

Town of Alford

ANNUAL FINANCIAL REPORT

September 30, 2021

Town of Alford, Florida

September 30, 2021

MAYOR

George Gay

COUNCIL MEMBERS

**William Moody
Stephen Petorak
Stephanie Jenkins
Peggy Mills**

TOWN CLERK

Silvestra Tharp

AUDITORS

**Grimsley & Associates, P.A.
Certified Public Accountants**

**Town of Alford
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INDEPENDENT AUDITOR'S REPORT

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of Alford
Alford, Florida

Report on the Financial Statements

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 Alford, Florida as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Town of Alford, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Government Wide Financial Statements

As discussed in Note 14 to the financial statements, the Town has not measured and recognized the cost of the future benefits to be provided from its postretirement health insurance plan. Accounting principles generally accepted in the United States of America require that those future liabilities be reported on the Statement of Net Position and in a Schedule of Funding Progress, and the annual costs associated with the plan be recorded on the Statement of Activities. The amount by which this departure would affect the long-term liabilities, net position and expenses of the governmental activities is not readily determinable.

Qualified Opinion

In our opinion, except for the effects of the matter describe in the “Basis for Qualified Opinion on Government Wide Financial Statements” paragraph, 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 Alford, Florida as of September 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 4-6 and other required supplementary information as listed in the table of contents by presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Honorable Mayor and Town Council
Town of Alford
Alford, Florida
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2022, on our consideration of the Town of Alford, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Alford, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Alford, Florida's internal control over financial reporting and compliance.

Marianna, Florida
June 6, 2022

Grimsley & Associates

Grimsley & Associates, P.A.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Alford
Management Discussion and Analysis
September 30, 2021

An overview of the Town of Alford's ("the Town") financial activities in the fiscal year ended September 30, 2021 is presented below. Please read in conjunction with the Town's financial statements that begin on page 7.

The Town's basic financial statements are comprised of the following components:

Government-wide financial statements:

Government-wide financial statements provide both long-term and short-term information about the Town's overall financial condition. Changes in the Town's financial position may be measured over time by increased and decreased in the Statement of Net Position. Information on how the Town's net position changed during the fiscal year is presented in the Statement of Activities.

Fund financial statements

Fund financial statements focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide financial statements. Fund Financial statements include the statements for governmental and proprietary funds.

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. Refer to Note 2 of the financial statements for more detailed information on the elements of the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net assets may serve over time as a useful indicator of a government's financial position. At September 30, 2021, the Town's assets exceeded liabilities by approximately \$2,596,430.

Town of Alford
Management Discussion and Analysis
September 30, 2021

	Governmental		Business-type		Totals	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 357,901	\$ 310,455	\$ 14,143	\$1,088,394	\$ 372,044	\$ 1,398,849
Non-current assets	1,497,566	1,513,339	1,053,069	18,896	2,550,635	1,532,235
Total Assets	1,855,467	1,823,794	1,067,212	1,107,290	2,922,679	2,931,084
Deferred outflows of resources	48,050	26,417	6,546	3,598	54,596	30,015
Current liabilities	17,148	76,818	29,304	42,402	46,452	119,220
Other liabilities	71,770	118,377	191,553	195,531	263,323	313,908
Total liabilities	88,918	195,195	220,857	237,933	309,775	433,128
Deferred inflows of resources	62,541	9,398	8,529	1,282	71,070	10,680
Invested in capital assets, net of debt	1,465,681	1,416,623	859,132	883,811	2,324,813	2,300,434
Restricted	21,952	22,782	15,900	14,546	37,852	37,328
Unrestricted	264,425	236,213	(30,660)	(26,684)	233,765	209,529
Total net position	\$ 1,752,058	\$ 1,675,618	\$ 844,372	\$ 871,673	\$ 2,596,430	\$ 2,547,291

Statement of Activities

The following table reflects the condensed Statement of Activities for the current and prior year:

	Governmental		Business-type		Totals	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Program Revenues	\$ 247,607	\$ 1,235,242	\$ 438,404	\$ 128,078	\$ 686,011	\$ 1,363,320
General Revenues	332,421	395,057	-	-	332,421	395,057
Total revenues	580,028	1,630,299	438,404	128,078	1,018,432	1,758,377
Function/program expenses	503,588	1,221,912	465,705	166,691	969,293	1,388,603
Change in net assets	76,440	408,387	(27,301)	(38,613)	49,139	369,774
Net assets - beginning	1,675,618	1,267,231	871,673	910,286	2,547,291	2,177,517
Net assets - ending	\$ 1,752,058	\$ 1,675,618	\$ 844,372	\$ 871,673	\$ 2,596,430	\$ 2,547,291

**Town of Alford
Management Discussion and Analysis
September 30, 2021**

For more detailed information, see accompanying Statement of Activities.

The Town's total revenues decreased by 42% or \$739,945 and total expenses decreased by 31% or \$419,310. The overall result was a \$49,139 increase in net position for fiscal year 2021.

Analysis of Government-wide financial statements:

Approximately ninety (90%) of the Town's net position reflects its investment in capital assets (e.g. land, buildings, improvements, infrastructure, vehicles and equipment) less any outstanding related debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The balance of unrestricted net position, \$233,765, may be used to meet the Town's ongoing obligations to citizens and creditors. Governmental activities increased the Town's net position by \$76,440 and business-type activities decreased the Town's assets by \$27,301. Net position was valued at September 30, 2021 and 2020 and at \$2,596,430 and \$2,547,291, respectively.

General Fund Budgetary Highlights

The Town of Alford complied with budget constraints in fiscal year 2021.

Long-Term Debt:

April 2004, the Town issued \$242,000 in Water System Revenue Bonds Series 2004, with an interest rate of 4.25%, to finance a portion of the cost of constructing improvements to the water system. Additional information on the Town's long-term debt can be found in the notes to the financial statements. Long-term debt was valued at September 30, 2021 and 2020 at \$225,822 and \$301,299 respectively.

