

TOWN OF SNEADS, FLORIDA

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2025

WITH

AUDITOR'S LETTER TO MANAGEMENT

TOWN OF SNEADS, FLORIDA

AS OF SEPTEMBER 30, 2025

COUNCIL PRESIDENT

Mike Weeks

COUNCIL VICE PRESIDENT

Angela Locke

COUNCIL MEMBERS

Tim Arnold
Kay Neal
Tim Perry

TOWN CLERK

Danielle Guy

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INDEPENDENT AUDITOR'S REPORT

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

OWEN W. GRIMSLEY, C.P.A.

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Town Council
Town of Sneads
Sneads, 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, 2025, and the related notes to the financial statements, which collectively comprise the Town of Sneads 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, 2025, 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 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' 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' 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 5-10 and 45 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sneads, Florida's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2026, on our consideration of the Town of Sneads' 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' 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' internal control over financial reporting and compliance.

Grimsley & Associates

Marianna, Florida
June 22, 2026

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, 2025 by \$12,863,492 (net position).

The Town's overall net position increased from prior reported amounts to current reported amounts by \$6,133,326. A significant portion of the net increase was due to changes in pension and other post-employment benefits (OPEB) along with capital grant activity.

Town Highlights

During the 2024-2025 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 the 2024-2025 fiscal year, the Town continued improvements under this grant. 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 and continue in 2025.

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.

Other grant activity included expenditures for firefighter equipment and supplies and for boat ramp repair and improvements.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2024-2025 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 11 and 12.

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 General Fund was amended to add \$16,300 in operating expenses.

The governmental fund financial statements can be found in this report on pages 13 to 16.

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 17 to 19.

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.

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 20 to 44 in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis

STATEMENT OF NET POSITION

As of September 30, 2025

	Governmental Activities		Business-Type Activities		Total	
	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Current and Other Assets	\$ 1,368,941	\$ 1,659,022	\$ 563,002	\$ 373,687	\$ 1,931,943	\$ 2,032,709
Capital Assets	<u>3,397,953</u>	<u>9,137,448</u>	<u>5,322,179</u>	<u>6,132,573</u>	<u>8,720,132</u>	<u>15,270,021</u>
Total Assets	<u>4,766,894</u>	<u>10,796,470</u>	<u>5,885,181</u>	<u>6,506,260</u>	<u>10,652,075</u>	<u>17,302,730</u>
Deferred Outflows of Resources	<u>429,757</u>	<u>246,281</u>	<u>162,030</u>	<u>177,834</u>	<u>591,787</u>	<u>424,115</u>
Current Liabilities	43,019	339,686	164,488	406,186	207,507	745,872
Non Current Liabilities	<u>1,245,052</u>	<u>758,596</u>	<u>2,533,800</u>	<u>2,479,153</u>	<u>3,778,852</u>	<u>3,237,749</u>
Total Liabilities	<u>1,288,071</u>	<u>1,098,282</u>	<u>2,698,288</u>	<u>2,885,339</u>	<u>3,986,359</u>	<u>3,983,621</u>
Deferred Inflow of Resources	<u>442,149</u>	<u>653,409</u>	<u>85,188</u>	<u>226,323</u>	<u>527,337</u>	<u>879,732</u>
Net Position						
Invested in Capital Assets, net of relate	3,397,953	8,783,146	3,282,792	3,554,774	6,680,745	12,337,920
Restricted	-	-	219,151	220,733	219,151	220,733
Unrestricted (Deficit)	<u>68,478</u>	<u>507,914</u>	<u>(238,208)</u>	<u>(203,075)</u>	<u>(169,730)</u>	<u>304,839</u>
Total Net Position	<u>\$ 3,466,431</u>	<u>\$ 9,291,060</u>	<u>\$ 3,263,735</u>	<u>\$ 3,572,432</u>	<u>\$ 6,730,166</u>	<u>\$ 12,863,492</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Activities

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

STATEMENT OF ACTIVITY						
For the Year Ended September 30, 2025						
	Governmental Activities		Business-Type Activities		Total	
	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Revenues						
Program Revenues						
Charges for Services	\$ 267,302	\$ 211,688	\$ 1,316,115	\$ 1,571,243	\$ 1,583,417	\$ 1,782,931
Operating Grants and Contributions	171,578	27,987	9,925	-	181,503	27,987
Capital Grants and Contributions	<u>1,114,679</u>	<u>5,582,933</u>	<u>-</u>	<u>669,672</u>	<u>1,114,679</u>	<u>6,252,605</u>
Total Program Revenues	<u>1,553,559</u>	<u>5,822,608</u>	<u>1,326,040</u>	<u>2,240,915</u>	<u>2,879,599</u>	<u>8,063,523</u>
General Revenues and Transfers						
Taxes - Other	870,642	1,033,457	-	-	870,642	1,033,457
Property Taxes	151,717	189,975	-	-	151,717	189,975
Gain on Disposition of Capital Assets	(45,438)	(2,875)	-	-	(45,438)	(2,875)
Miscellaneous	<u>34,217</u>	<u>91,655</u>	<u>2,825</u>	<u>40,105</u>	<u>37,042</u>	<u>131,760</u>
Total General Revenues and Transfers	<u>1,011,138</u>	<u>1,312,212</u>	<u>2,825</u>	<u>40,105</u>	<u>1,013,963</u>	<u>1,352,317</u>
Total Revenues	<u>2,564,697</u>	<u>7,134,820</u>	<u>1,328,865</u>	<u>2,281,020</u>	<u>3,893,562</u>	<u>9,415,840</u>
Expenses						
Governmental Activities						
General Government	236,533	236,131	-	-	236,533	236,131
Public Safety	976,082	508,058	-	-	976,082	508,058
Physical Environment	8,999	10,948	-	-	8,999	10,948
Transportation	320,966	335,097	-	-	320,966	335,097
Health and Sanitation	18,006	13,858	-	-	18,006	13,858
Culture/Recreation	221,313	195,862	-	-	221,313	195,862
Interest Expense	279	10,237	-	-	279	10,237
Business-type Activities						
Water & Sewer	-	-	1,361,593	1,649,265	1,361,593	1,649,265
Solid Waste	<u>-</u>	<u>-</u>	<u>285,555</u>	<u>323,058</u>	<u>285,555</u>	<u>323,058</u>
Total Expenses	<u>1,782,178</u>	<u>1,310,191</u>	<u>1,647,148</u>	<u>1,972,323</u>	<u>3,429,326</u>	<u>3,282,514</u>
Change in Net Position	782,519	5,824,629	(318,283)	308,697	464,236	6,133,326
Net Position - beginning	<u>2,683,912</u>	<u>3,466,431</u>	<u>3,582,018</u>	<u>3,263,735</u>	<u>6,265,930</u>	<u>6,730,166</u>
Net Position - ending	<u>\$ 3,466,431</u>	<u>\$ 9,291,060</u>	<u>\$ 3,263,735</u>	<u>\$ 3,572,432</u>	<u>\$ 6,730,166</u>	<u>\$ 12,863,492</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, 2025 the Town's governmental funds reported combined ending fund balances of \$2,072,242. Fund Balance of \$1,305,167 is labeled as unassigned.

