

TOWN OF INGLIS, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2022

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ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended September 30, 2022

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INTRODUCTORY SECTION

**TOWN OF INGLIS, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2022**

MAYOR

Steven Schwing

PRESIDENT OF COMMISSION

Joyce Schwing

VICE PRESIDENT

Pat Tully

COMMISSION MEMBERS

Isaac Young

Veronica Reardon

Daniel Hill

TOWN CLERK

Cery Logeman

FINANCIAL SECTION



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200
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INDEPENDENT AUDITOR’S REPORT

To the Honorable Mayor
and Members of the Town Commission
Town of Inglis, Florida

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Inglis, 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 as listed in the table of contents.

Summary of Opinion Units

<u>Opinion Units</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Qualified
General Fund	Unmodified
Water Utility Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on the Governmental Activities, Business-type Activities, and Water Utility Fund

In our opinion, except for the possible effects of the matters described in the Basis for Qualified and Unmodified Opinions, section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities, the business-type activities, and the Water Utility Fund of the Town 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.

Unmodified Opinion on the General Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and the aggregate remaining fund information of the Town, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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 qualified and unmodified audit opinions.

Matters Giving Rise to the Qualified Opinion on the Governmental Activities, Business-type Activities, and Water Utility Fund

As discussed in Note 10 to the financial statements, the Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in governmental activities, business-type activities, and the Water Utility Fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, the business-type activities, and the Water Fund has not been determined.

Emphasis of Matters –Prior Period Restatement

The Town restated multiple prior year balance sheet accounts to update balances to reconciled figures. This restatement is further discussed in Note 1. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the 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 the 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.

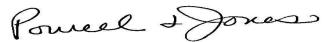
Required Supplementary Information

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

Management has omitted the schedule of changes in the Town's total OPEB liability and related ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



POWELL AND JONES, CPA'S
Lake City, Florida
November 28, 2023

TOWN OF INGLIS, FLORIDA
Management's Discussion and Analysis

This discussion and analysis of the Town of Inglis's (The Town) financial performance provides an easily readable overview of the Town's financial activities for the fiscal year ending September 30, 2022. Please read it in conjunction with the Town's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2022:

- Total ending unrestricted net position was \$2,811,961.
- The Town had total expenses for the year of \$1,932,001, compared to revenues of \$2,429,278.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the Town's activities as a whole and fund financial statements that report on the Town's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the Town's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenditures are recorded, regardless of when cash is received or paid. Net position - the difference between assets and liabilities - can be used to measure the Town's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the Town's financial health is improving or deteriorating. However, other non-financial factors, such as road conditions or changes in the tax base, must also be considered when assessing the overall health of the Town.

In these statements, the Town's activities are divided as follows:

- *Governmental activities* - Most of the Town's basic services are reported here, including administration, fire and police services, and road and bridge, maintenance, and garbage. Taxes and charges for services finance most of these activities.
- *Business-type activities* - These activities are financed in whole or in part by fees charged to external parties for goods or services. The activities of the water services are reported as a business-type activities.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the Town's funds.

Governmental funds - The General Fund and Road and Bridge Fund are the Town's only governmental funds. These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.

Proprietary funds - The Water Fund is the Town's only proprietary fund. Proprietary funds are reported using the accrual basis of accounting and, accordingly, there is a correlation between the amounts reported in the fund financial statements and the amounts reported in the government-wide financial statements.

CONDENSED FINANCIAL INFORMATION

Comparative condensed financial information is presented below:

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021 (Restated)	2022	2021 (Restated)	2022	2021 (Restated)
Assets						
Non-capital assets	\$ 1,917,462	\$ 1,595,395	\$ 1,268,996	\$ 1,622,649	\$ 3,186,458	\$ 3,218,044
Capital assets	1,047,467	1,111,147	2,833,980	2,989,301	3,881,447	4,100,448
Total assets	2,964,929	2,706,542	4,102,976	4,611,950	7,067,905	7,318,492
Deferred outflows of resources	69,316	41,355	54,484	27,236	123,800	68,591
Liabilities						
Current liabilities	55,150	403,455	99,498	476,539	154,648	879,994
Long-term liabilities	176,837	85,542	133,641	57,060	310,478	142,602
Total liabilities	231,987	488,997	233,139	533,599	465,126	1,022,596
Deferred inflows of resources	15,433	98,124	12,131	64,625	27,564	162,749
Net position						
Invested in capital assets, net	1,047,467	1,111,147	2,833,980	2,989,301	3,881,447	4,100,448
Restricted	5,607	5,604	-	8,114	5,607	13,718
Unrestricted	1,733,751	1,044,025	1,078,210	1,043,547	2,811,961	2,087,572
Total net position	\$ 2,786,825	\$ 2,160,776	\$ 3,912,190	\$ 4,040,962	\$ 6,699,015	\$ 6,201,738

