

TOWN OF SNEADS, FLORIDA

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2022

WITH

AUDITOR'S LETTER TO MANAGEMENT

AND

MANAGEMENT'S RESPONSE

TOWN OF SNEADS, FLORIDA

AS OF SEPTEMBER 30, 2022

COUNCIL PRESIDENT

Mike Weeks

COUNCIL VICE PRESIDENT

Anthony Money

COUNCIL MEMBERS

George Alexander  
Angela Locke  
Donovan Weeks

TOWN MANAGER

Lee Garner

TOWN CLERK

Sherri B. Griffin

DEPUTY TOWN CLERK

Danielle Guy

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INDEPENDENT AUDITOR'S REPORT

# GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER  
FLORIDA INSTITUTE AND  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

## INDEPENDENT AUDITOR'S REPORT

Town Council  
Town of Sneads  
Malone, Florida

### **Report on the Financial Statements**

#### ***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 Sneads, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Sneads's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Sneads, as of September 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of Sneads and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Sneads'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 and *Government 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 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 and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 of Sneads'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 of Sneads'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 budgetary comparison information on pages 4-9 and 30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 or placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, on our consideration of the Town of Sneads's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Sneads's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Sneads's internal control over financial reporting and compliance.

*Grimsley & Associates*

Marianna, Florida  
June 29, 2023

Grimsley and Associates, P.A.  
Certified Public Accountant

## MANAGEMENT DISCUSSION AND ANALYSIS



## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

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

### **Financial Highlights**

The assets of the Town of Sneads exceeded its liabilities at September 30, 2022 by \$6,719,217 (net position).

The Town's overall net position decreased from prior reported amounts to current reported amounts by \$551,962. A significant portion of the net decrease was due to continued out of pocket repairs and renovations of damage caused by Hurricane Michael that hit the area in October 2018. Reported grant revenues decreased by \$624,226 as compared to the prior year.

### **Town Highlights**

During the 2021-2022 fiscal year the Town continued to use grant funding to improve and repair much infrastructure that was damaged by Hurricane Michael in October 2018. Additional personal protective equipment (PPE) was received through the Cares Act Funding for public safety departments that was ordered during the prior fiscal year. The public safety departments (Fire and Police) received small grants for additional items needed for vehicles and personal safety.

The Town continues an attempt for finding funding to replace/repair lighting and other infrastructure at the Sports Complex which was devastated by Hurricane Michael. With the assistance of local legislative delegation, the legislature approved \$850,000 in last legislative session, only to have this vetoed by the Governor, so the request is being requested again in current legislative session. The Town also continues to work with the Federal Emergency Management Agency (FEMA) and other funding agencies to obtain funding for this much needed project in order to provide a better quality of life for our citizens.

During this fiscal year, additional playground equipment was installed at Sneads Park, along with the commencement of installing sewer for the bathroom facility located at Sneads Park. This project will be paid for with American Rescue Plan Act (ARPA) funds received by the Town. The Town has chosen to expend ARPA remaining funds for local government operations.

In order for the Town to remain competitive with Police Department salaries as a result of actions taken by the state legislature, funds from the ARPA funding were used as a one-time infusion to allow the Town to increase beginning Police salaries to \$45,000. The state legislature increased

## **MANAGEMENT DISCUSSION AND ANALYSIS**

the salaries of County and State public safety and correctional officers in counties of local economic critical concern and did nothing to assist municipalities. The Town and its consultant, along with the State Police Chief's Association, and others are advocating for the state legislature to correct this unintended problem in current session.

### **Using this Annual Report**

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

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

### **Government-Wide Financial Statements**

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, the increases or decreases in net position may be used as an indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the 2021-2022 fiscal year. The focus is on both the gross and net costs of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues including grant funds. This statement is intended to summarize and simplify the user's analysis of various governmental services. An increase or decrease in net position is a strong indicator of whether the Town's financial situation is improving or deteriorating.

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

The government-wide financial statements can be found in this report on pages 10 to 11.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental and proprietary. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Governmental Funds**

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

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

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

The Town of Sneads adopts an annual operating budget for all funds. The budget for the Water and Sewer Fund was amended to add \$225,000 primarily for repairs and maintenance expenditures and repairs related to Hurricane damage.

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

### **Proprietary Funds**

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

The proprietary fund financial statements may be found in this report on pages 16 to 18.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and financial statements. These notes are also included in this report.

The Town has implemented the major model portions of the Government Accounting Standards Board (GASB) Statement 34. Historically, a government's largest group of assets (infrastructure) had not been reported and not depreciated in governmental financial statements. This statement requires that these assets acquired subsequent to September 2003 be valued and reported within the governmental column of government-wide statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the current year, the Town implemented GASB Statement 87: Leases, which requires long term leases to be capitalized and amortized over the life of the lease.

The notes to financial statements are located on pages 19 to 43 in this report

### Government-Wide Financial Analysis

#### STATEMENT OF NET POSITION

As of SEPTEMBER 30, 2022

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Current and Other Assets	\$ 1,238,990	\$ 2,177,015	\$ 1,586,205	\$ 957,695	\$ 2,825,195	\$ 3,134,710
Capital Assets	<u>2,424,774</u>	<u>2,289,772</u>	<u>6,197,734</u>	<u>5,871,128</u>	<u>8,622,508</u>	<u>8,160,900</u>
Total Assets	<u>3,663,764</u>	<u>4,466,787</u>	<u>7,783,939</u>	<u>6,828,823</u>	<u>11,447,703</u>	<u>11,295,610</u>
Deferred Outflow of Resources	<u>153,508</u>	<u>220,301</u>	<u>60,014</u>	<u>92,105</u>	<u>213,522</u>	<u>312,406</u>
Current Liabilities	54,050	46,388	208,446	178,645	262,496	225,033
Non-Current Liabilities	<u>336,334</u>	<u>802,267</u>	<u>2,581,949</u>	<u>2,695,347</u>	<u>2,918,283</u>	<u>3,497,614</u>
Total Liabilities	<u>390,384</u>	<u>848,655</u>	<u>2,790,395</u>	<u>2,873,992</u>	<u>3,180,779</u>	<u>3,722,647</u>
Deferred Inflow of Resources	<u>541,522</u>	<u>1,081,862</u>	<u>667,745</u>	<u>84,290</u>	<u>1,209,267</u>	<u>1,166,152</u>
Net Position						
Invested in Capital Assets, Net of Related Debt	2,409,046	2,279,135	3,866,379	3,639,036	6,275,425	5,918,171
Restricted	18,436	47,751	220,770	168,289	239,206	216,040
Unrestricted	<u>457,884</u>	<u>429,685</u>	<u>298,664</u>	<u>155,321</u>	<u>756,548</u>	<u>585,006</u>
Total Net Position	<u>\$ 2,885,366</u>	<u>\$ 2,756,571</u>	<u>\$ 4,385,813</u>	<u>\$ 3,962,646</u>	<u>\$ 7,271,179</u>	<u>\$ 6,719,217</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Statement of Activities

The following schedule compares revenues and expenses for the current and prior years.

