

**TOWN OF GRAND RIDGE, FLORIDA**  
**ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended September 30, 2023

**TOWN OF GRAND RIDGE, FLORIDA**  
**ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended September 30, 2023

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**TOWN OF GRAND RIDGE, FLORIDA**  
**LIST OF PRINCIPAL OFFICIALS**  
September 30, 2023

**TOWN COUNCIL**

**Chris Harrell, Mayor**

**Kimberly Applewhite, Councilmember**

**Tim Baggett, Councilmember**

**Tracy Hagan, Councilmember**

**Chris Wright, Jr., Councilmember**

**TOWN MANAGER**

**Justin Branch**

## **FINANCIAL SECTION**



# Powell and Jones CPA

1359 S.W. Main Blvd.  
Lake City, FL 32025  
Phone 386.755.4200

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Town Council  
Town of Grand Ridge, Florida

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Grand Ridge, Florida, (The Town) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Grand Ridge, Florida's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of September 30, 2023, 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 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

The Town's 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 statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Grand Ridge, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Grand Ridge, Florida's ability to continue as a going concern for a reasonable period of time.

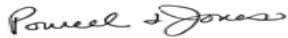
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension liability information as listed in the table of contents 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 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



**POWELL & JONES**  
Certified Public Accountants  
Lake City, Florida  
November 25, 2024

## **TOWN OF GRAND RIDGE, FLORIDA** **Management's Discussion and Analysis**

This discussion and analysis is intended to be an easily readable analysis of the Town of Grand Ridge, Florida's (the Town) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year's activities and should be read in conjunction with the financial statements that follow.

### **Report Layout**

The Town has implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary and other information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized as applicable and reported as either governmental or business-type activities. Governmental activities include basic services related to public safety, public works, culture and recreation, and general governmental administration. The Town's water, sewer, and garbage services are reported as business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

### *Basic Financial Statements*

- The Statement of Net Position focuses on resources available for future operations. This statement presents a snap-shot view of the assets the Town owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net position may serve as useful indicator of whether the financial position of the Town is improving or deteriorating.
- The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- Fund financial statements focus separately on governmental and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements, focusing on the near-term inflows and outflows of spendable resources and their balances that are available at the end of the fiscal year. The Town's has one major governmental fund, the General Fund. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the corresponding government-wide statements in order to

facilitate the comparison between the two presentations. A budgetary comparison is also presented for the General Fund. Statements for the Town's proprietary fund are presented on a full accrual basis of accounting and are located after the governmental fund. Proprietary fund financial statements include statements of net position, revenue, expenses and changes in net position, and cash flows.

- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

*Other Information*

- In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town's budgetary information.

The MD&A is intended to serve as an introduction to the Town's basic financial statements and to explain the significant changes in financial position and differences in operation between the current and prior years.

## Town as a Whole

### Government-wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2023 and 2022, follows:

#### Net Position at September 30, 2023 and 2022

|  | Governmental<br>Activities | Business-type<br>Activities | Total Government     |                      |
|--|----------------------------|-----------------------------|----------------------|----------------------|
|  |                            |                             | 2023                 | 2022                 |
| <b>ASSETS</b>                                      |                            |                             |                      |                      |
| Current and other assets                           | \$ 1,068,170               | \$ 905,496                  | \$ 1,973,666         | \$ 1,887,369         |
| Capital assets, not being depreciated              | 242,802                    | 2,993,891                   | 3,236,693            | 3,236,693            |
| Capital assets, being depreciated                  | 1,253,471                  | 17,776,865                  | 19,030,336           | 19,604,805           |
| Total assets                                       | <u>2,564,443</u>           | <u>21,676,252</u>           | <u>24,240,695</u>    | <u>24,728,867</u>    |
| <b>DEFERRED OUTFLOWS</b>                           | <u>32,448</u>              | <u>26,699</u>               | <u>59,147</u>        | <u>88,362</u>        |
| <b>LIABILITIES</b>                                 |                            |                             |                      |                      |
| Long-term liabilities outstanding                  | 227,243                    | 1,272,040                   | 1,499,283            | 1,727,064            |
| Deferred revenues                                  | 436,744                    | -                           | 436,744              | 436,744              |
| Net pension liability                              | 142,123                    | 116,941                     | 259,064              | 342,456              |
| Other liabilities                                  | 6,539                      | 8,466                       | 15,005               | 20,019               |
| Total liabilities                                  | <u>812,649</u>             | <u>1,397,447</u>            | <u>2,210,096</u>     | <u>2,526,283</u>     |
| <b>DEFERRED INFLOWS</b>                            | <u>54,021</u>              | <u>44,450</u>               | <u>98,471</u>        | <u>34,187</u>        |
| <b>NET POSITION</b>                                |                            |                             |                      |                      |
| Invested in capital assets, net<br>of related debt | 1,283,023                  | 19,500,270                  | 20,783,293           | 21,352,390           |
| Restricted   | 10,947                     | 148,479                     | 159,426              | 304,681              |
| Unrestricted                                       | 436,251                    | 612,305                     | 1,048,556            | 599,688              |
| Total net position                                 | <u>\$ 1,730,221</u>        | <u>\$ 20,261,054</u>        | <u>\$ 21,991,275</u> | <u>\$ 22,256,759</u> |

95% of the Town's net position reflects its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding 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. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of \$159,426 consists of funds held in an account that have been set aside for public safety and servicing outstanding debts. The remaining balance of unrestricted net position of \$1,048,556 may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's net position decreased by \$265,484 or 1% over the year.

The following schedule provides a summary of the changes in net position. A condensed version of the Statement of Activities follows:

### Change in Net Position

For the Fiscal Years Ended September 30, 2023 and 2022

|  | Governmental<br>Activities | Business-type<br>Activities | Total Government |                  |
|--|----------------------------|-----------------------------|------------------|------------------|
|  |                            |                             | 2023             | 2022             |
| <b>Revenues</b>                          |                            |                             |                  |                  |
| Program revenues                         |                            |                             |                  |                  |
| Charges for services                     | \$ 17,050                  | \$ 548,123                  | \$ 565,173       | \$ 551,552       |
| Operating grants and contributions       | 222,475                    | 25,333                      | 247,808          | 140,375          |
| Capital grants and contributions         | 139,200                    | -                           | 139,200          | 407,705          |
| Investment and other income              | 8,603                      | 37,903                      | 46,506           | 33,863           |
| General revenues                         |                            |                             |                  |                  |
| Taxes, licenses, and permits             | 389,304                    | -                           | 389,304          | 357,104          |
| Intergovernmental and other              | 177,422                    | -                           | 177,422          | 230,220          |
| <b>Total revenues</b>                    | <b>954,054</b>             | <b>611,359</b>              | <b>1,565,413</b> | <b>1,720,819</b> |
| <b>Expenses</b>                          |                            |                             |                  |                  |
| General government                       | 360,865                    | -                           | 360,865          | 329,356          |
| Public safety                            | 75,613                     | -                           | 75,613           | 67,928           |
| Public works                             | 151,127                    | -                           | 151,127          | 508,243          |
| Culture/recreation                       | 217,951                    | -                           | 217,951          | 156,011          |
| Water, sewer, and garbage                | -                          | 1,025,341                   | 1,025,341        | 1,182,362        |
| <b>Total expenses</b>                    | <b>805,556</b>             | <b>1,025,341</b>            | <b>1,830,897</b> | <b>2,243,900</b> |
| Excess of revenues over (under) expenses | 148,498                    | (413,982)                   | (265,484)        | (523,081)        |
| Transfers                                | (75,000)                   | 75,000                      | -                | -                |
| Beginning net position                   | 1,656,723                  | 20,600,036                  | 22,256,759       | 22,779,840       |
| Ending net position                      | 1,730,221                  | 20,261,054                  | 21,991,275       | 22,256,759       |

**Governmental activities:**

Taxes, licenses, and permits made up 41% of the revenues for Governmental Activities, while grants and contributions also provided 38%. Most of the Governmental Activities resources were spent for General Government (45%) and Culture/Recreation (27%).