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
		(Restated)		(Restated)		(Restated)
Program revenues						
Charges for services	\$ 294,192	\$ 281,580	\$ 490,618	\$ 503,145	\$ 784,810	\$ 784,725
Operating grants and contributions	28,899	32,435	-	-	28,899	32,435
Capital grants and contributions	675,010	52,941	-	438,568	675,010	491,509
General revenues						
Property taxes	333,507	338,565	-	-	333,507	338,565
Other taxes and shared revenues	588,558	543,318	-	-	588,558	543,318
Investment earnings	167	733	651	1,593	818	2,326
Gain/(loss) on disposition of capital assets	-	-	-	-	-	-
Miscellaneous	17,676	14,340	-	-	17,676	14,340
Total revenues	<u>1,938,009</u>	<u>1,263,912</u>	<u>491,269</u>	<u>943,306</u>	<u>2,429,278</u>	<u>2,207,218</u>
Program expenses						
General government	454,331	399,488	-	-	454,331	399,488
Public safety	683,476	643,009	-	-	683,476	643,009
Economic environment	-	423	-	-	-	423
Transportation	74,285	43,276	-	-	74,285	43,276
Culture and recreation	66,460	36,184	-	-	66,460	36,184
Human services	35,808	33,485	-	-	35,808	33,485
Water	-	-	617,641	547,995	617,641	547,995
Total expenses	<u>1,314,360</u>	<u>1,155,865</u>	<u>617,641</u>	<u>547,995</u>	<u>1,932,001</u>	<u>1,703,860</u>
Transfers	2,400	2,448	(2,400)	(2,448)	-	-
Change in net position	<u>626,049</u>	<u>110,495</u>	<u>(128,772)</u>	<u>392,863</u>	<u>497,277</u>	<u>503,358</u>
Beginning net position	2,160,776	2,050,281	4,040,962	3,648,099	6,201,738	5,698,380
Ending net position	<u>\$ 2,786,825</u>	<u>\$ 2,160,776</u>	<u>\$ 3,912,190</u>	<u>\$ 4,040,962</u>	<u>\$ 6,699,015</u>	<u>\$ 6,201,738</u>

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$998,101 in program revenues, \$939,908 of general revenues, and \$2,400 of transfers in and incurred \$1,314,360 of program expenses. This resulted in a \$626,049 increase in net position.

Business-Type Activities

Revenues of the Utility Service Fund were \$491,269 compared to expenses of \$617,641 and transfers out of \$2,400. This resulted in a decrease in net position for the year of \$128,772.

THE TOWN'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance increased by \$676,462 from the restated amount of \$1,034,724 to \$1,711,186. At year-end, there was no amount of the fund balance that had been restricted or assigned.

Water Utility Fund

The Utility Service Fund's net position decreased by \$128,772, from a restated amount of \$4,040,962 to \$3,912,190.

BUDGETARY HIGHLIGHTS

Revenues of the General Fund were greater than budgeted by \$98,932. General fund expenditures were below budgeted amounts by \$334,135.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2022, the Town had \$3,881,447 invested in capital assets, net of depreciation. This included improvements on bridges, the fire station, and its waste-water plant.

Capital Assets at September 30, 2022 and 2021

	Governmental Funds	Business-type Funds	Totals	
			2022	2021
Nondepreciable capital assets	\$ 247,307	\$ 1,192,718	\$ 1,440,025	\$ 1,440,025
Depreciable capital assets	2,622,647	5,447,601	8,070,248	8,063,561
Accumulated depreciation	(1,822,487)	(3,806,339)	(5,628,826)	(5,403,138)
Total capital assets, net	<u>\$ 1,047,467</u>	<u>\$ 2,833,980</u>	<u>\$ 3,881,447</u>	<u>\$ 4,100,448</u>

Debt Administration

The Town did not incur any new debt during the year and paid off all of its total long-term debt in 2021. Please refer to a note in the accompanying financial statements entitled *Noncurrent Debt* for more detailed information about the Town's long-term debt activity.

ECONOMIC FACTORS

We are not currently aware of any conditions that are expected to have a significant effect on the Town's financial position or results of operations.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Town Hall at 135 Highway 40 West, Inglis, FL 34449.

BASIC FINANCIAL STATEMENTS

TOWN OF INGLIS, FLORIDA
STATEMENT OF NET POSITION
September 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,352,901	\$ 974,323	\$ 2,327,224
Investments	473,512	219,717	693,229
Receivables, net	22,257	70,787	93,044
Internal balances	(1,426)	1,426	-
Due from other governments	70,218	-	70,218
Inventories	-	2,743	2,743
Capital assets:			
Non-depreciable	247,307	1,192,718	1,440,025
Depreciable, net	800,160	1,641,262	2,441,422
Total assets	\$ 2,964,929	\$ 4,102,976	\$ 7,067,905
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	\$ 69,316	\$ 54,484	\$ 123,800
 LIABILITIES			
Accounts payable	\$ 31,943	\$ 5,202	\$ 37,145
Accrued payroll and employee benefits	19,428	-	19,428
Customer deposits	-	92,665	92,665
Noncurrent liabilities:			
Due within one year:			
Compensated absences	3,779	1,631	5,410
Due in more than one year:			
Compensated absences	15,117	6,523	21,640
Net pension liability	161,720	127,118	288,838
Total liabilities	\$ 231,987	\$ 233,139	\$ 465,126
 DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 15,433	\$ 12,131	\$ 27,564
 NET POSITION			
Net investment in capital assets	\$ 1,047,467	\$ 2,833,980	\$ 3,881,447
Restricted for:			
Stormwater	5,607	-	5,607
Unrestricted	1,733,751	1,078,210	2,811,961
Total net position	\$ 2,786,825	\$ 3,912,190	\$ 6,699,015

See notes to the accompanying financial statements.