### STATEMENT OF ACTIVITIES

**For the Fiscal Year Ended September 30, 2022.**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
<b>REVENUES</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 222,819	\$ 269,005	\$ 1,317,727	\$ 1,311,928	\$ 1,540,546	\$ 1,580,933
Operating Grants & Contributions	438,070	61,804	-	201,667	438,070	263,471
Capital Grants & Contributions	<u>205,157</u>	<u>122,531</u>	<u>367,001</u>	<u>-</u>	<u>572,158</u>	<u>122,531</u>
<b>Total Program Revenues</b>	<u>866,046</u>	<u>453,340</u>	<u>1,684,728</u>	<u>1,513,595</u>	<u>2,550,774</u>	<u>1,966,935</u>
<b>General Revenues</b>						
Taxes - Other	790,169	835,030	-	-	790,169	835,030
Property Taxes	69,591	93,429	-	-	69,591	93,429
Gain on Disposition of Capital Assets	(1,516)	7,835	124,006	(4,173)	122,490	3,662
Miscellaneous	<u>29,390</u>	<u>21,530</u>	<u>2,180</u>	<u>1,379</u>	<u>31,570</u>	<u>22,909</u>
<b>Total General Revenues</b>	<u>887,634</u>	<u>957,824</u>	<u>126,186</u>	<u>(2,794)</u>	<u>1,013,820</u>	<u>955,030</u>
<b>Total Revenues</b>	<u>1,753,680</u>	<u>1,411,164</u>	<u>1,810,914</u>	<u>1,510,801</u>	<u>3,564,594</u>	<u>2,921,965</u>
<b>EXPENSES</b>						
<b>Governmental Activities</b>						
General Government	178,008	213,080	-	-	178,008	213,080
Public Safety	582,063	760,033	-	-	582,063	760,033
Physical Environment	2,039	9,396	-	-	2,039	9,396
Transportation	285,512	325,392	-	-	285,512	325,392
Health and Sanitation	17,840	14,479	-	-	17,840	14,479
Culture/Recreation	158,319	217,107	-	-	158,319	217,107
Interest Expense	-	472	-	-	-	472
<b>Business-Type Activities</b>						
Water and Sewer	-	-	1,571,908	1,692,477	1,571,908	1,692,477
Solid Waste	<u>-</u>	<u>-</u>	<u>232,994</u>	<u>241,491</u>	<u>232,994</u>	<u>241,491</u>
<b>Total Expenses</b>	<u>1,223,781</u>	<u>1,539,959</u>	<u>1,804,902</u>	<u>1,933,968</u>	<u>3,028,683</u>	<u>3,473,927</u>
<b>Change in Net Position</b>	<u>529,899</u>	<u>(128,795)</u>	<u>6,012</u>	<u>(423,167)</u>	<u>535,911</u>	<u>(551,962)</u>
<b>Net Position-Beginning</b>	2,435,751	2,885,366	4,436,643	4,385,813	6,872,394	7,271,179
Correction to Net Position-beginning	<u>(80,284)</u>	<u>-</u>	<u>(56,842)</u>	<u>-</u>	<u>(137,126)</u>	<u>-</u>
Net Position-beginning as adjusted	<u>2,355,467</u>	<u>2,885,366</u>	<u>4,379,801</u>	<u>4,385,813</u>	<u>6,735,268</u>	<u>7,271,179</u>
<b>Net Position-Ending</b>	<u>\$ 2,885,366</u>	<u>\$ 2,756,571</u>	<u>\$ 4,385,813</u>	<u>\$ 3,962,646</u>	<u>\$ 7,271,179</u>	<u>\$ 6,719,217</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Governmental Funds**

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

As of September 30, 2022 the Town's governmental funds reported combined ending fund balances of \$1,240,941. Of this amount \$1,168,744 was unrestricted.

### **Proprietary Funds**

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

Total net position of the proprietary funds as of September 30, 2022 was \$3,962,646 of which \$3,794,357 was unrestricted, including Net Position Invested in Capital Assets.

### **Request for Information**

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

## FINANCIAL STATEMENTS

Town of Sneads, Florida  
Statement of Net Position  
September 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 1,020,350	\$ 393,386	\$ 1,413,736
Accounts Receivable	30,334	107,090	137,424
Leases Receivable, Current Portion	25,784	-	25,784
Inventory	-	36,043	36,043
Due from Other Governments	76,995	50,512	127,507
Internal Balances	87,926	(87,926)	-
Total Current Assets	<u>1,241,389</u>	<u>499,105</u>	<u>1,740,494</u>
Noncurrent Assets			
Restricted Assets	649,131	439,590	1,088,721
Capital Assets Not Being Depreciated	104,496	20,427	124,923
Capital Assets, Net of Depreciation	2,185,276	5,850,701	8,035,977
Leases Receivable, Net of Current Portion	286,495	-	286,495
Unamortized Bond Issue Costs	-	19,000	19,000
Total Noncurrent Assets	<u>3,225,398</u>	<u>6,329,718</u>	<u>9,555,116</u>
Total Assets	<u>4,466,787</u>	<u>6,828,823</u>	<u>11,295,610</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related To Pension	<u>220,301</u>	<u>92,105</u>	<u>312,406</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable and Accrued Expenses	41,144	83,878	125,022
Long-term Debt, Current Portion	5,244	94,767	100,011
Total Current Liabilities	<u>46,388</u>	<u>178,645</u>	<u>225,033</u>
Noncurrent Liabilities			
Customer Deposits	-	99,286	99,286
Long-term Debt, Net of Current Portion	107,330	2,180,049	2,287,379
Net Pension Liability	620,209	361,813	982,022
Net OPEB Liability	74,728	54,199	128,927
Total Noncurrent Liabilities	<u>802,267</u>	<u>2,695,347</u>	<u>3,497,614</u>
Total Liabilities	<u>848,655</u>	<u>2,873,992</u>	<u>3,722,647</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Grant Revenues	587,832	-	587,832
Deferred Inflows Related To Pension	145,447	60,813	206,260
Deferred Inflows Related To OPEB	41,485	23,477	64,962
Deferred Inflows Related To Leases	307,098	-	307,098
Total Deferred Inflows of Resources	<u>1,081,862</u>	<u>84,290</u>	<u>1,166,152</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	2,279,135	3,639,036	5,918,171
Restricted for:			
Special Projects	47,751	-	47,751
Debt Service	-	18,235	18,235
Other Purposes	-	150,054	150,054
Unrestricted (Deficit)	429,685	155,321	585,006
Total Net Position	<u>\$ 2,756,571</u>	<u>\$ 3,962,646</u>	<u>\$ 6,719,217</u>

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



Town of Sneads, Florida  
Statement of Activities  
For the Year Ended September 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
<b>Functions/Programs</b>							
Governmental Activities:							
General Government	\$ 213,080	\$ 164,929	\$ -	\$ 88,798	\$ 40,647		\$ 40,647
Public Safety	760,033	49,492	30,500	18,000	(662,041)		(662,041)
Physical Environment	9,396	9,829	-	-	433		433
Transportation	325,392	15,455	-	-	(309,937)		(309,937)
Health	14,479	1,100	-	-	(13,379)		(13,379)
Culture/Recreation	217,107	28,200	31,304	15,733	(141,870)		(141,870)
Interest on Long Term Debt	472	-	-	-	(472)		(472)
<b>Total Governmental Activities</b>	<b>1,539,959</b>	<b>269,005</b>	<b>61,804</b>	<b>122,531</b>	<b>(1,086,619)</b>		<b>(1,086,619)</b>
Business-type Activities:							
Water & Sewer	1,692,477	1,032,125	201,667	-	-	\$ (458,685)	(458,685)
Solid Waste	241,491	279,803	-	-	-	38,312	38,312
<b>Total Business-type activities</b>	<b>1,933,968</b>	<b>1,311,928</b>	<b>201,667</b>	<b>-</b>	<b>-</b>	<b>(420,373)</b>	<b>(420,373)</b>
<b>Total Primary Government</b>	<b>\$ 3,473,927</b>	<b>\$ 1,580,933</b>	<b>\$ 263,471</b>	<b>\$ 122,531</b>	<b>(1,086,619)</b>	<b>(420,373)</b>	<b>(1,506,992)</b>
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes					93,429	-	93,429
Taxes - Other					835,030	-	835,030
Miscellaneous					21,530	1,379	22,909
Gain From Disposition of Capital Assets					7,835	(4,173)	3,662
<b>Total General Revenues and Transfers</b>					<b>957,824</b>	<b>(2,794)</b>	<b>955,030</b>
Change in Net Position					(128,795)	(423,167)	(551,962)
Net Position - beginning					2,885,366	4,385,813	7,271,179
Net Position - ending					<b>\$ 2,756,571</b>	<b>\$ 3,962,646</b>	<b>\$ 6,719,217</b>

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

Town of Sneads, Florida  
Balance Sheet – Governmental Funds  
September 30, 2022