Business-type activities decreased the Town's net position by \$338,982. Key elements of this decrease are as follows:

- Operating revenues were exceeded by operating expenses by \$439,315, which included \$539,587 in depreciation.
- The net of non-operating revenues and expenses totaled \$34,436 and capital grants were \$25,333.

## Budgetary Highlights

The Town's general fund operations resulted in an overall unfavorable outcome of \$110,677 when compared to its budget during the current year. The primary driver behind this was that certain revenues that would have been earned in the current year based on grant expenditures were not available as of the end of the year. These earned amounts were recognized as deferred inflows of resources instead of revenues which substantially changed the net income and resulted in the unfavorable outcome.

## Capital Assets and Debt Administration

### Capital Assets

At September 30, 2023, the Town had \$22,267,029 invested in capital assets, including fire equipment, park and recreation facilities, buildings, and water and sewer facilities, or 3% less than 2022. The decrease was primarily attributable to depreciation expense.

### Capital Assets at September 30, 2023 and 2022

|  | Governmental Activities |              | Business-type Activities |               | Total         |               |
|--|-------------------------|--------------|--------------------------|---------------|---------------|---------------|
|  | 2023                    | 2022         | 2023                     | 2022          | 2023          | 2022          |
| Land   | \$ 242,802              | \$ 242,802   | \$ 2,968,528             | \$ 2,968,528  | \$ 3,211,330  | \$ 3,211,330  |
| Construction in progress                     | -                       | -            | 25,363                   | 25,363        | 25,363        | 25,363        |
| Buildings and improvements                   | 2,039,321               | 1,984,529    | 47,686                   | 47,686        | 2,087,007     | 2,032,215     |
| Equipment, furniture, fixtures, and vehicles | 1,528,455               | 1,464,145    | 24,761,176               | 24,761,176    | 26,289,631    | 26,225,321    |
| Infrastructure                               | 88,842                  | 88,842       | -                        | -             | 88,842        | 88,842        |
| Subtotal                                     | 3,899,420               | 3,780,318    | 27,802,753               | 27,802,753    | 31,702,173    | 31,583,071    |
| Accumulated depreciation                     | (2,403,147)             | (2,249,163)  | (7,031,997)              | (6,492,410)   | (9,435,144)   | (8,741,573)   |
| Capital assets, net                          | \$ 1,496,273            | \$ 1,531,155 | \$ 20,770,756            | \$ 21,310,343 | \$ 22,267,029 | \$ 22,841,498 |

### Long-term Debt

At the end of the current fiscal year, the Town had capital improvement debt outstanding of \$1,483,736.

### Long-term Debt at September 30, 2023 and 2022

|                                 | Governmental<br>Activities | Business-type<br>Activities | Total        |
|---------------------------------|----------------------------|-----------------------------|--------------|
| Revolving fund loan             | \$ -                       | \$ 1,001,486                | \$ 1,001,486 |
| Water revenue bond              | -                          | 269,000                     | 269,000      |
| Public improvement revenue bond | 213,250                    | -                           | 213,250      |
| Total                           | \$ 213,250                 | \$ 1,270,486                | \$ 1,483,736 |

## **OTHER FINANCIAL INFORMATION**

### **Economic Factors and Rates**

- The current estimated unemployment rate for the Town was **1.1%**.
- The estimated population for the Town in 2023 was **912**.

### **Financial Contact**

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 questions about the report or need additional financial information, please contact the Town Manager at 2086 Porter Ave, Grand Ridge, Florida 32442.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF GRAND RIDGE, FLORIDA**  
**STATEMENT OF NET POSITION**  
September 30, 2023

|  | Governmental<br>Activities | Business-type<br>Activities | Total                |
|--|----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>                          |                            |                             |                      |
| Cash and cash equivalents              | \$ 88,825                  | \$ 44,458                   | \$ 133,283           |
| Investments                            | 455,698                    | 372,887                     | 828,585              |
| Receivables                            | 12,329                     | 47,378                      | 59,707               |
| Due from other governmental units      | 427,967                    | 322,015                     | 749,982              |
| Internal balances                      | 44,779                     | (44,779)                    | -                    |
| Prepaid expenses                       | 27,625                     | 15,058                      | 42,683               |
| Restricted assets:                     |                            |                             |                      |
| Cash and cash equivalents              | 10,947                     | 45,319                      | 56,266               |
| Investments                            | -                          | 103,160                     | 103,160              |
| Capital assets, not being depreciated  | 242,802                    | 2,993,891                   | 3,236,693            |
| Capital assets, being depreciated, net | 1,253,471                  | 17,776,865                  | 19,030,336           |
| <b>Total Assets</b>                    | <b>\$ 2,564,443</b>        | <b>\$ 21,676,252</b>        | <b>\$ 24,240,695</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                            |                             |                      |
| Deferred outflows related to pensions  | \$ 32,448                  | \$ 26,699                   | \$ 59,147            |
| <b>LIABILITIES</b>                     |                            |                             |                      |
| Accounts payable and accrued expenses  | 6,539                      | 1,855                       | 8,394                |
| Deferred revenue                       | 436,744                    | -                           | 436,744              |
| Accrued interest                       | -                          | 6,611                       | 6,611                |
| Noncurrent liabilities:                |                            |                             |                      |
| Due within one year                    | 16,458                     | 101,584                     | 118,042              |
| Due in more than one year              | 210,785                    | 1,170,457                   | 1,381,241            |
| Net pension liability                  | 142,123                    | 116,941                     | 259,064              |
| <b>Total liabilities</b>               | <b>\$ 812,649</b>          | <b>\$ 1,397,447</b>         | <b>\$ 2,210,096</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                            |                             |                      |
| Deferred outflows related to pensions  | \$ 54,021                  | \$ 44,450                   | \$ 98,471            |
| <b>NET POSITION</b>                    |                            |                             |                      |
| Net investment in capital assets       | 1,283,023                  | 19,500,270                  | 20,783,293           |
| Restricted for debt service            | 10,947                     | 148,479                     | 159,426              |
| Unrestricted                           | \$ 436,251                 | \$ 612,305                  | \$ 1,048,556         |
| <b>Total net position</b>              | <b>\$ 1,730,221</b>        | <b>\$ 20,261,054</b>        | <b>\$ 21,991,275</b> |

See notes to financial statements.



**TOWN OF GRAND RIDGE, FLORIDA**  
**GOVERNMENTAL FUND**  
**BALANCE SHEET**  
September 30, 2023

|  | <u>General Fund</u> |
|--|---------------------|
| <b>ASSETS</b>  |                     |
| Cash and cash equivalents  | \$ 88,825           |
| Investments  | 455,698             |
| Accounts receivable  | 12,329              |
| Prepaid expenses   | 27,625              |
| Deposits   | -                   |
| Restricted asset:  |                     |
| Cash and cash equivalents  | 10,947              |
| Due from other governments   | 427,967             |
| Due from other fund  | 44,779              |
| <b>Total assets</b>  | <b>\$ 1,068,170</b> |
| <br><b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>   |                     |
| Liabilities:   |                     |
| Accounts payable   | \$ 6,539            |
| Deferred revenues  | 436,744             |
| <b>Total liabilities</b>   | <b>443,283</b>      |
| Deferred inflows of resources:   |                     |
| Unavailable revenue  | 214,975             |
| Fund Balance:  |                     |
| Nonspendable   |                     |
| Prepaid items  | 27,625              |
| Restricted   |                     |
| Debt service   | 10,947              |
| Unassigned   | 371,340             |
| <b>Total fund balance</b>  | <b>409,912</b>      |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 1,068,170</b> |

See notes to financial statements.

