Health insurance benefits are provided by the Town’s healthcare insurance provider. Insurance benefits available to retirees are the same as for active employees.

Membership

At September 30, 2021, there were no retirees receiving health insurance benefits from the plan.

Current membership in the plan consists of:

Active employees	16
Retired and beneficiaries	<u>-</u>
Total Membership	<u><u>16</u></u>

Contributions and Funding Policy

The Plan does not rely on a qualifying trust or agency fund since the plan has no, and does not expect to have assets. Insurance premiums are negotiated with the insurance provider. Contributions are based on a pay as you go premium structure. The Town does not pay any portion of the insurance premiums for retirees nor their beneficiaries.

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS – continued

As of September 30, 2021, the related premiums were as follows:

Plan Option Number	<u>16003</u>	<u>14104</u>	<u>14002</u>
Employee/Retiree	\$ <u>581</u>	\$ <u>625</u>	\$ <u>716</u>
Employee/Retiree w/ Spouse	\$ <u>1,161</u>	\$ <u>1,251</u>	\$ <u>1,431</u>
Employee/Retiree w/ Children	\$ <u>1,075</u>	\$ <u>1,157</u>	\$ <u>1,324</u>
Employee/Retiree w/Family	\$ <u>1,656</u>	\$ <u>1,782</u>	\$ <u>2,039</u>

Net OPEB Liability, Expense, Deferred Outflows and Deferred Inflows

The net OPEB liability was measured as of September 30, 2021, as determined by an actuarial valuation as of October 1, 2019. Standard actuarial procedures were used to roll forward to the measurement date from the actuarial valuation date.

Applicable data for the year ended September 30, 2021 is as follows:

Other Post-Employment Benefit Liability	<u>\$ 164,385</u>
Current Year OPEB Expense Recognized	<u>\$ 31,356</u>
Deferred Outflows	<u>\$ -</u>
Deferred Inflows	<u>\$ 4,097</u>

Amounts reported as deferred outflows of resources less deferred inflows of resources related to other post-employment benefits will be recognized in health insurance expense as follows:

Year Ended Spetember 30,	
2022	\$ (335)
2023	(335)
2024	(335)
2025	(335)
2026	(335)
Thereafter	(2,422)

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS – continued

Changes in the OPEB related accounts for the year ended September 30, 2021 are as follows:

	<u>OPEB</u> <u>Liability</u>	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>	<u>OPEB</u> <u>Expense</u>
Balance - beginning of year	\$ 137,126	\$ -	\$ -	\$ -
Service Cost	27,917	-	-	27,917
Expected Interest Growth	4,008	-	-	4,008
Amortization Payments	(335)	-	(335)	-
Assumption Changes	(4,097)	-	4,432	(335)
Benefit Payments & Refunds	<u>(234)</u>	<u>-</u>	<u>-</u>	<u>(234)</u>
Balance - end of year	<u>\$ 164,385</u>	<u>\$ -</u>	<u>\$ 4,097</u>	<u>\$ 31,356</u>

Actuarial Methods and Assumptions

The total OPEB liability in the October 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods in the measurement, unless otherwise specified:

Discount Rate	2.43% per annum based on the S&P Municipal Bond 20 year High Grade Index
Projected Annual Salary Increases	3.00% per annum
Cost of Living Increases	Assumed to increase in accordance with healthcare cost trend rates
Healthcare Cost Trend Rate	6.50% reduced from 7.00% for the prior year. Reduced by 0.50% per year through 2024
Mortality Basis	Sex distinct rates set forth in PUB-2010 Mortality Table for general and public safety employees, with full generational improvements in mortality using Scale MP-2020
Retirement and Election	Public safety employees are assumed to retire at age 55 with 10 years of service, or age 52 with 25 years of service. General employees are assumed to retire at age 62 with six years of service or at any age with 30 years of service. Fifty percent (50%) of employees are assumed to elect single medical coverage upon

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS – continued

retirement or disability. Coverage is assumed to end at age 65

Changes From the Prior Year                      The discount rate was increased from 2.14% to 2.43% per annum

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the Town’s OPEB liability using the discount rate and Alternate Healthcare Cost Trend Rates that is 1% lower and 1% higher than the current rates.