Capital Assets:

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$2.55 million (net of accumulated depreciation). Additional information on the Town's capital assets can be found in the notes to the financial statements. Capital assets were valued at September 30, 2021 and 2020 at \$2,550,635 and \$2,601,733, respectively.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, P.O. Box 128 Alford, FL 32420.

FINANCIAL STATEMENTS

Town of Alford
Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and Cash Equivalents	\$ 243,359	\$ -	\$ 243,359
Restricted Assets	21,952	15,900	37,852
Certificates of Deposit	39,408	-	39,408
Accounts Receivable	-	8,791	8,791
Due from other Governments	42,384	-	42,384
Prepaid Assets	250	-	250
Internal Balances	10,548	(10,548)	-
Capital Assets:			
Land, Improvements, and Construction In Progress	493,637	-	493,637
Other Capital Assets, Net of Depreciation	1,003,929	1,053,069	2,056,998
Total Capital Assets	<u>1,497,566</u>	<u>1,053,069</u>	<u>2,550,635</u>
Total Assets	<u>1,855,467</u>	<u>1,067,212</u>	<u>2,922,679</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>48,050</u>	<u>6,546</u>	<u>54,596</u>
LIABILITIES			
Accounts Payable and Accrued Expenses	6,082	19,238	25,320
Long Term Liabilities:			
Due within one year			
Bonds and notes payable	11,066	10,066	21,132
Due in more than one year			
Bonds and notes payable	20,819	183,871	204,690
Accrued Compensated Absences	1,443	932	2,375
Net pension liability	<u>49,508</u>	<u>6,750</u>	<u>56,258</u>
Total Liabilities	<u>88,918</u>	<u>220,857</u>	<u>309,775</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>62,541</u>	<u>8,529</u>	<u>71,070</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,465,681	859,132	2,324,813
Restricted for:			
Other purposes	21,952	-	21,952
Debt Service	-	15,900	15,900
Unrestricted	<u>264,425</u>	<u>(30,660)</u>	<u>233,765</u>
Total Net Position	<u>\$ 1,752,058</u>	<u>\$ 844,372</u>	<u>\$ 2,596,430</u>

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

Town of Alford
Statement of Activities
For the Year Ending September 30, 2021

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Governmental Activities:							
General Government	\$ 200,482	\$ 16,600	\$ 229,942	\$ -	\$ 46,060	\$ -	\$ 46,060
Public Safety	75,718	1,065	-	-	(74,653)	-	(74,653)
Transportation	169,345	-	-	-	(169,345)	-	(169,345)
Culture/Recreation	55,102	-	-	-	(55,102)	-	(55,102)
Interest on Long-Term Debt	2,941	-	-	-	(2,941)	-	(2,941)
Total governmental activities	<u>503,588</u>	<u>17,665</u>	<u>229,942</u>	<u>-</u>	<u>(255,981)</u>	<u>-</u>	<u>(255,981)</u>
Business-type Activities:							
Water & Garbage	<u>465,705</u>	<u>152,904</u>	<u>285,500</u>	<u>-</u>	<u>-</u>	<u>(27,301)</u>	<u>(27,301)</u>
Total primary government	<u>\$ 969,293</u>	<u>\$ 170,569</u>	<u>\$ 515,442</u>	<u>\$ -</u>	<u>(255,981)</u>	<u>(27,301)</u>	<u>(283,282)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					13,054	-	13,054
Taxes - Other					240,000	-	240,000
Miscellaneous					<u>79,367</u>	<u>-</u>	<u>79,367</u>
Total General Revenues and Transfers					<u>332,421</u>	<u>-</u>	<u>332,421</u>
Change in Net Position					<u>76,440</u>	<u>(27,301)</u>	<u>49,139</u>
Net Position - beginning					<u>1,675,618</u>	<u>871,673</u>	<u>2,547,291</u>
Net Position - ending					<u>\$ 1,752,058</u>	<u>\$ 844,372</u>	<u>\$ 2,596,430</u>

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

**Town of Alford
Balance Sheet
Governmental Funds
September 30, 2021**

	General <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 243,359	\$ 243,359
Restricted Assets:		
Cash and Cash Equivalents	21,952	21,952
Investments	39,408	39,408
Due from other Governments	42,384	42,384
Prepaid Expenses	250	250
Due from other Funds	<u>10,548</u>	<u>10,548</u>
Total Assets	<u>\$ 357,901</u>	<u>\$ 357,901</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accrued Expenses	<u>\$ 6,082</u>	<u>\$ 6,082</u>
Total Liabilities	<u>6,082</u>	<u>6,082</u>
 Fund Balances:		
Restricted	21,952	21,952
Unassigned	<u>329,867</u>	<u>329,867</u>
Total Fund Balances	<u>351,819</u>	<u>351,819</u>
Total Liabilities & Fund Balances	<u>\$ 357,901</u>	<u>\$ 357,901</u>

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

**Town of Alford
Reconciliation of Balance Sheet
To the Statement of Net Position
September 30, 2021**

Total Fund Balances - Total Governmental Fund	\$ 351,819
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 governmental funds.	1,497,566
Deferred outflows and inflows of resources related to pensions are applicable for future periods and therefore, are not reported in the funds.	
Deferred outflows of resources	48,050
Deferred inflows of resources	(62,541)
Long term liabilities, including accrued compensated and pension liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(82,836)</u>
Total Net Position	<u>\$ 1,752,058</u>

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

Town of Alford
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ending September 30, 2021

