

TOWN OF GRAND RIDGE, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

**TOWN OF GRAND RIDGE, FLORIDA
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SEPTEMBER 30, 2022**

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INDEPENDENT AUDITORS' REPORT

To the Honorable Town Council,
Town of Grand Ridge, Florida:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Grand Ridge, Florida, “the Town,” as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Grand Ridge, Florida’s basic financial statements as listed in the table of contents.

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, and each major fund of Town of Grand Ridge, Florida, as of September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Town’s 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

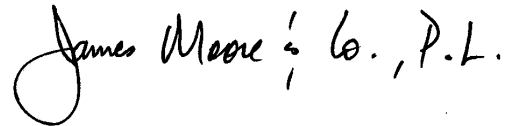
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and pension liability information as listed in the table of contents be presented to supplement the basic financial statements. Such information,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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Grand Ridge, Florida's basic financial statements. The schedule of expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Section 215.97, Florida Statutes, *Florida Single Audit Act*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate 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 and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 23, 2023, on our consideration of Town of Grand Ridge, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Grand Ridge, Florida's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looping initial 'J'.

Tallahassee, Florida
June 23, 2023

TOWN OF GRAND RIDGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022

As management of the Town of Grand Ridge, Florida, we offer readers this narrative overview and analysis of the financial activities of the Town of Grand Ridge, Florida for the fiscal year ended September 30, 2022.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the Town of Grand Ridge, Florida's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Grand Ridge, Florida is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Grand Ridge, Florida, 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 of Grand Ridge, Florida can be divided into two categories: governmental funds and proprietary funds.

TOWN OF GRAND RIDGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Continued)

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Grand Ridge, Florida maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Proprietary funds. The Town of Grand Ridge, Florida maintains one proprietary fund. *Proprietary funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Grand Ridge, Florida uses the enterprise fund to account for its water, sewer and garbage operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water, sewer and garbage operations, which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-40 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town of Grand Ridge, Florida's budgetary information. Required supplementary information can be found on pages 41-45 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Grand Ridge, Florida, assets and deferred outflows exceeded liabilities and deferred inflows by \$22,256,759 at the close of the most recent fiscal year.

TOWN OF GRAND RIDGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Continued)

By far the largest portion of the Town of Grand Ridge, Florida's net position (95 percent) in the most recent fiscal year reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town of Grand Ridge, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Grand Ridge, Florida's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Grand Ridge, Florida's Net Position

	2022		
	Governmental	Business-type	Total
	Activities	Activities	
Current and other assets	\$ 963,644	\$ 923,725	\$ 1,887,369
Capital assets, not being depreciated	242,802	2,993,891	3,236,693
Capital assets, being depreciated	1,288,353	18,316,452	19,604,805
Total assets	<u>2,494,799</u>	<u>22,234,068</u>	<u>24,728,867</u>
Deferred outflows	<u>48,479</u>	<u>39,883</u>	<u>88,362</u>
Long-term liabilities outstanding	236,859	1,490,205	1,727,064
Deferred revenues	436,744	-	436,744
Net pension liability	187,885	154,571	342,456
Other liabilities	6,311	13,708	20,019
Total liabilities	<u>867,799</u>	<u>1,658,484</u>	<u>2,526,283</u>
Deferred inflows	<u>18,756</u>	<u>15,431</u>	<u>34,187</u>
Net position:			
Net investment in capital assets	1,531,155	19,821,235	21,352,390
Restricted	7,280	297,401	304,681
Unrestricted	118,288	481,400	599,688
Total net position	<u>\$ 1,656,723</u>	<u>\$ 20,600,036</u>	<u>\$22,256,759</u>

TOWN OF GRAND RIDGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Continued)

Town of Grand Ridge, Florida's Net Position (Continued)

	2021		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,211,029	\$ 1,617,130	\$ 2,828,159
Capital assets, not being depreciated	242,802	3,014,191	3,256,993
Capital assets, being depreciated	709,718	18,856,039	19,565,757
Total assets	2,163,549	23,487,360	25,650,909
Deferred outflows	65,115	3,705	68,820
Long-term liabilities outstanding	62,450	2,279,534	2,341,984
Deferred revenues	218,372	-	218,372
Net pension liability	115,202	6,554	121,756
Other liabilities	3,766	19,977	23,743
Total liabilities	399,790	2,306,065	2,705,855
Deferred inflows	52,825	181,209	234,034
Net position:			
Net investment in capital assets	952,520	19,590,696	20,543,216
Restricted	15,933	966,485	982,418
Unrestricted	807,596	446,610	1,254,206
Total net position	\$ 1,776,049	\$ 21,003,791	\$ 22,779,840

An additional portion of the Town of Grand Ridge, Florida's net position (1 percent) represents resources that are subject to external restrictions on how they may be used in the most recent fiscal year.

At the end of the current fiscal year, the Town of Grand Ridge, Florida is able to report positive balances in all three categories of net position for the government as a whole.

Governmental activities. Governmental activities decreased the Town of Grand Ridge, Florida's net position by \$523,081 in the most recent fiscal year.

The decrease can be contributed to an increase in capital expenditures in the current year.