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Discount Rate	<u>1.43%</u>	<u>2.43%</u>	<u>3.43%</u>
Net OPEB Liability	<u>\$ 183,934</u>	<u>\$ 164,385</u>	<u>\$ 147,344</u>
Healthcare Cost Trend Rate	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Net OPEB Liability	<u>\$ 138,582</u>	<u>\$ 164,385</u>	<u>\$ 196,134</u>

NOTE 10 – RESTATEMENT OF BEGINNING NET POSITION

As stated in NOTE 9 above, the Town adopted the requirements of GASB Statement 75 by recognizing the Net OPEB Liability, Deferred Outflows, Deferred Inflows and Expense adjustment for its health insurance program available to retirees. In making this change, accounting standards require the affected accounts be adjusted for these amounts as of the earliest period being reported upon. Since this report covers only the current year, the beginning balances of the Net Position must be corrected for this change.

The Net Position Accounts have been decreased as follows:

Statement of Activities

Governmental Activities	<u>\$80,284</u>
Business-type Activities	<u>\$56,845</u>

Statement of Revenues, Expenses and Changes in Net Position- Proprietary Funds

Water & Sewer Fund	<u>\$56,842</u>
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NOTE 11 - 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 12 - 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, 2021 amounting to approximately 42% of total sewer fee revenues. These fees are anticipated to continue to provide a significant portion of the Town's total sewer revenues.

NOTE 13 - 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>\$ 93,759</u>

NOTE 14 - LEASE INCOME

Building Lease - For several years, the Town has leased space in the old Town Hall building to the Jackson County Tax Collector's office. The current lease calls for monthly payments of \$1,045 through September 2021. This lease was renewed through September 2026. New annual lease payments are \$1,100 per month, \$13,200 annually, or a total of \$66,000 for the life of the lease. There are no provisions for contingent lease payments or sub-leases. During the year ended September 30, 2021, 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 cost the Town \$154,609 including renovations, land and warehouse area. No cost allocation has been made to the leased portion. Accumulated depreciation related to these assets totals \$51,025.

Industrial Park Lease – Land in the Town's industrial park has been leased to a company since October 1987 and will expire September 2022. The company had built a metal building on the property for their use. Monthly rent is \$333, \$4,000 annually. Recorded lease income for the year ended September 30, 2021 was \$4,329.

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2021

NOTE 14 - LEASE INCOME – continued

Assuming the option to extend the lease for another 15 years, future lease income is as follows including a maximum 5.00% increase on renewal:

Year Ended September 30,		
2022	\$	4,000
2023		4,200
2024		4,200
2025		4,200
2026		4,200
Thereafter		46,200

During the current year, the Town entered into a lease agreement with T-Mobile to lease that company antenna space on the Town's water tank. The lease calls for monthly payments in the amount of \$1,800, \$21,600 annually. The term of the lease is for five years with an automatic renewal of five, five year terms. Then the tenant has the right to occupy the location for nine more one year extended periods. The tenant may terminate any of the renewal or extended terms upon notification. The rent payments are scheduled to increase 10% after each successive renewal term and 2% after each extended term. Lease income for 2021 totaled \$14,806.

Assuming all terms are exercised, the future rent income will be:

Year Ended September 30,		
2022	\$	21,600
2023		21,600
2024		21,600
2025		21,600
2026		21,600
Thereafter		1,071,407

NOTE 15 – GRANTS, MAJOR PROJECTS AND SUBSEQUENT EVENTS

Hurricane Michael Damage - On October 10, 2018 the Town of Sneads, along with the central Florida Panhandle was 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, 2021, 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.