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, 2025 was \$3,572,432 of which \$3,351,699 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, Danielle Guy at Sneads Town Hall, telephone 850-593-6636.

FINANCIAL STATEMENTS

Town of Sneads, Florida
Statement of Net Position
September 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 635,832	\$ 397,564	\$ 1,033,396
Accounts Receivable	-	140,412	140,412
Leases Receivable, Current Portion	13,230	-	13,230
Inventory	-	39,354	39,354
Due from Other Governments	570,303	236,014	806,317
Internal Balances	439,657	(439,657)	-
Total Current Assets	1,659,022	373,687	2,032,709
Noncurrent Assets			
Restricted Assets	16,375	373,239	389,614
Capital Assets Not Being Depreciated	4,759,507	689,899	5,449,406
Capital Assets, Net of Depreciation	4,023,639	5,053,435	9,077,074
Leases Receivable, Net of Current Portion	337,927	-	337,927
Unamortized Bond Issue Costs	-	16,000	16,000
Total Noncurrent Assets	9,137,448	6,132,573	15,270,021
Total Assets	10,796,470	6,506,260	17,302,730
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related To OPEB	46,515	42,255	88,770
Deferred Outflows Related To Pension	199,766	135,579	335,345
Total Deferred Outflows of Resources	246,281	177,834	424,115
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Expenses	336,087	64,265	400,352
Long-term Debt, Current Portion	3,599	341,921	345,520
Total Current Liabilities	339,686	406,186	745,872
Noncurrent Liabilities			
Customer Deposits	-	110,701	110,701
Long-term Debt, Net of Current Portion	86,974	1,896,939	1,983,913
Net Pension Liability	603,325	409,473	1,012,798
Net OPEB Liability	68,297	62,040	130,337
Total Noncurrent Liabilities	758,596	2,479,153	3,237,749
Total Liabilities	1,098,282	2,885,339	3,983,621
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related To Pension	197,221	133,852	331,073
Deferred Inflows Related To OPEB	101,796	92,471	194,267
Deferred Inflows Related To Leases	354,392	-	354,392
Total Deferred Inflows of Resources	653,409	226,323	879,732
NET POSITION			
Invested in Capital Assets, Net of Related Debt	8,783,146	3,554,774	12,337,920
Restricted for:			
Special Projects	-	-	-
Debt Service	-	220,733	220,733
Other Purposes	-	-	-
Unrestricted (Deficit)	507,914	(203,075)	304,839
Total Net Position	\$ 9,291,060	\$ 3,572,432	\$ 12,863,492

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, 2025

		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
<u>Functions/Programs</u>	<u>Expenses</u>						
Governmental Activities:							
General Government	\$ 236,131	\$ 74,465	\$ -	\$ -	\$ (161,666)	\$ -	\$ (161,666)
Public Safety	508,058	72,129	27,987	674,633	266,691	-	266,691
Physical Environment	10,948	9,586	-	2,656,658	2,655,296	-	2,655,296
Transportation	335,097	16,263	-	1,799,920	1,481,086	-	1,481,086
Health	13,858	-	-	-	(13,858)	-	(13,858)
Culture/Recreation	195,862	39,245	-	451,722	295,105	-	295,105
Interest on Long Term Debt	10,237	-	-	-	(10,237)	-	(10,237)
Total Governmental Activities	<u>1,310,191</u>	<u>211,688</u>	<u>27,987</u>	<u>5,582,933</u>	<u>4,512,417</u>	<u>-</u>	<u>4,512,417</u>
Business-type Activities:							
Water & Sewer	1,649,265	1,270,005	-	669,672	-	290,412	290,412
Solid Waste	323,058	301,238	-	-	-	(21,820)	(21,820)
Total Business-type activities	<u>1,972,323</u>	<u>1,571,243</u>	<u>-</u>	<u>669,672</u>	<u>-</u>	<u>268,592</u>	<u>268,592</u>
Total Primary Government	<u>\$ 3,282,514</u>	<u>\$ 1,782,931</u>	<u>\$ 27,987</u>	<u>\$ 6,252,605</u>	<u>4,512,417</u>	<u>268,592</u>	<u>4,781,009</u>
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes					189,975	-	189,975
Taxes - Other					1,033,457	-	1,033,457
Miscellaneous					91,655	40,105	131,760
Gain (Loss) From Disposition of Capital Assets					(2,875)	-	(2,875)
Total General Revenues and Transfers					<u>1,312,212</u>	<u>40,105</u>	<u>1,352,317</u>
Change in Net Position					5,824,629	308,697	6,133,326
Net Position - beginning					<u>3,466,431</u>	<u>3,263,735</u>	<u>6,730,166</u>
Net Position - ending					<u>\$ 9,291,060</u>	<u>\$ 3,572,432</u>	<u>\$ 12,863,492</u>

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

Town of Sneads, Florida
Balance Sheet – Governmental Funds
September 30, 2025

	General <u>Fund</u>	Other <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash	\$ 621,753	\$ 30,454	\$ 652,207
Accounts Receivable	-	-	-
Due From Other Governments	209,118	361,185	570,303
Due From Other Funds	492,335	6,240	498,575
Leases Receivable	<u>351,157</u>	<u>-</u>	<u>351,157</u>
Total Assets	<u>\$ 1,674,363</u>	<u>\$ 397,879</u>	<u>\$ 2,072,242</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 14,341	\$ 325,345	\$ 339,686
Due to Other Funds	<u>-</u>	<u>58,918</u>	<u>58,918</u>
Total Liabilities	<u>14,341</u>	<u>384,263</u>	<u>398,604</u>
Deferred Inflows			
Deferred Inflows - Leases	<u>354,392</u>	<u>-</u>	<u>354,392</u>
Total Deferred Inflows	<u>354,392</u>	<u>-</u>	<u>354,392</u>
Fund Balances:			
Nonspendable	-	-	-
Restricted for			
Special Projects	-	-	-
Assigned For			
Recreation	-	14,079	14,079
Unassigned	<u>1,305,630</u>	<u>(463)</u>	<u>1,305,167</u>
Total Fund Balances	<u>1,305,630</u>	<u>13,616</u>	<u>1,319,246</u>
Total Liabilities and			
Fund Balances	<u>\$ 1,674,363</u>	<u>\$ 397,879</u>	<u>\$ 2,072,242</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, 2025