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	<u>General Fund</u>	<u>Street Fund</u>	<u>Recreation Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 1,585,128	\$ 37,633	\$ 23,054	\$ 1,645,815
Accounts Receivable	30,334	-	-	30,334
Due From Other Governments	76,995	23,666	-	100,661
Due From Other Funds	92,050	6,240	-	98,290
Leases Receivable	312,279	-	-	312,279
<b>Total Assets</b>	<u>\$ 2,096,786</u>	<u>\$ 67,539</u>	<u>\$ 23,054</u>	<u>\$ 2,187,379</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 27,931	\$ 9,424	\$ 3,789	\$ 41,144
Due to Other Funds	-	10,364	-	10,364
<b>Total Liabilities</b>	<u>27,931</u>	<u>19,788</u>	<u>3,789</u>	<u>51,508</u>
 Deferred Inflows				
Deferred Grant Revenues	587,832	-	-	587,832
Deferred Inflows - Leases	307,098	-	-	307,098
<b>Total Deferred Inflows</b>	<u>894,930</u>	<u>-</u>	<u>-</u>	<u>894,930</u>
 Fund Balances:				
Nonspendable	5,181	-	-	5,181
Restricted for:				
Special Projects	-	47,751	-	47,751
Assigned For:				
Recreation	-	-	19,265	19,265
Unassigned	1,168,744	-	-	1,168,744
<b>Total Fund Balances</b>	<u>1,173,925</u>	<u>47,751</u>	<u>19,265</u>	<u>1,240,941</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,096,786</u>	<u>\$ 67,539</u>	<u>\$ 23,054</u>	<u>\$ 2,187,379</u>

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

Town of Sneads, Florida  
Reconciliation of the Balance Sheet to the Statement of Net Position  
September 30, 2022

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Total Fund Balances - Total Governmental Funds	\$ 1,240,941
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,289,772
Some liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.	(807,511)
Deferred outflows related to pensions and OPEB are not reportable as current revenues or reductions of expenditures and therefore not reported in the funds.	220,301
Deferred inflows related to pensions and OPEB are not reportable as current revenues or reductions of expenditures and therefore not reported in the funds.	<u>(186,932)</u>
 Total Net Position	 <u>\$ 2,756,571</u>

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

Town of Sneads, Florida  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances – Governmental Funds  
For the Year Ended September 30, 2022

	General Fund	Street Fund	Recreation Fund	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 567,406	\$ 108,265	\$ -	\$ 675,671
Licenses & Permits	108,569	-	-	108,569
Intergovernmental Revenues	419,889	-	15,734	435,623
Charges for Services	125,331	-	26,061	151,392
Judgments and Fines	9,044	-	-	9,044
Miscellaneous Revenues	18,447	65	4,518	23,030
Total Revenues	<u>1,248,686</u>	<u>108,330</u>	<u>46,313</u>	<u>1,403,329</u>
<b>EXPENDITURES</b>				
Current:				
General Government	199,631	-	-	199,631
Public Safety	605,985	-	-	605,985
Physical Environment	8,903	-	-	8,903
Transportation	127,011	140,444	-	267,455
Health	13,374	-	-	13,374
Culture/Recreation	13,037	-	169,195	182,232
Debt Service:				
Principal	5,091	-	-	5,091
Interest	472	-	-	472
Capital Outlay	46,982	-	21,799	68,781
Total Expenditures	<u>1,020,486</u>	<u>140,444</u>	<u>190,994</u>	<u>1,351,924</u>
Excess (Deficiency) of Revenues Over Expenditures	228,200	(32,114)	(144,681)	51,405
<b>OTHER SOURCES (USES) OF FUNDS</b>				
Proceeds From Sale of Capital Assets	7,835	-	-	7,835
Transfers In	-	61,429	147,721	209,150
Transfers Out	(209,150)	-	-	(209,150)
Net Change in Fund Balances	26,885	29,315	3,040	59,240
Fund Balances - beginning	<u>1,147,040</u>	<u>18,436</u>	<u>16,225</u>	<u>1,181,701</u>
Fund Balances - ending	<u>\$ 1,173,925</u>	<u>\$ 47,751</u>	<u>\$ 19,265</u>	<u>\$ 1,240,941</u>

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

Town of Sneads, Florida  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund  
 Balance of Governmental Funds to the Statement of Activities  
 For the Year Ended September 30, 2022

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Net Change in Fund Balances - Total Governmental Funds \$ 59,240

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation, (\$203,782), and a Fire Department equipment adjustment, (\$8,330), exceeds net capital additions, \$68,781, in the current period. (143,331)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which the net increase in accrued leave, (\$47,317), exceeds the principal debt reductions, \$5,091, in the current period. (42,226)

Pension and OPEB deferred outflows and inflows do not use or provide current financial resources to governmental funds. These amounts, however, reflect longer term uses and sources of resources and are reflected in the Statement of Net Position. This is sum of the increase in deferred outflows, \$66,793, and the decrease in deferred inflows, \$354,590, less the increase in net pension liabilities, (\$423,861), in the current period. (2,478)

Change in Net Position of Governmental Activities \$ (128,795)

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

Town of Sneads, Florida  
Statement of Net Position – Proprietary Funds  
September 30, 2022

	Business-type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 226,163	\$ 167,223	\$ 393,386
Accounts Receivable	107,090	-	107,090
Due From Other Governments	50,512	-	50,512
Due From Other Funds	-	11,122	11,122
Inventory	36,043	-	36,043
Total Current Assets	<u>419,808</u>	<u>178,345</u>	<u>598,153</u>
Noncurrent Assets:			
Restricted Cash	439,590	-	439,590
Capital Assets:			
Land	20,427	-	20,427
Buildings and Improvements	97,099	-	97,099
Improvements Other than Buildings	11,734,526	-	11,734,526
Machinery and Equipment	698,289	7,626	705,915
Less Accumulated Depreciation	(6,679,249)	(7,590)	(6,686,839)
Unamortized Bond Issue Costs	19,000	-	19,000
Total Noncurrent Assets	<u>6,329,682</u>	<u>36</u>	<u>6,329,718</u>
Total Assets	<u>6,749,490</u>	<u>178,381</u>	<u>6,927,871</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related To Pension	92,105	-	92,105
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	63,575	20,303	83,878
Loans from Other Funds	99,048	-	99,048
Current Portion of Bonds & Notes	94,767	-	94,767
Total Current Liabilities	<u>257,390</u>	<u>20,303</u>	<u>277,693</u>
Noncurrent Liabilities:			
Accrued Leave	42,725	-	42,725
Customer Deposits	99,286	-	99,286
Bonds and Notes Payable After One Year	2,137,324	-	2,137,324
Net Pension Liability	361,813	-	361,813
Net OPEB Liability	54,199	-	54,199
Total Noncurrent Liabilities	<u>2,695,347</u>	<u>-</u>	<u>2,695,347</u>
Total Liabilities	<u>2,952,737</u>	<u>20,303</u>	<u>2,973,040</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related To Pension	60,813	-	60,813
Deferred Inflows Related To OPEB	23,477	-	23,477
Total Deferred Inflows of Resources	<u>84,290</u>	<u>-</u>	<u>84,290</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	3,639,000	36	3,639,036
Restricted:			
Debt Service	18,235	-	18,235
Other Purposes	150,054	-	150,054
Unrestricted	(2,721)	158,042	155,321
Total Net Position	<u>\$ 3,804,568</u>	<u>\$ 158,078</u>	<u>\$ 3,962,646</u>

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

Town of Sneads, Florida  
Statement of Revenues, Expenses and Changes in Net Position –  
Proprietary Funds  
For the Year Ended September 30, 2022