State Revolving Fund Grant – In July 2019, the Town was awarded a loan/grant from the Florida Department of Environmental Protection for assistance with water and wastewater system repairs required as a result of Hurricane Michael. The funding is initially broken down as \$70,785 for water system repairs and \$792,835 for the wastewater system. Of the total funds, \$174,424 was to be a loan. The water system grant was reduced to \$44,289 received in prior years, the loan portion finalized at \$94,867. This was repaid with interest and fees in 2021. The forgiveness loan/grant totaled \$379,468. This project was completed during the current year.

NOTE 15 – GRANTS, MAJOR PROJECTS AND SUBSEQUENT EVENTS -continued

FEMA Funds – The Town recorded a total of \$1,183,550, from FEMA (state and federal) in the current year. These funds were used to complete street and road repairs \$339,467, and apply toward water and waste water repairs \$840,183.

CARES Act Funds – These funds, totaling \$250,066 were used to purchase equipment and make needed renovations on some of the Town’s buildings.

Rural Infrastructure Fund – The Town received a grant through the Florida Department of Economic Opportunity for \$282,000 to perform a study on extending its water and sewer system. This study was completed in the current year.

Coronavirus State and Local Fiscal Recovery Funds – A grant was awarded the Town from the Florida Department of Emergency Management in the amount of \$891,019. These funds are to assist local governments with recovery from the setbacks caused by the COVID 19 restrictions. Just prior to year end, the Town received \$455,510 from this grant. No expenditures were made as of year end. The receipts are recorded as deferred revenues in the Water & Sewer Fund.

In Kind Grants – The town received several police vehicles from another government agencies valued at a total of \$10,000.

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 \$237,000 for capital expenditures and other operating costs funded by CARES Act funds. The Water & Sewer Fund budget was amended to add \$550,000 for professional services and hurricane repairs funded by grants and FEMA funds. The Solid Waste Fund was amended to add \$17,000 for contract services funded by excess carry over funds.

Subsequent Events of Note – The Town is working on several projects that funding was pending as of year end. Pending the Governor’s signature, the Town is expected to receive \$825,000 for assistance with new lights and repairs at the sports complex. A grant for \$1,900,000 is pending funding for resurfacing many of the streets in Town. A grant was received after year end in the amount of \$274,000 to install back-up generators at several critical locations throughout the Town. Plans and specifications are being drawn up for a new public safety complex. This project is still in the planning stage.

NOTE 16 – LITIGATION

The Town had two lawsuits pending as of year-end. In the opinion of management, after consultation with legal counsel, these matters will likely be resolved without a material adverse effect on the Town’s financial statements. However, should a judgement be rendered against the Town, legal 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, 2021

	<u>Budgeted Amounts</u>		Actual Amounts
	<u>Original</u>	<u>Final</u>	<u>(GAAP Basis)</u>
<b>REVENUES</b>			
Taxes	\$ 419,107	\$ 419,107	\$ 503,224
Licenses & Permits	88,596	88,596	98,727
Intergovernmental Revenues	240,613	478,113	878,693
Charges for Services	73,466	73,466	69,668
Judgements and Fines	2,639	2,639	3,820
Miscellaneous Revenues	26,273	26,273	62,518
Total Revenues	<u>850,694</u>	<u>1,088,194</u>	<u>1,616,650</u>
<b>EXPENDITURES</b>			
Current:			
General Government	174,686	174,686	168,055
Public Safety	485,938	542,022	566,483
Physical Environment	6,200	6,200	1,299
Transportation	147,137	173,575	120,974
Health	22,863	22,863	17,222
Culture/Recreation	47,750	47,750	32,472
Capital Outlay	60,000	214,978	314,619
Total Expenditures	<u>944,574</u>	<u>1,182,074</u>	<u>1,221,124</u>
Excess (Deficiency) of Revenues over Expenditures	(93,880)	(93,880)	395,526
<b>OTHER SOURCES AND USES OF FUNDS</b>			
Proceeds From New Debt Issue	-	-	15,728
Proceeds From Sale of Capital Assets	2,000	2,000	-
Transfers In	-	-	-
Transfers Out	(357,565)	(357,565)	(289,729)
Net Change in Fund Balance	<u>(449,445)</u>	<u>(449,445)</u>	<u>121,525</u>
Fund Balance - beginning	<u>1,025,515</u>	<u>1,025,515</u>	<u>1,025,515</u>
Fund Balance - ending	<u>\$ 576,070</u>	<u>\$ 576,070</u>	<u>\$ 1,147,040</u>