TOWN OF INGLIS, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 454,331	\$ 47,221	\$ -	\$ 674,650	\$ 267,540	\$ -	\$ 267,540
Public safety	683,476	246,971	922	-	(435,583)	-	(435,583)
Transportation	74,285	-	27,977	-	(46,308)	-	(46,308)
Culture and recreation	66,460	-	-	360	(66,100)	-	(66,100)
Human services	35,808	-	-	-	(35,808)	-	(35,808)
Total governmental activities	1,314,360	294,192	28,899	675,010	(316,259)	-	(316,259)
Business-type activities							
Water utility	617,641	490,618	-	-	-	(127,023)	(127,023)
Total business-type activities	617,641	490,618	-	-	-	(127,023)	(127,023)
Total primary government	\$ 1,932,001	\$ 784,810	\$ 28,899	\$ 675,010	(316,259)	(127,023)	(443,282)
			General revenues:				
			Property taxes	333,507	-	333,507	
			Sales and use taxes	129,015	-	129,015	
			Franchise and utility taxes	99,882	-	99,882	
			Public service taxes	117,325	-	117,325	
			Other taxes	10,020	-	10,020	
			Discretionary sales surtax	174,133	-	174,133	
			State revenue sharing	56,806	-	56,806	
			Other intergovernmental revenues	1,377	-	1,377	
			Investment earnings/(loss)	167	651	818	
			Miscellaneous revenues	17,676	-	17,676	
			Transfers	2,400	(2,400)	-	
			Total general revenues and transfers	942,308	(1,749)	940,559	
			Change in net position	626,049	(128,772)	497,277	
			Net position - beginning (restated)	2,160,776	4,040,962	6,201,738	
			Net position - ending	\$ 2,786,825	\$ 3,912,190	\$ 6,699,015	

See notes to the accompanying financial statements.

TOWN OF INGLIS, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2022

	<u>General Fund</u>	<u>Nonmajor Fund</u> <u>Road & Bridge</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,245,234	\$ 107,667	\$ 1,352,901
Investments	468,410	5,102	473,512
Receivables, net	22,257	-	22,257
Due from other governments	64,466	5,752	70,218
Due from other funds	2,505	40,101	42,606
Total assets	<u>\$ 1,802,872</u>	<u>\$ 158,622</u>	<u>\$ 1,961,494</u>
LIABILITIES			
Accounts payable	\$ 28,226	\$ 3,717	\$ 31,943
Accrued payroll and employee benefits	19,428	-	19,428
Due to other funds	44,032	-	44,032
Total liabilities	<u>91,686</u>	<u>3,717</u>	<u>95,403</u>
FUND BALANCES			
Restricted for:			
Stormwater	-	5,607	5,607
Assigned to:			
Transportation	-	149,298	149,298
Unassigned	1,711,186	-	1,711,186
Total fund balance	<u>\$ 1,711,186</u>	<u>\$ 154,905</u>	<u>\$ 1,866,091</u>

See notes to the accompanying financial statements.

TOWN OF INGLIS, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2022

Fund balances - total governmental funds **\$ 1,866,091**

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

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

Total governmental capital assets	2,869,954	
Less: accumulated depreciation	<u>(1,822,487)</u>	1,047,467

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 plan is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported:

Net pension liability	(161,720)	
Deferred outflows related to pensions	69,316	
Deferred inflows related to pensions	<u>(15,433)</u>	(107,837)

Noncurrent liabilities, including notes and bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:

Compensated absences		(18,896)
----------------------	--	----------

Net position of governmental activities **\$ 2,786,825**

See notes to the accompanying financial statements.

TOWN OF INGLIS, FLORIDA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2022

	<u>General Fund</u>	<u>Nonmajor Fund</u> Road & Bridge Fund	<u>Total</u>
REVENUES			
Taxes	\$ 671,871	\$ 23,237	\$ 695,108
Permits, fees, and special assessments	212,164	-	212,164
Intergovernmental	313,843	15,850	329,693
Charges for services	2,006	-	2,006
Fines and forfeitures	5,261	-	5,261
Interest revenues	73	95	168
Miscellaneous	15,460	3,499	18,959
Total revenues	<u>1,220,678</u>	<u>42,681</u>	<u>1,263,359</u>
EXPENDITURES			
Current:			
General government	468,608	-	468,608
Public safety	660,143	-	660,143
Transportation	-	62,315	62,315
Culture and recreation	54,161	-	54,161
Human services	35,456	-	35,456
Capital outlay	2,898	-	2,898
Total expenditures	<u>1,221,266</u>	<u>62,315</u>	<u>1,283,581</u>
Excess of revenues over expenditures	<u>(588)</u>	<u>(19,634)</u>	<u>(20,222)</u>
Other financing sources (uses)			
Grant revenues	674,650	-	674,650
Transfers, net	2,400	-	2,400
Total other financing source (uses)	<u>677,050</u>	<u>-</u>	<u>677,050</u>
Net change in fund balance	<u>676,462</u>	<u>(19,634)</u>	<u>656,828</u>
Fund balance at beginning of year	<u>1,034,724</u>	<u>174,539</u>	<u>1,209,263</u>
Fund balance at end of year	<u>\$ 1,711,186</u>	<u>\$ 154,905</u>	<u>\$ 1,866,091</u>

See notes to the accompanying financial statements.

TOWN OF INGLIS, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2022

Net change in fund balances - total governmental funds **\$ 656,828**

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

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

Capital outlay, expenditures	2,898	
Depreciation expense	<u>(66,578)</u>	(63,680)

Governmental funds report contributions to defined benefit 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.

Change in net pension liability/(asset) and deferred inflows/outflows related to pensions		34,474
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Under the modified accrual basis of accounting used in 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. These adjustments are as follows:

Change in compensated absences		(1,573)
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Change in net position of governmental activities		<u><u>\$ 626,049</u></u>
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See notes to the accompanying financial statements.