TOWN OF GRAND RIDGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Continued)

Town of Grand Ridge, Florida's Changes in Net Position

	2022		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 6,177	\$ 545,375	\$ 551,552
Operating grants and contributions	140,375	-	140,375
Capital grants and contributions	124,125	283,580	407,705
Investment income and other	1,094	32,769	33,863
General revenues:			
Taxes, licenses, and permits	357,104	-	357,104
Intergovernmental and other	196,945	33,275	230,220
Total revenues	<u>825,820</u>	<u>894,999</u>	<u>1,720,819</u>
Expenses:			
General government	329,356	-	329,356
Public Safety	67,928	-	67,928
Public works	508,243	-	508,243
Culture and recreation	156,011	-	156,011
Water, sewer and garbage	-	1,182,362	1,182,362
Total expenses	<u>1,061,538</u>	<u>1,182,362</u>	<u>2,243,900</u>
Decrease in net position before transfers	(235,718)	(287,363)	(523,081)
Transfers	116,392	(116,392)	-
Net change in net position	(119,326)	(403,755)	(523,081)
Net position , beginning of year	<u>1,776,049</u>	<u>21,003,791</u>	<u>22,779,840</u>
Net position , end of year	<u>\$ 1,656,723</u>	<u>\$ 20,600,036</u>	<u>\$ 22,256,759</u>

TOWN OF GRAND RIDGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Continued)

Town of Grand Ridge, Florida's Changes in Net Position (Continued)

	2021		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 8,014	\$ 475,540	\$ 483,554
Operating grants and contributions	55,630	-	55,630
Capital grants and contributions	18,835	335,842	354,677
Investment income and other	798	59,694	60,492
General revenues:			
Taxes, licenses, and permits	292,390	-	292,390
Intergovernmental and other	704,936	-	704,936
Total revenues	<u>1,080,603</u>	<u>871,076</u>	<u>1,951,679</u>
Expenses:			
General government	184,473	-	184,473
Public Safety	44,301	-	44,301
Public works	222,035	-	222,035
Culture and recreation	157,479	-	157,479
Water, sewer and garbage	-	1,128,951	1,128,951
Total expenses	<u>608,288</u>	<u>1,128,951</u>	<u>1,737,239</u>
Increase (decrease) in net position before transfers	472,315	(257,875)	214,440
Transfers	52,944	(52,944)	-
Change in net position	525,259	(310,819)	214,440
Net position , beginning of year	<u>1,250,790</u>	<u>21,314,610</u>	<u>22,565,400</u>
Net position , end of year	<u>\$ 1,776,049</u>	<u>\$ 21,003,791</u>	<u>\$ 22,779,840</u>

Business-type activities. In the most recent fiscal year, business-type activities decreased the Town of Grand Ridge, Florida's net position by \$403,755. The key element in this decrease was due primarily to contractual services and the transfer to the general fund.

TOWN OF GRAND RIDGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Continued)

Financial Analysis of the Government's Funds

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

Governmental fund. The focus of the Town of Grand Ridge, Florida's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Grand Ridge, Florida's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Grand Ridge, Florida's governmental fund reported an ending fund balance of \$520,589, a \$468,302 decrease in comparison with the prior year. \$501,265 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The general fund is the chief operating fund of the Town of Grand Ridge, Florida. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 32 percent of total general fund expenditures.

Proprietary funds. The Town of Grand Ridge, Florida's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water, Sewer and Garbage Fund at the end of the year amounted to \$481,400. The total decrease in net position for the fund was \$403,755. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Grand Ridge, Florida's business-type activities.

General Fund Budgetary Highlights

There were no differences between the original budget and the final amended budget.

Capital Asset and Debt Administration

Capital assets. The Town of Grand Ridge, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2022, amounts to \$22,841,498 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads.

Additional information on the Town of Grand Ridge, Florida's capital assets can be found in Note 5 on pages 29 – 30 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Grand Ridge, Florida had capital improvement debt outstanding of \$1,715,008.

TOWN OF GRAND RIDGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022
(Continued)

**Town of Grand Ridge, Florida's Outstanding Debt,
Capital Improvement, and Revenue Bonds**

	Governmental activities	Business- type activities	Total
Revolving fund loan	\$ —	\$ 1,218,108	\$ 1,218,108
Water revenue bond	—	271,000	271,000
Public improvement revenue bond	225,900	—	225,900
Total	\$ 225,900	\$ 1,489,108	\$ 1,715,008

Additional information on the Town of Grand Ridge, Florida's long-term debt can be found in Note 7 on pages 31 - 33 of this report.

Economic Factors and Next Year's Budgets and Rates

The Town of Grand Ridge has been awarded four grants through DEO's CDBG programs totaling approximately \$12,390,500; CDBG-DR in the amount of \$8,525,500 for water and wastewater repairs and improvements, CDBG-MIT in the amount of \$3,265,000 to construct a resiliency hub, and CDBG-NR in the amount of \$600,000 for repairs and improvements at John Thomas Porter Park and Oak St. Construction is expected to begin in 2023-2024.

Requests for Information

This financial report is designed to provide a general overview of the Town of Grand Ridge, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town Manager, 2086 Porter Ave, Grand Ridge, Florida 32442.

TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 326,419	\$ 133,951	\$ 460,370
Investments	84,926	153,346	238,272
Receivables	10,566	66,483	77,049
Due from other governments	477,630	317,323	794,953
Internal balances	44,779	(44,779)	-
Prepaid expenses	786	-	786
Deposits	11,258	-	11,258
Restricted assets:			
Cash and cash equivalents	7,280	83,541	90,821
Investments	-	213,860	213,860
Capital assets, not being depreciated	242,802	2,993,891	3,236,693
Capital assets, being depreciated, net	1,288,353	18,316,452	19,604,805
Total assets	<u><u>\$ 2,494,799</u></u>	<u><u>\$ 22,234,068</u></u>	<u><u>\$ 24,728,867</u></u>
DEFERRED OUTFLOWS			
Deferred outflows related to pensions	<u><u>\$ 48,479</u></u>	<u><u>\$ 39,883</u></u>	<u><u>\$ 88,362</u></u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 6,311	\$ 8,233	\$ 14,544
Deferred revenue	436,744	-	436,744
Accrued interest	-	5,475	5,475
Noncurrent liabilities:			
Due within one year	16,168	116,280	132,448
Due in more than one year	220,691	1,373,925	1,594,616
Net pension liability	187,885	154,571	342,456
Total liabilities	<u><u>\$ 867,799</u></u>	<u><u>\$ 1,658,484</u></u>	<u><u>\$ 2,526,283</u></u>
DEFERRED INFLOWS			
Deferred inflows related to pensions	<u><u>\$ 18,756</u></u>	<u><u>\$ 15,431</u></u>	<u><u>\$ 34,187</u></u>
NET POSITION			
Net investment in capital assets	\$ 1,531,155	\$ 19,821,235	\$ 21,352,390
Restricted for debt service	7,280	297,401	304,681
Unrestricted	118,288	481,400	599,688
Total net position	<u><u>\$ 1,656,723</u></u>	<u><u>\$ 20,600,036</u></u>	<u><u>\$ 22,256,759</u></u>