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	Business-type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 1,009,087	\$ 275,853	\$ 1,284,940
Miscellaneous Charges and Fees	23,038	3,950	26,988
Total Charges for Services	<u>1,032,125</u>	<u>279,803</u>	<u>1,311,928</u>
<b>OPERATING EXPENSES</b>			
Personal Services	475,907	-	475,907
Contractual Services	187,614	231,848	419,462
Utilities	185,958	-	185,958
Repairs and Maintenance	304,440	-	304,440
Other Supplies and Expenses	105,596	-	105,596
Insurance	46,062	9,212	55,274
Depreciation	322,147	431	322,578
Total Operating Expenditures	<u>1,627,724</u>	<u>241,491</u>	<u>1,869,215</u>
Operating Income (Loss)	<u>(595,599)</u>	<u>38,312</u>	<u>(557,287)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	1,198	181	1,379
Interest Expense	(64,753)	-	(64,753)
Gain (Loss) on Disposition of Capital Assets	-	(4,173)	(4,173)
Federal - Grant Funds	201,667	-	201,667
Total Nonoperating Revenue (Expenses)	<u>138,112</u>	<u>(3,992)</u>	<u>134,120</u>
Change in Net Position	(457,487)	34,320	(423,167)
Net Position - beginning	<u>4,262,055</u>	<u>123,758</u>	<u>4,385,813</u>
Net Position - ending	<u>\$ 3,804,568</u>	<u>\$ 158,078</u>	<u>\$ 3,962,646</u>

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

Town of Sneads, Florida  
Statement of Cash Flows –  
Proprietary Funds  
For the Year Ended September 30, 2022

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	Business-type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 1,033,085	\$ 279,803	\$ 1,312,888
Payments to Suppliers	(908,949)	-	(908,949)
Payments to Employees	(473,506)	(221,709)	(695,215)
Net Cash Provided by Operating Activities	(349,370)	58,094	(291,276)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Net Loans from (to) Other Funds	7,339	(1,483)	5,856
Over Withdrawal on Bond Payment	(50,512)	-	(50,512)
Other Receipts	2,720	-	2,720
Transfers to Other Funds	(243,843)	-	(243,843)
Net Cash Provided by Noncapital Financing Activities	(284,296)	(1,483)	(285,779)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Disposition of Capital Assets	-	1,030	1,030
New Bond Issue Costs	(20,000)	-	(20,000)
New Capital Debt	2,261,000	-	2,261,000
Principal Paid on Capital Debt	(2,284,473)	-	(2,284,473)
Interest Paid on Capital Debt	(62,653)	-	(62,653)
Capital Grant - State of Florida	342,632	-	342,632
Capital Grant - Federal Government	(10,000)	-	(10,000)
Net Cash Provided by Capital and Related Financing Activities	226,506	1,030	227,536
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Income	1,198	181	1,379
Net Increase in Cash and Cash Equivalents	(405,962)	57,822	(348,140)
Cash and Cash Equivalents, beginning	1,071,715	109,401	1,181,116
Cash and Cash Equivalents, ending	\$ 665,753	\$ 167,223	\$ 832,976
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (595,599)	\$ 38,312	\$ (557,287)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:			
Depreciation and Amortization	322,147	431	322,578
Pension Expense	3,406	-	3,406
Change in Assets and Liabilities, and Deferred Outflows			
Accounts Receivable	960	-	960
Inventory	259	-	259
Accounts Payable	(80,543)	19,351	(61,192)
Net Cash Provided by Operating Activities	\$ (349,370)	\$ 58,094	\$ (291,276)

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



## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

### A. REPORTING

#### Introduction

The accounting and reporting framework and the more significant accounting policies and principles and practices of the Town of Sneads, Florida (Town) are discussed in the various sections of this Note. The remainder of the notes are organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended September 30, 2022.

#### Reporting Entity

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

### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

#### Government-wide Financial Statements

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

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

#### Fund Financial Statements

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

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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

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

D. FUND TYPES AND MAJOR FUNDS

The Town reports the following major governmental funds:

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

Street Fund – accounts for gas tax revenues restricted for use in maintaining and operating streets and roads.

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

The Town reports the following proprietary funds:

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

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

E. INVENTORIES

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

F. CAPITAL ASSETS AND DEPRECIATION

The Town's property, plant, and equipment and infrastructure with a cost exceeding \$5,000 and useful lives of more than one year are stated at cost and reported in the government-wide financial statements. Proprietary fund capital assets are also reported in the funds financial statements. Donated assets are stated at fair value on the date they were donated. Purchased assets are reported at cost. Capital assets acquired through capital lease obligations are recorded at the present value of the obligation at inception. Normal repairs and maintenance that do not add to the value of the asset are charged to expense. Capital assets are depreciated using the straight-line method of depreciation. When capital assets are sold or otherwise disposed of, the cost and accumulated depreciation are applied against any proceeds from the disposition and the resultant gain or loss is recorded in operations. Estimated useful lives for depreciable assets are as follows:

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

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

G. DEFERRED OUTFLOWS, INFLOWS AND PENSION and OPEB LIABILITIES

Deferred Outflows of Resources

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Inflows of Resources

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

Effective for the year ended September 30, 2022, deferred inflows from long term leases are being recorded. These amounts will be amortized to lease revenues over the life of the leases.

Pension and OPEB Liability

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

H. FUND EQUITY

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

Non-spendable fund balance – Amounts that are not in a spendable form (such as inventories, prepaid expenses) or are required to be maintained intact.

Restricted fund balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the restraint.

Assigned fund balance – Amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES** – Continued

Unassigned fund balances – Amounts that are available for any purpose; positive amounts are reported in the general fund.

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

At September 30, 2022 the Town had no committed funds.

**I. PROPERTY TAXES**

The Town voted a local millage rate for the assessment of ad valorem property taxes. This rate was set at 2.5883 mills for the October 2021 through September 2022 budget year. The Jackson County Property Appraiser's office includes this assessment with countywide property tax assessments. The Jackson County Tax Collector is charged with collecting these revenues and distributing to the Town its share of these collections.

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

**J. LEASE CAPITALIZATION**

In accordance with *Government Accounting Standards Board Statement 87: Leases*, which became effective for the year ended September 30, 2022, the Town's long term leases for which it is the lessor, have been capitalized into Leases Receivable and an offsetting Deferred Inflows – Leases in the Statement of Net Assets and Balance Sheet - Governmental Funds. The capitalization is based on the present value of the future lease payments. Collections of lease payments are applied to the reduction of the Lease Receivable and Interest Income. Amortization of Deferred Inflows - Leases is charged to lease revenues in the Statement of Activities. The excess of lease revenues over deferred inflows – leases is recorded as non-spendable fund balance.

As of September 30, 2022, the Town has no leases for which it is lessee qualifying for capitalization.

**K. BUDGET PROCESS**

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

**L. RISK MANAGEMENT AND INSURANCE**

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

The Town believes the level of insurance purchased is adequate to protect it from material loss. No significant changes in coverage have been made in the last three years.

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – Continued

M. ESTIMATES

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

NOTE 2 – CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

The Town, in accordance with state and local regulations, deposits its cash funds in approved financial institutions. The financial institution is required to pledge U. S. Government Securities as collateral for such funds. All deposits are in checking accounts, bank money market accounts, or certificates of deposit. At September 30, 2022, the Town had the following cash deposits:

Amount Insured by FDIC	\$ 250,000
Amount Subject to Custodial Risk (Risk of loss due to bank failure) Collateralized with Securities Pledged by the Financial Institution and Held in Trust, But Not in the Town's Name)	<u>2,274,306</u>
Total Deposits With Financial Institutions	2,524,306
Petty Cash (unsecured)	<u>400</u>
Total	<u>\$ 2,524,706</u>
Carrying Value on Financial Statements	<u>\$ 2,478,791</u>

No additional items are included as cash or cash equivalents.

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

NOTE 3 – RECEIVABLES

At September 30, 2022, the Town reported significant receivables as follows:

GENERAL FUND

Utility Tax and Franchise Fees	\$ 30,334
Leases	312,279
Due From State of Florida	72,117
Due From Jackson County	<u>4,878</u>
Total	<u>\$ 419,608</u>

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 3 – RECEIVABLES - continued

STREET FUND

Due From State of Florida	\$ 20,215
Due From Jackson County	3,451
Total	\$ 23,666

WATER AND SEWER FUND

Utility Services Receivable	\$ 106,883
Due From Rural Development	50,512
Other	207
Total	\$ 157,602

No allowances for uncollectible accounts are considered necessary.