**TOWN OF GRAND RIDGE, FLORIDA**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2023**

**Fund balances - total governmental funds** \$ 409,912

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

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

|                                   |             |           |
|-----------------------------------|-------------|-----------|
| Total governmental capital assets | 3,899,420   |           |
| Less: accumulated depreciation    | (2,403,147) |           |
|                                   |             | 1,496,273 |

On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the Town's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

|                                       |           |           |
|---------------------------------------|-----------|-----------|
| Net pension liability                 | (142,123) |           |
| Deferred outflows related to pensions | 32,448    |           |
| Deferred inflows related to pensions  | (54,021)  |           |
|                                       |           | (163,696) |

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.

(213,250)

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:

|                      |  |          |
|----------------------|--|----------|
| Compensated absences |  | (13,993) |
|----------------------|--|----------|

Revenues not received within the period of "availability" are considered deferred inflows of resources at the fund level but are recognized in the statement of activities.

214,975

|  |  |                     |
|--|--|---------------------|
| <b>Change in net position of governmental activities</b> |  | <b>\$ 1,730,221</b> |
|--|--|---------------------|

**TOWN OF GRAND RIDGE, FLORIDA**  
**GOVERNMENTAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Fiscal Year Ended September 30, 2023**

|   | <b>General Fund</b> |
|---|---------------------|
| <b>REVENUES</b>                             |                     |
| Taxes, licenses, and permits                | \$ 389,304          |
| Intergovernmental                           | 156,567             |
| Grants                                      | 146,700             |
| Other                                       | 46,508              |
| <b>Total revenues</b>                       | <b>739,079</b>      |
| <b>EXPENDITURES</b>                         |                     |
| General government                          | 323,292             |
| Public safety                               | 43,869              |
| Public works                                | 98,703              |
| Culture/recreation                          | 171,617             |
| Capital outlay                              | 119,102             |
| Debt Service                                |                     |
| Principal                                   | 12,650              |
| Interest                                    | 5,523               |
| <b>Total expenditures</b>                   | <b>774,756</b>      |
| <b>Excess of revenues over expenditures</b> | <b>(35,677)</b>     |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                     |
| Interfund transfers                         | (75,000)            |
| <b>Total other financing sources (uses)</b> | <b>(75,000)</b>     |
| <b>Net change in fund balance</b>           | <b>(110,677)</b>    |
| <b>Fund balance at beginning of year</b>    | <b>520,589</b>      |
| <b>Fund balance at end of year</b>          | <b>\$ 409,912</b>   |

See notes to financial statements.

**TOWN OF GRAND RIDGE, FLORIDA**  
**RECONCILIATION OF THE GOVERNMENTAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended September 30, 2023**

Net change in fund balance - total governmental funds \$ (110,677)

Differences in amounts reported for governmental activities in the statement of activities are:

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

|                             |           |          |
|-----------------------------|-----------|----------|
| Capital outlay expenditures | 119,102   |          |
| Depreciation expense        | (153,984) |          |
|                             |           | (34,882) |

Governmental funds report contributions to defined benefit pension plans as expenditures

However, in the statement of activities, the amount contributed to defined benefit pension plan reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized in accordance with GASB Statement No. 68.

|  |  |         |
|--|--|---------|
| Change in net pension liability and deferred inflows/outflows related to pensions. |  | (5,534) |
|--|--|---------|

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:

|  |  |         |
|--|--|---------|
| Change in compensated absences liability |  | (3,034) |
|--|--|---------|

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related activities.

12,650

Revenues not received within the period of "availability" are deferred at the fund level and recognized in the statement of activities

|   |  |         |
|---|--|---------|
| Change caused by the "availability" criterion |  | 214,975 |
|---|--|---------|

|   |  |           |
|---|--|-----------|
| Change in net position of governmental activities |  | \$ 73,498 |
|---|--|-----------|

**TOWN OF GRAND RIDGE, FLORIDA  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 September 30, 2023**

|  | Enterprise Fund |
|--|-----------------|
| <b>ASSETS</b>                            |                 |
| Current assets:                          |                 |
| Cash and cash equivalents                | \$ 44,458       |
| Investments                              | 372,887         |
| Accounts receivable, net                 | 47,378          |
| Due from other governments               | 322,015         |
| Prepays                                  | 15,058          |
| Restricted assets:                       |                 |
| Cash and cash equivalents                | 45,319          |
| Investments                              | 103,160         |
| Total current assets                     | 950,275         |
| Noncurrent assets                        |                 |
| Capital assets                           |                 |
| Land                                     | 2,968,528       |
| Construction in progress                 | 25,363          |
| Buildings                                | 47,686          |
| Equipment                                | 328,462         |
| Infrastructure                           | 24,432,714      |
| Accumulated depreciation                 | (7,031,997)     |
| Total capital asset, net                 | 20,770,756      |
| Total noncurrent assets                  | 20,770,756      |
| Total assets                             | \$ 21,721,031   |
| <b>DEFERRED OUTFLOWS</b>                 |                 |
| Deferred outflows related to pensions    | \$ 26,699       |
| <b>LIABILITIES AND NET POSITION</b>      |                 |
| Liabilities                              |                 |
| Current liabilities:                     |                 |
| Accounts payable and accrued expenses    | \$ 1,855        |
| Accrued interest                         | 6,611           |
| Compensated absences, current portion    | 389             |
| Due to other funds                       | 44,779          |
| Notes payable, current portion           | 101,195         |
| Total current liabilities                | 154,829         |
| Net pension liability                    | 116,941         |
| Compensated absences, noncurrent portion | 1,165           |
| Notes payable, noncurrent portion        | 1,169,291       |
| Total noncurrent liabilities             | 1,287,397       |
| Total liabilities                        | \$ 1,442,226    |
| <b>DEFERRED INFLOWS</b>                  |                 |
| Deferred inflows related to pensions     | \$ 44,450       |
| Net position                             |                 |
| Invested in capital assets               | \$ 19,500,270   |
| Restricted for debt service              | 148,479         |
| Unrestricted                             | 612,305         |
| Total net position                       | \$ 20,261,054   |

See notes to the financial statements.

**TOWN OF GRAND RIDGE, FLORIDA**  
**PROPRIETARY FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the Fiscal Year Ended September 30, 2023

|   | <u>Enterprise Fund</u> |
|---|------------------------|
| <b>OPERATING REVENUES</b>                               |                        |
| Charges for services                                    | \$ 548,123             |
| <b>OPERATING EXPENSES</b>                               |                        |
| Personnel services                                      | 85,746                 |
| Professional and contractual services                   | 245,307                |
| Materials, supplies, and other                          | 151,234                |
| Depreciation  | 539,587                |
| Total operating expenses                                | 1,021,874              |
| Operating loss  | (473,751)              |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                 |                        |
| Investment income and other                             | 37,903                 |
| Interest expense  | (3,467)                |
|   | 34,436                 |
| <b>Income (loss) before contributions and transfers</b> | (439,315)              |
| Capital grants  | 25,333                 |
| Transfers   | 75,000                 |
| Net position at beginning of year                       | 20,600,036             |
| Net position at end of year                             | \$ 20,261,054          |

See notes to the financial statements.