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

**TOWN OF GRAND RIDGE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2022**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 326,419
Investments	84,926
Accounts receivable	10,566
Prepaid expenses	786
Deposits	11,258
Restricted assets:	
Cash and cash equivalents	7,280
Due from other governments	477,630
Due from other fund	44,779
Total Assets	<u><u>\$ 963,644</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	\$ 6,311
Deferred revenue	436,744
Total Liabilities	<u>443,055</u>
Fund Balance:	
Nonspendable	
Prepaid items	786
Deposits	11,258
Restricted	
Debt service	7,280
Unassigned	501,265
Total Fund Balance	<u>520,589</u>
Total Liabilities and Fund Balance	<u><u>\$ 963,644</u></u>

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

TOWN OF GRAND RIDGE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Fund balances - total governmental funds \$ 520,589

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Total governmental capital assets	3,780,318	
Less: accumulated depreciation	<u>(2,249,163)</u>	1,531,155

On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the Town's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension liability	(187,885)	
Deferred outflows related to pensions	48,479	
Deferred inflows related to pensions	<u>(18,756)</u>	(158,162)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(225,900)

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:
 Compensated absences

(10,959)

Change in net position of governmental activities \$ 1,656,723

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

TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund
Revenues	
Taxes, licenses and permits	\$ 357,104
Intergovernmental	140,430
Grants	264,500
Gain on sale of assets	18,000
Other	45,786
Total revenues	825,820
Expenditures	
General government	326,025
Public safety	390,670
Public works	753,465
Culture and recreation	166,254
Total expenditures	1,636,414
Deficiency of revenues under expenditures	(810,594)
Other Financing Sources	
Transfers in	116,392
Proceeds from debt	225,900
Change in net fund balance	(468,302)
Fund balance, beginning of year	988,891
Fund balance, end of year	\$ 520,589

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

**TOWN OF GRAND RIDGE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Net change in fund balances - total governmental funds \$ (468,302)

Differences in amounts reported for governmental activities in the statement of activities are:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay expenditures	711,233	
Depreciation expense	<u>(132,598)</u>	
		578,635

Governmental funds report contributions to defined benefit pension plans as expenditures.

However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized in accordance with GASB Statement No. 68.

Change in net pension liability and deferred inflows/outflows related to pensions	(55,250)
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:

Change in compensated absences liability	51,491
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

	(225,900)
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Change in net position of governmental activities	<u><u>\$ (119,326)</u></u>
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The accompanying notes to financial statements
are an integral part of this statement.

**TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2022**

	Water, Sewer and Garbage Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 133,951
Investments	153,346
Accounts receivable	66,483
Due from other government	317,323
Restricted assets:	
Cash and cash equivalents	83,541
Investments	213,860
Total current assets	968,504
Noncurrent assets:	
Capital assets	
Land	2,968,528
Construction in progress	25,363
Buildings	47,686
Equipment	328,461
Infrastructure	24,432,715
Accumulated depreciation	(6,492,410)
Total capital assets, net	21,310,343
Total noncurrent assets	21,310,343
Total Assets	\$ 22,278,847
DEFERRED OUTFLOWS	
Deferred outflows related to pensions	\$ 39,883
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 8,233
Accrued interest	5,475
Compensated absences, current portion	355
Due to other fund	44,779
Note payable, current portion	115,925
Total current liabilities	174,767
Noncurrent liabilities:	
Net pension liability	154,571
Note payable, long term portion	1,373,183
Compensated absences, long term portion	742
Total noncurrent liabilities	1,528,496
Total Liabilities	\$ 1,703,263
DEFERRED INFLOWS	
Deferred inflows related to pensions	\$ 15,431
NET POSITION	
Net investment in capital assets	\$ 19,821,235
Restricted for debt service	297,401
Unrestricted	481,400
Total net position	\$ 20,600,036

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

TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Water, Sewer and Garbage Fund</u>
Operating revenues:	
Charges for services	\$ 545,375
Operating expenses:	
Personnel services	112,510
Professional and contractual services	239,864
Materials, supplies and other	270,436
Depreciation	539,587
Total operating expenses	1,162,397
Operating loss	(617,022)
Nonoperating revenues (expenses):	
Investment income and other	32,769
Insurance proceeds	33,275
Interest expense	(19,965)
Total nonoperating revenues (expenses)	46,079
Income (loss) before contributions and transfers	(570,943)
Capital grants	283,580
Transfers out	(116,392)
Change in net position	(403,755)
Total net position, beginning of year	21,003,791
Total net position, end of year	\$ 20,600,036

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

**TOWN OF GRAND RIDGE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Water, Sewer and Garbage Fund
Cash flows from operating activities	
Cash received from customers and others	\$ 548,595
Cash paid to employees	(166,449)
Cash paid to suppliers	(491,176)
Net cash used in operating activities	(109,030)
Cash flows from noncapital financing activities	
Transfers out	(116,392)
Net cash used in noncapital financing activities	(116,392)
Cash flows from capital and related financing activities	
Principal paid on capital debt	(790,426)
Interest paid on capital debt	(23,961)
Proceeds from insurance proceeds	33,275
Net cash used in capital and related financing activities	(781,112)
Cash flows from investing activities	
Proceeds from sale of investments	924,806
Purchases of investments	(278,057)
Proceeds from sale of certificate of deposit	274,394
Investment returns and other nonoperating revenues	32,769
Net cash provided by investing activities	953,912
Net decrease in cash and cash equivalents	(52,622)
Cash and cash equivalents , beginning of year (including \$64,921 reported in restricted cash and cash equivalents)	270,114
Cash and cash equivalents , end of year (including \$83,541) reported in restricted cash and cash equivalents	\$ 217,492
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (617,022)
Adjustments to reconcile net operating loss to net cash provided by operating activities:	
Depreciation	539,587
Loss on disposal of asset	20,300
Changes in asset and liabilities:	
Decrease in accounts receivable	3,220
Decrease in accounts payable and accrued expenses	(1,176)
Increase in net pension liability	148,017
Decrease in deferred inflows	(165,778)
Increase in deferred outflows	(36,178)
Total adjustments	507,992
Net cash used in operating activities	\$ (109,030)

