

TOWN OF SNEADS, FLORIDA

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023

WITH

AUDITOR'S LETTER TO MANAGEMENT

AND

MANAGEMENT'S RESPONSE

TOWN OF SNEADS, FLORIDA

AS OF SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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, 2023 by \$6,265,930 (net position).

The Town's overall net position decreased from prior reported amounts to current reported amounts by \$453,287. A significant portion of the net decrease was due to increased costs and continued out of pocket repairs and renovations of damage caused by Hurricane Michael that hit the area in October 2018.

Town Highlights

During the 2022-2023 fiscal year, and beyond, the Town continued to use grant funding to improve and repair much infrastructure that was damaged by Hurricane Michael in October 2018. Additionally, several other grants were received to acquire law enforcement and fire fighter equipment.

In January 2022, the Town was rewarded, through the Department of Economic Opportunity (DEO), a federally funded Community Development Block Grant (CDBG) for Downtown Revitalization. The award was in the amount of \$951,762. During August and September, 2023, the Town purchased two dilapidated buildings for \$65,671 to be demolished. Grant projects continue subsequent to year end to assist with renovations of the downtown area. The Town was also awarded three additional CDBG grants totaling \$10,682,821 in early 2022 for stormwater flow improvement, wastewater infrastructure renovation, and improvement and road and drainage renovation and improvements. These projects were begun in earnest in early 2024. Also from the Florida DEO, the Town was awarded a Regional Community Development and Infrastructure grant in the amount of \$162,500 to assist with connectivity of community internet. This grant was awarded in February 2022. Initial work on the project began in the summer of 2022, but progress has been slow.

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. In February 2024, the Town was awarded a \$200,000 grant from the Florida Department of Agriculture and Consumer Services for lighting on one field. 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 its citizens.

MANAGEMENT DISCUSSION AND ANALYSIS

As of the beginning of the current year, the Town carried over \$587,832 of American Rescue Plan Act (ARPA) funds. Of this amount \$242,795, \$5,097 and \$240,000 were expended through the General, Recreation, and Water & Sewer Funds respectively. Expenditures were for capital assets, repairs and other operations, including \$129,076 toward a grinder station at Sneads Park to withstand crowd use of the restrooms during Town hosted fishing tournaments and other events. As of September 30, 2023, \$99,940 of ARPA funds remains available reported as deferred revenue.

Other grant activity included expenditures of \$58,534 for firefighter equipment and supplies, \$37,688 for police body and in car cameras and \$31,931 for boat ramp repair and improvements.

In Summary, the Town management is excited to be moving forward with these and other projects for the betterment of the Town in providing benefits to its citizens.

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 2022-2023 fiscal year. The focus is on both the gross and net costs of various activities, both governmental and business-type, that are supported by the government's general tax and other revenues including grant funds. This statement is intended to summarize and simplify the user's analysis of various governmental services. An increase or decrease in net position is a strong indicator of whether the Town's financial situation is improving or deteriorating.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Fund Financial Statements

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

Governmental Funds

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

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

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

The Town of Sneads adopts an annual operating budget for all funds. The budget for the General Fund was amended to add \$777,440 primarily for capital asset expenditures and grant related expenditures. The Street Fund budget was increased by \$6,500, primarily for repairs and maintenance.

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 fund financial statements. These notes are also included in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

In the prior 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, 2023

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Current and Other Assets	\$ 2,177,015	\$ 1,682,887	\$ 957,695	\$ 820,848	\$ 3,134,710	\$ 2,503,735
Capital Assets	<u>2,289,772</u>	<u>2,493,742</u>	<u>5,871,128</u>	<u>5,568,862</u>	<u>8,160,900</u>	<u>8,062,604</u>
Total Assets	<u>4,466,787</u>	<u>4,176,629</u>	<u>6,828,823</u>	<u>6,389,710</u>	<u>11,295,610</u>	<u>10,566,339</u>
Deferred Outflow of Resources	<u>220,301</u>	<u>352,763</u>	<u>92,105</u>	<u>126,390</u>	<u>312,406</u>	<u>479,153</u>
Current Liabilities	46,388	222,804	178,645	171,356	225,033	394,160
Non-Current Liabilities	<u>802,267</u>	<u>1,065,718</u>	<u>2,695,347</u>	<u>2,681,932</u>	<u>3,497,614</u>	<u>3,747,650</u>
Total Liabilities	<u>848,655</u>	<u>1,288,522</u>	<u>2,873,992</u>	<u>2,853,288</u>	<u>3,722,647</u>	<u>4,141,810</u>
Deferred Inflow of Resources	<u>1,081,862</u>	<u>556,958</u>	<u>84,290</u>	<u>80,794</u>	<u>1,166,152</u>	<u>637,752</u>
Net Position						
Invested in Capital Assets, Net of Related Debt	2,279,135	2,488,349	3,639,036	3,431,461	5,918,171	5,919,810
Restricted	47,751	11,206	168,289	219,244	216,040	230,450
Unrestricted (Deficit)	<u>429,685</u>	<u>184,357</u>	<u>155,321</u>	<u>(68,687)</u>	<u>585,006</u>	<u>115,670</u>
Total Net Position	<u>\$ 2,756,571</u>	<u>\$ 2,683,912</u>	<u>\$ 3,962,646</u>	<u>\$ 3,582,018</u>	<u>\$ 6,719,217</u>	<u>\$ 6,265,930</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, 2023.

