

TOWN OF INGLIS, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2023

**TOWN OF INGLIS, FLORIDA
ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended September 30, 2023

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INTRODUCTORY SECTION

**TOWN OF INGLIS, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2023**

MAYOR

Betsy Webb

CHAIRPERSON OF COMMISSION

Veronica Reardon

VICE-CHAIR OF COMMISSION

Harry Brodhead

COMMISSION MEMBERS

David Jacobs-Pratt

TOWN CLERK

Cery Logeman

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 Mayor
and Members of the Town Commission
Town of Inglis, 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 Inglis, 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 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.

Emphasis of Matters –Prior Period Restatement

The Town restated certain prior year balances to update balances to reconciled figures. This restatement is further discussed in Note 1. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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'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 aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

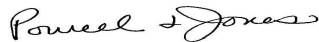
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 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 AND JONES, CPA'S
Lake City, Florida
October 8, 2024

TOWN OF INGLIS, FLORIDA
Management's Discussion and Analysis

This discussion and analysis of the Town of Inglis's (The Town) financial performance provides an easily readable overview of the Town's financial activities for the fiscal year ending September 30, 2023. Please read it in conjunction with the Town's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2023:

- Total ending unrestricted net position was \$2,589,584.
- The Town had total expenses for the year of \$2,080,242, compared to revenues of \$1,863,307.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the Town's activities as a whole and fund financial statements that report on the Town's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the Town's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenditures are recorded, regardless of when cash is received or paid. Net position - the difference between assets and liabilities - can be used to measure the Town's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the Town's financial health is improving or deteriorating. However, other non-financial factors, such as road conditions or changes in the tax base, must also be considered when assessing the overall health of the Town.

In these statements, the Town's activities are divided as follows:

- *Governmental activities* - Most of the Town's basic services are reported here, including administration, fire and police services, and road and bridge, maintenance, and garbage. Taxes and charges for services finance most of these activities.
- *Business-type activities* - These activities are financed in whole or in part by fees charged to external parties for goods or services. The activities of the water services are reported as a business-type activities.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the Town's funds.

Governmental funds - The General Fund and Road and Bridge Fund are the Town's only governmental funds. These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the difference between the fund financial statements and the government-wide financial statements.

Proprietary funds - The Water Fund is the Town's only proprietary fund. Proprietary funds are reported using the accrual basis of accounting and, accordingly, there is a correlation between the amounts reported in the fund financial statements and the amounts reported in the government-wide financial statements.

CONDENSED FINANCIAL INFORMATION

Comparative condensed financial information is presented below:

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Non-capital assets	\$ 1,934,417	\$ 1,982,171	\$ 1,287,273	\$ 1,268,996	\$ 3,221,690	\$ 3,251,167
Capital assets	1,099,508	1,047,467	2,686,354	2,833,980	3,785,862	3,881,447
Total assets	3,033,925	3,029,638	3,973,627	4,102,976	7,007,552	7,132,614
Deferred outflows of resources	45,572	69,316	23,122	54,484	68,694	123,800
Liabilities						
Current liabilities	36,867	55,150	103,861	99,498	140,728	154,648
Long-term liabilities	237,066	176,837	120,094	133,641	357,160	310,478
Total liabilities	273,933	231,987	223,955	233,139	497,888	465,126
Deferred inflows of resources	20,943	15,433	10,626	12,131	31,569	27,564
Net position						
Invested in capital assets, net	1,099,508	1,047,467	2,686,354	2,833,980	3,785,862	3,881,447
Restricted	171,343	5,607	-	-	171,343	5,607
Unrestricted	1,513,770	1,798,460	1,075,814	1,078,210	2,589,584	2,876,670
Total net position	\$ 2,784,621	\$ 2,851,534	\$ 3,762,168	\$ 3,912,190	\$ 6,546,789	\$ 6,763,724