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

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) **Summary of Significant Accounting Policies:**

(a) **Reporting entity**—Town of Grand Ridge, Florida is a municipal corporation formed under Chapter 27576, Laws of Florida, Act of 1951, and is governed by an appointed mayor and a four-member council. The accompanying financial statements present the government only since there are no component units for which the government is considered to be financially accountable.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

(c) **Basis of presentation – government wide financial statements**—While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise fund. Separate financial statements are provided for the governmental fund and proprietary fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Town's water, wastewater and garbage functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

(d) **Basis of presentation – fund financial statements**—The fund financial statements provide information about the Town's funds. Separate statements for each fund category- governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

The *water, sewer and garbage fund* accounts for the activities of the government's water distribution operations, sewer collection operations, and garbage pick-up services.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Basis of presentation – fund financial statements** (Continued)—During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

(e) **Measurement focus and basis of accounting**—The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Measurement focus and basis of accounting** (Continued)—Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

(f) **Budgetary basis of accounting**—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The appropriated budget is prepared by fund, function, and department. The Town's management may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

(g) **Deposits and investments**—The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Any change in the value of investments recorded at fair value is included in investment earnings. Fair value is based on quoted market prices.

State statutes authorize the Town to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, SEC registered money market funds with the highest credit quality rating and savings and CD accounts in state-certified public depositories.

(h) **Prepaid items**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(i) **Restricted assets**—Certain proceeds from Florida legislative appropriations to the Town have been set aside for State Revolving Fund long-term debt repayment, and are classified as restricted assets on the Statement of Net Position because they are maintained in separate investment accounts and their use is limited by applicable third party restrictions.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of one year. Roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. For inventory purposes, capital assets are assets with an individual cost of \$500 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Assets	Years
Buildings	20-39
Public domain infrastructure	30-50
System infrastructure	7-50
Vehicles	5
Office equipment	5
Computer equipment	5

(k) **Compensated absences**—It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay and sick pay may be paid to employees up to a maximum amount. Vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(l) **Long-term obligations**—In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Net position flow assumption**—Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

(n) **Fund balance flow assumptions**—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

(o) **Fund balance policies**—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

(p) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) **Summary of Significant Accounting Policies:** (Continued)

(q) **Deferred outflows/inflows of resources**—In addition to assets and liabilities, the statement of financial position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectfully. These separate financial statement elements, deferred outflows/inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note 9.

(r) **Pensions**—For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and additions to/deductions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(s) **Program revenues**—Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

(t) **Proprietary funds operating and nonoperating revenues and expenses**—Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(u) **New accounting pronouncements**—GASB Statement No. 87, Leases (the Statement), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset (RTU), and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Town evaluated the effect of the implementation of the new standard and has determined no recognition is necessary.

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(2) **Deposits and Investments:**

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of September 30, 2022, the Town’s carrying amount of deposits was \$551,191 and the bank balance was \$609,326. The bank balance was covered by Federal depository insurance, or by collateral held by the Town’s custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

(3) **Investments – Money Market:**

At year end, investments of the Town consisted of the following:

	Fair Value
Money Market Mutual Fund	\$ 213,860

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. All Town securities were held in the Town’s name, therefore, no investments at year end were subject to custodial credit risk.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. At year end, the Town’s investment in U.S. Government & Agency Securities include Federal Home Loan Bank, which was rated AAA by Moody’s Investor Services.

Interest Rate Risk: In accordance with investment policy, the Town manages its exposure to declines in fair values by structuring the investment portfolio so that securities meet ongoing debt service requirements.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(4) **Investments – PRIME:**

Investments in the Local Government Surplus Funds Trust (“PRIME Fund”) are held with the Florida State Board of Administration. This fund is structured as a “2a-7 like” fund, which is carried at amortized cost. Amortized cost includes accrued income and is a method of calculating an investment’s value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity. Thus, the balance in the fund is its fair value. A “2a-7 like” fund is not registered with the SEC as an investment company, but never the less has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds.

The foremost objective of the Town’s investment policy is the safety of capital and liquidity of funds. Achieving an optimal rate of return is of secondary importance as compared to the safety and liquidity of funds. The Town’s investment policy limits investments to those relatively low risk securities authorized in anticipation of earning a fair return relative to the risk being assumed. How the Town manages credit risk, interest rate risk, and custodial credit risk is as follows:

Credit Risk: The Town minimizes credit risk, the risk of loss due to failure of the security, by limiting investments to authorized investments. The PRIME Fund is rated by Standards and Poor’s. The current rating is AAAM.

Interest Rate Risk: The Town manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities, Florida State Board of Administration Florida PRIME. The weighted average days to maturity of the Florida PRIME at September 30, 2022 was 21 days. Next interest rate reset dates for floating rate securities are used in the calculation of the weighted average days to maturity.

Custodial Credit Risk: Investments are subject to custodial credit risk if the securities are uninsured, not registered in the Town’s name, and are held by the party that either sells to or buys for the Town. No investments held at year end were subject to custodial credit risk. The Florida State Board of Administration Florida PRIME does not participate in securities lending, but the Town owns shares of the Florida PRIME and not the underlying investments.