General Fund Leases Receivable are only reported in the Statement of Net Position

NOTE 4 - INTERFUND BALANCES AND ACTIVITY

As of September 30, 2022, the following interfund loans were recorded. These interfund loan amounts are expected to be repaid as funds are available.

<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>	<u>Amount</u>
Street Fund	General Fund	Operating Expense	\$ 10,364
Water & Sewer Fund	General Fund	Operating Expense	60,879
Water & Sewer Fund	General Fund	Revenue Collection	20,807
Water & Sewer Fund	Street Fund	Operating Expense	6,240
Water & Sewer Fund	Solid Waste Fund	Revenue Collection	11,122
Total			\$ 109,412

The following interfund transfers were made during the current year:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Street Fund	Operating Expense	\$ 61,429
General Fund	Recreation Fund	Operating Expense	147,721
Total			\$ 209,150



Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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**NOTE 5 – CAPITAL ASSETS**

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

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
<b><u>Governmental Activities</u></b>				
Capital Assets Not Being Depreciated				
Land	\$ 104,496	\$ -	\$ -	\$ 104,496
Total	<u>104,496</u>	<u>-</u>	<u>-</u>	<u>104,496</u>
Capital Assets Being Depreciated				
Roads, Sidewalks, etc.	905,675	-	-	905,675
Buildings & Improvements	396,540	-	-	396,540
Improvements Other Than Buildings	1,029,432	-	-	1,029,432
Equipment	1,651,018	68,781	(36,004)	1,683,795
Total	<u>3,982,665</u>	<u>68,781</u>	<u>(36,004)</u>	<u>4,015,442</u>
Less Accumulated Depreciation				
Roads, Sidewalks, etc.	128,772	36,227	-	164,999
Buildings & Improvements	183,845	11,165	-	195,010
Improvements Other Than Buildings	278,036	35,021	-	313,057
Equipment	1,071,734	121,370	(36,004)	1,157,100
Total	<u>1,662,387</u>	<u>203,783</u>	<u>(36,004)</u>	<u>1,830,166</u>
Net Capital Assets Being Depreciated	<u>2,320,278</u>	<u>(135,002)</u>	<u>-</u>	<u>2,185,276</u>
Net Governmental Activity Capital Assets	<u>\$ 2,424,774</u>	<u>\$ (135,002)</u>	<u>\$ -</u>	<u>\$ 2,289,772</u>

Governmental activity depreciation expense was charged to functions as follows:

General Government	\$ 11,862
Public Safety:	
Police	35,824
Fire	64,239
Fire Rescue	1,059
Physical Environment	493
Transportation	56,272
Health	1,105
Recreation	32,929
Total	<u>\$ 203,783</u>



Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 6 - LONG-TERM DEBT – Continued

There were \$472 interest charges to expense for governmental activities for the year ended September 30, 2022.

Business-type Activities

Enterprise Fund - Water and Sewer System

<p>Note Payable - Florida Department of Environmental Protection Dated August 21, 2013, \$41,012 issued, interest at 1.46%, payable in 40 semi-annual installments on June 15 and December 15 through June 2033. The purpose of this loan was for improvements to the boat ramp and landing at the Sneads Park. The agreement required monthly installments to a sinking fund sufficient to pay the next semi annual payment.</p>	\$ 24,608
<p>Note Payable - PeoplesSouth Bank Payable in three annual installments beginning October 15, 2021 of \$11,126 including interest at 3.00%. Collateralized by transportation equipment. This note and its debt service is shared 50% with the General Fund.</p>	10,636
<p>Accumulated compensated absences</p>	42,725
<p>Net Pension Liability</p>	361,813
<p>Net Other Post Employment Benefits Liability</p>	54,199
<p>Total Other Enterprise Fund Long Term Debt</p>	<u>\$ 493,981</u>

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

The general summary of the refinancing is as follows:

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

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 6 - LONG-TERM DEBT – Continued

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

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

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

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

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 87,445	\$ 59,761	\$ 147,206
2024	90,437	56,769	147,206
2025	92,935	54,271	147,206
2026	95,503	51,703	147,206
2027	98,142	49,064	147,206
2028-2032	532,918	203,113	736,031
2033-2037	610,728	125,302	736,030
2038-2042	588,739	36,888	625,627
Totals	<u>\$ 2,196,847</u>	<u>\$ 636,871</u>	<u>\$ 2,833,718</u>

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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**NOTE 6 - LONG-TERM DEBT – Continued**

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

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due In One</u> <u>Year</u>
Revenue Bonds	\$ 2,213,180	\$ 2,261,000	\$(2,277,333)	\$ 2,196,847	\$ 87,445
Notes Payable	42,384	-	(7,140)	35,244	7,322
Accrued Leave	41,388	1,337	-	42,725	-
Net Pension Liability	185,582	176,231	-	361,813	-
Net OPEB Liability	66,988	-	(12,789)	54,199	-
Totals	<u>\$ 2,549,522</u>	<u>\$ 2,438,568</u>	<u>\$(2,297,262)</u>	<u>\$ 2,690,828</u>	<u>\$ 94,767</u>

**NOTE 7 - NET POSITION RESTRICTIONS**

The Net Position of the Town is restricted for various reasons. Generally, these restrictions are a result of third-party restrictions related to the use of revenues provided to the Town. As of September 30, 2022 the following Net Positions were restricted.

**General Governmental Activities**

Special Revenue Funds:

Street Fund -

All revenues received in this fund are restricted for street and road construction and maintenance.

**Business-type Activities**

Water & Sewer Fund -

Bond Retirement - This amount is equal to the assets in the revenue bond, and state revolving fund notes, debt service sinking accounts less accrued interest and funded bond principal.

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

**NOTE 8 - PENSION PLAN**

**General Information about the Pension Plan**

**Plan Description**

The Town of Sneads participates in the Florida Retirement System (FRS), a single retirement system administered by the Florida Department of Management Services, Division of

NOTE 8 - PENSION PLAN – continued

Retirement, and consists of two cost-sharing, multiple employer defined benefit plans and other nonintegrated programs. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report and other relevant information, is available from the Florida Department of Management Services' website: [www.dms.myflorida.com](http://www.dms.myflorida.com).

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

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

Benefits

For employees initially enrolled July 1, 2001 through June 30, 2011, normal retirement benefits are available to regular class employees who retire with at least six years of service and have reached age 62; the age after 62 the member becomes vested; or with 30 years of service at any age. Special risk class employees may receive normal retirement benefits with at least six years of special risk service after reaching age 55; the age after 55 the member becomes vested; after 25 years of service, consisting of both special risk service and up to four years of wartime military service, and age 52; after 25 years special risk service regardless of age; or with 30 years any creditable service regardless of age.

For employees enrolled after June 30, 2011, regular class employees receive benefits with eight years of service and age 65 or 33 years of service, regardless of age. Special risk class employees are vested with eight years of special risk service and age 60 or 30 years of service. Special risk class employees without eight years of special risk service must meet the requirements of the regular class.

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 8 - PENSION PLAN – continued

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

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

The cost-of-living adjustment for retirements effective before August 1, 2011 is 3% per year. The cost-of-living adjustment formula for retirees with an effective retirement date on or after August 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit earned multiplied by 3.0%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

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

Applicable rates effective July 1, 2021 through June 30 2022:

Class	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
Regular	3.00%	9.10%	12.10%
Special Risk	3.00%	24.17%	27.17%
Senior Management Service	3.00%	27.29%	30.29%
DROP	N/A	16.68%	16.68%

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

Total payroll for the Town's employees covered by the FRS and HIS plans were \$660,904 and \$832,853 respectively for the year ended September 30, 2022. Reported Town and employee contributions to the plan totaled \$97,399 and \$16,074 respectively. At September 30, 2022, the Town had 29 participants in the plan, including 8 in the Investment Plan.

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 8 - PENSION PLAN – continued

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

At September 30, 2022, the Town reported a liability for its proportionate shares of the net pension liability. The net pension liability for the FRS Pension Plan and HIS Plan were prepared as of June 30, 2022.