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues						
Charges for services	\$ 110,463	\$ 358,901	\$ 504,054	\$ 490,618	\$ 614,517	\$ 849,519
Operating grants and contributions	12,175	28,899	-	-	12,175	28,899
Capital grants and contributions	-	675,010	-	-	-	675,010
General revenues						
Property taxes	360,590	333,507	-	-	360,590	333,507
Other taxes and shared revenues	826,374	588,558	-	-	826,374	588,558
Investment earnings	9,882	167	427	651	10,309	818
Gain/(loss) on disposition of capital assets	-	-	-	-	-	-
Miscellaneous	39,342	17,676	-	-	39,342	17,676
Total revenues	<u>1,358,826</u>	<u>2,002,718</u>	<u>504,481</u>	<u>491,269</u>	<u>1,863,307</u>	<u>2,493,987</u>
Program expenses						
General government	607,145	454,331	-	-	607,145	454,331
Public safety	669,344	683,476	-	-	669,344	683,476
Economic environment	-	-	-	-	-	-
Transportation	40,430	74,285	-	-	40,430	74,285
Culture and recreation	55,052	66,460	-	-	55,052	66,460
Human services	53,768	35,808	-	-	53,768	35,808
Water	-	-	654,503	617,641	654,503	617,641
Total expenses	<u>1,425,739</u>	<u>1,314,360</u>	<u>654,503</u>	<u>617,641</u>	<u>2,080,242</u>	<u>1,932,001</u>
Transfers	-	2,400	-	(2,400)	-	-
Change in net position	<u>(66,913)</u>	<u>690,758</u>	<u>(150,022)</u>	<u>(128,772)</u>	<u>(216,935)</u>	<u>561,986</u>
Beginning net position	2,851,534	2,160,776	3,912,190	4,040,962	6,763,724	6,201,738
Ending net position	<u>\$ 2,784,621</u>	<u>\$ 2,851,534</u>	<u>\$ 3,762,168</u>	<u>\$ 3,912,190</u>	<u>\$ 6,546,789</u>	<u>\$ 6,763,724</u>

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$122,638 in program revenues and \$1,236,188 of general revenues and incurred \$1,425,739 of total expenses. This resulted in a \$66,913 decrease in net position.

Business-Type Activities

Revenues of the Utility Service Fund were \$504,481 compared to expenses of \$654,503. This resulted in a decrease in net position for the year of \$150,022.

THE TOWN'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance decreased by \$46,634 from the restated amount of \$1,775,895 to \$1,729,261. At year-end, there was no amount of the fund balance that had been restricted or assigned.

Road and Bridge Fund

The Road and Bridge fund takes in portions of the Town's local option gas tax and other state shared revenues in order to fund expenditures related to the maintenance of the Town's roads and streets. In the year ending September 30, 2023, the fund balance increased by \$16,438 to \$171,343. The entire fund balance is considered restricted.

Water Utility Fund

The Utility Service Fund's net position decreased by \$150,022, from \$3,912,190 to \$3,762,168.

BUDGETARY HIGHLIGHTS

Revenues of the General Fund were less than budgeted by \$182,300. General fund expenditures and transfers out were below budgeted amounts by \$1,556,411. The Town also anticipated grant revenues of \$1,302,696 that it did not earn in this period. All of these factors led to an overall favorable outcome of \$71,415. The primary reason for the variances in budget was the timing related to the Town's earning of grant revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2023, the Town had \$3,785,862 invested in capital assets, net of depreciation. This included improvements on bridges, the fire station, and its waste-water plant.

	Capital Assets at September 30, 2023 and 2022		Totals	
	Governmental Funds	Business-type Funds	2023	2022
Nondepreciable capital assets	\$ 276,859	\$ 1,192,718	\$ 1,469,577	\$ 1,440,025
Depreciable capital assets	2,712,282	5,459,201	8,171,483	8,070,248
Accumulated depreciation	(1,889,633)	(3,965,565)	(5,855,198)	(5,628,826)
Total capital assets, net	<u>\$ 1,099,508</u>	<u>\$ 2,686,354</u>	<u>\$ 3,785,862</u>	<u>\$ 3,881,447</u>

Debt Administration

The Town did not have any debt as of September 30, 2023. Please refer to a note in the accompanying financial statements entitled *Noncurrent Liabilities* for more detailed information about the Town's other long-term liability activity.