As of September 30, 2022, the Town had the following investments reported at fair market values:

	<u>Fair Value</u>
Florida PRIME	\$ <u>238,272</u>

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(5) Capital Assets:

Capital asset activity for the year ended September 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 242,802	\$ -	\$ -	\$ 242,802
Total capital assets, not being depreciated	<u>242,802</u>	<u>-</u>	<u>-</u>	<u>242,802</u>
Capital assets, being depreciated:				
Buildings and improvements	204,387	13,479	-	217,866
Equipment, furniture, fixtures and vehicles	1,263,435	377,022	(176,312)	1,464,145
Infrastructure	88,842	-	-	88,842
Improvements other than buildings	<u>1,445,931</u>	<u>320,732</u>	<u>-</u>	<u>1,766,663</u>
Total capital assets, being depreciated	<u>3,002,595</u>	<u>711,233</u>	<u>(176,312)</u>	<u>3,537,516</u>
Less accumulated depreciation for:				
Building and improvements	(114,799)	(7,280)	-	(122,079)
Equipment, furniture, fixtures and vehicles	(924,435)	(66,759)	176,312	(814,882)
Infrastructure	(60,605)	(4,442)	-	(65,047)
Improvements other than buildings	<u>(1,193,038)</u>	<u>(54,117)</u>	<u>-</u>	<u>(1,247,155)</u>
Total accumulated depreciation	<u>(2,292,877)</u>	<u>(132,598)</u>	<u>176,312</u>	<u>(2,249,163)</u>
Total capital assets, being depreciated, net	<u>709,718</u>	<u>578,635</u>	<u>-</u>	<u>1,288,353</u>
Governmental activities capital assets, net	<u>\$ 952,520</u>	<u>\$ 578,635</u>	<u>\$ -</u>	<u>\$ 1,531,155</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,968,528	\$ -	\$ -	\$ 2,968,528
Construction in progress	<u>45,663</u>	<u>-</u>	<u>(20,300)</u>	<u>25,363</u>
Total capital assets, not being depreciated	<u>3,014,191</u>	<u>-</u>	<u>(20,300)</u>	<u>2,993,891</u>
Capital assets, being depreciated:				
Buildings	47,686	-	-	47,686
Equipment, buildings, utility systems and improvements	24,761,176	-	-	24,761,176
Less accumulated depreciation	<u>(5,952,823)</u>	<u>(539,587)</u>	<u>-</u>	<u>(6,492,410)</u>
Total capital assets, being depreciated, net	<u>18,856,039</u>	<u>(539,587)</u>	<u>-</u>	<u>18,316,452</u>
Business-type activities capital assets, net	<u>\$ 21,870,230</u>	<u>\$ (539,587)</u>	<u>\$ (20,300)</u>	<u>\$ 21,310,343</u>

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(5) **Capital Assets:** (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 20,221
Public safety	27,335
Public works	45,143
Culture and recreation	39,899
Total	<u>\$ 132,598</u>
Business-type activities:	
Water, sewer and garbage	<u>\$ 539,587</u>

(6) **Receivables:**

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water, Sewer and Garbage	Total
Accounts	\$ 10,566	\$ 46,001	\$ 56,567
Due from insurance company	-	20,482	20,482
Intergovernmental	477,630	317,323	794,953
Gross Receivables	488,196	383,806	872,002
Less: allowance for uncollectable	-	-	-
Net total receivables	<u>\$ 488,196</u>	<u>\$ 383,806</u>	<u>\$ 872,002</u>

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(7) Long-term Debt:

State Revolving Fund Loans

The Town originally entered into an agreement to borrow \$10,270,122 under revolving fund loan agreement with the State of Florida Department of Environmental Protection for the planning, design and construction of a sewer collection and transmission system. During 2019, the remaining balance was refinanced under new borrowing agreement WW892021. The refinanced revolving fund loan is payable in 20 semi-annual installments of \$202,945 including principal and interest at a rate of approximately 1%. Payments commenced on July 15, 2019 and as of September 30, 2022, the Town had an outstanding balance on the loan of \$1,207,162. The Town pledged gross revenues derived from the operation and maintenance of the constructed assets to pay debt service.

As of September 30, 2022, the Town borrowed \$25,000 under revolving fund loan agreement with the State of Florida Department of Environmental Protection for the planning, design and construction of a sewer collection and transmission system, under new borrowing agreement WW320410. The revolving fund loan is payable on January 15, 2037 including total principal and a .25% interest rate. As of September 30, 2022, the Town had an outstanding balance on the loan of \$10,946. The Town pledged gross revenues derived from the operation and maintenance of the constructed assets to pay debt service.

Estimated annual debt service requirements to maturity for the revolving fund loans is as follows:

Year Ending September 30,	Principal	Interest
2023	\$ 113,925	\$ 4,301
2024	102,789	15,437
2025	104,230	13,996
2026	105,689	12,537
2027	107,171	11,055
2028 – 2032	558,809	32,321
2033 – 2037	125,495	1,732
Total	\$ 1,218,108	\$ 91,379

Water Revenue Bonds

The Town issued water revenue bonds to finance the acquisition, construction, and equipping of improvements to the Town’s water system, bonds have been issued for governmental activities. The original amount of water revenue bonds issued was \$279,000. Bonds shall bear interest from March 24, 2017, payable on each March 24 commencing March 24, 2018 at an interest rate of 2.75%. The principal amounts shall be payable March 24, commencing March 24, 2018 through March of 2057, following the schedule below.