Total Fund Balances - Total Governmental Funds	\$ 1,319,246
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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.	8,783,146
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Some liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.	(758,596)
---	-----------

Deferred outflows related to pensions and OPEB are not reportable as current revenues or reductions of expenditures and therefore not reported in the funds.	246,281
--	---------

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>(299,017)</u>
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Total Net Position	<u>\$ 9,291,060</u>
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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, 2025

	General Fund	Other Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 708,479	\$ 145,961	\$ 854,440
Licenses & Permits	117,978	-	117,978
Intergovernmental Revenues	1,396,737	4,517,056	5,913,793
Charges for Services	129,955	29,336	159,291
Judgments and Fines	2,174	-	2,174
Miscellaneous Revenues	29,288	60,731	90,019
Total Revenues	<u>2,384,611</u>	<u>4,753,084</u>	<u>7,137,695</u>
EXPENDITURES			
Current:			
General Government	227,891	-	227,891
Public Safety	589,288	-	589,288
Physical Environment	10,251	-	10,251
Transportation	120,229	183,537	303,766
Health	12,847	-	12,847
Culture/Recreation	18,333	137,499	155,832
Debt Service:			
Principal	279,462	201,751	481,213
Interest	8,511	1,726	10,237
Capital Outlay	1,062,478	4,527,478	5,589,956
Total Expenditures	<u>2,329,290</u>	<u>5,051,991</u>	<u>7,381,281</u>
Excess (Deficiency) of Revenues Over Expenditures	55,321	(298,907)	(243,586)
OTHER SOURCES (USES) OF FUNDS			
Proceeds From Sale of Capital Assets	2,000	-	2,000
Proceeds From the Issuance of Debt	279,462	201,751	481,213
Transfers In	-	102,668	102,668
Transfers Out	<u>(102,668)</u>	<u>-</u>	<u>(102,668)</u>
Net Change in Fund Balances	234,115	5,512	239,627
Fund Balances - beginning	<u>1,071,515</u>	<u>8,104</u>	<u>1,079,619</u>
Fund Balances - ending	<u>\$ 1,305,630</u>	<u>\$ 13,616</u>	<u>\$ 1,319,246</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, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 239,627
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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, \$5,587,956, exceeds depreciation expense, (\$199,886) and loss on disposition (\$2,875), in the current period.	5,385,195
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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, \$5,028, and debt proceeds, \$481,213, less the principal debt reductions, \$481,213, in the current period.	5,028
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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, (\$183,476) less the increase in deferred inflows, (\$103,173), plus the decrease in net pension liabilities and OPEB, \$481,428, in the current period.	<u>194,779</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 5,824,629</u></u>
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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, 2025

	Business-type Activities		
	Water & <u>Sewer</u>	Solid <u>Waste</u>	Total Proprietary <u>Funds</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 203,602	\$ 193,962	\$ 397,564
Accounts Receivable	140,412	-	140,412
Due From Other Funds	7,874	17,176	25,050
Due From Other Governments	236,014	-	236,014
Inventory	<u>39,354</u>	<u>-</u>	<u>39,354</u>
Total Current Assets	<u>627,256</u>	<u>211,138</u>	<u>838,394</u>
Noncurrent Assets:			
Restricted Cash	373,239	-	373,239
Capital Assets:			
Nondepreciable	689,899	-	689,899
Depreciable, net	5,053,435	-	5,053,435
Unamortized Bond Issue Costs	<u>16,000</u>	<u>-</u>	<u>16,000</u>
Total Noncurrent Assets	<u>6,132,573</u>	<u>-</u>	<u>6,132,573</u>
Total Assets	<u>6,759,829</u>	<u>211,138</u>	<u>6,970,967</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to OPEB	42,255	-	42,255
Deferred Outflows Related To Pension	<u>135,579</u>	<u>-</u>	<u>135,579</u>
Deferred Inflows Related To OPEB	<u>177,834</u>	<u>-</u>	<u>177,834</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	40,116	24,149	64,265
Loans from Other Funds	461,728	2,979	464,707
Current Portion of Bonds & Notes	<u>341,921</u>	<u>-</u>	<u>341,921</u>
Total Current Liabilities	<u>843,765</u>	<u>27,128</u>	<u>870,893</u>
Noncurrent Liabilities:			
Accrued Leave	48,279	2,021	50,300
Customer Deposits	110,701	-	110,701
Bonds and Notes Payable After One Year	1,846,639	-	1,846,639
Net Pension Liability	409,473	-	409,473
Net OPEB Liability	<u>62,040</u>	<u>-</u>	<u>62,040</u>
Total Noncurrent Liabilities	<u>2,477,132</u>	<u>2,021</u>	<u>2,479,153</u>
Total Liabilities	<u>3,320,897</u>	<u>29,149</u>	<u>3,350,046</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related To Pension	133,852	-	133,852
Deferred Inflows Related To OPEB	<u>92,471</u>	<u>-</u>	<u>92,471</u>
Total Deferred Inflows of Resources	<u>226,323</u>	<u>-</u>	<u>226,323</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	3,554,774	-	3,554,774
Restricted:			
Debt Service	220,733	-	220,733
Other Purposes	-	-	-
Unrestricted	<u>(385,064)</u>	<u>181,989</u>	<u>(203,075)</u>
Total Net Position	<u>\$ 3,390,443</u>	<u>\$ 181,989</u>	<u>\$ 3,572,432</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, 2025