	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUES		
Taxes	\$ 168,023	\$ 168,023
Permits, Fees and Licenses	10,726	10,726
Intergovernmental Revenues	294,712	294,712
Contributions and Donations	5,578	5,578
Fines and Forfeitures	1,065	1,065
Miscellaneous Revenues	<u>63,851</u>	<u>63,851</u>
Total Revenues	<u>543,955</u>	<u>543,955</u>
EXPENDITURES		
Current:		
General Government	168,925	168,925
Public Safety	135,732	135,732
Transportation	153,774	153,774
Culture/Recreation	8,949	8,949
Debt Service:		
Principal	64,831	64,831
Interest	2,941	2,941
Capital Outlay	<u>21,535</u>	<u>21,535</u>
Total Expenditures	<u>556,687</u>	<u>556,687</u>
Excess (deficiency) of revenues over expenditures	<u>(12,732)</u>	<u>(12,732)</u>
OTHER FINANCING SOURCES (USES)		
Insurance Recoveries	<u>36,073</u>	<u>36,073</u>
Net Change in Fund Balances	<u>23,341</u>	<u>23,341</u>
Fund Balances - beginning	<u>328,478</u>	<u>328,478</u>
Fund Balances - ending	<u>\$ 351,819</u>	<u>\$ 351,819</u>

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

Town of Alford
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Fund
to the Statement of Activities
For the Year Ending September 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$	23,341
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlay, reported as expenditures in governmental funds, is shown as capital assets in the Statement of Net Assets.		113,560
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Depreciation expense on governmental capital assets is included in the governmental activities in the Statement of Net Assets.		(129,333)
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Repayment of long-term debt (notes payable) provides current financial resources to governmental funds, while it has no effect on the Statement of Activities.		64,831
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the increase in long-term compensated absences. Pension Expense		4,041
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Change in Net Position of Governmental Activities	\$	76,440
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The notes to the financial statements are an integral part of this statement.

Town of Alford
Statement of Revenues, Expenditures and
Changes in Fund Balance Budget and Actual – General Fund
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
REVENUES			
Taxes	\$ 175,240	\$ 79,961	\$ 168,023
Permits, Fees and Licenses	3,750	9,452	10,726
Intergovernmental Revenues	118,927	291,147	294,712
Charges for Services	-	-	5,578
Fines and Forfeitures	300	867	1,065
Miscellaneous Revenues	103,250	102,096	63,851
Reserves	26,037	26,037	-
Total Revenues	427,504	509,560	543,955
EXPENDITURES			
Current:			
General Government	149,241	198,000	168,925
Public Safety	43,370	155,000	135,732
Transportation	118,092	158,000	153,774
Culture/Recreation	103,727	109,467	8,949
Debt Service	-	185,500	67,772
Capital Outlay	-	-	21,535
Total Expenditures	414,430	805,967	556,687
Excess (deficiency) of revenues over expenditures	13,074	(296,407)	(12,732)
OTHER FINANCING SOURCES (USES)			
Insurance Recoveries	-	-	36,073
Net Change in Fund Balances	13,074	(296,407)	23,341
Fund Balances - beginning	328,478	328,478	328,478
Fund Balances - ending	\$ 341,552	\$ 32,071	\$ 351,819

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

Town of Alford
Statement of Net Position – Proprietary Fund
September 30, 2021

	<u>Water & Garbage</u>
ASSETS	
Current Assets:	
Accounts Receivable	\$ 8,791
Total Current Assets	<u>8,791</u>
Noncurrent Assets:	
Restricted Assets:	
Cash and Cash Equivalents	15,900
Capital Assets:	
Depreciable, Net	<u>1,053,069</u>
Total Noncurrent Assets	<u>1,068,969</u>
Total Assets	<u>1,077,760</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	<u>6,546</u>
 LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Expenses	19,238
Due to Other Funds	10,548
Pension Liability	6,750
Notes payable - current	5,066
Bonds payable - current	<u>5,000</u>
Total Current Liabilities	<u>46,602</u>
Noncurrent Liabilities:	
Bonds Payable	178,000
Notes Payable	5,871
Accrued compensated absences	<u>932</u>
Total Noncurrent Liabilities	<u>184,803</u>
Total Liabilities	<u>231,405</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	<u>8,529</u>
 NET POSITION	
Invested in Capital Assets, Net of Related Debt	870,069
Restricted:	
Other Purposes	15,900
Unrestricted	<u>(41,597)</u>
Total Net Position	<u>\$ 844,372</u>

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

Town of Alford
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ending September 30, 2021

	<u>Water & Garbage</u>
OPERATING REVENUES:	
Water revenues pledged as collateral for revenue bonds	\$ 91,741
Garbage revenue	61,163
Total Operating Revenue	<u>152,904</u>
OPERATING EXPENSES:	
Personnel services	47,674
Services and supplies	11,641
Contractual services	347,577
Repairs and maintenance	13,260
Operating supplies and miscellaneous	-
Depreciation	35,326
Total operating expenditures	<u>455,478</u>
Operating Loss	<u>(302,574)</u>
NONOPERATING REVENUES(EXPENSES)	
Interest expense	<u>(10,227)</u>
Total Nonoperating Revenue (Expenses)	<u>(10,227)</u>
Income (loss) before contributions and transfers	(312,801)
Contributed Capital	<u>285,500</u>
Change in net position	<u>(27,301)</u>
NET POSITION, BEGINNING OF YEAR	<u>871,673</u>
NET POSITION, END OF YEAR	<u>\$ 844,372</u>

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

Town of Alford
Statement of Cash Flows – Proprietary Fund
For the Year Ending September 30, 2021

	<u>Water & Garbage</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 150,002
Payments to Suppliers	(374,059)
Payments to Employees	<u>(48,224)</u>
Net Cash used in Operating Activities	<u>(272,281)</u>
 Cash Flows from Noncapital Financing Activities:	
Operating subsidies and transfers from other funds	<u>9,008</u>
 Cash Flows from Capital and Related Financing Activities:	
Capital Contributions	285,500
Principal payments on capital debt	(10,646)
Interest payments on capital debt	<u>(10,227)</u>
Net Cash Provided by (used in) Capital and Related Financing Activities	<u>264,627</u>
 Net Increase in Cash and Cash Equivalents	 1,354
 Cash and Cash Equivalents, beginning of year	 <u>14,546</u>
Cash and Cash Equivalents, end of year	<u>\$ 15,900</u>
 Reconciliation of Operating Loss to	
Net Cash Used in Operating Activities	
Operating Loss	\$ (302,574)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation	35,326
(Increase) decrease in accounts receivable, net	(2,902)
Increase (decrease) in accounts payable	<u>(2,131)</u>
Net Cash used in Operating Activities	<u>\$ (272,281)</u>