These bonds are collateralized by the Town’s net sales from water sales from the system being improved upon. Water revenue bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount
Water Fund Activities	2.75%	\$ 271,000

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(7) **Long-term Debt:** (Continued)

Annual debt service requirements to maturity for capital improvement bonds are as follows:

Year Ending September 30,	Principal	Interest
2023	\$ 2,000	\$ 7,555
2024	2,000	7,499
2025	3,000	7,444
2026	3,000	7,360
2027	3,000	7,276
2028 – 2032	22,000	34,823
2033 – 2037	30,000	31,342
2038 – 2042	38,000	26,691
2043 – 2047	49,000	20,842
2048 – 2052	61,000	13,351
2053 – 2057	58,000	4,125
	\$ 271,000	\$ 168,308

Public Improvement Revenue Bonds

The Town issued USDA firetruck bonds R-1 and R-2 to finance the acquisition and equipping of a firetruck, in and for the Town, under the authority of and in full compliance with the Constitution and laws of the State of Florida. The original amount of USDA public improvement revenue bonds issued was \$176,200 for R-1 and \$49,700 for R-2. Bonds shall bear interest beginning May 2023, payable annual at an interest rate of 2.50% and 2.25%, respectively. The principal amounts shall be payable from May 2023 through May 2037, following the schedule below.

These bonds are collateralized by the Town’s gross revenues derived from the Interlocal Agreement (Fire Protection), dated November 12, 2019, between Jackson County and the Town. USDA firetruck bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount
Firetruck	2.50%	\$ 176,200
Firetruck	2.25%	49,700
Total		\$ 225,900

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(7) **Long-term Debt:** (Continued)

Public Improvement Revenue Bonds (Continued)

Annual debt service requirements to maturity for USDA public improvement revenue bonds are as follows:

Year Ending September 30,	Principal	Interest
2023	\$ 12,623	\$ 5,586
2024	12,935	5,274
2025	13,255	4,954
2026	13,582	4,626
2027	13,919	4,291
2028 – 2033	74,928	16,119
2033 – 2037	84,658	6,384
	<u>\$ 225,900</u>	<u>\$ 47,234</u>

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Compensated absences	\$ 62,450	\$ -	\$ (51,491)	\$ 10,959	\$ 3,545
Public improvement revenue bonds	-	225,900	-	225,900	12,623
Governmental activity long-term liabilities	<u>\$ 62,450</u>	<u>\$ 225,900</u>	<u>\$ (51,491)</u>	<u>\$ 236,859</u>	<u>\$ 16,168</u>
Business-type activities:					
Compensated absences	\$ -	\$ 1,097	\$ -	\$ 1,097	\$ 355
Revolving fund loans	2,006,534	-	(788,426)	1,218,108	113,925
Water revenue bonds	273,000	-	(2,000)	271,000	2,000
Business-type activity long-term liabilities	<u>\$ 2,279,534</u>	<u>\$ 1,097</u>	<u>\$ (790,426)</u>	<u>\$ 1,490,205</u>	<u>\$ 116,280</u>

The total interest incurred for the year ended September 30, 2022 was \$19,965, which was charged to expense. For governmental activities, compensated absences are liquidated by the general fund.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) Contingent Liabilities:

Grant Programs—Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects amounts, if any, to be immaterial.

Litigation—The Town is party to routine legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such actions will have no material impact of the Town's financial condition.

(9) Florida Retirement System:

General Information about the Pension Plan

The Town participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Town's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. 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 Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) **Florida Retirement System:** (Continued)

Benefits Provided and Employees Covered (Continued)

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan 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 members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members 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 member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

**TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(9) **Florida Retirement System:** (Continued)

Contributions

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.00%. Each class had descriptions and contribution rates in effect during the fiscal year ended September 30, 2022, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Through June 30, 2022</u>	<u>After June 30, 2022</u>
Regular Class	10.82%	11.91%
Senior Management	29.01%	31.57%
Special Risk	25.89%	27.83%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, which are included in the above rates.

For the plan year ended June 30, 2022, actual contributions made for employees participating in FRS and HIS were as follows:

	<u>2022</u>
Contributions – FRS	\$ 32,985
Contributions – HIS	3,133
Employee Contributions – FRS	5,662

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

At September 30, 2022, the entity reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 287,615
HIS	54,841
Total	<u>\$ 342,456</u>

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) **Florida Retirement System:** (Continued)

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At September 30, 2022 and September 30, 2021, the Town's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2022	2021
FRS	0.000772990%	0.000743297%
HIS	0.000517775%	0.000534857%

For the plan year ended June 30, 2022, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	36,121
HIS		(1,815)
Total	\$	34,306

Deferred outflows/inflows related to pensions:

At September 30, 2022, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,660	\$ -	\$ 1,665	\$ (241)
Changes of assumptions	35,421	-	3,143	(8,484)
Net difference between projected and actual investment earnings	18,991	-	79	-
Change in proportionate share	10,802	(13,776)	559	(11,686)
Contributions subsequent to measurement date	3,476	-	566	-
	\$ 82,350	\$ (13,776)	\$ 6,012	\$ (20,411)

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) **Florida Retirement System:** (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

Year Ended	FRS	HIS	Total
2023	\$ 13,723	\$ (4,654)	\$ 9,069
2024	4,111	(2,938)	1,173
2025	(6,643)	(2,607)	(9,250)
2026	50,579	(2,313)	48,266
2027	3,328	(1,801)	1,527
Thereafter	-	(652)	(652)
Total	\$ 65,098	\$ (14,965)	\$ 50,133

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program 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 was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate decreased from the prior year rate of 6.80%. The plan's 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 HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 2.16%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018.

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) **Florida Retirement System:** (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2022, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.6%
Fixed income	19.8%	4.4%
Global equities	54.0%	8.8%
Real estate	10.3%	7.4%
Private equity	11.1%	12.0%
Strategic investments	3.8%	6.2%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the Town calculated using the current discount rates, as well as what the entity’s net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 497,410	\$ 287,615	\$ 112,201
HIS	3.54%	62,742	54,841	48,302

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(10) **Risk Management:**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance.

(11) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates, as adjusted based on the impacts of GASB Statement No. 95, effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Town's financial statements:

- a. GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.
- b. GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

(12) **Deferred Revenue – American Rescue Plan Act (ARPA):**

The Town has received funding through the ARPA federal stimulus bill to aid in public health and economic recovery from COVID-19. At the end of the fiscal year, the Town has unearned revenue of \$436,744 related to ARPA funds received and not yet expended.