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
REVENUES						
Program Revenues						
Charges for Services	\$ 269,005	\$ 270,661	\$ 1,311,928	\$ 1,282,097	\$ 1,580,933	\$ 1,552,758
Operating Grants & Contributions	61,804	165,406	201,667	225,694	263,471	391,100
Capital Grants & Contributions	<u>122,531</u>	<u>319,060</u>	<u>-</u>	<u>14,306</u>	<u>122,531</u>	<u>333,366</u>
Total Program Revenues	<u>453,340</u>	<u>755,127</u>	<u>1,513,595</u>	<u>1,522,097</u>	<u>1,966,935</u>	<u>2,277,224</u>
General Revenues						
Taxes - Other	835,030	871,813	-	-	835,030	871,813
Property Taxes	93,429	99,586	-	-	93,429	99,586
Gain on Disposition of Capital Assets	7,835	(10,389)	(4,173)	757	3,662	(9,632)
Miscellaneous	<u>21,530</u>	<u>26,471</u>	<u>1,379</u>	<u>2,568</u>	<u>22,909</u>	<u>29,039</u>
Total General Revenues	<u>957,824</u>	<u>987,481</u>	<u>(2,794)</u>	<u>3,325</u>	<u>955,030</u>	<u>990,806</u>
Total Revenues	<u>1,411,164</u>	<u>1,742,608</u>	<u>1,510,801</u>	<u>1,525,422</u>	<u>2,921,965</u>	<u>3,268,030</u>
EXPENSES						
Governmental Activities						
General Government	213,080	221,185	-	-	213,080	221,185
Public Safety	760,033	1,026,015	-	-	760,033	1,026,015
Physical Environment	9,396	16,541	-	-	9,396	16,541
Transportation	325,392	327,217	-	-	325,392	327,217
Health and Sanitation	14,479	14,923	-	-	14,479	14,923
Culture/Recreation	217,107	209,067	-	-	217,107	209,067
Interest Expense	472	319	-	-	472	319
Business-Type Activities						
Water and Sewer	-	-	1,692,477	1,643,393	1,692,477	1,643,393
Solid Waste	<u>-</u>	<u>-</u>	<u>241,491</u>	<u>262,657</u>	<u>241,491</u>	<u>262,657</u>
Total Expenses	<u>1,539,959</u>	<u>1,815,267</u>	<u>1,933,968</u>	<u>1,906,050</u>	<u>3,473,927</u>	<u>3,721,317</u>
Change in Net Position	<u>(128,795)</u>	<u>(72,659)</u>	<u>(423,167)</u>	<u>(380,628)</u>	<u>(551,962)</u>	<u>(453,287)</u>
Net Position-Beginning	<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>
Net Position-Ending	<u>\$ 2,756,571</u>	<u>\$ 2,683,912</u>	<u>\$ 3,962,646</u>	<u>\$ 3,582,018</u>	<u>\$ 6,719,217</u>	<u>\$ 6,265,930</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, 2023 the Town's governmental funds reported combined ending fund balances of \$1,088,835. Net Assets of \$1,077,629 are labeled as 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, 2023 was \$3,582,018 of which \$3,362,774 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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,022,127	\$ 373,875	\$ 1,396,002
Accounts Receivable	34,770	119,823	154,593
Leases Receivable, Current Portion	26,569	-	26,569
Inventory	-	36,043	36,043
Due from Other Governments	111,216	-	111,216
Internal Balances	88,742	(88,742)	-
Total Current Assets	<u>1,283,424</u>	<u>440,999</u>	<u>1,724,423</u>
Noncurrent Assets			
Restricted Assets	139,537	361,849	501,386
Capital Assets Not Being Depreciated	370,764	20,427	391,191
Capital Assets, Net of Depreciation	2,122,978	5,548,435	7,671,413
Leases Receivable, Net of Current Portion	259,926	-	259,926
Unamortized Bond Issue Costs	-	18,000	18,000
Total Noncurrent Assets	<u>2,893,205</u>	<u>5,948,711</u>	<u>8,841,916</u>
Total Assets	<u>4,176,629</u>	<u>6,389,710</u>	<u>10,566,339</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related To Pension	<u>352,763</u>	<u>126,390</u>	<u>479,153</u>
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Expenses	217,411	73,343	290,754
Long-term Debt, Current Portion	5,393	98,013	103,406
Total Current Liabilities	<u>222,804</u>	<u>171,356</u>	<u>394,160</u>
Noncurrent Liabilities			
Customer Deposits	-	100,604	100,604
Long-term Debt, Net of Current Portion	88,373	2,074,248	2,162,621
Net Pension Liability	925,503	466,720	1,392,223
Net OPEB Liability	51,842	40,360	92,202
Total Noncurrent Liabilities	<u>1,065,718</u>	<u>2,681,932</u>	<u>3,747,650</u>
Total Liabilities	<u>1,288,522</u>	<u>2,853,288</u>	<u>4,141,810</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Grant Revenues	99,940	-	99,940
Deferred Inflows Related To Pension	108,088	38,726	146,814
Deferred Inflows Related To OPEB	72,229	42,068	114,297
Deferred Inflows Related To Leases	276,701	-	276,701
Total Deferred Inflows of Resources	<u>556,958</u>	<u>80,794</u>	<u>637,752</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,488,349	3,431,461	5,919,810
Restricted for:			
Special Projects	11,206	-	11,206
Debt Service	-	69,115	69,115
Other Purposes	-	150,129	150,129
Unrestricted (Deficit)	184,357	(68,687)	115,670
Total Net Position	<u>\$ 2,683,912</u>	<u>\$ 3,582,018</u>	<u>\$ 6,265,930</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, 2023