ECONOMIC FACTORS

We are not currently aware of any conditions that are expected to have a significant effect on the Town's financial position or results of operations.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Town Hall at 135 Highway 40 West, Inglis, FL 34449.

BASIC FINANCIAL STATEMENTS

TOWN OF INGLIS, FLORIDA
STATEMENT OF NET POSITION
September 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,406,952	\$ 1,040,594	\$ 2,447,546
Investments	484,171	220,981	705,152
Receivables, net	23,847	25,698	49,545
Due from other governments	19,447	-	19,447
Capital assets:			
Non-depreciable	276,859	1,192,718	1,469,577
Depreciable, net	822,649	1,493,636	2,316,285
Total assets	\$ 3,033,925	\$ 3,973,627	\$ 7,007,552
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	\$ 45,572	\$ 23,122	\$ 68,694
LIABILITIES			
Accounts payable	\$ 29,046	\$ 1,491	\$ 30,537
Accrued payroll and employee benefits	4,767	2,340	7,107
Customer deposits	-	98,915	98,915
Noncurrent liabilities:			
Due within one year:			
Compensated absences	3,054	1,115	4,169
Due in more than one year:			
Compensated absences	9,161	4,458	13,619
Net pension liability	227,905	115,636	343,541
Total liabilities	\$ 273,933	\$ 223,955	\$ 497,888
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 20,943	\$ 10,626	\$ 31,569
NET POSITION			
Net investment in capital assets	\$ 1,099,508	\$ 2,686,354	\$ 3,785,862
Restricted for:			
Stormwater	5,608	-	5,608
Transportation	165,735	-	165,735
Unrestricted	1,513,770	1,075,814	2,589,584
Total net position	\$ 2,784,621	\$ 3,762,168	\$ 6,546,789

See notes to the accompanying financial statements.

TOWN OF INGLIS, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 607,145	\$ -	\$ -	\$ -	\$ (607,145)	\$ -	\$ (607,145)
Public safety	669,344	93,014	-	-	(576,330)	-	(576,330)
Transportation	40,430	-	7,811	-	(32,619)	-	(32,619)
Culture and recreation	55,052	5,347	3,605	-	(46,100)	-	(46,100)
Human services	53,768	12,102	759	-	(40,907)	-	(40,907)
Total governmental activities	1,425,739	110,463	12,175	-	(1,303,101)	-	(1,303,101)
Business-type activities							
Water utility	654,503	504,054	-	-	-	(150,449)	(150,449)
Total business-type activities	654,503	504,054	-	-	-	(150,449)	(150,449)
Total primary government	\$ 2,080,242	\$ 614,517	\$ 12,175	\$ -	(1,303,101)	(150,449)	(1,453,550)
			General revenues:				
			Property taxes	360,590	-	360,590	
			Sales and use taxes	136,363	-	136,363	
			Franchise fees	136,902	-	136,902	
			Public service taxes	130,016	-	130,016	
			Other taxes	34,832	-	34,832	
			Discretionary sales surtax	202,591	-	202,591	
			State revenue sharing	69,433	-	69,433	
			Licenses and permits	14,646	-	14,646	
			Fire protection assessment	97,786	-	97,786	
			Other intergovernmental revenues	3,805	-	3,805	
			Investment earnings/(loss)	9,882	427	10,309	
			Miscellaneous revenues	39,342	-	39,342	
			Total general revenues	1,236,188	427	1,236,615	
			Change in net position	(66,913)	(150,022)	(216,935)	
			Net position - beginning (restated)	2,851,534	3,912,190	6,763,724	
			Net position - ending	\$ 2,784,621	\$ 3,762,168	\$ 6,546,789	

See notes to the accompanying financial statements.