TOWN OF GRAND RIDGE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022

TOWN OF GRAND RIDGE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes, licenses and permits	\$ 384,220	\$ 384,220	\$ 357,104	\$ (27,116)
Intergovernmental	90,307	90,307	140,430	50,123
Grants	2,327,828	2,327,828	264,500	(2,063,328)
Gain of sale of assets	-	-	18,000	18,000
Other	17,210	17,210	45,786	28,576
Total revenues	<u>2,819,565</u>	<u>2,819,565</u>	<u>825,820</u>	<u>(1,993,745)</u>
Expenditures				
General government	2,006,797	2,006,797	326,025	1,680,772
Public safety	393,060	393,060	390,670	2,390
Public works	249,093	249,093	753,465	(504,372)
Culture and recreation	170,615	170,615	166,254	4,361
Total expenditures	<u>2,819,565</u>	<u>2,819,565</u>	<u>1,636,414</u>	<u>1,183,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(810,594)</u>	<u>(810,594)</u>
Other financing sources (uses)				
Transfers in (out)	-	-	116,392	116,392
Proceeds from debt	-	-	225,900	225,900
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>342,292</u>	<u>342,292</u>
Change in net fund balance	<u>-</u>	<u>-</u>	<u>(468,302)</u>	<u>(468,302)</u>
Fund balances, beginning of year	988,891	988,891	988,891	-
Fund balances, end of year	<u>\$ 988,891</u>	<u>\$ 988,891</u>	<u>\$ 520,589</u>	<u>\$ (468,302)</u>

The accompanying note to schedule of revenues, expenditures
and changes in fund balance - budget and actual is an integral part of this statement.

**TOWN OF GRAND RIDGE, FLORIDA
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

I. Budgetary Information:

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, the Town Council prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Revisions that alter the total expenditures of any fund must be approved by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
6. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

TOWN OF GRAND RIDGE, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Florida Retirement System (FRS)									
Proportion of the net pension liability (asset)	0.000772990%	0.000743297%	0.000724362%	0.000804114%	0.000844177%	0.000836668%	0.000915433%	0.000959102%	0.000899662%
Proportionate share of the net pension liability (asset)	\$ 287,615	\$ 56,148	\$ 313,949	\$ 276,926	\$ 254,271	\$ 247,481	\$ 231,148	\$ 123,882	\$ 54,893
Covered-employee payroll	188,733	189,391	191,895	208,402	221,075	212,107	233,339	255,960	250,780
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	152.39%	29.65%	163.60%	132.88%	115.02%	116.68%	99.06%	48.40%	21.89%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)									
Proportion of the net pension liability (asset)	0.000517775%	0.000534857%	0.000552789%	0.000623003%	0.000676715%	0.000658648%	0.000755851%	0.000843667%	0.000844008%
Proportionate share of the net pension liability (asset)	\$ 54,841	\$ 65,608	\$ 67,495	\$ 69,708	\$ 71,623	\$ 70,426	\$ 88,091	\$ 86,042	\$ 78,917
Covered-employee payroll	188,733	189,391	191,895	208,402	221,075	212,107	233,339	255,960	250,780
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29.06%	34.64%	35.17%	33.45%	32.40%	33.20%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available.

**TOWN OF GRAND RIDGE, FLORIDA
SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Florida Retirement System (FRS)</u>									
Contractually required contribution	\$ 32,985	\$ 28,316	\$ 24,067	\$ 24,933	\$ 24,058	\$ 22,111	\$ 22,415	\$ 24,458	\$ 21,484
Contributions in relation to the contractually required contribution	(32,985)	(28,316)	(24,067)	(24,933)	(24,058)	(22,111)	(22,415)	(24,458)	(21,484)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 188,733	\$ 189,391	\$ 191,895	\$ 208,402	\$ 221,075	\$ 212,107	\$ 233,339	\$ 255,960	\$ 250,780
Contributions as a percentage of covered-employee payroll	17.48%	14.95%	12.54%	11.96%	10.88%	10.42%	9.61%	9.56%	8.57%
<u>Health Insurance Subsidy Program (HIS)</u>									
Contractually required contribution	\$ 3,133	\$ 3,144	\$ 3,185	\$ 3,459	\$ 3,670	\$ 3,521	\$ 3,873	\$ 3,225	\$ 3,009
Contributions in relation to the contractually required contribution	(3,133)	(3,144)	(3,185)	(3,459)	(3,670)	(3,521)	(3,873)	(3,225)	(3,009)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	188,733	189,391	191,895	208,402	221,075	212,107	233,339	255,960	250,780
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.20%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available.

SINGLE AUDIT

**TOWN OF GRAND RIDGE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Federal/State Agency / Pass-Through Entity / Federal Program / State Project</u>	<u>Assistance Listing Number</u>	<u>Contract / Grant Number</u>	<u>Expenditures</u>
FEDERAL AWARDS			
<u>Department of Homeland Security</u>			
Indirect Programs:			
Pass-Through the Executive Office of the Governor			
Disaster Grants - Public Assistance	97.036	Z0869	\$ 416,455
Total Department of Homeland Security			<u>416,455</u>
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
Community Facilities Grant	10.766	5C556	347,500
Total U.S. Department of Agriculture			<u>347,500</u>
Total Federal Awards			<u><u>\$ 763,955</u></u>

TOWN OF GRAND RIDGE, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Grand Ridge, Florida (the Town), and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the 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. Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) or Chapter 10.550, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) **De Minimis Indirect Cost Rate Election:**

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

(4) **Subrecipients:**

The Town did not pass any monies recognized on the Schedule to subrecipients.