**TOWN OF GRAND RIDGE, FLORIDA**  
**PROPRIETARY FUND**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended September 30, 2023

|   | <b>Enterprise Fund</b> |
|---|------------------------|
| <b>Cash flows from operating activities</b>   |                        |
| Cash received from customers and others   | \$ 567,228             |
| Cash paid to employees  | (80,716)               |
| Cash paid to suppliers  | (417,977)              |
| <b>Net cash provided by operating activities</b>  | <b>68,535</b>          |
| <b>Cash flows from noncapital financing activities</b>  |                        |
| Transfers from other funds  | 75,000                 |
| <b>Net cash provided by noncapital financing activities</b>   | <b>75,000</b>          |
| <b>Cash flows from capital and related financing activities</b>   |                        |
| Principal paid on capital debt  | (218,622)              |
| Interest paid on capital debt   | (2,331)                |
| Capital grant proceeds  | 20,641                 |
| <b>Net cash used in capital and related financing activities</b>  | <b>(200,312)</b>       |
| <b>Cash flows from investing activities</b>   |                        |
| Net purchases of investments  | (108,841)              |
| Investment returns and nonoperating revenues  | 37,903                 |
| <b>Net cash used for investing activities</b>   | <b>(70,938)</b>        |
| <b>Net decrease in cash and cash equivalents</b>  | (127,715)              |
| <b>Cash and cash equivalents, beginning of year (including \$83,541 reported in restricted cash and cash equivalents)</b> | <b>217,492</b>         |
| <b>Cash and cash equivalents, end of year (including \$45,319 reported in restricted cash and cash equivalents)</b>       | <b>\$ 89,777</b>       |
| <b>Reconciliation of operating loss to net cash provided by operating activities</b>                                      |                        |
| Operating loss  | \$ (473,751)           |
| Adjustments to reconcile net operating loss to net cash provided by operating activities:                                 |                        |
| Depreciation  | 539,587                |
| Changes in assets and liabilities   |                        |
| Decrease in accounts receivable   | 19,105                 |
| Increase in prepaids  | (15,058)               |
| Decrease in deferred outflows of resources  | 13,184                 |
| Decrease in accounts payable  | (6,378)                |
| Increase in deferred inflows of resources   | 29,019                 |
| Increase in compensated absences  | 457                    |
| Decrease in net pension liability   | (37,630)               |
| Total adjustments   | <b>542,286</b>         |
| <b>Net cash provided by operating activities</b>  | <b>\$ 68,535</b>       |

See notes to the financial statements.

**TOWN OF GRAND RIDGE, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity** – The Town of Grand Ridge, Florida (the Town) is a municipal corporation formed under Chapter 27576, Laws of Florida, Act of 1951, and is governed by an appointed mayor and a four-member council. The accompanying financial statements present the government only because there are no component units for which the government is considered to be financially accountable.

**B. Government-wide and Fund Financial Statements** – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**C. Basis of Presentation: Government-wide Financial Statements** – While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise fund. Separate financial statements are provided for the governmental fund and proprietary fund. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Town's water, wastewater and garbage functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Basis of Presentation: Fund Financial Statements** – The fund financial statements provide information about the Town's funds. Separate statements for each fund category- governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental fund:

**General Fund** - The general fund is the government'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 Town reports the following major proprietary fund:

**Enterprise Fund** - The water, sewer and garbage fund accounts for the activities of the government's water distribution operations, sewer collection operations, and garbage pick-up services.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**E. Measurement Focus and Basis of Accounting** – The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**F. Budgetary Basis of Accounting** – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The appropriated budget is prepared by fund, function, and department. The Town's management may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

**G. Deposits and Investments** – The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Any change in the value of investments recorded at fair value is included in investment earnings. Fair value is based on quoted market prices.

State statutes authorize the Town to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, SEC registered money market funds with the highest credit quality rating and savings and CD accounts in state-certified public depositories.

**H. Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**I. Restricted Assets** – Certain proceeds from Florida legislative appropriations to the Town have been set aside for State Revolving Fund long-term debt repayment and are classified as restricted assets on the Statement of Net Position because they are maintained in separate investment accounts and their use is limited by applicable third-party restrictions.

**J. Capital Assets** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of one year. Roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. For inventory purposes, capital assets are assets with an individual cost of \$500 or more. Such 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.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives:

| Assets                       | Years |
|------------------------------|-------|
| Buildings                    | 20-39 |
| Public domain infrastructure | 30-50 |
| System infrastructure        | 7-50  |
| Vehicles                     | 5     |
| Office equipment             | 5     |
| Computer equipment           | 5     |

**K. Compensated Absences** – It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay and sick pay may be paid to employees up to a maximum amount. Vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**L. Long-term Obligations** – In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**M. Net Position Flow Assumption** – Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**N. Fund Balance Flow Assumption** – Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**O. Fund Balance Policies** – The fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**P. Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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

**R. Pensions** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and additions to/deductions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS .For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**S. Program Revenues** – Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**T. Proprietary Funds Operating and Nonoperating Revenues and Expenses** – Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Town's proprietary funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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 nonoperating revenues and expenses.

**U. New Accounting Pronouncements – GASB** – GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement defines an SBITA; establishes that an SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of an SBITA; and requires not disclosures regarding an SBITA

The Town’s implementation of the Statement in the year ending September 30, 2023, did not have a material impact on its Net Position.

**NOTE 2. DEPOSITS AND INVESTMENTS**

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a policy for custodial credit risk. As of September 30, 2023, the Town’s carrying amount of deposits was \$189,549 and the bank balance was \$262,978. The bank balance was covered by Federal depository insurance, or by collateral held by the Town’s custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral.

**NOTE 3. INVESTMENTS – MONEY MARKET**

At year end, investments of the Town consisted of the following:

|                          | <u>Fair Value</u> |
|--------------------------|-------------------|
| Money Market Mutual Fund | <u>\$ 103,160</u> |

**Custodial Credit Risk:** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. All Town securities were held in the Town’s name, therefore, no investments at year end were subject to custodial credit risk.

**Credit Risk:** Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. At year end, the Town’s investment in U.S. Government & Agency Securities include Federal Home Loan Bank, which was rated AAA by Moody’s Investor Services.

**Interest Rate Risk:** In accordance with investment policy, the Town manages its exposure to declines in fair values by structuring the investment portfolio so that securities meet ongoing debt service requirements.

#### NOTE 4. INVESTMENTS – PRIME

Investments in the Local Government Surplus Funds Trust (“PRIME Fund”) are held with the Florida State Board of Administration. This fund is structured as a “2a-7 like” fund, which is carried at amortized cost. Amortized cost includes accrued income and is a method of calculating an investment’s value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity. Thus, the balance in the fund is its fair value. A “2a-7 like” fund is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds.

The foremost objective of the Town’s investment policy is the safety of capital and liquidity of funds. Achieving an optimal rate of return is of secondary importance as compared to the safety and liquidity of funds. The Town’s investment policy limits investments to those relatively low risk securities authorized in anticipation of earning a fair return relative to the risk being assumed. How the Town manages credit risk, interest rate risk, and custodial credit risk is as follows:

Credit Risk: The Town minimizes credit risk, the risk of loss due to failure of the security, by limiting investments to authorized investments. The PRIME Fund is rated by Standards and Poor’s. The current rating is AAAM.

Interest Rate Risk: The Town manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities, Florida State Board of Administration Florida PRIME. The weighted average days to maturity of the Florida PRIME at September 30, 2023 was 36 days. Next interest rate reset dates for floating rate securities are used in the calculation of the weighted average days to maturity.

Custodial Credit Risk: Investments are subject to custodial credit risk if the securities are uninsured, not registered in the Town’s name, and are held by the party that either sells to or buys for the Town. No investments held at year end were subject to custodial credit risk. The Florida State Board of Administration Florida PRIME does not participate in securities lending, but the Town owns shares of the Florida PRIME and not the underlying investments.