The Town's proportions of the net pension liabilities were based on the Town's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined as follows:

	FRS	HIS	Total
Net pension liability at September 30, 2022	\$ 771,815	\$ 210,207	\$ 982,022
Town's proportion of total State liability at:			
June 30, 2022	0.002074323%	0.001984654%	
June 30, 2021	0.001923776%	0.001744124%	
Pension expense (benefit), year ended			
September 30, 2022	\$ (10,083)	\$ (9,442)	\$ (19,525)

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

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 36,657	\$ -	\$ 6,380	\$ 925
Changes of Assumption	95,051	132,771	12,048	32,519
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	50,963	-	305	-
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	61,008	-	23,428	40,045
Town Contributions Subsequent to the Measurement Date	23,409	-	3,157	-
Total	\$ 267,088	\$ 132,771	\$ 45,318	\$ 73,489



Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 8 - PENSION PLAN – continued

Deferred outflows of resources related to pensions included \$23,409 for FRS and \$3,157 for HIS resulting from contributions subsequent to the June 30, 2022 measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended September 30, 2022.

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

Year ended September 30,	FRS	HIS
2023	\$ 32,482	\$ (6,746)
2024	12,257	(3,638)
2025	(10,969)	(1,663)
2026	95,443	(3,682)
2027	5,104	(8,546)
Thereafter	-	(3,896)
Total	\$134,317	\$(28,171)

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

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of June 30, 2021 and measurement date of June 30, 2022, using the entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Payroll Growth	3.25%	3.25%
Investment Rate of Return	6.70%	N/A

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

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

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 8 - PENSION PLAN - continued

The following changes in actuarial assumptions occurred in 2022:

- FRS: The long-term expected rate of return was decreased from 6.80% to 6.70%.
- HIS: The demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838.
- HIS: The election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.
- HIS: The municipal bond rate used to determine the total pension liability increased from 2.16% to 3.54%.

The long-term expected rate of return assumption of 6.70% consists of two building block components: 1) a real (in excess of inflation) return of 4.20%, consistent with the 4.38% capital market outlook model developed by the outside investment consultant to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2022 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.70% return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return is the same as the investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.6%	2.6%	1.1%
Fixed Income	19.8%	4.4%	4.4%	3.2%
Global Equity	54.0%	8.8%	7.3%	17.8%
Real Estate	10.3%	7.4%	6.3%	15.7%
Private Equity	11.1%	12.0%	8.9%	26.3%
Strategic Investments	3.8%	6.2%	5.9%	7.8%
Assumption Inflation - Mean			2.4%	1.3%

Money-Weighted Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on FRS Pension Plan investments, net of pension plan investment expense was (7.20%).

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

**Discount Rate**

The discount rate used to measure the total pension liability for FRS was 6.70%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

**Pension Liability Sensitivity**

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

	FRS			HIS		
	1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
Town's Proportionate Share of Net Pension Liability	<u>5.70%</u>	<u>6.70%</u>	<u>7.70%</u>	<u>2.54%</u>	<u>3.54%</u>	<u>4.54%</u>
	<u>\$1,334,801</u>	<u>\$771,815</u>	<u>\$301,092</u>	<u>\$240,494</u>	<u>\$210,207</u>	<u>\$185,145</u>

**Pension Plan Fiduciary Net Position**

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

**Defined Contribution Plan**

Pursuant to Chapter 121, Florida Statutes, the Florida legislature created the Florida Retirement Investment Plan (Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate schedule covering both the defined benefit and defined contribution plans. Required contributions to the Investment Plan for the year ended September 30, 2022 were \$25,729 by the Town and \$5,158 by employees. Investment Plan Participants are eligible for participation in the Retiree Health Insurance Subsidy Plan.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Town has implemented *Governmental Accounting Standards Board Statement 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for retiree health insurance. Although the Town pays no premiums for retiree’s health insurance, this statement requires accounts be recorded for actuarial determined deferred liabilities based on the expected increase in the Town’s health insurance rates when adding older retired individuals to the overall plan.

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

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

Benefits Provided

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

Membership

At September 30, 2022, there were no retirees receiving health insurance benefits from the plan.

Current membership in the plan consists of:

Active employees	15
Retired and beneficiaries	-
Total Membership	<u>15</u>

Contributions and Funding Policy

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

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS** – continued

As of September 30, 2022, the related premiums were as follows:

Plan Option Number	<u>16003</u>	<u>14104</u>	<u>14002</u>
Employee/Retiree	\$ <u>621</u>	\$ <u>668</u>	\$ <u>759</u>
Employee/Retiree w/ Spouse	\$ <u>1,242</u>	\$ <u>1,336</u>	\$ <u>1,518</u>
Employee/Retiree w/ Children	\$ <u>1,148</u>	\$ <u>1,236</u>	\$ <u>1,404</u>
Employee/Retiree w/Family	\$ <u>1,769</u>	\$ <u>1,904</u>	\$ <u>2,163</u>

**Net OPEB Liability, Expense, Deferred Outflows and Deferred Inflows**

The net OPEB liability was measured as of September 30, 2022, as determined by an actuarial valuation as of October 1, 2021. Standard actuarial procedures were used to roll forward to the measurement date from the actuarial valuation date.

Applicable data for the year ended September 30, 2022 is as follows:

Other Post-Employment Benefit Liability	\$ <u>128,927</u>
Current Year OPEB Expense Recognized	\$ <u>25,407</u>
Deferred Outflows	\$ <u>-</u>
Deferred Inflows	\$ <u>64,962</u>

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

Year Ended Spetember 30,		
	2023	\$ (6,306)
	2024	(6,306)
	2025	(6,306)
	2026	(6,306)
	2027	(6,306)
Thereafter		<u>(33,432)</u>
Total		<u>\$ (64,962)</u>

The annual amounts are negative since the deferred inflows exceed the deferred outflows.

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – continued

Changes in the OPEB related accounts for the year ended September 30, 2022 are as follows:

	<u>OPEB</u> <u>Liability</u>	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>	<u>OPEB</u> <u>Expense</u>
Balance - beginning of year	\$ 164,385	\$ -	\$ 4,097	\$ -
Service Cost	22,950	-	-	22,950
Expected Interest Growth	8,932	-	-	8,932
Amortization Payments	-	-	(6,306)	-
Experience	(44,401)		44,401	(3,947)
Assumption Changes	(22,770)	-	22,770	(2,359)
Benefit Payments & Refunds	<u>(169)</u>	<u>-</u>	<u>-</u>	<u>(169)</u>
Balance - end of year	<u>\$ 128,927</u>	<u>\$ -</u>	<u>\$ 64,962</u>	<u>\$ 25,407</u>

Actuarial Methods and Assumptions

The total OPEB liability in the October 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods in the measurement, unless otherwise specified:

Discount Rate	4.77% per annum based on the S&P Municipal Bond 20 year High Grade Index.
Projected Annual Salary Increases	3.00% per annum
Cost of Living Increases	Assumed to increase in accordance with healthcare cost trend rates.
Healthcare Cost Trend Rate	Increased to 8.00%. Reduced by 0.50% per year down to 5.00% through 2028.
Mortality Basis	Sex distinct rates set forth in PUB-2010 Mortality Table for general and public safety employees, with full generational improvements in mortality using Scale MP-2018.

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – continued

Retirement and Election                      Public safety employees are assumed to retire at age 55 with 10 years of service, or age 52 with 25 years of service. General employees are assumed to retire at age 62 with six years of service or at any age with 30 years of service. Fifty percent (50%) of employees are assumed to elect single medical coverage upon retirement or disability. Coverage is assumed to end at age 65.

The following changes in actuarial assumptions occurred in 2022:

- The discount rate was increased from 2.43% to 2.77% per annum.
- The implied subsidy for the 2021/22 fiscal year at age 62 was decreased from \$655 for the 50/50 plan, \$684 for the 70/30 plan and \$769 for the 80/20 plan to \$625, \$675 and \$750 respectively.
- Healthcare cost trend rates were increased from 6.00% to 8.00% for the 2021/22 fiscal year and downgraded to 5.00% for fiscal 2023/24 and later.