**TOWN OF GRAND RIDGE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

A. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X none reported

Auditee qualified as a low-risk auditee? yes X no

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Identification of major Federal programs:

Assistance Listing Number	Program Name
97.036	Disaster Grants – Public Assistance

**TOWN OF GRAND RIDGE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

B. Financial Statement Findings:

2022-001 Preparation of Financial Statements and Material Adjustments

Condition and Criteria: The internal controls of the Town of Grand Ridge, Florida have focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

Cause: For the year ended September 30, 2022, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

Effect: Financial statements would be materially misstated if significant adjustments were not made.

Recommendation: We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

2022-002 Segregation of Duties

Condition and Criteria: Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. During a portion of the fiscal year, only one employee was temporarily responsible for multiple positions at the Town.

Cause: The employee receiving cash receipts was also responsible for creating the deposit slips for general cash receipts and inputting those receipts into the Town's accounting software. Also, the employee opening the mail and creating checks for general cash disbursements inputs those disbursements into the Town's accounting software.

Effect: Assets could potentially be misappropriated.

Recommendation: The employee that receives and records the cash receipts on a receipt log should give the receipts to the Town Clerk to input into the account software and prepare the deposit. Signed checks should also be mailed without allowing them to be returned to the employee responsible for accounts payable.

C. Federal Program Findings and Questioned Costs: None.

**TOWN OF GRAND RIDGE, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

2021-001 Preparation of Financial Statements and Material Adjustments – Corrective action not taken. See repeat finding 2022-001.

2021-002 Segregation of Duties – Corrective action not taken. See repeat finding 2022-002.

2021-003 Health Insurance Reimbursement – Corrective action taken to resolve health insurance payment issues in prior year.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To the Honorable Town Council,
Town of Grand Ridge, Florida:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Grand Ridge, Florida's (the Town) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement*, that could have a direct and material effect on each of the Town's major federal programs for the year ended September 30, 2022. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

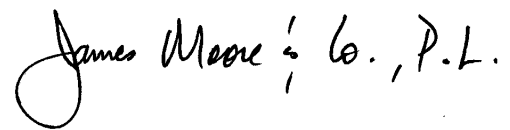
Report on Internal Control over Compliance

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 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We identified certain deficiencies in internal control, as described in the accompanying schedule of findings and questioned costs, that we consider to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looping initial 'J'.

Tallahassee, Florida
June 23, 2023

**TOWN OF GRAND RIDGE, FLORIDA
OFFICIALS
SEPTEMBER 30, 2022**

TOWN COUNCIL

Chris Harrell – Mayor

Kimberly J. Applewhite, Councilmember

Tim Baggett, Councilmember

Tracy Hagan, Councilmember

TOWN MANAGER

Daniele McDaniel

**INDEPENDENT AUDITORS' 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***

To the Honorable Town Council,
Town of Grand Ridge, Florida:

We have audited, 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, the financial statements of the governmental activities, the business-type activities and each major fund of Town of Grand Ridge, Florida (the Town), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 23, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

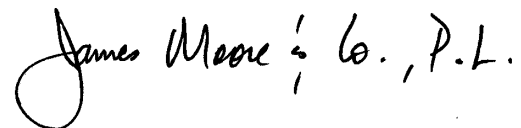
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Tallahassee, Florida
June 23, 2023

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Town Council,
Town of Grand Ridge, Florida:

Report on the Financial Statements

We have audited the financial statements of the Town of Grand Ridge, Florida, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 23, 2023.

Auditors' 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 of Federal Awards* (Uniform Guidance), and Chapter 10.550, Rules of the Florida 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 Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 23, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings			
Description	Current Year Finding #	2021-20 FY Finding #	2020-19 FY Finding #
Preparation of Financial Statements and Significant Adjustments	2022-001	2021-001	2020-001
Segregation of Duties	2022-002	2021-002	2020-002

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. The Town was established by Chapter 27576, Laws of Florida, Acts of 1951. The Town does not have any component units.

Financial Condition and Management

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

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

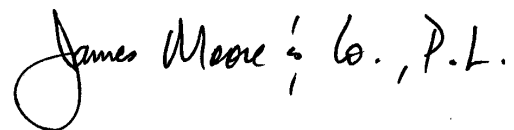
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

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

Purpose of this Letter

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial 'J'.

Tallahassee, Florida
June 23, 2023

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

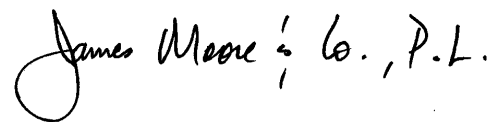
To Town Council,
Town of Grand Ridge, Florida:

We have examined Town of Grand Ridge, Florida's (the Town) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (The Statute), for the year ended September 30, 2022. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, Town of Grand Ridge, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.



Tallahassee, Florida
June 23, 2023

Town of Grand Ridge

P.O. Drawer 180
Grand Ridge, FL 32442
Phone: (850) 592-4621

2086 Porter Avenue
Grand Ridge, FL 32442
Fax: (850) 592-5583

Email: townofgrandridge@embarqmail.com

Response to Schedule of Findings and Questioned Costs

Finding 2022-001: Significant Adjustments and Preparation of Financial Statements and Material Adjustments

Corrective Action Plan – With respect to the preparation of the financial statements and footnotes, it has been the Town’s practice to have its Town Clerk prepare monthly financial reports for the Town Council and Town Manager to review and financial reports in preparation for the annual audit, we have relied upon the audit firm to identify and draft the financial statements and related note disclosures. It would be cost-prohibitive to engage another accounting firm to draft the financial statements and related disclosure in advance for the year-end audit procedures; consequently, the Town declines to do so at this time.

Finding 2022-002: Segregation of Duties

Corrective Action Plan – The Town of Grand Ridge strives to abide by the internal controls that are designed to safeguard assets and to help prevent or detect losses from employee dishonesty or error. In the future, the Town of Grand Ridge will advertise open positions for administrative employment and will hire an employee who meets the criteria as soon as practical in order to remain compliant with internal control measures.


Amanda Applewhite, Town Clerk


Date