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

NOTES TO FINANCIAL STATEMENTS

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Alford conform to generally accepted accounting principles applicable to governments. The following is a summary of the more specific policies:

Reporting Entity

The Town of Alford (the “Town”) is located in northwest Florida in Jackson County. The Town operates under an elected Mayor and a four-member Town Council and serves approximately 500 residents. The Town was established in 1951 by Chapter 51-27576, Laws of Florida. The Town provides a full range of municipal services, including public safety (fire and police), public works activities, parks and recreation, and general administrative services. In addition, the Town operates a water and garbage utility.

The definition of the reporting entity is based primarily on the notion of financial accountability. The financial statements of the Town include the funds and account groups required to account for those financial activities which are related to the Town and are controlled by or dependent upon the Town’s legislative body. Control or dependence upon the Town was determined on the basis of budget adoption, taxing authority and outstanding debt secured by revenues or general obligation of the Town, and the Town’s legal responsibility to fund any deficits that may occur.

Government-wide and Fund Financial Statements

The basic financial statement consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between governmental and business-type activities. Government-wide financial statements comprised of the statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that helps support all functions of government and contributes to the change in the net position for the fiscal year.

The fund financial statements follow and report additional and detailed information about operations for major funds individually and non-major funds to the aggregate for governmental funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, considered to be sixty days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

The following are reported as major governmental funds:

General Fund – This is the Town’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The following is reported as a major proprietary funds:

Water and Garbage Utility Fund – Accounts for the operations of the utilities (water and garbage).

The Town’s enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting and the economic resources measurement focus. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments, which consist of certificates of deposit, are stated at cost or amortized cost.

Inventory

Inventory items of material and supplies, which are not significant in amount, are considered expenditures when purchased in the governmental funds. No physical inventory was taken at year end. The amounts are immaterial.

Compensated Absences

Annual leave is earned at five days annually during the first three years of employment, and ten days annually during years four through ten years of employment. Thereafter, annual leave will accrue at the rate of fifteen days annually. Annual leave time may be carried over from one calendar year to the next. An employee who terminates employment with the Town is paid for any unused annual leave accumulated at the time of termination.

Sick leave is earned at the rate of eight hours for each month of service. Sick leave is not paid at termination.

As of September 30, 2021 \$2,375 is accrued for annual leave.

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows and Deferred Inflows

A deferred outflow of resources represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until a future time. A deferred inflow of resources represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until a future time.

Restricted Assets

Restricted Assets consist of cash which is required by resolution to be set aside for specific purposes and is therefore unavailable for general operating purposes.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, stormwater system, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

Property, plant, and equipment with initial, individual costs that exceed \$750 and estimated useful lives of over one year are recorded as capital assets. Roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extended its useful life are not capitalized.

GASB Statement No. 34 requires the Town to report and depreciate new infrastructure assets effective October 1, 2003. The retroactive reporting of infrastructure is not required by the Town. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Electrical, sewer, water and wastewater system	30-50
Equipment	5-10
Infrastructure	50

Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounts Receivable

Customer accounts receivables are recorded at their net realizable value.

Fund Balance Reporting and Government Fund-Type Definitions

Fund balances are classified either as non-spendable or spendable. Spendable fund balances are further designated as restricted, committed, assisted and unassisted. See Note 18.

Subsequent Events

The Town evaluated subsequent events through the date of the Independent Auditors' Report which was the date the financial statements were available to be issued.

Net Position

For the year ended September 30, 2021, the Town reports net position as restricted or unrestricted. Restricted net position have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is comprised of all other balances, including assigned and unassigned.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the Town's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. All budget changes that affect the total of a fund's budget must be approved by the Town Council.

The budgetary information presented for the general fund is prepared on the modified accrual basis. Encumbrances are not recorded. Unexpended items at year-end must be reappropriated in the subsequent year.

NOTE 3 – PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all County, municipal and school board property taxes are consolidated in the offices of the Jackson County Property Appraiser and Jackson County Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the Town for the year ended September 30, 2021, was 1.3358 mills.

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

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 3 – PROPERTY TAXES - Continued

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years.

Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of property or by the five-year statute of limitations.

Since the Jackson County tax Collector’s Office acts quickly in selling tax certificates and in remitting such collections to the Town, no delinquent nor uncollected property taxes exist at year end. The Town Tax Calendar is as follows:

Valuation Date:	January 1
Levy Date:	November 1
Due Date:	March 31, Succeeding Year
Lien Date:	April 1, Succeeding Year

NOTE 4 – CASH AND INVESTMENTS

At year end, the carrying amount of the Town’s cash and cash equivalents and investments were \$ 320,619 and the bank balance was \$352,697. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida’s Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Credit Risk

At September 30, 2021, the Town did not hold any deposits or investment that were considered to have credit risk.

Interest Rate Risk

At September 30, 2021, the Town did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2021, the Town did not hold any deposits or investments that were considered to have custodial credit risk.

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 4 – CASH AND INVESTMENTS - Continued

Concentration of Credit Risk

At September 30, 2021, the Town did not hold any investments that were considered to have concentration of credit risk.

Foreign Currency Risk

At September 30, 2021, the Town did not hold any investments that were considered to have foreign currency risk.

The Town invested funds in one certificate of deposit with an 18-month maturity. At September 30, 2021, the market value and the carrying value of these funds was \$39,408. The funds are carried as investments on the statement of net position at September 30, 2021.