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

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

Town of Sneads, Florida  
 Budgetary Comparison Schedule – Recreation Fund  
 For the Year Ended September 30, 2021

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	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
<b>REVENUES</b>			
Charges For Services	\$ 31,500	\$ 31,500	\$ 17,368
Miscellaneous Revenues	-	-	1,054
Total Revenues	31,500	31,500	18,422
<b>EXPENDITURES</b>			
Current:			
Culture/Recreation	129,065	129,065	100,400
Capital Outlay	260,000	260,000	207,675
Total Expenditures	389,065	389,065	308,075
Excess (Deficiency) of Revenues Over Expenditures	(357,565)	(357,565)	(289,653)
<b>OTHER SOURCES AND USES OF FUNDS</b>			
Transfers In	357,565	357,565	289,729
Net Change in Fund Balance	-	-	76
Fund Balance - beginning	16,149	16,149	16,149
Fund Balance - ending	\$ 16,149	\$ 16,149	\$ 16,225

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 8 Fiscal Years

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**FRS PENSION PLAN**

	<u>2021</u>	<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	0.009123776%	0.002432734%	0.002215495%	0.002502503%	0.002641973%	0.002888261%	0.002715198%	0.002592605%
Town's Proportionate Share of Net Pension Liability	\$ 145,319	\$ 1,054,426	\$ 762,987	\$ 753,498	\$ 781,478	\$ 729,288	\$ 350,705	\$ 158,187
Town's Covered Employee Payroll	\$ 719,569	\$ 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	20.20%	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	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

**HEALTH INSURANCE SUBSIDY PROGRAM**

	<u>2021</u>	<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	0.001744124%	0.001921396%	0.002001181%	0.002238247%	0.002438724%	0.002706862%	0.002587002%	0.002496623%
Town's Proportionate Share of Net Pension Liability	\$ 213,943	\$ 234,600	\$ 223,912	\$ 236,902	\$ 260,762	\$ 315,474	\$ 263,835	\$ 233,440
Town's Covered Employee Payroll	\$ 719,569	\$ 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	29.73%	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	3.56%	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 8 Fiscal Years

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FRS PENSION PLAN

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 81,035	\$ 78,816	\$ 72,490	\$ 71,319	\$ 68,777	\$ 70,435	\$ 66,198	\$ 56,789
Contributions in Relation to the Contractually Required Contribution	<u>(81,035)</u>	<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>	<u>\$ -</u>
Town's Covered Employee Payroll	\$ 571,439	\$ 652,174	672,214	709,698	767,433	808,820	793,565	731,177
Contributions as a Percentage of Covered Employee Payroll	14.18%	12.09%	10.78%	10.05%	8.96%	8.71%	8.34%	7.77%

HEALTH INSURANCE SUBSIDY PROGRAM

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 11,373	\$ 10,756	\$ 11,122	\$ 12,138	\$ 12,906	\$ 13,874	\$ 9,889	\$ 8,553
Contributions in Relation to the Contractually Required Contribution	<u>(11,373)</u>	<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>	<u>\$ -</u>
Town's Covered Employee Payroll	\$ 719,569	\$ 652,174	\$ 672,214	\$ 709,698	\$ 767,433	\$ 808,820	\$ 793,565	\$ 731,177
Contributions as a Percentage of Covered Employee Payroll	1.58%	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, Florida  
 Schedule of Other Post-Employment Benefits Liability and Contributions  
 Sneads Health Insurance Plan  
 Last 2 Fiscal Years

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Schedule of Changes in Net OPEB Liability