**TOWN OF INGLIS, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 September 30, 2022**

	<u>Water Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 974,323
Investments	219,717
Accounts receivable, net	70,787
Inventory	2,743
Due from other funds	3,931
Total current assets	<u>1,271,501</u>
Noncurrent assets:	
Capital assets:	
Buildings and improvements	5,364,852
Equipment	82,749
Construction in progress	1,192,718
Accumulated depreciation	<u>(3,806,339)</u>
Total noncurrent assets	<u>2,833,980</u>
Total assets	<u>\$ 4,105,481</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>\$ 54,484</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 5,202
Deposits	92,665
Unearned revenue	-
Due to other funds	2,505
Compensated absences	1,631
Total current liabilities	<u>102,003</u>
Noncurrent liabilities	
Compensated absences	6,523
Net pension liability	<u>127,118</u>
Total noncurrent liabilities	<u>133,641</u>
Total liabilities	<u>\$ 235,644</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>12,131</u>
NET POSITION	
Net investment in capital assets	\$ 2,833,980
Unrestricted	<u>1,078,210</u>
Total net position	<u>\$ 3,912,190</u>

See notes to the accompanying financial statements.

TOWN OF INGLIS, FLORIDA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2022

	Water Fund
OPERATING REVENUES	
User fees	\$ 490,618
Total operating revenues	490,618
 OPERATING EXPENSES	
Personnel services	229,793
Operating expenses	228,738
Depreciation	159,110
Total operating expenses	617,641
 Operating income/(loss)	 (127,023)
 NONOPERATING REVENUES	
Interest earnings	651
Total nonoperating revenues	651
 Income/(loss) before capital contributions and transfers	 (126,372)
 Net tranfers	 (2,400)
 Change in net position	 (128,772)
 Net position, beginning of year	 4,040,962
Net position, end of year	\$ 3,912,190

See notes to the accompanying financial statements.

**TOWN OF INGLIS, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended September 30, 2022**

	Water Fund
Cash flows from operating activities	
Cash received from customers	\$ 501,014
Cash paid to employees	(228,738)
Cash paid to suppliers	(237,637)
Net cash provided by/(used in) operating activities	34,639
Cash flows from noncapital financing	
Transfers to other funds	(5,454)
Net cash provided by/(used in) noncapital financing activities	(5,454)
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(366,357)
Capital grants	362,568
Net cash provided by/(used in) capital and related financing activities	(3,789)
Cash flows from investing activities	
Interest received	401
Net cash provided by/(used in) investing activities	401
Net change in cash and cash equivalents	25,797
Cash and cash equivalents, beginning of year	948,526
Cash and cash equivalents, end of year	\$ 974,323
Reconciliation of operating income/(loss) to net cash provided by/(used in) operating activities:	
Operating income/(loss)	\$ (127,023)
Adjustments to reconcile net operating income/(loss) to net cash provided by/(used in) operating activities:	
Depreciation	159,110
Changes in assets and liabilities	
Accounts receivable	20,186
Due from other governments	
Inventories and prepaids	(79,742)
Accounts payable and accrued liabilities	(1,208)
Deposits	1,362
Unearned revenues	(12,534)
Compensated absences	3,709
Net pension liability	70,779
Net cash provided by/(used in) operating activities	\$ 34,639

See notes to the accompanying financial statements.

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Inglis, Florida (the Town), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies:

(a) **Reporting entity** – The Town is a political subdivision of the State of Florida established by Chapter 55-30853, Laws of Florida. It is governed by an elected Mayor and Town Commission. As required by generally accepted accounting principles, the accompanying financial statements present the Town as a primary government. Component units are entities for which a primary government is considered to be financially accountable or entities that would be misleading to exclude. There are no component units included in the Town's financial reporting entity. The Town did not participate in any joint ventures during the fiscal year.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the Town Commission of the Town, the reporting entity of government for which the Town Commission is considered to be financially accountable. In evaluating the Town as a reporting entity, management has addressed all potential component units that may or may not fall within the Town's oversight and control, and thus, be included in the Town's financial statements. No such entities or component units have been identified.

(b) **Government-wide and fund financial statements** – The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (public safety, economic environment, etc.), which are otherwise being supported by general government revenues (property, sales taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). This government-wide statements focus more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds in either the governmental or business-type categories.

The governmental funds' fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the Town's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following the Governmental Funds - Balance Sheet and the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation .

As a general rule the effect of interfund Town activities has been eliminated from the government- wide financial statements.

(c) Measurement focus and basis of accounting – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax 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 pensions, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

(d) **Financial statement presentation** – The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures /expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Town reports the following major governmental fund:

The **General Fund** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Town other than proprietary fund activities are financed through revenues received by the General Fund.

The Town reports the following major proprietary fund:

The **Water Fund** accounts for the assets, operation and maintenance of the Town-owned water system.

The Town also reports one nonmajor fund, the Road and Bridge fund.

(e) **Budgets and budgetary accounting** - Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting.

(f) **Use of estimates** – Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(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.

The Town's investments in the form of certificates of deposit are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

(h) **Receivables and payables** – Activity between funds that are representative of lending /borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled accounts receivable are accrued by the Town at year-end to recognize the sales revenues earned through the end of the fiscal year. All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

(i) **Capital assets** – Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town.

Capital assets are defined by the Town as assets with an initial individual cost of \$1,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations and easements or other intangible rights of use, are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Buildings and improvements	30 years
Equipment	3 - 10 years
Water system	15 - 5 years
Plant assets and equipment	20 - 50 years
Infrastructure	40 years

(j) **Compensated absences** – The Town's policy is to allow limited vesting of employee vacation pay and accumulated sick leave. In the governmental fund financial statements, a liability has not been reported because it will not be liquidated with expendable available financial resources. A liability for compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements.