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

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Discount Rate	3.77%	4.77%	5.77%
Net OPEB Liability	<u>\$ 141,049</u>	<u>\$ 128,927</u>	<u>\$ 118,160</u>
Healthcare Cost Trend Rate	7.00%	8.00%	9.00%
Net OPEB Liability	<u>\$ 113,690</u>	<u>\$ 128,927</u>	<u>\$ 146,943</u>

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Compensated Absences

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

Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 12 - MAJOR UTILITY CUSTOMER

The Town provides sewer services to Apalachee Correctional Institution (ACI) which represents a major customer for the system. ACI paid fees during the year ended September 30, 2022 amounting to approximately 53% of total sewer fee revenues. These fees are anticipated to continue to provide a significant portion of the Town's total sewer revenues.

NOTE 13 - FRANCHISE FEE INCOME

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

	<u>Fee Rate</u>	<u>Revenue</u>
Electricity Sales	4%	<u>\$ 102,323</u>

NOTE 14 - LEASE INCOME

Building Lease - For several years, the Town has leased space in the old Town Hall building to the Jackson County Tax Collector's office. The current lease calls for monthly payments of \$1,045 through September 2022, then \$1,100 through September 2026. There are no provisions for contingent lease payments or sub-leases. During the year ended September 30, 2022, rent payments from this lease were recorded at \$12,540.

Industrial Park Lease – Land in the Town's industrial park has been leased to a company since October 1987 and expired September 2022. The company had built a metal building on the property for their use. Monthly rent was \$333, \$4,000 annually. Recorded lease income for the year ended September 30, 2022 was \$4,329. The lease was not renewed after September 30, 2022.

Tower Lease - During the 2020-2021 fiscal year, the Town entered into a lease agreement with T-Mobile to lease that company antenna space on the Town's water tank. The lease calls for monthly payments in the amount of \$1,800, \$21,600 annually. The term of the lease is for five years with an automatic renewal of five, five year terms. Then the tenant has the right to occupy the location for nine more one year extended periods. The tenant may terminate any of the renewal or extended terms upon notification. The rent payments are scheduled to increase 10% after each successive renewal term and 2% after each extended term. Lease payments for 2022 totaled \$21,600.

In accordance with newly effective, *Government Accounting Standards Board Statement 87 – Leases*, the building lease and tower lease meet the requirements for capitalization. As such, the present value of future lease payments is capitalized as Lease Receivable and an offsetting Deferred Income – Leases. Lease payments are applied toward reduction of the Lease Receivable and Interest Income. Deferred Income – Leases is amortized over the life of the lease to Rent Income.



Town of Sneads, Florida  
Notes to Financial Statements  
September 30, 2022

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NOTE 14 - LEASE INCOME - continued

For the year ended September 30, 2022, the Town recorded the following related to these leases:

	<u>Building Lease</u>	<u>Tower Lease</u>	<u>Total</u>
Reduction of Lease Receivable	\$ 11,023	\$ 14,192	\$ 25,215
Lease Interest Income	<u>1,517</u>	<u>7,408</u>	<u>8,925</u>
Total Collections	<u>\$ 12,540</u>	<u>\$ 21,600</u>	<u>\$ 34,140</u>
Amortization of Deferred Income - Leases	<u>\$ 11,945</u>	<u>\$ 18,452</u>	<u>\$ 30,397</u>
Lease Revenue	<u>\$ 11,945</u>	<u>\$ 18,452</u>	<u>\$ 30,397</u>
Lease Period Used in Calculation - Months	<u>60</u>	<u>171</u>	
Discount Rate	<u>3.00%</u>	<u>3.00%</u>	

NOTE 15 – GRANTS, MAJOR PROJECTS AND SUBSEQUENT EVENTS

Hurricane Michael Damage - On October 10, 2018 the Town of Sneads, along with the central Florida Panhandle was hit by a catastrophic Category 5 hurricane named Michael. The Town had major damage at the Recreation Park, Sneads Park on Lake Seminole and Waste Water Treatment Plant. Many citizens had major damage as well. As of September 30, 2022, the Town continues to recover from this event through repairs, renovations and improvements of its property and equipment. The Town has received financial assistance with the recovery from insurance proceeds, Federal Emergency Management Agency (FEMA) funds, and other grants. While much headway has been accomplished, much is left to do.

CARES Act Funds – These funds, totaling \$3,011 were used to purchase equipment.

Coronavirus State and Local Fiscal Recovery/ American Rescue Program Act Funds – A grant was awarded the Town from the Florida Department of Emergency Management in the amount of \$891,019. These funds are to assist local governments with recovery from the setbacks caused by the COVID 19 restrictions. The Town received \$455,510 from this grant just prior to the beginning of the current year. This money was deposited in the Water and Sewer Fund and reported as Deferred Revenues in the prior year. During the current year, the Town was required to refund \$10,000 from the prior distribution as they were over paid. Additionally, the Town received the remaining \$445,509 which was deposited in the General Fund. During the current year, the Town incurred qualified expenditures of these moneys in the amounts of \$85,787, \$201,667 and \$15,733 through the General Fund, Water and Sewer Fund and Recreation Fund respectively. Unexpended moneys as of September 30, 2022 in the amount of \$587,832 is reported as deferred revenue in the General Fund.

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

In Kind Grants – The town received several police vehicles from another government agency valued at a total of \$18,000.

Budget Amendments - The Town of Sneads adopts an annual operating budget for all funds. Subsequent to year-end, the budget for the Water and Sewer Fund was amended to add \$225,000 for continuing repairs and maintenance to the water and sewer facilities. These additional expenditures were budgeted to be covered by ARPA funds and available moneys in the fund.

Subsequent Events of Note – The Town is working on several projects that funding was pending as of year end. The Town had expected to receive a legislative appropriation for \$825,000 for assistance with new lights and repairs at the sports complex. Unfortunately, this did not materialize. Therefore, the Town is trying again for this funding in the next legislative session. Two other grants have been awarded, but as of the date of this report, they have not been funded. These include a grant for \$1,900,000 for resurfacing many of the streets in the Town, and a grant in the amount of \$274,000 to install back-up generators at several critical locations throughout the Town. Plans and specifications are being drawn up for a new public safety complex. This project is still in the planning stage.

NOTE 16 – LITIGATION

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

REQUIRED SUPPLEMENTARY INFORMATION

Town of Sneads, Florida  
 Budgetary Comparison Schedule – General Fund  
 For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
<b>REVENUES</b>			
Taxes	\$ 511,870	\$ 511,870	\$ 567,406
Licenses & Permits	96,200	96,200	108,569
Intergovernmental Revenues	315,086	315,086	419,889
Charges for Services	116,899	116,899	125,331
Judgements and Fines	3,136	3,136	9,044
Miscellaneous Revenues	9,173	9,173	18,447
Total Revenues	1,052,364	1,052,364	1,248,686
<b>EXPENDITURES</b>			
Current:			
General Government	183,073	183,073	199,631
Public Safety	561,017	561,017	605,985
Physical Environment	3,700	3,700	8,903
Transportation	149,932	149,932	127,011
Health	9,700	9,700	13,374
Culture/Recreation	16,500	16,500	13,037
Debt Service:			
Principal	-	-	5,091
Interest	-	-	472
Capital Outlay	344,000	344,000	46,982
Total Expenditures	1,267,922	1,267,922	1,020,486
Excess (Deficiency) of			
Revenues over Expenditures	(215,558)	(215,558)	228,200
<b>OTHER SOURCES AND USES OF FUNDS</b>			
Proceeds From Sale of Capital Assets	2,500	2,500	7,835
Transfers Out	(373,906)	(373,906)	(209,150)
Net Change in Fund Balance	(586,964)	(586,964)	26,885
Fund Balance - beginning	1,147,040	1,147,040	1,147,040
Fund Balance - ending	\$ 560,076	\$ 560,076	\$ 1,173,925

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

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

Town of Sneads, Florida  
 Budgetary Comparison Schedule – Street Fund  
 For the Year Ended September 30, 2022