	<u>2021</u>	<u>2020</u>
Balance - beginning of year	\$ 137,126	\$ 105,021
Service Cost	27,917	32,105
Expected Interest Growth	4,008	-
Amortization Payments	(335)	-
Assumption Changes	(4,097)	-
Benefit Payments & Refunds	<u>(234)</u>	<u>-</u>
Balance - end of year	<u>\$ 164,385</u>	<u>\$ 137,126</u>

Schedule of OPEB Contributions

	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Town's OPEB Liability	\$ 164,385	\$ 137,126
Covered Payroll	\$ 519,747	\$ 519,747
Net Liability as Percentage of Covered Payroll	31.63%	26.38%

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 Expenditures of Federal Awards  
 For the Year Ended September 30, 2021

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<u>GRANTOR/ PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>CURRENT EXPENDITURES</u>
<u>PASS THROUGH GRANTOR</u>			
Department of Homeland Security			
Federal Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
Florida Division of Emergency Management	97.036	VARIOUS	\$ 679,990
Department of Treasury			
Corona Virus Relief Fund			
Florida Division of Emergency Management, Jackson County	21.019	FDEM-Y2294	250,066
Total Expenditures of State Financial Assistance			\$ 930,056

NOTES TO SCHEDULE:

- A. This schedule includes the federal expenditure grant activity of the Town of Sneads, Florida, under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of the Unified Circular, 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.
  
- C. During the current year, the Town received an additional \$204,584 FEMA funds that were a reimbursement for expenditures on streets and roads in the prior year, and therefore not included in current expenditures.

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, 2021. 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, 2021.

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, 2022

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

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OWEN W. GRIMSLEY, C.P.A.

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

Honorable Mayor and Town Council  
Town of Sneads  
Sneads, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sneads, Florida, as of and for the year ended September 30, 2021, 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, 2022.

### **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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Grimsley & Associates*

Marianna, Florida  
June 29, 2022

Grimsley and Associates, P.A.  
Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

# GRIMSLEY & ASSOCIATES

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

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

### **Report on Compliance for Each Major Federal Program**

We have audited the Town of Sneads, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Sneads, Florida's major federal programs for the year ended September 30, 2021. The Town of Sneads, Florida's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

Our responsibility is to express an opinion on compliance for each of the Town of Sneads, Florida's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town 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 federal program. However, our audit does not provide a legal determination of the Town of Sneads, Florida's compliance.

### ***Opinion on Each Major Federal Program***

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 federal programs for the year ended September 30, 2021.

### **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 federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Grimsley & Associates*

Marianna, Florida  
June 29, 2022

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## SCHEDULE OF FINDINGS

Town of Sneads, Florida  
Schedule of Findings and Questioned Costs  
September 30, 2021

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Section 1 – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of the Town of Sneads, Florida were prepared in accordance with GAAP.
2. No significant deficiencies were disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Town of Sneads, Florida which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit. No material weaknesses are reported.
5. The auditor’s report on compliance for the major federal award programs for the Town of Sneads, Florida expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The projects tested as major programs were:

<u>Federal Programs</u>	<u>Federal CFDA No.</u>
Department of Homeland Security Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036

8. The threshold for distinguishing Type A or Type B projects was \$750,000.
9. The Town of Sneads was determined not to be a low-risk auditee.

Town of Sneads, Florida  
Schedule of Findings and Questioned Costs  
September 30, 2021

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**Section 2 – Financial Statement Audit Findings**

None

**Section 3 – Major Federal Award Programs Audit Findings**

None

**Section 4 – Summary of Prior Year Audit Findings**

None

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

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## 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, 2021, and have issued our report thereon dated June 29, 2022.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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 Federal Program and Report on Internal control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 29, 2022, 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 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.

Post Office Box 220 · Lafayette Street · Marianna, Florida 32447-0220 · 850-526-3910 · FAX 850-482-6019

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:

None

### **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, 2022

*Grimsley & Associates*

Grimsley and Associates, P.A.  
Certified Public Accountants