	Business-type Activities		
	Water & <u>Sewer</u>	Solid <u>Waste</u>	Total Proprietary <u>Funds</u>
OPERATING REVENUES			
Charges for Services	\$ 1,270,005	\$ 301,238	\$ 1,571,243
Miscellaneous Charges and Fees	<u>33,447</u>	<u>4,275</u>	<u>37,722</u>
Total Charges for Services	<u>1,303,452</u>	<u>305,513</u>	<u>1,608,965</u>
OPERATING EXPENSES			
Personal Services	773,239	30,622	803,861
Contractual Services	8,982	278,751	287,733
Utilities	169,481	-	169,481
Repairs and Maintenance	75,121	-	75,121
Other Supplies and Expenses	169,713	721	170,434
Insurance	64,821	12,964	77,785
Depreciation and amortization	<u>317,711</u>	<u>-</u>	<u>317,711</u>
Total Operating Expenditures	<u>1,579,068</u>	<u>323,058</u>	<u>1,902,126</u>
Operating Income (Loss)	<u>(275,616)</u>	<u>(17,545)</u>	<u>(293,161)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	2,383	-	2,383
Interest Expense	(70,197)	-	(70,197)
Gain (Loss) on Disposition of Capital Assets	-	-	-
Federal - Grant Funds	<u>669,672</u>	<u>-</u>	<u>669,672</u>
Total Nonoperating Revenue (Expenses)	<u>601,858</u>	<u>-</u>	<u>601,858</u>
Change in Net Position	326,242	(17,545)	308,697
Net Position - beginning	<u>3,064,201</u>	<u>199,534</u>	<u>3,263,735</u>
Net Position - ending	<u>\$ 3,390,443</u>	<u>\$ 181,989</u>	<u>\$ 3,572,432</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, 2025

	Business-type Activities		
	Water & Sewer	Solid Waste	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,283,138	\$ 305,513	\$ 1,588,651
Payments to Suppliers	(498,071)	(290,348)	(788,419)
Payments to Employees	(618,208)	(28,601)	(646,809)
Net Cash Provided by Operating Activities	166,859	(13,436)	153,423
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Net Loans from (to) Other Funds	(155,702)	1,857	(153,845)
Other Receipts (Payments)	11,305	-	11,305
Net Cash Provided by Noncapital Financing Activities	(144,397)	1,857	(142,540)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(737,866)	-	(737,866)
Disposition of Capital Assets	-	-	-
Principal Paid on Capital Debt	(448,014)	-	(448,014)
Interest Paid on Capital Debt	(70,792)	-	(70,792)
Proceeds from Issuance of Capital Debt	597,187	-	597,187
Grant - Federal & State	669,672	-	669,672
Net Cash Provided by Capital and Related Financing Activities	10,187	-	10,187
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income	2,383	-	2,383
Net Increase (Decrease) in Cash and Cash Equivalents	35,032	(11,579)	23,453
Cash and Cash Equivalents, beginning	541,809	205,541	747,350
Cash and Cash Equivalents, ending	\$ 576,841	\$ 193,962	\$ 770,803
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (275,616)	\$ (17,545)	\$ (293,161)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:			
Depreciation and Amortization	317,711	-	317,711
Pension and OPEB Expense	151,377	-	151,377
Change in Assets and Liabilities, and Deferred Outflows			
Accounts Receivable	(20,314)	-	(20,314)
Inventory	(3,311)		(3,311)
Accounts Payable	(2,988)	4,109	1,121
Net Cash Provided by Operating Activities	\$ 166,859	\$ (13,436)	\$ 153,423

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, 2025.

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, 2025 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 3.5883 mills for the October 2024 through September 2025 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, 2025, 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, 2025

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, 2025, the Town had the following cash deposits:

Amount Insured by FDIC and FSLIC	\$ 400,263
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>1,195,334</u>
Total Deposits With Financial Institutions	1,595,597
Petty Cash (unsecured)	<u>400</u>
Total	<u><u>\$1,595,997</u></u>
Carrying Value on Financial Statements	<u><u>\$1,423,010</u></u>

Restricted Assets reported in the financial statements include restricted cash of \$389,614.

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, 2025, the Town reported significant receivables as follows:

GENERAL FUND

Utility Tax and Franchise Fees	\$ 28,605
Leases	351,157
Due From State of Florida	505,123
Due From Jackson County	<u>6,949</u>
Total	<u><u>\$ 891,834</u></u>

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2025

NOTE 3 – RECEIVABLES - continued

STREET FUND

Due From State of Florida	\$ 27,869
Due From Jackson County	<u>1,757</u>
Total	<u><u>\$ 29,626</u></u>

WATER AND SEWER FUND

Utility Services Receivable	\$ 140,160
Other	<u>252</u>
Total	<u><u>\$ 140,412</u></u>

No allowances for uncollectible accounts are considered necessary.

NOTE 4 - INTERFUND BALANCES AND ACTIVITY

As of September 30, 2025, 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 Expenses	\$ 51,044
Water & Sewer Fund	General Fund	Operating Expenses	417,257
Water & Sewer Fund	General Fund	Revenue Collection	21,055
Water & Sewer Fund	Street Fund	Operating Expenses	6,240
Water & Sewer Fund	Solid Waste Fund	Revenue Collection	17,176
CDBG	Water & Sewer Fund	Operating Expenses	7,874
Solid Waste Fund	General Fund	Operating Expenses	<u>2,979</u>
Total			<u><u>\$ 523,625</u></u>

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2025

NOTE 5 – CAPITAL ASSETS

Capital Assets activity for the year ended September 30, 2025 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated				
Land	\$ 383,427	\$ 31,666	\$ -	\$ 415,093
Construction in Process	<u>962,406</u>	<u>4,328,061</u>	<u>(946,053)</u>	<u>4,344,414</u>
Total	<u>1,345,833</u>	<u>4,359,727</u>	<u>(946,053)</u>	<u>4,759,507</u>
Capital Assets Being Depreciated				
Roads, Sidewalks, etc.	906,675	-	-	906,675
Buildings & Improvements	396,540	916,041	-	1,312,581
Improvements Other Than Buildings	1,028,432	479,483	-	1,507,915
Equipment	<u>1,860,361</u>	<u>780,757</u>	<u>(108,360)</u>	<u>2,532,758</u>
Total	<u>4,192,008</u>	<u>2,176,281</u>	<u>(108,360)</u>	<u>6,259,929</u>
Less Accumulated Depreciation				
Roads, Sidewalks, etc.	237,553	36,327	-	273,880
Buildings & Improvements	217,338	11,165	-	228,503
Improvements Other Than Buildings	374,335	35,835	-	410,170
Equipment	<u>1,310,662</u>	<u>116,560</u>	<u>(103,485)</u>	<u>1,323,737</u>
Total	<u>2,139,888</u>	<u>199,887</u>	<u>(103,485)</u>	<u>2,236,290</u>
Net Capital Assets Being Depreciated	<u>2,052,120</u>	<u>1,976,394</u>	<u>(4,875)</u>	<u>4,023,639</u>
Net Governmental Activity Capital Assets	<u>\$ 3,397,953</u>	<u>\$ 6,336,121</u>	<u>\$ (950,928)</u>	<u>\$ 8,783,146</u>