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-type Activities</u>	<u>Total</u>
Functions/Programs							
Governmental Activities:							
General Government	\$ 221,185	\$ 167,757	\$ 111,823	\$ 151,772	\$ 210,167		\$ 210,167
Public Safety	1,026,015	46,940	23,000	142,191	(813,884)		(813,884)
Physical Environment	16,541	9,730	-	20,000	13,189		13,189
Transportation	327,217	15,897	-	-	(311,320)		(311,320)
Health	14,923	1,200	-	-	(13,723)		(13,723)
Culture/Recreation	209,067	29,137	30,583	5,097	(144,250)		(144,250)
Interest on Long Term Debt	319	-	-	-	(319)		(319)
Total Governmental Activities	<u>1,815,267</u>	<u>270,661</u>	<u>165,406</u>	<u>319,060</u>	<u>(1,060,140)</u>		<u>(1,060,140)</u>
Business-type Activities:							
Water & Sewer	1,643,393	1,000,735	225,694	14,306	-	\$ (402,658)	(402,658)
Solid Waste	262,657	281,362	-	-	-	18,705	18,705
Total Business-type activities	<u>1,906,050</u>	<u>1,282,097</u>	<u>225,694</u>	<u>14,306</u>	<u>-</u>	<u>(383,953)</u>	<u>(383,953)</u>
Total Primary Government	<u>\$ 3,721,317</u>	<u>\$ 1,552,758</u>	<u>\$ 391,100</u>	<u>\$ 333,366</u>	<u>(1,060,140)</u>	<u>(383,953)</u>	<u>(1,444,093)</u>
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes					99,586	-	99,586
Taxes - Other					871,813	-	871,813
Miscellaneous					26,471	2,568	29,039
Gain (Loss) From Disposition of Capital Assets					(10,389)	757	(9,632)
Total General Revenues and Transfers					<u>987,481</u>	<u>3,325</u>	<u>990,806</u>
Change in Net Position					<u>(72,659)</u>	<u>(380,628)</u>	<u>(453,287)</u>
Net Position - beginning					<u>2,756,571</u>	<u>3,962,646</u>	<u>6,719,217</u>
Net Position - ending					<u>\$ 2,683,912</u>	<u>\$ 3,582,018</u>	<u>\$ 6,265,930</u>

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

Town of Sneads, Florida
Balance Sheet – Governmental Funds
September 30, 2023

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 1,094,966	\$ 43,754	\$ 1,138,720
Accounts Receivable	34,770	-	34,770
Due From Other Governments	111,216	22,944	134,160
Due From Other Funds	176,530	8,240	184,770
Leases Receivable	286,495	-	286,495
Total Assets	<u>\$ 1,703,977</u>	<u>\$ 74,938</u>	<u>\$ 1,778,915</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 204,391	\$ 13,020	\$ 217,411
Due to Other Funds	-	94,028	94,028
Total Liabilities	<u>204,391</u>	<u>107,048</u>	<u>311,439</u>
 Deferred Inflows			
Deferred Grant Revenues	99,940	-	99,940
Deferred Inflows - Leases	276,701	-	276,701
Total Deferred Inflows	<u>376,641</u>	<u>-</u>	<u>376,641</u>
 Fund Balances:			
Nonspendable	9,793	-	9,793
Restricted for			
Special Projects	-	11,206	11,206
Assigned For			
Recreation	-	20,355	20,355
Unassigned	1,113,152	(65,671)	1,047,481
Total Fund Balances	<u>1,122,945</u>	<u>(34,110)</u>	<u>1,088,835</u>
Total Liabilities and Fund Balances	<u>\$ 1,703,977</u>	<u>\$ 72,938</u>	<u>\$ 1,776,915</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, 2023

Total Fund Balances - Total Governmental Funds	\$ 1,088,835
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.	2,493,742
Some liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,071,111)
Deferred outflows related to pensions and OPEB are not reportable as current revenues or reductions of expenditures and therefore not reported in the funds.	352,763
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>(180,317)</u>
Total Net Position	<u>\$ 2,683,912</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, 2023

	General <u>Fund</u>	Other <u>Funds</u>	Total Governmental <u>Funds</u>
REVENUES			
Taxes	\$ 604,379	\$ 110,913	\$ 715,292
Licenses & Permits	118,380	-	118,380
Intergovernmental Revenues	710,337	25,097	735,434
Charges for Services	119,502	26,070	145,572
Judgments and Fines	6,709	-	6,709
Miscellaneous Revenues	<u>26,350</u>	<u>5,260</u>	<u>31,610</u>
Total Revenues	<u>1,585,657</u>	<u>167,340</u>	<u>1,752,997</u>
EXPENDITURES			
Current:			
General Government	186,925	20,000	206,925
Public Safety	812,750	-	812,750
Physical Environment	16,367	-	16,367
Transportation	117,296	147,515	264,811
Health	13,818	-	13,818
Culture/Recreation	27,122	133,953	161,075
Debt Service:			
Principal	5,244	-	5,244
Interest	319	-	319
Capital Outlay	<u>355,008</u>	<u>76,963</u>	<u>431,971</u>
Total Expenditures	<u>1,534,849</u>	<u>378,431</u>	<u>1,913,280</u>
Excess (Deficiency) of Revenues Over Expenditures	50,808	(211,091)	(160,283)
OTHER SOURCES (USES) OF FUNDS			
Proceeds From Sale of Capital Assets	8,177	-	8,177
Transfers In	-	109,965	109,965
Transfers Out	<u>(109,965)</u>	<u>-</u>	<u>(109,965)</u>
Net Change in Fund Balances	(50,980)	(101,126)	(152,106)
Fund Balances - beginning	<u>1,173,925</u>	<u>67,016</u>	<u>1,240,941</u>
Fund Balances - ending	<u>\$ 1,122,945</u>	<u>\$ (34,110)</u>	<u>\$ 1,088,835</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, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (152,106)