Fair Value Measurement and Application

Governmental entities are required to record investment at fair value unless exception applies and disclose the fair value measurement and hierarchy. Paragraph 69 of GASB 72 list several investments that should be measured as described in GASB Statement 31 which includes investments in nonparticipating interest-earning investment contracts (certificates of deposit) and money market investments that have a maturity at the time of purchase of one year or less. September 30, 2021, the Town’s investment consisted of non-negotiable certificates of deposit which are recorded at cost and are excluded from fair value measurement.

The Town’s depositories are banks or savings institutions designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes “Florida Security for Public Deposit Act” provides procedures for public depositories to ensure monies in banks and savings institutions are collateralized with the Treasurer as an agent for the public entities. All Town cash consists of checking accounts and interest-bearing time deposits in a local bank.

For the statement of cash flows, the Town considers cash and cash equivalents to include cash and cash equivalents and restricted cash.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at September 30, 2021:

	General	Water/ Garbage	Total
Trade Accounts	\$ -	10,059	\$ 10,059
Less allowance for doubtful accounts	-	(1,268)	(1,268)
Receivables, net	\$ -	\$ 8,791	\$ 8,791

Receivables arise primarily from utility services (water and garbage) provided by the Town of Alford, Florida. The Town grants credit to customers, substantially all of whom are local residents.

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 6 – INTERFUND BALANCES

Interfund balances are generally used to meet cash demands necessary to pay operating expenses. Amounts are generally repaid during the next fiscal year. Balance due to/from other funds at September 30, 2021 are as follows:

Receivable Fund	Payable Fund	Total
General	Water/Garbage	10,548

NOTE 7 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others; and natural disasters for which the town carries commercial insurance. Insurance against losses are provided for the following types of risk:

- Workers' compensation and employer's liability
- General and automobile liability
- Real and personal property damage
- Public officials' liability
- Accidental death and dismemberment

The Town's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost-to-date of the Town experience for this type of risk.

NOTE 8 – GRANTS

The Town participates in several state and federal grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for, or including, the year ended September 30, 2021, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Town's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined, although the Town expects such amounts, if any, to be immaterial.

NOTE 9 – DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds earned as of September 30, 2021, but not yet received by the Town. The majority of these amounts were received in October and November 2021.

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 10 – CAPITAL ASSETS

Governmental asset activity for the year ending September 30, 2021 was as follows:

	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Deletions</u>	<u>Balances</u>
Governmental Activities:				
Capital assets not being depreciated				
Construction in progress	\$ 309,370	\$ 92,358	\$ -	\$ 401,728
Land and improvements	<u>91,909</u>	<u>-</u>	<u>-</u>	<u>91,909</u>
 Total capital assets not being depreciated	 <u>401,279</u>	 <u>92,358</u>	 <u>-</u>	 <u>493,637</u>
Capital assets, being depreciated:				
Buildings	336,355	3,230	-	339,585
Improvements other than buildings	1,415,005	-	-	1,415,005
Street Paving	158,034	-	-	158,034
Equipment	<u>867,110</u>	<u>17,972</u>	<u>-</u>	<u>885,082</u>
 Total capital assets being depreciated:	 <u>2,776,504</u>	 <u>21,202</u>	 <u>-</u>	 <u>2,797,706</u>
 Buildings	 (155,501)	 (15,042)	 -	 (170,543)
Improvements other than buildings	(653,983)	(62,863)	-	(716,846)
Street Paving	(158,034)	-	-	(158,034)
Equipment	<u>(696,926)</u>	<u>(51,428)</u>	<u>-</u>	<u>(748,354)</u>
Total accumulated depreciation	<u>(1,664,444)</u>	<u>(129,333)</u>	<u>-</u>	<u>(1,793,777)</u>
 Total capital assets, being depreciated, net	 <u>1,112,060</u>	 <u>150,535</u>	 <u>-</u>	 <u>1,003,929</u>
 Governmental activities capital assets, net	 <u>\$ 1,513,339</u>	 <u>\$ 242,893</u>	 <u>\$ -</u>	 <u>\$ 1,497,566</u>

Depreciation expense was charged to functions as follows:

General government	\$ 13,875
Public Safety	32,344
Highways and streets	36,284
Culture/Recreation	<u>46,830</u>
Total governmental depreciation expense	<u>\$ 129,333</u>

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 10 – CAPITAL ASSETS - Continued

Business-Type asset activity for the year ending September 30, 2021 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Deletions</u>	<u>Ending</u> <u>Balances</u>
Business Type Activities:				
Capital assets, being depreciated:				
Water System	\$ 1,705,741	\$ -	\$ -	\$ 1,705,741
Equipment	<u>173,847</u>	<u>-</u>	<u>-</u>	<u>173,847</u>
Total capital assets being depreciated:	<u>1,879,588</u>	<u>-</u>	<u>-</u>	<u>1,879,588</u>
Less accumulated depreciation for:				
Water System	(637,384)	(33,871)	-	(671,255)
Equipment	<u>(153,810)</u>	<u>(1,454)</u>	<u>-</u>	<u>(155,264)</u>
Total accumulated depreciation	<u>(791,194)</u>	<u>(35,325)</u>	<u>-</u>	<u>(826,519)</u>
 Total Business-Type Capital Assets	 <u>\$ 1,088,394</u>	 <u>\$ (35,325)</u>	 <u>\$ -</u>	 <u>\$ 1,053,069</u>