As of September 30, 2023, the Town had the following investments reported at fair market values:

|               | Fair Value               |
|---------------|--------------------------|
| Florida PRIME | <u><u>\$ 828,585</u></u> |

## NOTE 5. CAPITAL ASSETS

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

|   | Beginning<br>Balance | Additions           | Transfer/<br>Deletions | Ending<br>Balance    |
|---|----------------------|---------------------|------------------------|----------------------|
| <b>Governmental activities:</b>                 |                      |                     |                        |                      |
| Non-depreciable capital assets:                 |                      |                     |                        |                      |
| Land  | \$ 242,802           | \$ -                | \$ -                   | \$ 242,802           |
| Total non-depreciable capital assets            | <u>242,802</u>       | <u>-</u>            | <u>-</u>               | <u>242,802</u>       |
| Depreciable capital assets:                     |                      |                     |                        |                      |
| Buildings and improvements                      | 217,866              | -                   | -                      | 217,866              |
| Equipment, furniture, fixtures, and vehicles    | 1,464,145            | 64,310              | -                      | 1,528,455            |
| Infrastructure                                  | 88,842               | -                   | -                      | 88,842               |
| Improvements other than buildings               | 1,766,663            | 54,792              | -                      | 1,821,455            |
| Total depreciable capital assets                | <u>3,537,516</u>     | <u>119,102</u>      | <u>-</u>               | <u>3,656,618</u>     |
| Accumulated depreciation:                       |                      |                     |                        |                      |
| Buildings and improvements                      | (122,079)            | (7,439)             | -                      | (129,518)            |
| Equipment, furniture, fixtures, and vehicles    | (814,882)            | (73,504)            | -                      | (888,386)            |
| Infrastructure                                  | (65,047)             | (4,442)             | -                      | (69,489)             |
| Improvements other than buildings               | (1,247,155)          | (68,599)            | -                      | (1,315,754)          |
| Total accumulated depreciation                  | <u>(2,249,163)</u>   | <u>(153,984)</u>    | <u>-</u>               | <u>(2,403,147)</u>   |
| Total depreciable capital assets, net           | <u>1,288,353</u>     | <u>(34,882)</u>     | <u>-</u>               | <u>1,253,471</u>     |
| Governmental activities<br>capital assets, net  | <u>\$ 1,531,155</u>  | <u>\$ (34,882)</u>  | <u>\$ -</u>            | <u>\$ 1,496,273</u>  |
| <b>Business-type activities:</b>                |                      |                     |                        |                      |
| Non-depreciable capital assets:                 |                      |                     |                        |                      |
| Land  | \$ 2,968,528         | \$ -                | \$ -                   | \$ 2,968,528         |
| Construction in progress                        | 25,363               | -                   | -                      | 25,363               |
| Total non-depreciable capital assets            | <u>2,993,891</u>     | <u>-</u>            | <u>-</u>               | <u>2,993,891</u>     |
| Depreciable capital assets:                     |                      |                     |                        |                      |
| Buildings                                       | 47,686               | -                   | -                      | 47,686               |
| Equipment, utility systems, and improvements    | 24,761,176           | -                   | -                      | 24,761,176           |
| Total depreciable capital assets                | <u>24,808,862</u>    | <u>-</u>            | <u>-</u>               | <u>24,808,862</u>    |
| Less accumulated depreciation                   | (6,492,410)          | (539,587)           | -                      | (7,031,997)          |
| Total depreciable capital assets, net           | <u>18,316,452</u>    | <u>(539,587)</u>    | <u>-</u>               | <u>17,776,865</u>    |
| Business-type activities<br>capital assets, net | <u>\$ 21,310,343</u> | <u>\$ (539,587)</u> | <u>\$ -</u>            | <u>\$ 20,770,756</u> |

Depreciation expense was charged to functions/programs of the Town as follows:

|  |                   |
|--|-------------------|
| Governmental activities:                             |                   |
| General government                                   | \$ 23,482         |
| Public safety  | 31,744            |
| Public works   | 52,424            |
| Culture/recreation                                   | 46,334            |
| Total depreciation expense - governmental activities | <u>\$ 153,984</u> |
| Business-type activities:                            |                   |
| Water, sewer, and garbage                            | <u>\$ 539,587</u> |

**NOTE 6. RECIEVABLES**

Receivables as of the end of the year, including applicable allowances for uncollectible accounts are as follows:

|                                   | General           | Water, Sewer,<br>and Garbage | Total             |
|-----------------------------------|-------------------|------------------------------|-------------------|
| Accounts                          | \$ 12,329         | \$ 47,378                    | \$ 59,707         |
| Intergovernmental                 | 427,967           | 322,015                      | 749,982           |
| Gross receivables                 | <u>440,296</u>    | <u>369,393</u>               | <u>809,689</u>    |
| Less: allowance for uncollectable | -                 | -                            | -                 |
| Net total receivables             | <u>\$ 440,296</u> | <u>\$ 369,393</u>            | <u>\$ 809,689</u> |

**NOTE 7 LONG-TERM DEBT**

State Revolving Fund Loans:

The Town originally entered into an agreement to borrow \$10,270,122 under revolving fund loan agreement with the State of Florida Department of Environmental Protection for the planning, design and construction of a sewer collection and transmission system. During 2019, the remaining balance was refinanced under new borrowing agreement WW892021. The refinanced revolving fund loan is payable in semi-annual installments of \$117,678 including principal and interest at a rate of approximately 1% until the full amount has been paid off. Payments commenced on July 15, 2019 and as of September 30, 2023, the Town had an outstanding balance on the loan of \$991,125. The Town pledged gross revenues derived from the operation and maintenance of the constructed assets to pay debt service.

The Town also borrowed \$25,000 under revolving fund loan agreement with the State of Florida Department of Environmental Protection for the planning, design and construction of a sewer collection and transmission system, under new borrowing agreement WW320410. The revolving fund loan is set to be fully paid off on January 15, 2037 with semi-annual payment that include total principal and a .55% interest rate. As of September 30, 2023, the Town had an outstanding balance on the loan of \$10,361. The Town pledged gross revenues derived from the operation and maintenance of the constructed assets to pay debt service.

Estimated annual debt service requirements to maturity for the revolving fund loans is as follows:

| Year      | Interest         | Principal           | Total               |
|-----------|------------------|---------------------|---------------------|
| 2024      | \$ 12,959        | \$ 223,124          | \$ 236,083          |
| 2025      | 9,877            | 226,206             | 236,083             |
| 2026      | 6,752            | 229,331             | 236,083             |
| 2027      | 3,585            | 232,498             | 236,083             |
| 2028      | 611              | 83,360              | 83,971              |
| 2029-2033 | 149              | 3,487               | 3,636               |
| 2034-2037 | 46               | 3,480               | 3,526               |
|           | <u>\$ 33,979</u> | <u>\$ 1,001,486</u> | <u>\$ 1,035,465</u> |

**Water Revenue Bonds:**

The Town issued water revenue bonds to finance the acquisition, construction, and equipping of improvements to the Town's water system, bonds have been issued for governmental activities. The original amount of water revenue bonds issued was \$279,000. Bonds shall bear interest from March 24, 2017, payable on each March 24 commencing March 24, 2018 at an interest rate of 2.75%. The principal amounts shall be payable through March of 2057, following the schedule below.