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 net capital asset additions, \$407,210, exceeds depreciation expense, (\$203,240), in the current period. 203,970

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 sum of the net decrease in accrued leave, \$13,564, and the principal debt reductions, \$5,244, in the current period. 18,808

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 decrease in deferred outflows, \$132,462, and the increase in deferred inflows, \$6,615, less the increase in net pension liabilities, (\$282,408), in the current period. (143,331)

Change in Net Position of Governmental Activities \$ (72,659)

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, 2023

	Business-type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 187,465	\$ 186,410	\$ 373,875
Accounts Receivable	119,823	-	119,823
Due From Other Funds	-	12,010	12,010
Inventory	36,043	-	36,043
Total Current Assets	<u>343,331</u>	<u>198,420</u>	<u>541,751</u>
Noncurrent Assets:			
Restricted Cash	361,849	-	361,849
Capital Assets:			
Land	20,427	-	20,427
Buildings and Improvements	97,099	-	97,099
Improvements Other than Buildings	11,734,527	-	11,734,527
Machinery and Equipment	692,446	7,610	700,056
Less Accumulated Depreciation	(6,975,637)	(7,610)	(6,983,247)
Unamortized Bond Issue Costs	18,000	-	18,000
Total Noncurrent Assets	<u>5,948,711</u>	<u>-</u>	<u>5,948,711</u>
Total Assets	<u>6,292,042</u>	<u>198,420</u>	<u>6,490,462</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related To Pension	126,390	-	126,390
LIABILITIES			
Current Liabilities:			
Accounts Payable	52,123	21,220	73,343
Loans from Other Funds	100,752	-	100,752
Current Portion of Bonds & Notes	98,013	-	98,013
Total Current Liabilities	<u>250,888</u>	<u>21,220</u>	<u>272,108</u>
Noncurrent Liabilities:			
Accrued Leave	34,861	-	34,861
Customer Deposits	100,604	-	100,604
Bonds and Notes Payable After One Year	2,039,387	-	2,039,387
Net Pension Liability	466,720	-	466,720
Net OPEB Liability	40,360	-	40,360
Total Noncurrent Liabilities	<u>2,681,932</u>	<u>-</u>	<u>2,681,932</u>
Total Liabilities	<u>2,932,820</u>	<u>21,220</u>	<u>2,954,040</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related To Pension	38,726	-	38,726
Deferred Inflows Related To OPEB	42,068	-	42,068
Total Deferred Inflows of Resources	<u>80,794</u>	<u>-</u>	<u>80,794</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	3,431,462	-	3,431,462
Restricted:			
Debt Service	69,115	-	69,115
Other Purposes	150,129	-	150,129
Unrestricted	(245,888)	177,200	(68,688)
Total Net Position	<u>\$ 3,404,818</u>	<u>\$ 177,200</u>	<u>\$ 3,582,018</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, 2023

	Business-type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
OPERATING REVENUES			
Charges for Services	\$ 974,799	\$ 279,659	\$ 1,254,458
Miscellaneous Charges and Fees	25,936	1,703	27,639
Total Charges for Services	1,000,735	281,362	1,282,097
OPERATING EXPENSES			
Personal Services	578,546	-	578,546
Contractual Services	120,839	252,181	373,020
Utilities	201,276	-	201,276
Repairs and Maintenance	220,487	-	220,487
Other Supplies and Expenses	89,040	100	89,140
Insurance	51,779	10,356	62,135
Depreciation	321,484	20	321,504
Total Operating Expenditures	1,583,451	262,657	1,846,108
Operating Income (Loss)	(582,716)	18,705	(564,011)
NONOPERATING REVENUES (EXPENSES)			
Interest Income	2,151	417	2,568
Interest Expense	(59,942)	-	(59,942)
Gain (Loss) on Disposition of Capital Assets	757	-	757
Federal - Grant Funds	240,000	-	240,000
Total Nonoperating Revenue (Expenses)	182,966	417	183,383
Change in Net Position	(399,750)	19,122	(380,628)
Net Position - beginning	3,804,568	158,078	3,962,646
Net Position - ending	\$ 3,404,818	\$ 177,200	\$ 3,582,018