Governmental activity depreciation expense was charged to functions as follows:

General Government	\$ 10,797
Public Safety:	
Police	23,957
Fire	57,936
Fire Rescue	1,059
Physical Environment	697
Transportation	54,449
Health	1,011
Recreation	49,981
Total	<u>\$ 199,887</u>

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2025

NOTE 5 – CAPITAL ASSETS – Continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type Activities</u>				
Capital Assets Not Being Depreciated				
Land	\$ 21,927	\$ -	\$ -	\$ 21,927
Construction In Progress	70,785	597,187	-	667,972
Total	92,712	597,187	-	689,899
Capital Assets Being Depreciated				
Buildings & Improvements	97,099	-	-	97,099
Improvements Other Than Buildings	11,734,527	72,485	-	11,807,012
Equipment	693,816	68,194	(12,982)	749,028
Total	12,525,442	140,679	(12,982)	12,653,139
Less Accumulated Depreciation				
Buildings & Improvements	49,578	3,163	-	52,741
Improvements Other Than Buildings	6,630,895	292,575	-	6,923,470
Equipment	615,502	20,973	(12,982)	623,493
Total	7,295,975	316,711	(12,982)	7,599,704
Net Capital Assets Being Depreciated	5,229,467	(176,032)	-	5,053,435
Net Business-type Activity Capital Assets	\$ 5,322,179	\$ 421,155	\$ -	\$ 5,743,334

NOTE 6 – LONG-TERM DEBT

Governmental Activities

Accumulated Compensated Absences Net of Current Portion	\$ 86,974
Net Pension Liability	603,325
Net Other Post Employment Benefits Liability	68,297
Total Governmental Activities	<u>\$ 758,596</u>

Changes in governmental activities are as follows for the year ended September 30, 2025:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current</u>
Notes Payable	\$ -	\$ 481,213	\$ (481,213)	\$ -	\$ -
Accrued Leave	92,002	-	(5,028)	86,974	-
Net Pension Liability	1,036,679	-	(433,354)	603,325	-
Net OPEB Liability	116,371	-	(48,074)	68,297	-
Total	\$ 1,245,052	\$ 481,213	\$ (967,669)	\$ 758,596	\$ -

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2025

NOTE 6 - LONG-TERM DEBT – Continued

There were \$10,237 interest charged to expense for governmental activities for the year ended September 30, 2025.

Current Accrued Leave Payable of \$3,599 is recorded in Accrued Expenses.

Business-type Activities

Enterprise Fund - Water and Sewer System

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.

\$ 18,283

Note Payable - PeoplesSouth Bank

Dated January 16, 2025, \$636,367 issued, interest at 5.5%, payable in one year. The purpose of this loan is for improvements to the City's Lift Station. This project is covered by grant funding. This loan is used as a line of credit to fund the project until grant reimbursement.

244,247
\$ 262,530

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, 2025

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>
2026	\$ 95,503	\$ 51,703	\$ 147,206
2027	98,142	49,064	147,206
2028	100,854	46,352	147,206
2029	103,641	43,565	147,206
2030	106,504	40,702	147,206
2031-2035	578,326	157,704	736,030
2036-2040	662,767	73,263	736,030
2041-2045	180,293	3,717	184,010
Totals	<u>\$ 1,926,030</u>	<u>\$ 466,070</u>	<u>\$ 2,392,100</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current</u>
Revenue Bonds	\$ 2,018,965	\$ -	\$ (92,935)	\$ 1,926,030	\$ 95,503
Notes Payable	20,422	597,187	(355,079)	262,530	246,418
Accrued Leave	44,625	5,675	-	50,300	-
Net Pension Liability	371,469	38,004		409,473	-
Net OPEB Liability	73,998	-	(11,958)	62,040	-
Total	<u>\$ 2,529,479</u>	<u>\$ 640,866</u>	<u>\$ (459,972)</u>	<u>\$ 2,710,373</u>	<u>\$ 341,921</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, 2025 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} and CDBG Storm/WasteWater/Drainage Grant Fund – All revenues received in these funds are restricted for purposes detailed in the grant.

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.

NOTE 8 - PENSION PLAN – continued

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

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

Benefits

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

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

Service retirement benefits are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For employees initially enrolled prior to July 1, 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, 2025

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, 2024 through June 30 2025:

	Employee	Employer	Total
	Contribution	Contribution	Contribution
Class	Rate	Rate	Rate
Regular	3.00%	11.97%	14.97%
Special Risk	3.00%	33.13%	36.13%
Senior Management Service	3.00%	31.18%	34.18%
DROP	N/A	20.02%	20.02%

The above rates do not include a 2.00% health insurance subsidy contribution and .06% administrative assessment.

Total payroll for the Town's employees covered by the FRS and HIS plans were \$604,048 and \$864,754 respectively for the year ended September 30, 2025. Reported Town and employee contributions to the plan totaled \$174,161, and \$21,583 respectively. At September 30, 2025, the Town had 17 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, 2025, 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, 2025.

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2025

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, 2025	\$ 747,539	\$ 265,259	\$ 1,012,798
Town's proportion of total State liability at:			
June 30, 2025	0.002408686%	0.002069516%	
June 30, 2024	0.002762640%	0.002262713%	
Pension expense (benefit), year ended September, 30, 2025	\$ 75,812	\$ 1,148	\$ 76,960

At September 30, 2025 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	\$ 79,845	\$ -	\$ 1,583	\$ 421
Changes of Assumption	86,809	-	2,348	64,159
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	124,809	-	221
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	107,619	108,830	29,099	32,633
Town Contributions Subsequent to the Measurement Date	24,062	-	3,980	-
Total	<u>\$ 298,335</u>	<u>\$ 233,639</u>	<u>\$ 37,010</u>	<u>\$ 97,434</u>

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2025

NOTE 8 - PENSION PLAN – continued

Deferred outflows of resources related to pensions included \$24,062 for FRS and \$3,980 for HIS resulting from contributions subsequent to the June 30, 2025 measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended September 30, 2025.