These bonds are collateralized by the Town's net sales from water sales from the system being improved upon. Water revenue bonds currently outstanding are as follows:

| <u>Purpose</u>        | <u>Interest Rate</u> |
|-----------------------|----------------------|
| Water Fund Activities | 2.75%                |

Annual debt service requirements to maturity for capital improvement bonds are as follows:

| <u>Year</u> | <u>Interest</u>   | <u>Principal</u>  | <u>Total</u>      |
|-------------|-------------------|-------------------|-------------------|
| 2024        | \$ 7,398          | \$ 2,000          | \$ 9,398          |
| 2025        | 7,343             | 2,000             | 9,343             |
| 2026        | 7,260             | 3,000             | 10,260            |
| 2027        | 7,118             | 3,000             | 10,118            |
| 2028        | 7,095             | 3,000             | 10,095            |
| 2029-2033   | 33,743            | 22,000            | 55,743            |
| 2034-2038   | 30,085            | 30,000            | 60,085            |
| 2039-2043   | 25,273            | 38,000            | 63,273            |
| 2044-2048   | 19,195            | 49,000            | 68,195            |
| 2049-2053   | 11,468            | 61,000            | 72,468            |
| 2054-2057   | 2,448             | 56,000            | 58,448            |
|             | <u>\$ 158,426</u> | <u>\$ 269,000</u> | <u>\$ 427,426</u> |

**Public Improvement Revenue Bonds:**

The Town issued USDA firetruck bonds R-1 and R-2 to finance the acquisition and equipping of a firetruck, in and for the Town, under the authority of and in full compliance with the Constitution and laws of the State of Florida. The original amount of USDA public improvement revenue bonds issued was \$176,200 for R-1 and \$49,700 for R-2. Bonds shall bear interest beginning May 2023, payable annual at an interest rate of 2.50% and 2.25%, respectively. The principal amounts shall be payable from May 2023 through May 2037, following the schedule below.

These bonds are collateralized by the Town's gross revenues derived from the Interlocal Agreement (Fire Protection), dated November 12, 2019, between Jackson County and the Town. USDA firetruck bonds currently outstanding are as follows:

| <u>Purpose</u> | <u>Interest Rate</u> | <u>Amount</u>     |
|----------------|----------------------|-------------------|
| Fire Truck     | 2.50%                | \$ 166,373        |
| Fire Truck     | 2.25%                | 46,877            |
|                |                      | <u>\$ 213,250</u> |

Annual debt service requirements to maturity for USDA public improvement revenue bonds are as follows:

| Year      | Interest         | Principal         | Total             |
|-----------|------------------|-------------------|-------------------|
| 2024      | \$ 5,214         | \$ 12,960         | \$ 18,174         |
| 2025      | 4,897            | 13,277            | 18,174            |
| 2026      | 4,573            | 13,601            | 18,174            |
| 2027      | 4,240            | 13,934            | 18,174            |
| 2028      | 3,900            | 14,274            | 18,174            |
| 2029-2033 | 14,090           | 76,780            | 90,870            |
| 2034-2037 | 4,272            | 68,424            | 72,696            |
|           | <u>\$ 41,186</u> | <u>\$ 213,250</u> | <u>\$ 254,436</u> |

#### Changes in Long-term Liabilities:

Long-term liability activity for the year ended September 30, 2023 was as follows:

|                                  | Beginning<br>Balance | Increases       | Decreases         | Ending<br>Balance   | Due Within<br>One Year |
|----------------------------------|----------------------|-----------------|-------------------|---------------------|------------------------|
| <b>Governmental Activities</b>   |                      |                 |                   |                     |                        |
| Compensated absences             | \$ 10,959            | \$ 3,034        | \$ -              | \$ 13,993           | \$ 3,498               |
| Public improvement revenue bonds | 225,900              | -               | 12,650            | 213,250             | 12,960                 |
| Total governmental activities    | <u>\$ 236,859</u>    | <u>\$ 3,034</u> | <u>\$ 12,650</u>  | <u>\$ 227,243</u>   | <u>\$ 16,458</u>       |
| <b>Business-type Activities</b>  |                      |                 |                   |                     |                        |
| Compensated absences             | \$ 1,097             | \$ 457          | \$ -              | \$ 1,554            | \$ 389                 |
| Revolving fund loans             | 1,218,108            | -               | 216,622           | 1,001,486           | 99,195                 |
| Water revenue bonds              | 271,000              | -               | 2,000             | 269,000             | 2,000                  |
| Total business-type activities   | <u>\$ 1,490,205</u>  | <u>\$ 457</u>   | <u>\$ 218,622</u> | <u>\$ 1,272,040</u> | <u>\$ 101,584</u>      |

The total interest incurred for the year ended September 30, 2023 was \$8,990, which was charged to expense. For governmental activities, compensated absences are liquidated by the general fund.

#### NOTE 8 CONTINGENT LIABILITIES

**Grant Programs** – Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects amount, if any, to be immaterial

**Litigation** – The Town is party to routine legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such actions will have no material impact on the Town’s financial condition.

## **NOTE 9. EMPLOYEE RETIREMENT PLANS**

### **A. Florida Retirement System**

The Town participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Town's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45, and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

### **Benefits Provided and Employees Covered**

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

### Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Annual Comprehensive Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site ([www.myfloridacfo.com](http://www.myfloridacfo.com)). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services – Division of Retirement, Research, and Education Services at P.O. Box 9000, Tallahassee, FL, 32315-9000.

### Contributions

The Town participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2023, as follows (contributions rates are in agreement with actuarially determined rates):

| FRS Membership Plan and Class  | Through<br>June 30, 2023 | After<br>June 30, 2023 |
|--------------------------------|--------------------------|------------------------|
| Regular Class                  | 11.91%                   | 13.57%                 |
| Special Administrative Support | 38.65%                   | 32.67%                 |
| Special Risk                   | 27.83%                   | 39.82%                 |
| Senior Management Services     | 31.57%                   | 44.89%                 |
| Elected Officials              | 43.77%                   | 34.52%                 |
| DROP Participants              | 18.60%                   | 21.13%                 |

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll through June 30, 2023 and 2.00% thereafter, which are included in the rates above.

For the plan year ended June 30, 2023, actual contributions for employees participating in FRS and HIS were as follows:

|                          |           |
|--------------------------|-----------|
| Town Contributions - FRS | \$ 28,579 |
| Town Contributions - HIS | 3,746     |
| Employee Contributions   | 6,004     |

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

At September 30, 2023, the Town reported a liability related to FRS and HIS as follows:

| Plan  | Net Pension Liability |                |
|-------|-----------------------|----------------|
|       |                       |                |
| FRS   | \$                    | 187,454        |
| HIS   |                       | 71,610         |
| Total | \$                    | <u>259,064</u> |

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The entity's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2023 and June 30, 2022, the entity's proportionate share of the FRS and HIS net pension liabilities were as follows:

| Plan | 2023         | 2022         |
|------|--------------|--------------|
| FRS  | 0.000470437% | 0.000772990% |
| HIS  | 0.000450905% | 0.000517775% |

For the year ended June 30, 2023, pension expense was recognized related to the FRS and HIS plans as follows:

|       |    |               |
|-------|----|---------------|
| FRS   | \$ | 20,256        |
| HIS   |    | 22,176        |
| Total | \$ | <u>42,432</u> |

**Deferred outflows/inflows related to pensions**

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

|   | FRS                            |                               | HIS                            |                               | Total                          |                               |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|   | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience              | \$ 17,600                      | \$ -                          | \$ 1,048                       | \$ 168                        | \$ 18,648                      | \$ 168                        |
| Changes in assumptions  | 12,220                         | -                             | 1,883                          | 6,205                         | 14,103                         | 6,205                         |
| Net difference between projected and actual investment earnings | 7,829                          | -                             | 37                             | -                             | 7,866                          | -                             |
| Change in proportionate share                                   | 8,073                          | 78,026                        | 305                            | 14,072                        | 8,378                          | 92,098                        |
| Contributions subsequent to measurement date                    | 9,040                          | -                             | 1,112                          | -                             | 10,152                         | -                             |
|   | <u>\$ 54,762</u>               | <u>\$ 78,026</u>              | <u>\$ 4,385</u>                | <u>\$ 20,445</u>              | <u>\$ 59,147</u>               | <u>\$ 98,471</u>              |