TOWN OF INGLIS, FLORIDA
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2023

	General Fund	Road & Bridge Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,270,147	\$ 136,805	\$ 1,406,952
Investments	484,171	-	484,171
Receivables, net	23,847	-	23,847
Due from other governments	19,447	-	19,447
Due from other funds	-	47,895	47,895
Total assets	\$ 1,797,612	\$ 184,700	\$ 1,982,312
LIABILITIES			
Accounts payable	\$ 15,689	\$ 13,357	\$ 29,046
Accrued payroll and employee benefits	4,767	-	4,767
Due to other funds	47,895	-	47,895
Total liabilities	68,351	13,357	81,708
FUND BALANCES			
Restricted for:			
Stormwater	-	5,608	5,608
Transportation	-	165,735	165,735
Unassigned	1,729,261	-	1,729,261
Total fund balance	\$ 1,729,261	\$ 171,343	\$ 1,900,604

See notes to the accompanying financial statements.

TOWN OF INGLIS, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2023

Fund balances - total governmental funds **\$ 1,900,604**

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	2,989,141	
Less: accumulated depreciation	<u>(1,889,633)</u>	1,099,508

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 plan is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported:

Net pension liability	(227,905)	
Deferred outflows related to pensions	45,572	
Deferred inflows related to pensions	<u>(20,943)</u>	(203,276)

Noncurrent liabilities, including notes and bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:

Compensated absences		(12,215)
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Net position of governmental activities **\$ 2,784,621**

See notes to the accompanying financial statements.

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

	<u>General Fund</u>	<u>Road & Bridge Fund</u>	<u>Total</u>
REVENUES			
Taxes	\$ 736,147	\$ 27,131	\$ 763,278
Permits, fees, and special assessments	245,462	-	245,462
Intergovernmental	273,396	12,203	285,599
Charges for services	1,680	-	1,680
Fines and forfeitures	3,873	-	3,873
Interest revenues	9,851	31	9,882
Miscellaneous	21,313	27,739	49,052
Total revenues	<u>1,291,722</u>	<u>67,104</u>	<u>1,358,826</u>
EXPENDITURES			
Current:			
General government	509,919	-	509,919
Public safety	635,497	-	635,497
Transportation	-	28,358	28,358
Culture and recreation	42,649	-	42,649
Human services	53,412	-	53,412
Capital outlay	7,244	111,943	119,187
Total expenditures	<u>1,248,721</u>	<u>140,301</u>	<u>1,389,022</u>
Excess of revenues over expenditures	<u>43,001</u>	<u>(73,197)</u>	<u>(30,196)</u>
Other financing sources (uses)			
Transfers, net	<u>(89,635)</u>	<u>89,635</u>	<u>-</u>
Total other financing source (uses)	<u>(89,635)</u>	<u>89,635</u>	<u>-</u>
Net change in fund balance	(46,634)	16,438	(30,196)
Fund balance at beginning of year (restated)	1,775,895	154,905	1,930,800
Fund balance at end of year	<u>\$ 1,729,261</u>	<u>\$ 171,343</u>	<u>\$ 1,900,604</u>

See notes to the accompanying financial statements.

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

Net change in fund balances - total governmental funds \$ (30,196)

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

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

Capital outlay, expenditures	119,187	
Depreciation expense	(67,146)	52,041

Governmental funds report contributions to defined benefit plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.

Change in net pension liability/(asset) and deferred inflows/outflows related to pensions		(95,439)
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Under the modified accrual basis of accounting used in 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. These adjustments are as follows:

Change in compensated absences		6,681
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Change in net position of governmental activities		\$ (66,913)
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See notes to the accompanying financial statements.

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

	<u>Water Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,040,594
Investments	220,981
Accounts receivable, net	25,698
Total current assets	<u>1,287,273</u>
Noncurrent assets:	
Capital assets:	
Buildings and improvements	5,376,452
Equipment	82,749
Construction in progress	1,192,718
Accumulated depreciation	<u>(3,965,565)</u>
Total noncurrent assets	<u>2,686,354</u>
Total assets	<u>\$ 3,973,627</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>\$ 23,122</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 1,491
Accrued payroll	2,340
Deposits	98,915
Unearned revenue	-
Due to other funds	-
Compensated absences	1,115
Total current liabilities	<u>103,861</u>
Noncurrent liabilities	
Compensated absences	4,458
Net pension liability	115,636
Total noncurrent liabilities	<u>120,094</u>
Total liabilities	<u>\$ 223,955</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>\$ 10,626</u>
NET POSITION	
Net investment in capital assets	\$ 2,686,354
Unrestricted	1,075,814
Total net position	<u>\$ 3,762,168</u>

See notes to the accompanying financial statements.