(k) **Long-term obligations** – In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt issuance costs are expensed when paid.

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category is deferred inflows of resources related to pensions, as discussed further in Note (9).

(m) **Fund balance** – In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as the fund balance of the permanent fund which was restricted in perpetuity by referendum.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed - Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the Town Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned - Fund balance amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the commission or (b) a body or official to which the commission has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, is the Town's policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unassigned.

Fund Balance	General Fund	Road and Bridge Fund
Restricted	\$ -	\$ 5,607
Assigned	-	149,298
Unassigned	1,711,186	-
Total fund balance	<u>\$ 1,711,186</u>	<u>\$ 154,905</u>

(n) **Impact fees** – The Town has not adopted any ordinances or resolutions to levy impact fees in accordance with Section 163.31801, Florida Statutes.

(o) **Net position flow assumption** – Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Town's policy to consider restricted net position to have been used before unrestricted net position is applied.

(p) **Prior period adjustment** - A thorough review of balance sheet items was conducted, and it was found that at September 30, 2021, certain accounts needed to be corrected due to having been misstated in prior periods. The prior year financial statements were impacted as reflected below:

Management Discussion & Analysis	Governmental Activities		Business-type Activities	
	2021 (As reported)	2021 (Restated)	2021 (As reported)	2021 (Restated)
Statement of Net Position				
Non-capital assets	\$ -	\$ -	\$ 1,260,081	\$ 1,622,649
Capital assets	-	-	2,626,733	2,989,301
Current liabilities	391,314	403,455	113,971	476,539
Net position invested in capital assets, net	-	-	2,626,733	2,989,301
Unrestricted net position	1,056,166	1,044,025	-	-
Total net position	2,172,917	2,160,776	3,678,394	4,040,962
Statement of Changes in Net Position				
Revenues				
Capital grants and contributions	-	-	76,000	438,568
Expenses				
General Government	387,347	399,488	-	-
Change in net position	122,636	110,495	30,295	392,863
Net position	2,172,917	2,160,776	3,678,394	4,040,962
Note 6. Capital Assets				
Construction in progress - ending balance	-	-	830,150	1,192,718

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position** – Following the governmental fund balance sheet is a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities** – Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

NOTE 3. PROPERTY TAX CALENDAR

Under Florida law, the assessment of all properties and collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser. State laws regulating tax assessment are designed to ensure a consistent property valuation method statewide and permit municipalities to levy property taxes at a rate of up to 10 mills. For the fiscal year ended September 30, 2022, the millage rate assessed by the Town was 5.0000 per \$1,000.

All property is assessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State statutes.

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties.

Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, 1% in the month of February, and without discount in March.

The Town recognizes property tax revenues on an accrual basis. Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. The Town tax calendar is as follows:

Valuation Date	January 1, 2021
Levy Date	October 1, 2021
Due Date	March 31, 2022
Lien Date	June 1, 2022

NOTE 4. DEPOSITS AND INVESTMENTS

The Town's cash and equivalents and investments consist of legally authorized demand deposits and certificates of deposit. The institutions in which these deposits are kept are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, in addition to applicable Federal Depository Insurance Corporation (FDIC) insurance, these balances on deposit at September 30, 2022, are insured or collateralized through the Bureau of Collateral Management, Florida Department of Financial Services.

State statutes authorize the Town to invest excess funds in time deposits, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

The Town held no assets or investments carried at fair value at September 30, 2022, and subject to the required disclosures of GASB 72.

NOTE 5. ACCOUNTS RECEIVABLE

The Town's receivables consist of the following as of September 30, 2022:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund			
Accounts receivable	\$ 22,257	\$ -	\$ 22,257
Total Governmental Activities	<u>22,257</u>	<u>-</u>	<u>22,257</u>
Business-Type Activities:			
Water Utility Fund			
Accounts receivable	95,019	(34,207)	60,812
Assessments receivable	9,975	-	9,975
Total Business-Type Activities	<u>104,994</u>	<u>(34,207)</u>	<u>70,787</u>
Total	<u>\$ 127,251</u>	<u>\$ (34,207)</u>	<u>\$ 93,044</u>

NOTE 6. NONCURRENT LIABILITIES

For the fiscal year ended September 30, 2022, a summary of the noncurrent liability transactions for the Town is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 17,323	\$ 1,573	\$ -	\$ 18,896	\$ 3,779
Net pension liability	85,542	76,178	-	161,720	-
Total governmental activities					
long-term liabilities	<u>\$ 102,865</u>	<u>\$ 77,751</u>	<u>\$ -</u>	<u>\$ 180,616</u>	<u>\$ 3,779</u>
Business-type activities					
Compensated absences	\$ 3,724	\$ 4,430	\$ -	\$ 8,154	\$ 1,631
Net pension liability	56,339	70,779	-	127,118	-
Total business-type activities					
long-term liabilities	<u>\$ 60,063</u>	<u>\$ 75,209</u>	<u>\$ -</u>	<u>\$ 135,272</u>	<u>\$ 1,631</u>