The above amounts for deferred outflows of resources for contributions related to pensions resulting from entity contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

| Year Ended | FRS                | HIS                | Total              |
|------------|--------------------|--------------------|--------------------|
| 2024       | \$ (4,403)         | \$ (3,000)         | \$ (7,403)         |
| 2025       | 1,743              | (1,820)            | (77)               |
| 2026       | (26,418)           | (3,027)            | (29,445)           |
| 2027       | (2,509)            | (5,937)            | (8,446)            |
| 2028       | (717)              | (3,145)            | (3,862)            |
| Thereafter | -                  | (243)              | (243)              |
| Total      | <u>\$ (32,304)</u> | <u>\$ (17,172)</u> | <u>\$ (49,476)</u> |

### Actuarial Assumption

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

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay- as-you-go funding structure, a municipal bond rate of 3.65% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.54%. Mortality assumptions for FRS and HIS were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

### Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2022, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward- looking capital market economic model.

| Asset Class              | Target Allocation (1) | Annual Arithmetic Return | Annual (Geometric) Return | Standard Deviation |
|--------------------------|-----------------------|--------------------------|---------------------------|--------------------|
| Cash                     | 1.00%                 | 2.90%                    | 2.90%                     | 1.10%              |
| Fixed income             | 19.80%                | 4.50%                    | 4.40%                     | 3.40%              |
| Global equities          | 54.00%                | 8.70%                    | 7.10%                     | 18.10%             |
| Real estate              | 10.30%                | 7.60%                    | 6.60%                     | 14.80%             |
| Private equity           | 11.10%                | 11.90%                   | 8.80%                     | 26.30%             |
| Strategic investments    | 3.80%                 | 6.30%                    | 6.10%                     | 7.70%              |
|                          | <u>100.00%</u>        |                          |                           |                    |
| Assumed inflation - mean |                       |                          | 2.40%                     | 1.40%              |

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

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

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

| Plan | Current Discount Rate | NPL with 1% Decrease | NPL at Current Discount Rate | NPL with 1% Increase |
|------|-----------------------|----------------------|------------------------------|----------------------|
| FRS  | 6.70%                 | \$ 320,210           | \$ 187,454                   | \$ 76,388            |
| HIS  | 3.65%                 | 81,696               | 71,610                       | 63,250               |

### NOTE 10. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance.

### NOTE 11. RECENT ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are the pronouncements with required implementation dates, as adjusted based on the impacts of GASB Statement 95, effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Town's financial statements.

- A. GASB issued Statement No. 101, Compensated Absences, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for the fiscal years beginning after December 31, 2023.

**NOTE 12. DEFERRED REVENUE - AMERICAN RESCUE PLAN ACT (ARPA)**

The Town received funding through the ARPA federal stimulus bill to aid in public health and economic recovery from COVID-19. At the end of the fiscal year, the Town had unearned revenue of \$436,744 related to ARPA funds received and not yet expended.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF GRAND RIDGE, FLORIDA  
GENERAL FUND  
BUDGETARY COMARISON SCHEDULE  
For the Fiscal Year Ended September 30, 2023**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual Amounts</u> | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|-------------------|-----------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                       |   |
| <b>Revenues</b>  |                         |                   |                       |   |
| Taxes, licenses, and permits                                     | \$ 368,000              | \$ 368,000        | \$ 389,304            | \$ 21,304   |
| Intergovernmental  | 151,752                 | 151,752           | 156,567               | 4,815   |
| Grants   | 6,453,619               | 6,353,619         | 146,700               | (6,206,919)   |
| Gain on sale of assets   | 9,000                   | 9,000             | -                     | (9,000)   |
| Other  | 24,250                  | 24,200            | 46,508                | 22,308  |
| <b>Total revenues</b>  | <u>7,006,621</u>        | <u>6,906,571</u>  | <u>739,079</u>        | <u>(6,167,492)</u>                                      |
| <b>Expenditures</b>  |                         |                   |                       |   |
| General government   | 349,278                 | 349,278           | 323,292               | 25,986  |
| Public safety  | 30,852                  | 30,852            | 43,869                | (13,017)  |
| Public works   | 180,696                 | 180,696           | 98,703                | 81,993  |
| Culture and recreation   | 117,911                 | 117,911           | 171,617               | (53,706)  |
| Capital outlay   | 6,306,044               | 6,205,994         | 119,102               | 6,086,892   |
| Debt service   |                         |                   |                       | -   |
| Principal  | 14,560                  | 14,560            | 12,650                | 1,910   |
| Interest   | 7,280                   | 7,280             | 5,523                 | 1,757   |
| <b>Total expenditures</b>  | <u>7,006,621</u>        | <u>6,906,571</u>  | <u>774,756</u>        | <u>6,131,815</u>  |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <u>-</u>                | <u>-</u>          | <u>(35,677)</u>       | <u>(35,677)</u>   |
| <b>Other financing sources (uses)</b>                            | <u>-</u>                | <u>-</u>          | <u>(75,000)</u>       | <u>(75,000)</u>   |
| Transfers in (out)   | <u>-</u>                | <u>-</u>          | <u>(75,000)</u>       | <u>(75,000)</u>   |
| <b>Total other financing sources (uses)</b>                      | <u>-</u>                | <u>-</u>          | <u>(110,677)</u>      | <u>(110,677)</u>  |
| <b>Change in net fund balance</b>                                |                         |                   | <u>(110,677)</u>      | <u>(110,677)</u>  |
| <b>Fund balances, beginning of year</b>                          | 520,589                 | 520,589           | 520,589               | -   |
| <b>Fund balances, end of year</b>                                | <u>\$ 520,589</u>       | <u>\$ 520,589</u> | <u>\$ 409,912</u>     | <u>\$ (110,677)</u>                                     |

See the following notes to budgetary comparison schedule.

**TOWN OF GRAND RIDGE, FLORIDA**  
**NOTES TO REQUIRED BUDGETARY COMPARISON SCHEDULE**  
**September 30, 2023**

**I. Budgetary Information**

The Town adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. All annual appropriations lapse at the end of the fiscal year.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, the Town Council prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means for financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Revisions that alter the total expenditures of any fund must be approved by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
6. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**TOWN OF GRAND RIDGE, FLORIDA**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS AS OF SEPTEMBER 30,**

|   | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Town's proportion of the FRS net pension liability (asset)  | 0.000450905% | 0.000772990% | 0.000743297% | 0.000724362% | 0.000804114% | 0.000844177% | 0.000836668% | 0.000915433% | 0.000959102% | 0.000899662% |
| Town's proportionate share of the FRS net pension liability (asset)   | \$ 187,454   | \$ 287,615   | \$ 56,148    | \$ 313,949   | \$ 276,926   | \$ 254,271   | \$ 247,481   | \$ 231,148   | \$ 123,882   | \$ 54,893    |
| Town's proportion of the HIS net pension liability (asset)  | 0.000470437% | 0.000517775% | 0.000534857% | 0.000552789% | 0.000623003% | 0.000676715% | 0.000658648% | 0.000755851% | 0.000843667% | 0.000844008% |
| Town's proportionate share of the HIS net pension liability (asset)   | 71,610       | 54,841       | 65,608       | 67,495       | 69,708       | 71,623       | 70,426       | 88,091       | 86,042       | 78,917       |
| Town's proportionate share of the total net pension liability (asset)   | \$ 259,064   | \$ 342,456   | \$ 121,756   | \$ 381,444   | \$ 346,634   | \$ 325,894   | \$ 317,907   | \$ 319,239   | \$ 209,924   | \$ 133,810   |
| Town's covered-employee payroll   | \$ 200,131   | \$ 188,733   | \$ 189,391   | \$ 191,895   | \$ 208,402   | \$ 221,075   | \$ 212,107   | \$ 233,339   | \$ 255,960   | \$ 250,780   |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 129.45%      | 181.45%      | 64.29%       | 198.78%      | 166.33%      | 147.41%      | 149.88%      | 136.81%      | 82.01%       | 53.36%       |
| Plan fiduciary net position as a percentage of the total pension liability                                      | 77.04%       | 79.09%       | 99.96%       | 81.85%       | 85.24%       | 86.41%       | 85.53%       | 85.85%       | 92.50%       | 92.50%       |