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
2026	\$ 121,351	\$ (12,783)
2027	(21,341)	(15,826)
2028	(32,221)	(13,392)
2029	(25,525)	(10,957)
2030	-	(6,696)
Thereafter	-	-
Total	<u>\$ 42,264</u>	<u>\$ (59,654)</u>

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of June 30, 2024 and measurement date of June 30, 2025, using the entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Payroll Growth	3.50%	3.50%
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 2024 for the period July 1, 2018, through June 30, 2023. 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, 2025

NOTE 8 - PENSION PLAN - continued

The following changes in actuarial assumptions occurred in 2025:

- HIS: The discount rate was modified to reflect the change in the value of the municipal bond discount index between GASB measurement dates.
- All demographic assumptions and methods were reviewed as part of the 2025 Experience Study. Changes were adopted by the 2025 FRS Actuarial Assumption Conference during its meeting in October 2025.
- The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2025 FRS Actuarial Assumption Conference during its October 2025 meeting.

The long-term expected rate of return assumption of 6.70% consists of two building block components: 1) an inferred real (in excess of inflation) return consistent with the 4.2%; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2025 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 2025 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.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed Income	29.0%	5.5%	5.4%	4.0%
Global Equity	45.0%	8.5%	6.9%	18.3%
Real Estate	12.0%	8.4%	7.1%	16.8%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.5%	6.1%	8.7%
Assumption Inflation - Mean			2.4%	1.5%

Money-Weighted Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on FRS Pension Plan investments, net of pension plan investment expense was 10.64%

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2025

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 5.20% 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
	<u>5.70%</u>	<u>6.70%</u>	<u>7.70%</u>	<u>4.20%</u>	<u>5.20%</u>	<u>6.20%</u>
Town's Proportionate Share of Net Pension Liability	<u>\$1,467,034</u>	<u>\$747,539</u>	<u>\$144,325</u>	<u>\$299,122</u>	<u>\$265,259</u>	<u>\$236,859</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, 2025 were \$56,330 by the Town and \$7,821 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, 2025, there was one retiree receiving health insurance benefits from the plan.

Current membership in the plan consists of:

Active employees	11
Retired and beneficiaries	<u>1</u>
Total Membership	<u><u>12</u></u>

Contributions and Funding Policy

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

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – continued

For the year ended September 30, 2025, the related premiums were as follows:

Plan Option Number	<u>14002</u>	<u>14104</u>	<u>16003</u>
Employee/Retiree	\$ <u>875</u>	\$ <u>769</u>	\$ <u>716</u>
Employee/Retiree w/ Spouse	\$ <u>1,751</u>	\$ <u>1,539</u>	\$ <u>1,432</u>
Employee/Retiree w/ Children	\$ <u>1,619</u>	\$ <u>1,423</u>	\$ <u>1,325</u>
Employee/Retiree w/Family	\$ <u>2,495</u>	\$ <u>2,192</u>	\$ <u>2,041</u>

Net OPEB Liability, Expense, Deferred Outflows and Deferred Inflows

The net OPEB liability was measured as of September 30, 2025, as determined by an actuarial valuation as of October 1, 2024. 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, 2025 is as follows:

Other Post-Employment Benefit Liability	\$ <u>130,337</u>
Current Year OPEB Expense Recognized	\$ <u>17,146</u>
Deferred Outflows	\$ <u>88,770</u>
Deferred Inflows	\$ <u>194,267</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 September 30,	
2026	\$ (10,449)
2027	\$ (10,449)
2028	\$ (10,449)
2029	\$ (10,449)
2030	\$ (10,449)
Thereafter	\$ (53,252)
Total	\$ <u>(105,497)</u>

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

Town of Sneads, Florida
Notes to Financial Statements
September 30, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – continued

Changes in the OPEB related accounts for the year ended September 30, 2025 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	\$ 190,369	\$ 75,011	\$ 103,330	\$ -
Service Cost	20,847	-	-	20,847
Expected Interest Growth	9,445	-	-	9,445
Amortization Payments	-	(8,864)	(19,313)	-
Experience	(110,250)	-	110,250	(9,545)
Assumption Changes	22,623	22,623	-	(904)
Benefit Payments & Refunds	<u>(2,697)</u>	<u>-</u>	<u>-</u>	<u>(2,697)</u>
Balance - end of year	<u>\$ 130,337</u>	<u>\$ 88,770</u>	<u>\$ 194,267</u>	<u>\$ 17,146</u>

Actuarial Methods and Assumptions

The total OPEB liability in the October 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods in the measurement, unless otherwise specified:

Discount Rate	4.50% 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%. Reduced by 0.50% per year down to 5.00% through 2031 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, 2025

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 2025:

- The discount rate was increased from 4.06% to 4.50% per annum.
- The implied subsidy for the 2024/25 fiscal year at age 62 was changed from \$990 for the 50/50 plan, \$75 for the 70/30 plan and \$589 for the 80/20 plant to \$1,225, \$550 and \$550 respectively.
- Healthcare cost trend rates were increased from 7% to 8% for the 2024/25 fiscal year and downgraded to 5.00% for fiscal 2030/2031 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>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ <u>146,468</u>	\$ <u>130,337</u>	\$ <u>116,502</u>
Healthcare Cost Trend Rate	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
Net OPEB Liability	\$ <u>111,022</u>	\$ <u>130,337</u>	\$ <u>154,462</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, 2025

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, 2025 amounting to approximately 59% 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>\$ 112,101</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 was cancelled as of September 30, 2025. During the year ended September 30, 2025, rent payments from this lease were recorded at \$13,200.

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. During the current year, Tower Agency purchased the T-Mobile lease and a new lease was executed. The lease calls for annual payments in the amount of \$23,500. The term of the lease is for ten years.