NOTE 11 – LONG-TERM LIABILITIES

Long-term debt of the Town at September 30, 2021 is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balances</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
GOVERNMENTAL ACTIVITIES					
Notes Payable	\$ 96,716	\$ -	\$ 64,831	\$ 31,885	\$ 11,066
Compensated absences	<u>1,443</u>	<u>2,505</u>	<u>2,505</u>	<u>1,443</u>	<u>-</u>
Total Governmental Activities	<u>98,159</u>	<u>2,505</u>	<u>67,336</u>	<u>33,328</u>	<u>11,066</u>
 BUSINESS-TYPE ACTIVITIES					
Notes Payable	\$ 16,583	\$ -	\$ 5,646	\$ 10,937	\$ 5,066
Bond payable	188,000	-	5,000	183,000	5,000
Compensated absences	<u>932</u>	<u>1,900</u>	<u>1,900</u>	<u>932</u>	<u>-</u>
Total Business-Type Activities	<u>205,515</u>	<u>1,900</u>	<u>12,546</u>	<u>194,869</u>	<u>10,066</u>
 Total	 <u>\$ 303,674</u>	 <u>\$ 4,405</u>	 <u>\$ 79,882</u>	 <u>\$ 228,197</u>	 <u>\$ 21,132</u>

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 11 – LONG TERM LIABILITIES

GOVERNMENTAL ACTIVITIES

Note Payable

PeoplesSouth Bank, payable in 11 monthly installment of \$601 and one balloon payment of \$39,050, interest at 4.00%, collateralized by real estate (net book value of \$55,800).

\$ 26,579

PeoplesSouth Bank, payable in 60 monthly installments of \$764 through 2055, interest at 3.60%, collateralized by truck and dump body (net book value of \$27,384).

5,306

PeoplesSouth Bank, available borrowing of \$50,000 with interest payable monthly at 3.60% per annum, borrowing id due in full at maturity on May 15, 2021, secured by accounts receivable and assets of the Town.

-

Total Governmental activities

\$ 31,885

BUSINESS-TYPE ACTIVITIES

Revenue bonds payable

Authorized and issued \$242,000, interest at 4.25%, principal and interest payable annually on September 1, with principal payments beginning in 2006, collateralized by net revenues of the system. Bonds were sold to U.S. Department of Agriculture, Rural Development.

\$ 183,000

Note Payable

PeoplesSouth Bank, payable in 36 monthly installments of \$514 with final payment due June 15, 2023. Interest at 3.60%, secured by various Town assets.

10,937

Total business-type activities

\$ 193,937

Total interest expense for the year ended September 30, 2021 was \$13,168. Total interest paid during the year ended September 30, 2021 was \$13,168.

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 11 – LONG TERM LIABILITIES – continued

Debt service requirements on long-term debt at September 30, 2021 are as follows:

Year ending September 30,	Governmental activities	
	Notes payable	
	Principal	Interest
2022	11,580	989
2023	6,524	676
2024	6,783	417
2025	6,998	148
Total	31,885	2,230

Year ending September 30,	Business-type activities	
	Series 2004	
	Principal	Interest
2022	10,871	8,075
2023	10,066	7,648
2024	6,000	7,353
2025	6,000	7,098
2026	6,000	6,843
2027-2031	35,000	30,133
2032-2036	43,000	21,973
2037-2041	53,000	11,935
2042-2043	24,000	1,530
Totals	193,937	102,588

NOTE 12 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY

Defined Benefit Plans

The Town participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, established the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 12 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY - Continued

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer 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 compulsory 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 Sections 121.053 or 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 retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

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

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer's contribution rates as of September 30, 2021, were as follows:

	FRS	HIS
Florida Retirement System:		
Regular	9.16%	1.66%
Senior Management Service Class	27.35%	1.66%
Special Risk	24.23%	1.66%
DROP	16.68%	1.66%

The employer's contributions for the year ended September 30, 2021 were \$10,470 to the FRS and \$2,084 to the HIS.

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 12 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY - Continued

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2021, the Town reported a liability for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2021, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2020. 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.

	FRS	HIS
Net pension liability at June 30, 2021	17,989	38,269
Proportion at:		
Current measurement date	0.0002381%	0.0003120%
Prior measurement date	0.0001594%	0.0002260%
Pension expense (benefit)	9,072	1,834

Deferred Outflows/Inflows of Resources Related to Pension

At September 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS	
	Deferred	Deferred	Deferred	Deferred
	Outflows of Resources	Inflows of Resources	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience				
Change of assumptions	3,083	-	1,281	(16)
	12,309	-	3,007	(1,577)
Net difference between projected and actual earnings on pension plan investments	-	(62,758)	40	-
Changes in proportion and differences bwtween employer contributions and proportionate share of contributions	22,359	(4,071)	9,247	(2,648)
Town contributions subsequent to the measurement date	2,749	-	521	
Total	40,500	(66,829)	14,096	(4,241)

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 12 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY - Continued

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2021. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expenses as follows:

Fiscal Year Ending June 30,	FRS	HIS
2022	(26,209)	891
2023	(9,879)	399
2024	(494)	2,040
2025	(9,613)	3,086
2026	5,508	2,779
Thereafter	3,098	4,553
Total	(37,589)	13,748

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2019, was determined by an actuarial valuation dated June 1, 2019, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.16%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2021 were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2019:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.0% to 6.9%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.87% to 3.50%.

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 12 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY - Continued

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary’s assumption based on the long-term target asset allocation.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real Estate	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.9%. 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 is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.50% 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.

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 12 – STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY - Continued

Sensitivity Analysis

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 employer’s proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS Net Pension Liability		
	Current		
	1% Decrease 5.80%	Discount Rate 6.80%	1% Increase 7.80%
Governmental Employer's poroprtrionate share share of the net pension liability	\$ 70,794	\$ 15,830	\$ (30,114)
Business-Type Employer's poroprtrionate share share of the net pension liability	\$ 9,654	\$ 2,158	\$ (4,106)

	HIS Net Pension Liability		
	Current		
	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Governmental Employer's poroprtrionate share share of the net pension liability	\$ 38,934	\$ 33,678	\$ 29,370
Business-Type Employer's poroprtrionate share share of the net pension liability	\$ 5,309	\$ 4,592	\$ 4,005

Pension Plans’ Fiduciary Net Position

Detailed information about the pension plans’ fiduciary net position is available in the State’s separately issued financial report.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (“FRS Investment Plan”), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS 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 covering both the defined benefit and defined contribution plans, depending on membership class. There was no required employer contributions made to the plan during the year ended September 30, 2021.