Note 1) The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System

**TOWN OF GRAND RIDGE, FLORIDA  
SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30,**

|  | 2023            | 2022            | 2021            | 2020            | 2019            | 2018            | 2017            | 2016            | 2015            | 2014            |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Contractually required FRS contribution                              | \$ 33,888       | \$ 32,985       | \$ 28,316       | \$ 24,067       | \$ 24,933       | \$ 24,058       | \$ 22,111       | \$ 22,415       | \$ 24,458       | \$ 21,484       |
| Contractually required HIS contribution                              | 4,441           | 3,133           | 3,144           | 3,185           | 3,459           | 3,670           | 3,521           | 3,873           | 3,225           | 3,009           |
| Total Contractually Required Contributions                           | <u>38,329</u>   | <u>36,118</u>   | <u>31,460</u>   | <u>27,252</u>   | <u>28,392</u>   | <u>27,728</u>   | <u>25,632</u>   | <u>26,288</u>   | <u>27,683</u>   | <u>24,493</u>   |
| Contributions in relation to the contractually required contribution | <u>(38,329)</u> | <u>(36,118)</u> | <u>(31,460)</u> | <u>(27,252)</u> | <u>(28,392)</u> | <u>(27,728)</u> | <u>(25,632)</u> | <u>(26,288)</u> | <u>(27,683)</u> | <u>(24,493)</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                                      | \$ 200,131      | \$ 188,733      | \$ 189,391      | \$ 191,895      | \$ 208,402      | \$ 221,075      | \$ 212,107      | \$ 233,339      | \$ 255,960      | \$ 250,780      |
| Contributions as a percentage of covered-employee payroll            | 19.15%          | 19.14%          | 16.61%          | 14.20%          | 13.62%          | 12.54%          | 12.08%          | 11.27%          | 10.82%          | 9.77%           |

**OTHER REPORTS AND LETTERS**



## Powell and Jones CPA

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

To the Honorable Town Council  
Town of Grand Ridge, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Ridge, Florida (the Town), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 25, 2024.

#### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings as item 2023-001 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

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

## **Management's Response to Findings**

The Town's response to the findings identified in our audit is described in the accompanying corrective action plan. 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.

A handwritten signature in cursive script that reads "Powell & Jones".

**POWELL AND JONES, CPA'S**  
Lake City, Florida  
November 25, 2024



# Powell and Jones CPA

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

To the Honorable Town Council  
Town of Grand Ridge, Florida

### Report on the Financial Statements

We have audited the financial statements of the Town of Grand Ridge, Florida (the Town), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated November 25, 2024.

### Auditors' 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), and Chapter 10.550, Rules of the Florida 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; Independent Accountants' 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, which are dated November 25, 2024, should be considered in conjunction with this management letter.

### Prior Year 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 in the table below:

| Tabulation of Uncorrected Audit Findings                        |                        |                   |                   |
|---|------------------------|-------------------|-------------------|
| Description   | Current year Finding # | FY 2022 Finding # | FY 2021 Finding # |
| Preparation of Financial Statements and Significant Adjustments | 2023-001               | 2022-001          | 2021-001          |

### **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. The Town was established by Chapter 27576, Laws of Florida, Acts of 1951. The Town does not have any component units.

### **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 has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town 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. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

### **Additional Matters**

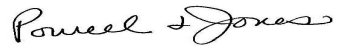
Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect of the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, 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 Council Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

## **Conclusion**

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

A handwritten signature in cursive script that reads "Powell & Jones".

**POWELL AND JONES, CPA'S**  
Lake City, Florida  
November 25, 2024



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### INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH *FLORIDA STATUTES* RELATING TO LOCAL GOVERNMENT INVESTMENTS

To the Honorable Town Council  
Town of Grand Ridge, Florida

We have examined the Town of Grand Ridge, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2023. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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

**POWELL & JONES**  
Certified Public Accountants  
Lake City, Florida  
November 25, 2024



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### Communication with Those Charged with Governance

To the Honorable Town Council  
Town of Grand Ridge, Florida

We have audited the financial statements of the Town of Grand Ridge, Florida for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. New accounting policies that were adopted and the application of existing policies during 2023 are also discussed in Note 1. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have communicated these misstatements, to which the Town agreed and has successfully rectified.

*Disagreements with Management*

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

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 25, 2024.

*Management Consultations with Other Independent Accountants*

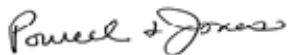
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination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

*Other Audit Findings or Issues*

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

This information is intended solely for the use of the Town Council and management of the Town of Grand Ridge, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



**POWELL & JONES**  
Certified Public Accountants  
Lake City, Florida  
November 25, 2024



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### TOWN OF GRAND RIDGE, FLORIDA SCHEDULE OF FINDINGS For the Year Ended September 30, 2023

#### Financial Statement Findings:

##### 2023-001 Preparation of Financial Statements

**Condition and Criteria:** The internal controls of the Toan of Grand Ridge, Florida have focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains certain deficiencies. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.

**Cause:** For the year ended September 30, 2023, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these adjustments resulted in material misstatements of the financial statements, this deficiency is deemed to be a material weakness.

**Effect:** Financial statements would be materially misstated if significant adjustments were not made.

**Recommendation:** We recommend management select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles.



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TOWN OF GRAND RIDGE, FLORIDA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended September 30, 2023

### **2022-001 Preparation of Financial Statements and Material Adjustments –**

See repeat finding 2023-001.

Corrective action not taken.

### **2022-002 Segregation of Duties**

**Condition and Criteria:** Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. During a portion of the fiscal year, only one employee was temporarily responsible for multiple positions at the Town.

**Cause:** The employee receiving cash receipts was also responsible for creating the deposit slips for general cash receipts and inputting those receipts into the Town's accounting software. Also, the employee opening the mail and creating checks for general cash disbursements inputs those disbursements into the Town's accounting software.

**Effect:** Assets could potentially be misappropriated.

This finding was substantially addressed in the current year.

# Town of Grand Ridge

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Email: [townofgrandridge@embarqmail.com](mailto:townofgrandridge@embarqmail.com)

## Response to Schedule of Findings and Questioned Costs

### Finding 2023-001: Significant Adjustments and Preparation of Financial Statements and Material Adjustments

*Corrective Action Plan* – With respect to the preparation of the financial statements and footnotes, it has been the Town's practice to have its Town Clerk prepare monthly financial reports for the Town Council and Town Manager to review and financial reports in preparation for the annual audit, we have relied upon the audit firm to identify and draft the financial statements and related note disclosures. It would be cost-prohibitive to engage another accounting firm to draft the financial statements and related disclosure in advance for the year-end audit procedures; consequently, the Town declines to do so at this time.

  
Amanda Applewhite, Town Clerk



Date