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, 2023

	Business-type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 988,002	\$ 281,362	\$ 1,269,364
Payments to Suppliers	(526,481)	-	(526,481)
Payments to Employees	(700,951)	(261,720)	(962,671)
Net Cash Provided by Operating Activities	(239,430)	19,642	(219,788)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Net Loans from (to) Other Funds	1,704	(888)	816
Other Receipts	1,318	-	1,318
Net Cash Provided by Noncapital Financing Activities	3,022	(888)	2,134
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(18,254)	-	(18,254)
Disposition of Capital Assets	754	16	770
Principal Paid on Capital Debt	(94,691)	-	(94,691)
Interest Paid on Capital Debt	(60,503)	-	(60,503)
Refund of Prior Debt Overpayment	50,512	-	50,512
ARPA Grant - Federal Government	240,000	-	240,000
Net Cash Provided by Capital and Related Financing Activities	117,818	16	117,834
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	2,151	417	2,568
Net Increase (Decrease) in Cash and Cash Equivalents	(116,439)	19,187	(97,252)
Cash and Cash Equivalents, beginning	665,753	167,223	832,976
Cash and Cash Equivalents, ending	\$ 549,314	\$ 186,410	\$ 735,724
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (582,716)	\$ 18,705	\$ (564,011)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:			
Depreciation and Amortization	321,484	20	321,504
Pension Expense	53,287	-	53,287
Change in Assets and Liabilities, and Deferred Outflows			
Accounts Receivable	(12,733)	-	(12,733)
Accounts Payable	(18,752)	917	(17,835)
Net Cash Provided by Operating Activities	\$ (239,430)	\$ 19,642	\$ (219,788)

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, 2023.

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 fund:

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.

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, 2023 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 2022 through September 2023 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 Position 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 in the Balance Sheet – Governmental Funds.

As of September 30, 2023, 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 budget for the General Fund was 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, 2023

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, 2023, the Town had the following cash deposits:

Amount Insured by FDIC	\$ 400,129
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>1,550,154</u>
Total Deposits With Financial Institutions	1,950,283
Petty Cash (unsecured)	<u>400</u>
Total	<u>\$ 1,950,683</u>
Carrying Value on Financial Statements	<u>\$ 1,874,444</u>

Restricted Assets reported in the financial statements include restricted cash of \$478,442 and restricted receivables of \$22,944.

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, 2023, the Town reported significant receivables as follows:

GENERAL FUND

Utility Tax and Franchise Fees	\$ 34,770
Leases	286,495
Due From State of Florida	110,092
Due From Jackson County	<u>1,124</u>
Total	<u>\$ 432,481</u>

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2023

NOTE 3 – RECEIVABLES - continued

STREET FUND

Due From State of Florida	\$ 19,442
Due From Jackson County	3,502
Total	\$ 22,944

WATER AND SEWER FUND

Utility Services Receivable	\$ 119,616
Other	207
Total	\$ 119,823

No allowances for uncollectible accounts are considered necessary.

NOTE 4 - INTERFUND BALANCES AND ACTIVITY

As of September 30, 2023, 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	\$ 28,357
Water & Sewer Fund	General Fund	Operating Expense	61,578
Water & Sewer Fund	General Fund	Revenue Collection	20,924
Water & Sewer Fund	Street Fund	Operating Expense	6,240
Water & Sewer Fund	Solid Waste Fund	Revenue Collection	12,010
Hometown Reinv. Grant	General Fund	Grant expenditures	65,671
Total			\$ 194,780

The following interfund transfers were made during the current year:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Recreation Fund	Operating Expense	109,965
Total			\$ 109,965

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2023

NOTE 5 – CAPITAL ASSETS

Capital Assets activity for the year ended September 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated				
Land	\$ 104,496	\$ 105,261	\$ -	\$ 209,757
Construction in Process	-	161,007	-	161,007
Total	104,496	266,268	-	370,764
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	1,683,795	159,508	(63,756)	1,779,547
Total	4,015,442	159,508	(63,756)	4,111,194
Less Accumulated Depreciation				
Roads, Sidewalks, etc.	164,999	36,227	-	201,226
Buildings & Improvements	195,010	11,164	-	206,174
Improvements Other Than Buildings	313,057	30,365	-	343,422
Equipment	1,157,100	125,484	(45,190)	1,237,394
Total	1,830,166	203,240	(45,190)	1,988,216
Net Capital Assets Being Depreciated	2,185,276	(43,732)	(18,566)	2,122,978
Net Governmental Activity Capital Assets	\$ 2,289,772	\$ 222,536	\$ (18,566)	\$ 2,493,742

Governmental activity depreciation expense was charged to functions as follows:

General Government	\$	12,147
Public Safety:		
Police		36,516
Fire		61,564
Fire Rescue		1,059
Physical Environment		174
Transportation		55,066
Health		1,105
Recreation		35,609
Total	\$	203,240

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2023

NOTE 6 - LONG-TERM DEBT – Continued

There were \$319 interest charges to expense for governmental activities for the year ended September 30, 2023.

Current Accrued Leave Payable of \$2,924 is recorded in Accrued Expenses.

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>	<p>\$ 22,530</p>
<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>	<p>5,393</p>
<p>Accumulated compensated absences</p>	<p>34,861</p>
<p>Net Pension Liability</p>	<p>466,720</p>
<p>Net Other Post Employment Benefits Liability</p>	<p>40,360</p>
<p>Total Other Enterprise Fund Long Term Debt</p>	<p><u>\$ 569,864</u></p>

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

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2023

NOTE 6 - LONG-TERM DEBT – Continued

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>
2024	90,511	56,695	\$ 147,206
2025	92,935	54,271	147,206
2026	95,503	51,703	147,206
2027	98,142	49,064	147,206
2028	100,854	46,352	147,206
2029-2033	547,644	188,387	736,031
2034-2038	627,604	108,427	736,031
2039-2042	456,284	22,136	478,420
Totals	<u>\$ 2,109,477</u>	<u>\$ 577,035</u>	<u>\$ 2,686,512</u>

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	\$ 2,196,847	\$ -	\$ (87,370)	\$ 2,109,477	\$ 90,511
Notes Payable	35,244	-	(7,321)	27,923	7,501
Accrued Leave	42,725	-	(7,864)	34,861	-
Net Pension Liability	361,813	104,907	-	466,720	-
Net OPEB Liability	54,199	-	(13,839)	40,360	-
Totals	<u>\$ 2,690,828</u>	<u>\$ 104,907</u>	<u>\$ (116,394)</u>	<u>\$ 2,679,341</u>	<u>\$ 98,012</u>

Current Accrued Leave Payable of \$6,642 is recorded in Accrued Expenses.