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

	Water Fund
OPERATING REVENUES	
User fees	\$ 504,054
Total operating revenues	504,054
 OPERATING EXPENSES	
Personnel services	219,117
Operating expenses	276,160
Depreciation	159,226
Total operating expenses	654,503
 Operating income/(loss)	 (150,449)
 NONOPERATING REVENUES	
Interest earnings	427
Total nonoperating revenues	427
 Income/(loss) before capital contributions and transfers	 (150,022)
 Net position, beginning of year	 3,912,190
Net position, end of year	\$ 3,762,168

See notes to the accompanying financial statements.

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

	Water Fund
Cash flows from operating activities	
Cash received from customers	\$ 555,393
Cash paid to employees	(277,128)
Cash paid to suppliers	(200,983)
Net cash provided by/(used in) operating activities	77,282
Cash flows from noncapital financing	
Transfers to other funds	1,426
Net cash provided by/(used in) noncapital financing activities	1,426
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(11,600)
Net cash provided by/(used in) capital and related financing activities	(11,600)
Cash flows from investing activities	
Interest received	(837)
Net cash provided by/(used in) investing activities	(837)
Net change in cash and cash equivalents	66,271
Cash and cash equivalents, beginning of year	974,323
Cash and cash equivalents, end of year	\$ 1,040,594
Reconciliation of operating income/(loss) to net cash provided by/(used in) operating activities:	
Operating income/(loss)	\$ (150,449)
Adjustments to reconcile net operating income/(loss) to net cash provided by/(used in) operating activities:	
Depreciation	159,226
Changes in assets and liabilities	
Accounts receivable	45,089
Inventories and prepaids	2,743
Accounts payable and accrued liabilities	(1,371)
Deposits	6,250
Unearned revenues	-
Compensated absences	(2,581)
Net pension liability	18,375
Net cash provided by/(used in) operating activities	\$ 77,282

See notes to the accompanying financial statements.

TOWN OF INGLIS, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Inglis, Florida (the Town), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies:

(a) **Reporting entity** – The Town is a political subdivision of the State of Florida established by Chapter 55-30853, Laws of Florida. It is governed by an elected Mayor and Town Commission. As required by generally accepted accounting principles, the accompanying financial statements present the Town as a primary government. Component units are entities for which a primary government is considered to be financially accountable or entities that would be misleading to exclude. There are no component units included in the Town's financial reporting entity. The Town did not participate in any joint ventures during the fiscal year.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the Town Commission of the Town, the reporting entity of government for which the Town Commission is considered to be financially accountable. In evaluating the Town as a reporting entity, management has addressed all potential component units that may or may not fall within the Town's oversight and control, and thus, be included in the Town's financial statements. No such entities or component units have been identified.

(b) **Government-wide and fund financial statements** – The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (public safety, economic environment, etc.), which are otherwise being supported by general government revenues (property, sales taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). This government-wide statements focus more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds in either the governmental or business-type categories.

The governmental funds' fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the Town's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following the Governmental Funds - Balance Sheet and the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation .

As a general rule the effect of interfund Town activities has been eliminated from the government- wide financial statements.

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

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 property tax 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 pensions, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

(d) **Financial statement presentation** – The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures /expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Town reports the following major governmental fund:

The **General Fund** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Town other than proprietary fund activities are financed through revenues received by the General Fund.

The **Road and Bridge Fund** accounts for the assets, operation and maintenance of the Town's road and bridges.

The Town reports the following major proprietary fund:

The **Water Fund** accounts for the assets, operation and maintenance of the Town-owned water system.

(e) **Budgets and budgetary accounting** - Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting.

(f) **Use of estimates** – Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(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.

The Town's investments in the form of certificates of deposit are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

(h) **Receivables and payables** – Activity between funds that are representative of lending /borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled accounts receivable are accrued by the Town at year-end to recognize the sales revenues earned through the end of the fiscal year. All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

(i) **Capital assets** – Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town.