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, 2025

NOTE 13 - LEASE INCOME - continued

For the year ended September 30, 2025, the Town recorded the following related to these leases:

Lease-related Revenue	September 30, 2025
Total Lease Revenue	\$ (32,217)
Interest Revenue	(11,547)
Total	(43,764)

Maturity Analysis	Total		
	Principal	Interest	Receipts
2026	\$ (13,230)	\$ (6,745)	\$ (19,975)
2027	(27,614)	(19,386)	(47,000)
2028	(35,441)	(11,559)	(47,000)
2029	(36,834)	(10,166)	(47,000)
2030	(38,281)	(8,719)	(47,000)
2031-2035	(195,275)	(19,750)	(215,025)
Total Future Receipts	<u>\$ (346,675)</u>	<u>\$ (76,325)</u>	<u>\$ (423,000)</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, 2025, 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, 2025, significant progress began in early 2024, but the projects are still ongoing.

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

Regional Community Development and Infrastructure Grant (Connectivity) – This grant totaling \$162,500 was awarded to assist with the expansion of internet access. This project was complete 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.

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 \$1,207,500 for capital projects. The Hometown Revitalization Grant Fund and CDBG Storm/Waste Water/Drainage Grant Fund were not amended subsequent to year end.

Subsequent Events of Note – The Town is working on several projects for which funding was pending as of year end.

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, 2025

	Budgeted Amounts		Actual Amounts
	<u>Original</u>	<u>Final</u>	<u>(GAAP Basis)</u>
REVENUES			
Taxes	\$ 691,230	\$ 691,230	\$ 708,479
Licenses & Permits	110,506	110,506	117,978
Intergovernmental Revenues	546,206	546,206	1,396,737
Charges for Services	105,859	105,859	129,955
Judgements and Fines	4,965	4,965	2,174
Miscellaneous Revenues	7,173	7,173	29,288
Total Revenues	<u>1,465,939</u>	<u>1,465,939</u>	<u>2,384,611</u>
EXPENDITURES			
Current:			
General Government	437,771	437,771	227,891
Public Safety	789,402	789,402	589,288
Physical Environment	-	-	10,251
Transportation	136,549	136,549	120,229
Health	31,500	31,500	12,847
Culture/ Recreation	16,500	16,500	18,333
Debt Service:			
Principal	-	1,207,500	279,462
Interest	-	-	8,511
Capital Outlay	-	-	1,062,478
Total Expenditures	<u>1,411,722</u>	<u>2,619,222</u>	<u>2,329,290</u>
Excess (Deficiency) of			
Revenues over Expenditures	54,217	(1,153,283)	55,321
OTHER SOURCES AND USES OF FUNDS			
Proceeds From Sale of Capital Assets	2,000	2,000	2,000
Proceeds From the Issuance of Debt	-	1,207,500	279,462
Transfers Out	<u>(150,971)</u>	<u>(150,971)</u>	<u>(102,668)</u>
Net Change in Fund Balance	<u>(94,754)</u>	<u>(94,754)</u>	<u>234,115</u>
Fund Balance - beginning	<u>1,071,515</u>	<u>1,071,515</u>	<u>1,071,515</u>
Fund Balance - ending	<u>\$ 976,761</u>	<u>\$ 976,761</u>	<u>\$ 1,305,630</u>

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

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

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

FRS PENSION PLAN

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Town's Proportion of the Net Pension Liability	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####
Town's Proportionate Share of Net Pension Liability	\$ 747,539	\$ 1,068,719	\$ 1,039,670	\$ 771,815	\$ 145,319	\$ 1,054,426	\$ 762,987	\$ 753,498	\$ 781,478	\$ 729,288
Town's Covered Employee Payroll	\$ 604,048	\$ 781,441	\$ 790,077	\$ 660,904	\$ 571,439	\$ 652,174	\$ 672,214	\$ 709,698	\$ 767,433	\$ 808,820
Percentage of its Covered Employee Payroll	123.75%	136.76%	131.59%	116.78%	25.43%	161.68%	113.50%	106.17%	101.83%	90.17%
Pension Liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

HEALTH INSURANCE SUBSIDY PROGRAM

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Town's Proportion of the Net Pension Liability	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####
Town's Proportionate Share of Net Pension Liability	\$ 265,259	\$ 339,429	\$ 352,553	\$ 210,207	\$ 213,943	\$ 234,600	\$ 223,912	\$ 236,902	\$ 260,762	\$ 315,474
Town's Covered Employee Payroll	\$ 864,754	\$ 983,082	\$ 982,748	\$ 832,853	\$ 719,569	\$ 652,174	\$ 672,214	\$ 709,698	\$ 767,433	\$ 808,820
Percentage of its Covered Employee Payroll	30.67%	34.53%	35.87%	25.24%	29.73%	35.97%	33.31%	33.38%	33.98%	39.00%
Pension Liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

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

FRS PENSION PLAN

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 143,815	\$ 156,438	\$ 144,028	\$ 90,089	\$ 81,035	\$ 78,816	\$ 72,490	\$ 71,319	\$ 68,777	\$ 70,435
Contributions in Relation to the Contractually Required Contribution	<u>(143,815)</u>	<u>(156,438)</u>	<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>
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	\$ 604,048	\$ 781,441	\$ 790,077	\$ 660,904	\$ 571,439	\$ 652,174	672,214	709,698	767,433	808,820
Payroll	23.81%	20.02%	18.23%	13.63%	14.18%	12.09%	10.78%	10.05%	8.96%	8.71%

HEALTH INSURANCE SUBSIDY PROGRAM

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 18,497	\$ 19,157	\$ 16,636	\$ 12,224	\$ 11,373	\$ 10,756	\$ 11,122	\$ 12,138	\$ 12,906	\$ 13,874
Contributions in Relation to the Contractually Required Contribution	<u>(18,497)</u>	<u>(19,157)</u>	<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>
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	\$ 864,754	\$ 983,082	\$ 982,748	\$ 832,853	\$ 719,569	\$ 652,174	\$ 672,214	\$ 709,698	\$ 767,433	\$ 808,820
Payroll	2.14%	1.95%	1.69%	1.47%	1.58%	1.65%	1.65%	1.71%	1.68%	1.72%

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

CHANGE IN NET OPEB LIABILITY

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance - beginning of year	\$ 190,369	\$ 92,202	\$ 128,927	\$ 164,385	\$ 137,126	\$ 105,021
Service Cost	20,847	18,016	16,487	22,950	27,917	32,105
Expected Interest Growth	9,445	4,347	7,139	8,932	4,008	-
Experience	(110,250)	46,186	10,967	(40,454)	-	-
Amortization Payments	-	-	(21,673)	(6,306)	(335)	-
Assumption Changes	22,623	35,976	(49,596)	(20,411)	(4,097)	-
Benefit Payments & Refunds	<u>(2,697)</u>	<u>(6,358)</u>	<u>(49)</u>	<u>(169)</u>	<u>(234)</u>	<u>-</u>
Balance - end of year	<u>\$ 130,337</u>	<u>\$ 190,369</u>	<u>\$ 92,202</u>	<u>\$ 128,927</u>	<u>\$ 164,385</u>	<u>\$ 137,126</u>