NOTE 7 CAPITAL ASSETS

Capital asset activity for the fiscal year ending September 30, 2022, is as follow:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 247,307	\$ -	\$ -	\$ 247,307
Total capital assets not being depreciated	<u>247,307</u>	<u>-</u>	<u>-</u>	<u>247,307</u>
Capital assets being depreciated				
Improvements	336,003	-	-	336,003
Infrastructure	396,873	-	-	396,873
Buildings	663,676	-	-	663,676
Building improvements	267,505	2,898	-	270,403
Equipment	620,883	-	-	620,883
Vehicles	334,809	-	-	334,809
Total assets being depreciated	<u>2,619,749</u>	<u>2,898</u>	<u>-</u>	<u>2,622,647</u>
Less: accumulated depreciation	<u>(1,755,909)</u>	<u>(66,578)</u>	<u>-</u>	<u>(1,822,487)</u>
Total assets being depreciated, net	<u>863,840</u>	<u>(63,680)</u>	<u>-</u>	<u>800,160</u>
Governmental activities capital assets, net	<u>\$ 1,111,147</u>	<u>\$ (63,680)</u>	<u>\$ -</u>	<u>\$ 1,047,467</u>
	Beginning Balance (restated)	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated				
Construction in progress	\$ 1,192,718	\$ -	\$ -	\$ 1,192,718
Total capital assets not being depreciated	<u>1,192,718</u>	<u>-</u>	<u>-</u>	<u>1,192,718</u>
Capital assets being depreciated				
Water plant	5,315,562	-	-	5,315,562
Equipment	82,749	-	-	82,749
Improvements	45,501	3,789	-	49,290
Total assets being depreciated	<u>5,443,812</u>	<u>3,789</u>	<u>-</u>	<u>5,447,601</u>
Less: accumulated depreciation	<u>(3,647,229)</u>	<u>(159,110)</u>	<u>-</u>	<u>(3,806,339)</u>
Total assets being depreciated, net	<u>1,796,583</u>	<u>(155,321)</u>	<u>-</u>	<u>1,641,262</u>
Business-type activities capital assets, net	<u>\$ 2,989,301</u>	<u>\$ (155,321)</u>	<u>\$ -</u>	<u>\$ 2,833,980</u>

Depreciation expense was charged to function/programs as follows:

Governmental activities	
General government	\$ 18,624
Public safety	23,333
Physical environment	352
Transportation	11,970
Culture and recreation	12,299
Total Governmental activities depreciation expense	<u>\$ 66,578</u>
Business-type activities	
Water utility	\$ 159,110
Total Business-type activities depreciation expense	<u>\$ 159,110</u>

NOTE 8. INTERFUND ACTIVITY

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. Individual fund interfund receivables and payables for the primary government at September 30, 2022, are comprised of the following:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Activities:		
General Fund		
Water Utility Fund	\$ 2,505	\$ 3,931
Road and Bridge Fund	-	40,101
Road and Bridge Fund		
General fund	40,101	-
Business-Type Activities:		
Water Fund		
General Fund	<u>3,931</u>	<u>2,505</u>
Total of all funds	<u>\$ 46,537</u>	<u>\$ 46,537</u>

For the year ending September 30, 2022, the Water Utility Fund transferred \$2,400 to the General Fund to subsidize operating costs.

NOTE 9. EMPLOYEE RETIREMENT PLANS

A. Florida Retirement System

The entity participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the entity'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. 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 Annual Comprehensive 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 the Florida Department of Management Services – Division of Retirement, Research, and Education Services at P.O. Box 9000, Tallahassee, FL, 32315-9000.

Contributions

The Town participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2022, as follows (contributions rates are in agreement with actuarially determined rates):

FRS Membership Plan and Class	Through June 30, 2022	After June 30, 2022
Regular Class	10.82%	11.91%
Special Administrative Support	37.76%	38.65%
Special Risk	25.89%	27.83%
Senior Management Services	29.01%	31.57%
Elected Officials	40.91%	43.77%
Drop Participants	18.34%	18.60%

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

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

Town Contributions - FRS	\$	22,876
Town Contributions - HIS		5,105
Employee Contributions - FRS		9,802

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

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

Plan	Net Pension Liability
FRS	\$ 199,473
HIS	89,365
Total	<u>\$ 288,838</u>

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 entity's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2022 and June 30, 2021, the entity's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2022	2021
FRS	0.000536101%	0.000541271%
HIS	0.000843738%	0.000823332%

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

Plan	Pension Expense
FRS	\$ (19,175)
HIS	12,043
Total	<u>\$ (7,132)</u>

Deferred outflows/inflows related to pensions

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

	FRS		HIS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,474	\$ -	\$ 2,712	\$ 393	\$ 12,186	\$ 393
Changes in assumptions	24,566	-	5,122	13,825	29,688	13,825
Net difference between projected and actual earnings on Pension Plan investments	13,171	-	129	-	13,300	-
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	2,408	7,040	9,750	6,307	12,158	13,347
Town Pension Plan contributions subsequent to the measurement date	55,017	-	1,451	-	56,468	-
	<u>\$ 104,636</u>	<u>\$ 7,040</u>	<u>\$ 19,164</u>	<u>\$ 20,525</u>	<u>\$ 123,800</u>	<u>\$ 27,565</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from entity contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. 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	FRS	HIS	Total
2023	\$ 10,297	\$ 6,047	\$ 16,344
2024	3,885	3,260	7,145
2025	(3,477)	1,491	(1,986)
2026	30,256	(7,176)	23,080
2027	1,618	(5,367)	(3,749)
Thereafter	-	(1,067)	(1,067)
Total	<u>\$ 42,579</u>	<u>\$ (2,812)</u>	<u>\$ 39,767</u>

Actuarial Assumption

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 was a decrease from 6.80% in the prior year. 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 FRS was based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details. Mortality assumption for the HIS program were based on the Generational RP-2000 with Projection Scale BB tables.