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	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
<b>REVENUES</b>			
Intergovernmental Revenues	120,518	120,518	108,265
Miscellaneous Revenues	-	-	65
Total Revenues	120,518	120,518	108,330
<b>EXPENDITURES</b>			
Current:			
Transportation	166,918	166,918	140,444
Capital Outlay	15,000	15,000	-
Total Expenditures	181,918	181,918	140,444
Excess (Deficiency) of Revenues Over Expenditures	(61,400)	(61,400)	(32,114)
<b>OTHER SOURCES AND USES OF FUNDS</b>			
Transfers In	-	-	61,429
Net Change in Fund Balance	(61,400)	(61,400)	29,315
Fund Balance - beginning	18,436	18,436	18,436
Fund Balance - ending	\$ (42,964)	\$ (42,964)	\$ 47,751

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

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

Town of Sneads, Florida  
 Budgetary Comparison Schedule – Recreation Fund  
 For the Year Ended September 30, 2022

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	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
<b>REVENUES</b>			
Charges For Services	\$ 32,000	\$ 32,000	\$ 15,734
Intergovernmental Revenues	-	-	26,061
Miscellaneous Revenues	-	-	4,518
Total Revenues	32,000	32,000	46,313
<b>EXPENDITURES</b>			
Current:			
Culture/Recreation	145,906	145,906	169,195
Capital Outlay	260,000	260,000	21,799
Total Expenditures	405,906	405,906	190,994
Excess (Deficiency) of Revenues Over Expenditures	(373,906)	(373,906)	(144,681)
<b>OTHER SOURCES AND USES OF FUNDS</b>			
Transfers In	373,906	373,906	147,721
Net Change in Fund Balance	-	-	3,040
Fund Balance - beginning	16,225	16,225	16,225
Fund Balance - ending	\$ 16,225	\$ 16,225	\$ 19,265

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

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

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

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**FRS PENSION PLAN**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's Proportion of the Net Pension Liability	0.002074323%	0.009123776%	0.002432734%	0.002215495%	0.002502503%	0.002641973%	0.002888261%	0.002715198%	0.002592605%
Town's Proportionate Share of Net Pension Liability	\$ 771,815	\$ 145,319	\$ 1,054,426	\$ 762,987	\$ 753,498	\$ 781,478	\$ 729,288	\$ 350,705	\$ 158,187
Town's Covered Employee Payroll	\$ 660,904	\$ 571,439	\$ 652,174	\$ 672,214	\$ 709,698	\$ 767,433	\$ 808,820	\$ 793,565	\$ 731,177
Town's Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	116.78%	25.43%	161.68%	113.50%	106.17%	101.83%	90.17%	44.19%	21.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

**HEALTH INSURANCE SUBSIDY PROGRAM**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's Proportion of the Net Pension Liability	0.001984654%	0.001744124%	0.001921396%	0.002001181%	0.002238247%	0.002438724%	0.002706862%	0.002587002%	0.002496623%
Town's Proportionate Share of Net Pension Liability	\$ 210,207	\$ 213,943	\$ 234,600	\$ 223,912	\$ 236,902	\$ 260,762	\$ 315,474	\$ 263,835	\$ 233,440
Town's Covered Employee Payroll	\$ 832,853	\$ 719,569	\$ 652,174	\$ 672,214	\$ 709,698	\$ 767,433	\$ 808,820	\$ 793,565	\$ 731,177
Town's Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	25.24%	29.73%	35.97%	33.31%	33.38%	33.98%	39.00%	33.25%	31.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

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

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**FRS PENSION PLAN**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 90,089	\$ 81,035	\$ 78,816	\$ 72,490	\$ 71,319	\$ 68,777	\$ 70,435	\$ 66,198	\$ 56,789
Contributions in Relation to the Contractually Required Contribution	<u>(90,089)</u>	<u>(81,035)</u>	<u>(78,816)</u>	<u>(72,490)</u>	<u>(71,319)</u>	<u>(68,777)</u>	<u>(70,435)</u>	<u>(66,198)</u>	<u>(56,789)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Employee Payroll	\$ 660,904	\$ 571,439	\$ 652,174	672,214	709,698	767,433	808,820	793,565	731,177
Contributions as a Percentage of Covered Employee Payroll	13.63%	14.18%	12.09%	10.78%	10.05%	8.96%	8.71%	8.34%	7.77%

**HEALTH INSURANCE SUBSIDY PROGRAM**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 12,224	\$ 11,373	\$ 10,756	\$ 11,122	\$ 12,138	\$ 12,906	\$ 13,874	\$ 9,889	\$ 8,553
Contributions in Relation to the Contractually Required Contribution	<u>(12,224)</u>	<u>(11,373)</u>	<u>(10,756)</u>	<u>(11,122)</u>	<u>(12,138)</u>	<u>(12,906)</u>	<u>(13,874)</u>	<u>(9,889)</u>	<u>(8,553)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Employee Payroll	\$ 832,853	\$ 719,569	\$ 652,174	\$ 672,214	\$ 709,698	\$ 767,433	\$ 808,820	\$ 793,565	\$ 731,177
Contributions as a Percentage of Covered Employee Payroll	1.47%	1.58%	1.65%	1.65%	1.71%	1.68%	1.72%	1.25%	1.17%

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



Town of Sneads, Florida  
Schedule of Other Postemployment Benefits Liability and Contributions  
Sneads Health Insurance Plan  
Last Three Fiscal Years

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CHANGE IN NET OPEB LIABILITY

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance - beginning of year	\$ 164,385	\$ 137,126	\$ 105,021
Service Cost	22,950	27,917	32,105
Expected Interest Growth	8,932	4,008	-
Experience	(40,454)	-	-
Amortization Payments	(6,306)	(335)	-
Assumption Changes	(20,411)	(4,097)	-
Benefit Payments & Refunds	<u>(169)</u>	<u>(234)</u>	<u>-</u>
Balance - end of year	<u>\$ 128,927</u>	<u>\$ 164,385</u>	<u>\$ 137,126</u>

CONTRIBUTIONS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Plan contributions and benefits are not tied to employee payroll.

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

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

# GRIMSLEY & ASSOCIATES

Professional Association

*Certified Public Accountants*

MEMBER  
FLORIDA INSTITUTE AND  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

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

Honorable Mayor and Town Council  
Town of Sneads  
Sneads, Florida

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

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

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

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

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

*Grimsley & Associates*

Marianna, Florida  
June 29, 2023

Grimsley and Associates, P.A.  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORTS  
REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*

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

# GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER  
FLORIDA INSTITUTE AND  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

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

Honorable Mayor and Town Council  
Town of Sneads  
Sneads, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sneads, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Sneads, Florida's basic financial statements and have issued our report thereon dated June 29, 2023.

### **Report on Internal Control over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Grimsley & Associates*

Marianna, Florida  
June 29, 2023

Grimsley and Associates, P.A.  
Certified Public Accountants

## SCHEDULE OF FINDINGS



Town of Sneads, Florida  
Schedule of Findings  
September 30, 2022

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None

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

# GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER  
FLORIDA INSTITUTE AND  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

## INDEPENDENT AUDITOR'S REPORT TO TOWN MANAGEMENT

Honorable Mayor and Town Council  
Town of Sneads  
Sneads, Florida

### Report on the Financial Statements

We have audited the financial statements of the Town of Sneads, Florida (the "Town") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 29, 2023.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 29, 2023, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below under the heading Prior Year Findings and Recommendations.

Honorable Mayor and Town Council  
 Town of Sneads  
 Sneads, Florida  
 The management letter items are as follows:

None

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

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2020-21 FY Finding #	2019-20 FY Finding #
N/A	N/A	N/A

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

**Financial Condition and Management**

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

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

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

**Additional Matters**

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

Honorable Mayor and Town Council  
Town of Sneads  
Sneads, Florida

**Purpose of this Letter**

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

Marianna, Florida  
June 29, 2023

*Grimsley & Associates*

Grimsley and Associates, P.A.  
Certified Public Accountants