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, 2023 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.

Capital Project Fund:

Hometown Revitalization Grant Fund (reported in the Other Funds Columns) – All revenues received in this fund are restricted for purposes detailed in the grant. This fund had a deficit fund balance of \$65,671 at year end due to grant reimbursements for expenditures being well outside the 60 day reporting window.

Business-type Activities

Water & Sewer Fund -

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

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

NOTE 8 - PENSION PLAN

General Information about the Pension Plan

Plan Description

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

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)

NOTE 8 - PENSION PLAN – continued

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

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

Benefits

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

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

Service retirement benefits are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For employees initially enrolled prior to July 1, 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.

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2023

NOTE 8 - PENSION PLAN – continued

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, 2022 through June 30 2023:

<u>Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>	<u>Total Contribution Rate</u>
Regular	3.00%	10.19%	13.19%
Special Risk	3.00%	26.11%	29.11%
Senior Management Service	3.00%	29.85%	32.85%
DROP	N/A	16.94%	16.94%

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

Total payroll for the Town’s employees covered by the FRS and HIS plans were \$790,077 and \$982,748 respectively for the year ended September 30, 2023. Reported Town and employee contributions to the plan totaled \$139,362, and \$20,148 respectively. At September 30, 2023, the Town had 30 participants in the plan, including 8 in the Investment Plan.

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

At September 30, 2023, 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, 2023.

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2023

NOTE 8 - PENSION PLAN – continued

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

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Net pension liability at September 30, 2023	\$ 1,039,670	\$ 352,553	\$ 1,392,223
Town's proportion of total State liability at:			
June 30, 2023	0.002609165%	0.002219919%	
June 30, 2022	0.002074323%	0.001984654%	
Pension expense (benefit), year ended			
September, 30, 2023	\$ 73,641	\$ 110,369	\$ 184,010

At September 30, 2023 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 97,616	\$ -	\$ 5,161	\$ 827
Changes of Assumption	67,774	89,556	9,269	30,550
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	43,419	-	182	-
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	167,358	-	41,265	25,881
Town Contributions Subsequent to the Measurement Date	41,919	-	5,190	-
Total	<u>\$ 418,086</u>	<u>\$ 89,556</u>	<u>\$ 61,067</u>	<u>\$ 57,258</u>

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2023

NOTE 8 - PENSION PLAN – continued

Deferred outflows of resources related to pensions included \$41,919 for FRS and \$5,190 for HIS resulting from contributions subsequent to the June 30, 2023 measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended September 30, 2023.

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
2024	\$ 44,774	\$ 666
2025	(17,739)	404
2026	268,667	671
2027	25,521	1,317
2028	7,307	698
Thereafter	-	53
Total	\$328,530	\$ 3,809

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of June 30, 2022 and measurement date of June 30, 2023, 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, 2023

NOTE 8 - PENSION PLAN - continued

The following changes in actuarial assumptions occurred in 2023:

- HIS: The discount rate was modified to reflect the change in the value of the municipal bond discount index between GASB measurement dates.
- HIS: Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

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 4.48% 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 2023 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, 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 2023 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%	2.9%	2.9%	1.1%
Fixed Income	19.8%	4.5%	4.4%	3.4%
Global Equity	54.0%	8.7%	7.1%	18.1%
Real Estate	10.3%	7.6%	6.6%	14.8%
Private Equity	11.1%	11.9%	8.8%	26.3%
Strategic Investments	3.8%	6.3%	6.1%	7.7%
Assumption Inflation - Mean			2.4%	1.4%

Money-Weighted Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on FRS Pension Plan investments, net of pension plan investment expense was (7.58%).

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2023

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 3.65% 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		
	Current			Current		
	1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
	<u>5.70%</u>	<u>6.70%</u>	<u>7.70%</u>	<u>2.65%</u>	<u>3.65%</u>	<u>4.65%</u>
Town's Proportionate Share of Net Pension Liability	<u>\$1,775,968</u>	<u>\$1,039,670</u>	<u>\$423,668</u>	<u>\$402,208</u>	<u>\$352,553</u>	<u>\$311,392</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, 2023 were \$32,522 by the Town and \$5,870 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, 2023, 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, 2023

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – continued

For the year ended September 30, 2023, the related premiums were as follows:

Plan Option Number	<u>14002</u>	<u>14104</u>	<u>16003</u>
Employee/Retiree	\$ <u>831</u>	\$ <u>732</u>	\$ <u>677</u>
Employee/Retiree w/ Spouse	\$ <u>1,661</u>	\$ <u>1,464</u>	\$ <u>1,354</u>
Employee/Retiree w/ Children	\$ <u>1,537</u>	\$ <u>1,354</u>	\$ <u>1,252</u>
Employee/Retiree w/Family	\$ <u>2,367</u>	\$ <u>2,086</u>	\$ <u>1,929</u>

Net OPEB Liability, Expense, Deferred Outflows and Deferred Inflows

The net OPEB liability was measured as of September 30, 2023, as determined by an actuarial valuation as of October 1, 2022. 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, 2023 is as follows:

Other Post-Employment Benefit Liability	\$ <u>92,202</u>
Current Year OPEB Expense Recognized	\$ <u>12,610</u>
Deferred Outflows	\$ <u>-</u>
Deferred Inflows	\$ <u>114,297</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,	
2024	\$ (10,967)
2025	(10,967)
2026	(10,967)
2027	(10,967)
2028	(10,967)
Thereafter	<u>(59,462)</u>
Total	<u>\$ (114,297)</u>

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

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2023

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – continued

Changes in the OPEB related accounts for the year ended September 30, 2023 are as follows:

	<u>OPEB Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>OPEB Expense</u>
Balance - beginning of year	\$ 128,927	\$ -	\$ 64,962	\$ -
Service Cost	16,487	-	-	16,487
Expected Interest Growth	7,139	-	-	7,139
Amortization Payments	10,967	-	(10,967)	-
Experience	(21,673)	-	16,454	(5,219)
Assumption Changes	(49,596)	-	43,848	(5,748)
Benefit Payments & Refunds	<u>(49)</u>	<u>-</u>	<u>-</u>	<u>(49)</u>
Balance - end of year	<u>\$ 92,202</u>	<u>\$ -</u>	<u>\$ 114,297</u>	<u>\$ 12,610</u>

Actuarial Methods and Assumptions

The total OPEB liability in the October 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods in the measurement, unless otherwise specified:

Discount Rate	4.91% 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 7.5%. Reduced by 0.50% per year down to 5.00% through 2028 and later.
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, 2023

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 2023:

- The discount rate was increased from 4.77% to 4.91% per annum.
- The implied subsidy for the 2022/23 fiscal year at age 62 was changed from \$675 for the 50/50 plan, \$729 for the 70/30 plan and \$810 for the 80/20 plant to \$725, \$475 and \$425 respectively.
- Healthcare cost trend rates were decreased from 8.00% to 7.50% for the 2022/23 fiscal year and downgraded to 5.00% for fiscal 2027/28 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	<u>3.91%</u>	<u>4.91%</u>	<u>5.91%</u>
Net OPEB Liability	<u>\$ 101,605</u>	<u>\$ 92,202</u>	<u>\$ 83,967</u>
Healthcare Cost Trend Rate	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Net OPEB Liability	<u>\$ 80,489</u>	<u>\$ 92,202</u>	<u>\$ 106,352</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Compensated Absences

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

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2023

NOTE 11 - MAJOR UTILITY CUSTOMER

The Town provides sewer services to Apalachee Correctional Institution (ACI) which represents a major customer for the system. ACI paid fees during the year ended September 30, 2023 amounting to approximately 55% of total sewer fee revenues. These fees are anticipated to continue to provide a significant portion of the Town's total sewer revenues.

NOTE 12 - FRANCHISE FEE INCOME

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

	<u>Fee Rate</u>	<u>Revenue</u>
Electricity Sales	4%	<u>\$ 111,651</u>

NOTE 13 - 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 \$1,100 through September 2026. There are no provisions for contingent lease payments or sub-leases. During the year ended September 30, 2023, rent payments from this lease were recorded at \$13,200.

Industrial Park Lease – Land in the Town's industrial park has been leased to a company since October 1987 and expired September 2023. 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, 2023 was \$999. The lease was not renewed after September 30, 2023.

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 2023 totaled \$21,600.

In accordance with *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 Lease Revenue.

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2023

NOTE 13 - LEASE INCOME - continued

For the year ended September 30, 2023, the Town recorded the following related to these leases:

	<u>Building Lease</u>	<u>Tower Lease</u>	<u>Total</u>
Leases Receivable	\$ 37,825	\$ 248,670	\$ 286,495
Deferred Inflows Relates to Leases	\$ 36,830	\$ 239,871	\$ 276,701
Reduction of Lease Receivable	\$ 11,871	\$ 13,913	\$ 25,784
Lease Interest Income	1,329	7,687	9,016
Total Collections	<u>\$ 13,200</u>	<u>\$ 21,600</u>	<u>\$ 34,800</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>	

NOTE 14 – GRANTS, MAJOR PROJECTS AND SUBSEQUENT EVENTS

Hurricane Michael Damage - On October 10, 2018 the Town of Sneads, along with the central Florida Panhandle 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, 2023, 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.

Community Development Block Grants (CDBG-DR) - As part of the recovery, the Town was awarded four Community Development Disaster Relief Block Grants totaling \$11,434,583. These grants were awarded to fund downtown revitalization project, stormwater drainage improvement, wastewater infrastructure improvements and road and drainage improvements. As of September 30, 2023, most of these projects were pending with the exception of the purchase of two dilapidated properties and \$20,000 in engineering fees. Significant progress began in early 2024.

CARES Act Funds – These funds, totaling \$7,320 were used to purchase equipment.

Coronavirus State and Local Fiscal Recovery/ American Rescue Program Act Funds (ARPA) – 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 previously received \$891,019 from this grant. This money was deposited in the General and Water and Sewer Funds. As of October 1, 2022, the Town reported unspent ARPA funds in the General Fund in the amount of \$587,832.

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

During the current year, the Town incurred qualified expenditures of these moneys in the amounts of \$242,795, \$240,000 and \$5,097 through the General Fund, Water and Sewer Fund and Recreation Fund respectively. Unexpended moneys as of September 30, 2023 in the amount of \$99,940 is reported as deferred revenue in the General Fund.