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

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

CONTRIBUTIONS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contributi	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Town of Sneads, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ending September 30, 2025

Federal Agency Pass through Entity Name of cluster Federal Program	CFDA No.	Contract/ Grant No.	Expenditures
U.S. Department of Energy Pass through the State of Florida Department of Agriculture State Energy Program	81.041	30802	\$ 196,865
Total U.S. Department of Energy			<u>196,865</u>
U.S. Department of Agriculture and Consumer Services Volunteer Fire Assistnce Grant	10.664	N/A	9,579
Total U.S. Department of Agriculture and Consumer Services			<u>9,579</u>
U.S. Department of Housing and Urban Development Pass through the State of Florida Department of Commerce Community Development Block Grants - Hometown Revitalization	14.228	M0055	703,546
Community Development Block Grants - DR Grant	14.228	M0010	127,138
Community Development Block Grants - DR Grant	14.228	M0110	1,816,725
Community Development Block Grants - DR Grant	14.228	M0113	1,672,782
Total U.S. Department of Housing and Urban Development			<u>4,320,191</u>
U.S. Department of Homeland Security, Federal Emergency Management Agency Pass through the State of Florida Executive Office of the Governor Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4399	733,573
Total U.S. Department of Homeland Security, Federal Emergency Management Agency			<u>733,573</u>
Total Federal Awards			<u>5,260,208</u>
State Agency State Project	CSFA No.	Contract/ Grant No.	Expenditures
Florida Fish and Wildlife Commission Sneads Park Boat Ramp Dock Improvement Project	77.006	22030	\$ 4,907
Florida Fish and Wildlife Commission			<u>4,907</u>
Florida Department of Financial Services Grants & Aids-Local Government Fire Service Grants	43.009	FM991	\$ 674,633
Volunteer Firefighter Grant Assistance Program	43.006	FM931	\$ 20,815
Florida Department of Financial Services			<u>695,448</u>
Florida Department of Environmental Protection Dodson Community Park - Phase 1	37.017	A2420	200,000
Total Florida Department of Environmental Protection			<u>200,000</u>
Florida Department of State Sneads Community House Planning Grant	45.031	25.h.sm.100.016	49,950
Total Florida Department of State			<u>49,950</u>
Florida Department of Commerce Rural Community Development and Infrastructure	40.042	D0302	72,485
Total Florida Department of Commerce			<u>72,485</u>
Total State Financial Assistance			<u>1,022,790</u>

Town of Sneads, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ending September 30, 2025

Notes to Schedule of Expenditures of Federal Awards and State Projects

Note 1 – Basis of Presentation

The supplementary Schedule of Expenditures of Federal Awards and State Financial Assistance (the schedule) includes the grant activities of the Town of Sneads, Florida. Federal and state expenditures are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basis financial statements.

Note 2 – Pass-Through Awards

The Town receives certain federal awards from pass-through awards of the State. The total amount of such pass-through awards is included on the supplementary schedule of expenditures of federal award programs.

Note 3– Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 4 – Indirect Cost Rate

The Town has not elected to use the 15% de minimis indirect cost rate.

Note 5 – Other types of Financial Assistance

There were no other types of financial assistance to include endowments, insurance in effect, non-cash assistance, donated property or free rent received or included in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Note 6 – Subrecipients

During the year ended September 30, 2025, the Town has no subrecipients.

Note 7 – Contingencies

Grant monies received and disbursed by the Town are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Town does not believe that such disallowances, if any, would have a material effect on the financial position of the Town.

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

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

OWEN W. GRIMSLEY, C.P.A.

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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, 2025. 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, 2025.

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 22, 2026

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

OWEN W. GRIMSLEY, C.P.A.

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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, 2025, 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 22, 2026.

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 22, 2026

Grimsley and Associates, P.A.
Certified Public Accountants

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

OWEN W. GRIMSLEY, C.P.A.

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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

Report on Compliance for Each Major Federal Program and Major State Project ***Opinion on Each Major Federal Program and Major State Project***

We have audited the Town of Sneads, Florida's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Department of Financial Services' State Project Compliance Supplement that could have a direct and material effect on each of the Town of Sneads, Florida's major federal programs and major state projects for the year ended September 30, 2025. The Town of Sneads, Florida's major federal programs and major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Sneads, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program and Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General of the State of Florida. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General of the State of Florida are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Marianna, Florida
June 22, 2026

Grimsley and Associates
Certified Public Accountants

SCHEDULE OF FINDINGS

Town of Sneads, Florida
Schedule of Findings and Questioned Costs
September 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal Programs

- | | |
|--|------------|
| 1. Type of auditor's report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None noted |
| 4. Identification of major programs | |

CFDA	Federal Project
14.228	Community Development Block Grant

- | | |
|--|-------------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$1,000,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520 | No |

State Projects

- | | |
|--|------------|
| 1. Type of auditor's report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | None noted |
| 4. Identification of major programs | |

CFDA	Federal Project
43.009	Grants & Aids - Local Government Fire Service Grants

- | | |
|--|------------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$ 306,837 |
|--|------------|

Town of Sneads, Florida
Schedule of Findings and Questioned Costs
September 30, 2025

Section III – Federal Award Findings and Questioned Costs

None noted

Section IV – State Programs and Questioned Costs

None noted

Section V – Summary of Prior Year Audit

None Noted.

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

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

OWEN W. GRIMSLEY, C.P.A.

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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, 2025, and have issued our report thereon dated June 22, 2026.

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Major State Project and Report on Internal Control over compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 22, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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

Honorable Mayor and Town Council
Town of Sneads
Sneads, Florida

The management letter items are as follows:

None

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

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2023-24 FY Finding #	2022-23 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.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes did not operate within the Town's geographical boundaries during the fiscal year under audit.

Honorable Mayor and Town Council
Town of Sneads
Sneads, Florida

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.

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.

Grimsley & Associates

Marianna, Florida
June 22, 2026

Grimsley and Associates, P.A.
Certified Public Accountants