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.

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.60%	2.60%	1.10%
Fixed income	19.80%	4.40%	4.40%	3.20%
Global equities	54.00%	8.80%	7.30%	17.80%
Real estate	10.30%	7.40%	6.30%	15.70%
Private equity	11.10%	12.00%	8.90%	26.30%
Strategic investments	3.80%	6.20%	5.90%	7.80%
	100.00%			
Assumed Inflation - Mean			2.40%	1.30%

(1) - As outlined in the pension plan's investment policy

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

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

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.70%	\$ 344,975	\$ 199,473	\$ 77,816
HIS	3.54%	102,241	89,365	78,710

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

The Town provides other post-employment benefits (OPEB) to its employees by providing retirement healthcare benefits.

The Town has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information .

NOTE 11 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. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The Town is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the Town's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the Town.

NOTE 12 CONTIGENCIES

Amounts received or receivable from grantor agencies in current and prior years 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 fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

The Town is involved in various legal proceedings incidental to the conduct of its affairs. It is the Town's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable. At September 30, 2022, no amounts have been accrued.

NOTE 13 RELATED PARTY TRANSACTIONS

On March 24, 2022, the Town entered into an agreement whereby it sold a piece of property owned by the Town to the sitting mayor. Terms of the agreement are available from the upon request to the Town. This transaction resulted in a complaint being filed by a Town citizen that has been reviewed by the Florida Commission on Ethics (the Commission). As of the date of this report, no opinion has been officially rendered by the Commission.

NOTE 14 UPCOMING 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 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. GASB 96 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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF INGLIS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 579,564	\$ 630,449	\$ 671,871	\$ 41,422
Licenses and permits	166,660	182,713	212,164	29,451
Intergovernmental	262,790	300,232	313,843	13,611
Charges for services	215	375	2,006	1,631
Fines and forfeitures	3,450	4,500	5,261	761
Interest revenues	1,065	795	73	(722)
Miscellaneous	2,582	2,682	15,460	12,778
Total revenues	1,016,326	1,121,746	1,220,678	98,932
EXPENDITURES				
Current:				
General government				
Legislative	31,650	31,650	30,146	1,504
Executive	238,671	277,445	344,931	(67,486)
Legal	1,200	2,400	600	1,800
Other general government	107,858	117,934	92,931	25,003
Public safety				
Code enforcement	79,300	59,047	40,103	18,944
Police	298,752	298,752	298,752	-
Fire	231,192	254,742	265,256	(10,514)
Transportation	4,130	30,982	56,032	(25,050)
Culture and recreation	21,478	374,900	54,161	320,739
Human services	31,429	38,263	35,456	2,807
Contingency	5,377	14,956	-	14,956
Capital Outlay	26,830	54,330	2,898	51,432
Total expenditures	1,077,867	1,555,401	1,221,266	334,135
Excess (deficiency) of revenues over expenditures	(61,541)	(433,655)	(588)	433,067
Other financing sources (uses)				
Grant revenues	-	337,325	674,650	337,325
Transfers, net	2,448	-	2,400	2,400
Total other financing sources (uses)	2,448	337,325	677,050	339,725
Net change in fund balance	(59,093)	(96,330)	676,462	772,792
Fund balance at beginning of year, restated	1,034,724	1,034,724	1,034,724	-
Fund balance at end of year	\$ 975,631	\$ 938,394	\$ 1,711,186	\$ 772,792

See notes to the accompanying schedule of revenues, expenditures, and changes in fund balance - budget and actual

TOWN OF INGLIS, FLORIDA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
September 30, 2022

The Town adopts an annual budget for the General Fund. The Town generally follows these procedures in establishing the budgetary data reflected in the schedule:

1. Prior to September 1, the Town Clerk submits to the Town Commission 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. A public hearing is conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance.
4. Any revision that alters the expenditures of any fund must be approved by the Town Commission. The fund is the legal level of control.

The budget amounts presented in the accompanying financial schedules were prepared on a basis that does not materially differ from the modified accrual basis of accounting.

TOWN OF INGLIS, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required FRS contribution	\$ 31,826	\$ 21,092	\$ 18,947	\$ 17,465	\$ 15,693	\$ 14,574	\$ 13,726	\$ 11,181
Contractually required HIS contribution	14,280	4,760	5,220	4,770	4,202	4,055	3,994	2,689
Total Contractually Required Contributions	<u>46,106</u>	<u>25,852</u>	<u>24,167</u>	<u>22,235</u>	<u>19,895</u>	<u>18,629</u>	<u>17,720</u>	<u>13,870</u>
Contributions in relation to the contractually required contribution	<u>(46,106)</u>	<u>(25,852)</u>	<u>(24,167)</u>	<u>(22,235)</u>	<u>(19,895)</u>	<u>(18,629)</u>	<u>(17,720)</u>	<u>(13,870)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 326,727	\$ 286,752	\$ 314,486	\$ 287,322	\$ 253,127	\$ 244,292	\$ 231,274	\$ 202,194
Contributions as a percentage of covered-employee payroll	14.11%	9.02%	7.68%	7.74%	7.86%	7.63%	7.66%	6.86%