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 13 – LITIGATION AND CONTINGENT LIABILITIES

The Town is involved in litigation arising from the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without a material adverse effect on the Town's financial statements.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS

In accordance with Section 112.0801 of the Florida Statutes, the Town provides postretirement health insurance to employees who retire from the Town and wish to remain on the town's health plan. The retired employees reimburse the Town for the actual premium cost, including the portion that previously would have been paid and there is no advance funding on the part of the Town.

GASB Statement No. 45, Accounting and Financial reporting by Employers for Postemployment Benefits Other Than Pension Plans, became effective for periods beginning after December 15, 2009 for Phase III governments, which the Town is considered. This guideline is required for all governmental employers who provide other postemployment benefits for which the employer pays all or a part of the cost of the benefits, such as the postretirement health care plan discussed above. GASB Statement No. 45 improves financial reporting and disclosure by matching the cost of postemployment benefits with the periods when the related services are received by the employer, by providing information about accrued liabilities for promised benefits related to past services and the extent those liabilities have been funded and by providing valuable information about demands on future employer cash flows.

The Town did not implement GASB Statement No. 75 or obtain the actuarial report necessary to determine the amounts to report in the accompanying financial statements. The potential liability has not been reflected in the accompanying Statement of Net Position and the annual costs associated with the plan have also not been reflected in the accompanying Statement of Activities.

NOTE 15 – RESTRICTED ASSETS

The Town's General Fund has cash in the amount of \$21,952 that is restricted for hazard mitigation and the Proprietary Fund has cash in the amount of \$15,900 that is restricted for debt service.

NOTE 17 – OPERATING LEASE

The Town leases equipment under an operating lease with yearly lease terms. Rental expense under the operating lease for the year ended September 30, 2021 was \$15,816. Minimum future lease payments under the operating lease as of September 30, 2021 and for each year until expiration are:

2022	15,816
2023	13,180
<hr/>	
Total minimum future lease payments	\$ 28,996

Town of Alford
Notes to Financial Statements
September 30, 2021

NOTE 18 – FUND EQUITY

Spendable fund balances are classified based on a hierarchy of the Town’s ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ending September 30, 2021, the Town reports net assets as restricted, assigned and unassigned. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the Town’s intent to use the resources for a specific purpose. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

Reservations of equity show amounts that are not appropriated for expenditure or are legally restricted for specific uses. The purpose for each is indicated as follows:

Funds	Purpose	Amount
General	Hazard Mitigation	\$ 21,952
Total restricted fund equity		\$ 21,952
Water/Garbage	Debt Service	\$ 15,900
Total restricted fund equity		\$ 15,900

NOTE 19 –SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the coronavirus (COVID-19) a pandemic. As a result, local and financial markets experienced significant declines and local economies were greatly affected. The Federal Government passed the Coronavirus Aid, Relief, and Economic Security Act to address the fallout from COVID-19. These funds will pass through the State of Florida. No funds had been distributed the Town as of date of this report and no adjustments have been made to the accompanying financial statements.

The Town of Alford was greatly impacted by Hurricane Michael in October 2018. The Town has been working tirelessly to repair and/or replace infrastructure and other assets damaged during the storm. The Town has insurance that has assessed the damages and is working through the repair process. The Town will have some cost that will not be recovered through insurance and will seek funding from the Federal Emergency Management Agency (FEMA). This amount is neither measurable or available at year end and therefore no adjustments have been made to the accompanying financial statements

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Town of Alford's Proportionate share of Net Pension Liability
Florida Retirement System and Health Insurance Subsidy Program
Last 9 Fiscal Years*

FLORIDA RETIREMENT SYSTEM

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Town's proportion of the Net Pension Liability	0.000238%	0.000159%	0.017216%	0.160600%	0.018900%	0.016800%	0.020000%	0.020000%	0.020000%
Town's proportionate share of Net Pension Liability	\$ 17,989	\$ 69,067	\$ 59,291	\$ 48,372	\$ 55,969	\$ 42,455	\$ 20,244	\$ 9,516	\$ 32,450
Town's Covered Employee Payroll	\$ 120,108	\$ 93,526	\$ 85,213	\$ 82,203	\$ 81,852	\$ 81,293	\$ 65,350	\$ 65,293	\$ 76,827
Town's proportionate share of Net Pension Liability as a percentage of its covered-employee payroll	14.98%	73.85%	69.58%	58.84%	68.38%	52.22%	30.98%	14.57%	42.24%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	N/A

HEALTH INSURANCE SUBSIDY PROGRAM

	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Town's proportion of the Net Pension Liability	0.000226%	0.000226%	0.024861%	0.024780%	0.026600%	0.023900%	0.020000%	0.020000%	0.030000%
Town's proportionate share of Net Pension Liability	\$ 38,269	\$ 27,590	\$ 27,817	\$ 26,226	\$ 28,435	\$ 27,837	\$ 22,353	\$ 22,855	\$ 23,866
Town's Covered Employee Payroll	\$ 120,108	\$ 93,526	\$ 85,213	\$ 82,203	\$ 81,852	\$ 81,293	\$ 65,350	\$ 65,293	\$ 76,827
Town's proportionate share of Net Pension Liability as a percentage of its covered-employee payroll	31.86%	29.50%	32.64%	31.90%	34.74%	34.24%	34.21%	35.00%	31.06%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	N/A

Schedule of the Town of Alford's Contributions
Florida Retirement System and Health Insurance Subsidy Program
Last 9 Fiscal Years*