Regional Community Development and Infrastructure Grant (Connectivity) – This grant totaling \$162,500 was awarded to assist with the expansion of internet access. Minimal progress had begun on this project as of year end.

Other Grants – The town received various other smaller grants for firefighter assistance projects, primarily to purchase equipment, law enforcement assistance to purchase body and in car cameras, and boating assistance to renovate and improve the boat landing at Sneads Park. Total reported expenditures related to these grants in the current year is \$128,153. All projects, except the boat ramp improvements, are substantially completed.

In Kind Grants – The town received several used police vehicles from another government agencies valued at a total of \$28,500.

Budget Amendments - The Town of Sneads adopts an annual operating budget for all funds. Subsequent to year-end, the budget for the General Fund was amended to add \$727,440 for capital asset additions and other operational expenditures. These additional expenditures were to be covered by grant funds, ARPA funds and available moneys in the fund. The Town's Street Fund was amended to add \$6,500 for additional repairs and maintenance. These additional expenditures were to be covered by available moneys in the fund.

Subsequent Events of Note – The Town is working on several projects for which 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. However, this did not materialize. During October 2023, the Town applied for funding through the Florida Department of Agriculture and Consumer Services and was awarded \$200,000 for the lighting of one field to be completed in 2024.

NOTE 15 – LITIGATION

The Town had one lawsuit pending as of year end. In the opinion of management, after consultation with legal counsel, this matter 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, 2023

	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
REVENUES			
Taxes	\$ 494,800	\$ 494,800	\$ 604,379
Licenses & Permits	95,175	95,175	118,380
Intergovernmental Revenues	468,669	998,905	710,337
Charges for Services	32,753	32,753	119,502
Judgements and Fines	5,500	5,500	6,709
Miscellaneous Revenues	93,750	93,750	26,350
Total Revenues	1,190,647	1,720,883	1,585,657
EXPENDITURES			
Current:			
General Government	195,141	281,926	186,925
Public Safety	669,750	864,924	812,750
Physical Environment	6,200	16,565	16,367
Transportation	152,416	159,561	117,296
Health	9,300	14,047	13,818
Culture/Recreation	20,500	50,574	27,122
Debt Service:			
Principal	-	5,243	5,244
Interest	-	319	319
Capital Outlay	280,000	427,588	355,008
Total Expenditures	1,333,307	1,820,747	1,534,849
Excess (Deficiency) of			
Revenues over Expenditures	(142,660)	(99,864)	50,808
OTHER SOURCES AND USES OF FUNDS			
Proceeds From Sale of Capital Assets	-	-	8,177
Transfers Out	(153,095)	(393,095)	(109,965)
Net Change in Fund Balance	(295,755)	(492,959)	(50,980)
Fund Balance - beginning	1,173,925	1,173,925	1,173,925
Fund Balance - ending	\$ 878,170	\$ 680,966	\$ 1,122,945

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 Ten Fiscal Years

FRS PENSION PLAN

	<u>2023</u>	<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	0.002609165%	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	\$ 1,039,670	\$ 771,815	\$ 145,319	\$ 1,054,426	\$ 762,987	\$ 753,498	\$ 781,478	\$ 729,288	\$ 350,705	\$ 158,187
Town's Covered Employee Payroll	\$ 790,077	\$ 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	131.59%	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	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

HEALTH INSURANCE SUBSIDY PROGRAM

	<u>2023</u>	<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	0.002219919%	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	\$ 352,553	\$ 210,207	\$ 213,943	\$ 234,600	\$ 223,912	\$ 236,902	\$ 260,762	\$ 315,474	\$ 263,835	\$ 233,440
Town's Covered Employee Payroll	\$ 982,748	\$ 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	35.87%	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	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

FRS PENSION PLAN

	<u>2023</u>	<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	\$ 144,028	\$ 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>(144,028)</u>	<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>	<u>\$ -</u>
Town's Covered Employee Payroll	\$ 790,077	\$ 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	18.23%	13.63%	14.18%	12.09%	10.78%	10.05%	8.96%	8.71%	8.34%	7.77%

HEALTH INSURANCE SUBSIDY PROGRAM

	<u>2023</u>	<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	\$ 16,636	\$ 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>(16,636)</u>	<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>	<u>\$ -</u>
Town's Covered Employee Payroll	\$ 982,748	\$ 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	1.69%	1.47%	1.58%	1.65%	1.65%	1.71%	1.68%	1.72%	1.25%	1.17%

Town of Sneads, Florida
Schedule of Other Post Employment Benefits Liability and Contributions
Sneads Health Insurance Plan
Last Four Fiscal Years

CHANGE IN NET OPEB LIABILITY

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance - beginning of year	\$ 128,927	\$ 164,385	\$ 137,126	\$ 105,021
Service Cost	16,487	22,950	27,917	32,105
Expected Interest Growth	7,139	8,932	4,008	-
Experience	10,967	(40,454)	-	-
Amortization Payments	(21,673)	(6,306)	(335)	-
Assumption Changes	(49,596)	(20,411)	(4,097)	-
Benefit Payments & Refunds	<u>(49)</u>	<u>(169)</u>	<u>(234)</u>	<u>-</u>
Balance - end of year	<u>\$ 92,202</u>	<u>\$ 128,927</u>	<u>\$ 164,385</u>	<u>\$ 137,126</u>

CONTRIBUTIONS

	<u>2023</u>	<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>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<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

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

SCHEDULE OF FINDINGS

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

RESPONSE TO AUDIT FINDINGS