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

TOWN OF INGLIS, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the FRS net pension liability (asset)	0.000536101%	0.000541271%	0.000570249%	0.000563226%	0.000550636%	0.000537772%	0.000529740%	0.000467932%
City's proportionate share of the FRS net pension liability (asset)	\$ 199,473	\$ 40,887	\$ 247,154	\$ 193,980	\$ 165,854	\$ 159,069	\$ 133,760	\$ 60,440
City's proportion of the HIS net pension liability (asset)	0.000843738%	0.000823332%	0.000905933%	0.000858927%	0.000774825%	0.000759402%	0.000740352%	0.000666480%
City's proportionate share of the HIS net pension liability (asset)	<u>89,365</u>	<u>100,994</u>	<u>110,613</u>	<u>96,105</u>	<u>82,008</u>	<u>81,199</u>	<u>86,285</u>	<u>67,970</u>
City's proportionate share of the total net pension liability (asset)	<u>\$ 288,838</u>	<u>\$ 141,881</u>	<u>\$ 357,767</u>	<u>\$ 290,085</u>	<u>\$ 247,862</u>	<u>\$ 240,268</u>	<u>\$ 220,045</u>	<u>\$ 128,410</u>
City's covered-employee payroll	\$ 326,727	\$ 291,539	\$ 314,486	\$ 287,322	\$ 253,127	\$ 244,292	\$ 231,274	\$ 202,194
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	88.40%	48.67%	113.76%	100.96%	97.92%	98.35%	95.14%	63.51%
Plan fiduciary net position as a percentage of the total pension liability	79.09%	99.96%	81.85%	85.24%	86.41%	85.53%	85.85%	92.50%

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

OTHER REPORTS

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

To the Honorable Mayor
and Members of the Town Commission
Town of Inglis, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Inglis, 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 November 28, 2023.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings as items that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Powell & Jones". The signature is written in a cursive, flowing style.**POWELL AND JONES, CPA'S**

Lake City, Florida

October 16, 2023

**TOWN OF INGLIS, FLORIDA
SCHEDULE OF FINDINGS**

PRIOR YEAR FINDINGS

There were no findings that carried over from prior years.

CURRENT YEAR FINDINGS

Significant Deficiencies:

2022-001 Cutoff Procedures

During the audit, there were several instances in which the Town recognized revenue or expense transactions in the period in which the funds were received or disbursed rather than in the period in which the revenue was earned, or the expense was incurred. Included in these cutoff errors were transactions that resulted in material prior period adjustments as described in Note 1, while others resulted in proposed adjustments for the current year, that have been reflected in the financial statements. We recommend that during the Town's year-end closeout, that they include a procedure whereby significant disbursements and receipts occurring soon after the end of the year be reviewed to ensure that proper cutoff has been achieved.

2022-002 Classification of Transactions

During the audit, there were several instance in which revenues earned were misclassified and recorded in the improper account. While misclassification of revenues has no impact on net assets overall, if uncaught, they could unintentionally mislead stakeholders who rely on accuracy in financial reporting to make decisions. We recommend that the Town include as a part of its transaction review procedures a post-entry review that increases assurance that revenues earned and expenses incurred have been properly classified on the financial statements.

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

To the Honorable Mayor
and Members of the Town Commission
Town of Inglis, Florida

We have audited the financial statements of the Town of Inglis, Florida (the Town), as of and for the year ended September 30, 2022, and have issued our report thereon dated November 28, 2023. We have also issued our report on compliance and on internal control over financial reporting. That report should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

PRIOR YEAR FINDINGS

There were no findings that carried over from prior years.

CURRENT YEAR FINDINGS

All current year findings are listed and discussed in the Schedule of Findings on page 50.

AUDITOR GENERAL COMPLIANCE MATTERS

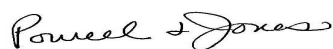
Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)(5)a and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

Financial Emergency Status - We determined that the Town had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

CONCLUSION

We very much enjoyed the challenges and experiences associated with this year's audit of the Town. We appreciate the helpful assistance and courtesy afforded us by all Town employees and look forward to working with you in the future.



POWELL AND JONES, CPA'S
Lake City, Florida
November 28, 2023

INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor
and Members of the Town Commission
Town of Inglis, Florida

We have examined the Town of Inglis, Florida's (the Town) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 31, 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.

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

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



POWELL AND JONES, CPA'S
Lake City, Florida
November 28, 2023

Communication with Those Charged with Governance

To the Honorable Mayor
and Members of the Town Commission
Town of Inglis, Florida

We have audited the financial statements of the Town of Inglis, Florida (the Town) for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the Town's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties when attempting to obtain various supporting documentation while performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were misstatements related to the lack of an OPEB actuarial study and exclusion of the related financial statement impacts as discussed in Note 10 of our audit report.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 28, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Mayor and Members of the Town Commission and management of the Town and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



POWELL AND JONES, CPA'S
Lake City, Florida
November 28, 2023

135 Highway 40 West
Post Office Drawer 429
Inglis, Florida 34449

(352) 447-2203
(352) 447-2204
Fax (352) 447-1879



To Whom It May Concern

REF: Deficiencies 2022-001 & 2022-002

Certain personnel who filled key accounting positions left the Town at the beginning of the reported fiscal year. This included staff members who were most familiar with the Town's accounting software. The new staff who was hired to take on the vacated roles had little experience on the accounting software. Fortunately, the Town was able to bring in an outside consultant to help with accounting entries. However, between the consultant and the Town's staff, various procedural and accounting errors were made.

With additional personnel moves having been made, the Town presently believes its accounting department is properly staffed and plans to change accounting software to a more user-friendly system that better fits the needs of the Town. These changes have put the Town in a place to appropriately address the current year's findings.

Thank you,

A handwritten signature in black ink, which appears to read "Steven D. Schwing". The signature is fluid and cursive, with a large loop at the end.

Steven D Schwing, Mayor