FLORIDA RETIREMENT SYSTEM

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 9,072	\$ 5,373	\$ 5,471	\$ 4,577	\$ 4,681	\$ 4,100	\$ 3,821	\$ 3,416	\$ 2,537
Contributions in Relation to the Contractually Required Contribution	<u>(9,072)</u>	<u>(5,373)</u>	<u>(5,471)</u>	<u>(4,577)</u>	<u>(4,681)</u>	<u>(4,100)</u>	<u>(3,821)</u>	<u>(3,416)</u>	<u>(2,537)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	120,108	93,526	85,213	80,931	81,852	81,293	65,350	65,293	76,827
Contributions as a Percentage of Covered-Employee Payroll	7.55%	5.74%	6.42%	5.66%	5.72%	5.04%	5.85%	5.23%	3.30%

HEALTH INSURANCE SUBSIDY PROGRAM

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 1,834	\$ 1,260	\$ 3,457	\$ 1,344	\$ 1,331	\$ 1,224	\$ 838	\$ 837	\$ 898
Contributions in Relation to the Contractually Required Contribution	<u>(1,834)</u>	<u>(1,260)</u>	<u>(3,457)</u>	<u>(1,344)</u>	<u>(1,331)</u>	<u>(1,224)</u>	<u>(838)</u>	<u>(837)</u>	<u>(898)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	120,108	93,526	85,213	80,931	81,852	81,293	65,350	65,293	76,827
Contributions as a Percentage of Covered-Employee Payroll	1.53%	1.35%	4.06%	1.66%	1.63%	1.51%	1.28%	1.28%	1.17%

GRIMSLEY & ASSOCIATES

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OWEN W. GRIMSLEY, C.P.A.

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

Honorable Mayor and Town Council
Town of Alford
Alford, Florida

We have examined Town of Alford, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management is responsible for Town of Alford, Florida's compliance with those requirements. Our responsibility is to express an opinion on Town of Alford, 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 Alford, 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 Alford, 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 Alford, Florida's compliance with specified requirements.

In our opinion, Town of Alford, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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 6, 2022

Grimsley and Associates, P.A.
Certified Public Accountants

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OWEN W. GRIMSLEY, C.P.A.

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

Honorable Mayor and Town Council
Town of Alford
Alford, 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 Alford, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Alford, Florida's basic financial statements and have issued our report thereon dated June 6, 2022.

Internal Control over Financial Reporting

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

Honorable Mayor and Town Council
Town of Alford
Alford, Florida

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control that we consider to be a material weakness. We did identify a deficiency in internal control, described in the accompanying schedule of findings as items 2007-002 and 2010-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Alford, 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*.

Town's Response to Findings

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

Purpose of this Report

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

Grimsley & Associates

Marianna, Florida
June 6, 2022

Grimsley and Associates, P.A.
Certified Public Accountants

Town of Alford, Florida
Schedule of Findings
For the Year Ended September 30, 2021

SEGREGATION OF DUTIES, FINDING 2007-002 – NOT RESOLVED

Criteria – The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

Condition – There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Town assets.

Effect – The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

Cause – The Town has limited personnel in the accounting department.

Recommendation – We realize that due to the size of the Town’s administrative staff, it is difficult to achieve ideal separation of duties. However, the Mayor should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide checks and balances.

Status – This condition continues to exist.

OTHER POST EMPLOYMENT BENEFITS 2010-001 – NOT RESOLVED

Criteria – The Town is required to implement GASB Statement 75.

Condition – The Town did not implement GASB Statement 75 or obtain the actuarial report necessary to determine the amounts to report in the financial statements.

Effect – The Town’s liabilities related to other post-employment benefits (other than pensions) is understated.

Cause – The Town has not hired an actuarial specialist to determine the Town’s liability related to other post-employment benefits.

Recommendation – We recommend that an actuarial study and all other items necessary to implement GASB Statement 75 be performed.

Status – This condition continues to exist.

Honorable Mayor and GRIMSLEY & ASSOCIATES

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OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITOR'S REPORT TO TOWN MANAGEMENT

Honorable Mayor and Town Council
Town of Alford
Alford, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Alford, Florida (the "Town") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 6, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 6, 2022 should be considered in conjunction with this management letter.

Prior Audit Findings

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

Prior Year Findings and Recommendations

None

Honorable Mayor and Town Council
Town of Alford
Alford, Florida

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 Alford, Florida has 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 Alford, 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 Alford, Florida. It is management's responsibility to monitor the Town of Alford, 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.

Annual Financial Report

Sections 10.554(1)(i)5.c. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Town of Alford, Florida for the fiscal year ended September 30, 2021, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2021. In connection with our audit, we determined that these two reports were in agreement.

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 have any such findings.

Honorable Mayor and Town Council
Town of Alford
Alford, Florida

Purpose of this Letter

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

Marianna, Florida
June 6, 2022

Grimsley & Associates

Grimsley and Associates, P.A.
Certified Public Accountants

**Town of Alford
P.O. Box 128
1768 Georgia Street
Alford, FL 32420**

Phone 850-579-4684

Fax 850-579-2523

June 8, 2022

State of Florida
Auditor General
Sherrell F. Norman, CPA
Clause Pepper Building
111 West Madison Street
Tallahassee, FL 32399

Re: Independent Auditor's Management Letter
Schedule of Findings
Fiscal year Ended September 30, 2021

Regarding the above-mentioned Management Letter and Schedule of Findings, the Town of Alford would like to offer the following response.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

SEGREGATION OF DUTIES, FINDING 2007-02-NOT RESOLVED

The Town realizes that it has a lack of internal controls regarding custody of assets and record keeping. Unfortunately, due to the small size of the organization, this will continue to be a finding. Management will continue to provide day to day involvement to ensure that no wrongdoing is taking place.

OTHER POST EMPLOYMENT BENEFITS 2010-01- NOT RESOLVED

Management believes that GASB 75 is not feasible for the Town to calculate due the small size and the number of employees. The Town will contact the Florida League of Cities about any programs that may be available to help the Town facilitate this in the future and will reach out for cost estimates to review feasibility of implementing this study.

Sincerely,



George Gay, Mayor
Town of Alford