Capital assets are defined by the Town as assets with an initial individual cost of \$1,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations and easements or other intangible rights of use, are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Buildings and improvements	30 years
Equipment	3 - 10 years
Water system	15 - 5 years
Plant assets and equipment	20 - 50 years
Infrastructure	40 years

(j) **Compensated absences** – The Town's policy is to allow limited vesting of employee vacation pay and accumulated sick leave. In the governmental fund financial statements, a liability has not been reported because it will not be liquidated with expendable available financial resources. A liability for compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements.

(k) **Long-term obligations** – In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt issuance costs are expensed when paid.

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category is deferred inflows of resources related to pensions, as discussed further in Note (9).

(m) **Fund balance** – In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as the fund balance of the permanent fund which was restricted in perpetuity by referendum.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed - Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the Town Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned - Fund balance amounts that are constrained by the Town's intent to be

used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) the commission or (b) a body or official to which the commission has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, is the Town's policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unassigned.

Fund Balance	General Fund	Road and Bridge Fund
Restricted	\$ -	\$ 171,343
Unassigned	1,729,261	-
Total fund balance	\$ 1,729,261	\$ 171,343

(n) **Impact fees** – The Town has not adopted any ordinances or resolutions to levy impact fees in accordance with Section 163.31801, Florida Statutes.

(o) **Net position flow assumption** – Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Town's policy to consider restricted net position to have been used before unrestricted net position is applied.

(p) **New accounting pronouncements** – GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 were implemented by the Town in the year ending September 30, 2023, however the implementation of this standard had no material impact on the financial statements.

(q) **Prior period adjustment** - A thorough review of cash-related items was conducted, and it was found that at September 30, 2022, certain accounts needed to be corrected due to having been misstated in prior periods. The prior year financial statements were impacted as reflected below:

	<u>Originally Stated</u>	<u>Restated</u>
<u>Government-wide Statement of Net Position</u>		
Governmental activities		
Accounts receivable, net	\$ 22,257	\$ 86,966
Total assets	2,964,929	3,029,638
Unrestricted net position	1,733,751	1,798,460
Total net position	<u>\$ 2,786,825</u>	<u>\$ 2,851,534</u>
<u>Government-wide Statement of Activities</u>		
Governmental activities		
Charges for services	\$ 294,192	\$ 358,901
Total revenues	1,938,009	2,002,718
Net position at end of year	<u>\$ 2,786,825</u>	<u>\$ 2,851,534</u>
<u>General Fund Statement of Revenues, Expenses, and changes in Fund Balance</u>		
Fund balance at end of year	<u>\$ 1,711,186</u>	<u>\$ 1,775,895</u>

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position** - Following the governmental fund balance sheet is a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities** - Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

NOTE 3. PROPERTY TAX CALENDAR

Under Florida law, the assessment of all properties and collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser. State laws regulating tax assessment are designed to ensure a consistent property valuation method statewide and permit municipalities to levy property taxes at a rate of up to 10 mills. For the fiscal year ended September 30, 2023, the millage rate assessed by the Town was 5.0000 per \$1,000.

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

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties.

Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, 1% in the month of February, and without discount in March.

The Town recognizes property tax revenues on an accrual basis. Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. The Town tax calendar is as follows:

Valuation Date	January 1, 2022
Levy Date	October 1, 2022
Due Date	March 31, 2023
Lien Date	June 1, 2023

NOTE 4. DEPOSITS AND INVESTMENTS

The Town's cash and equivalents and investments consist of legally authorized demand deposits and certificates of deposit. The institutions in which these deposits are kept are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, in addition to applicable Federal Depository Insurance Corporation (FDIC) insurance, these balances on deposit at September 30, 2023, are insured or collateralized through the Bureau of Collateral Management, Florida Department of Financial Services.

State statutes authorize the Town to invest excess funds in time deposits, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

The Town held no assets or investments carried at fair value at September 30, 2023, and subject to the required disclosures of GASB 72.

NOTE 5. RECEIVABLES

The Town's receivables consist of the following as of September 30, 2023:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
General Fund			
Accounts receivable	\$ 23,847	\$ -	\$ 23,847
Due from other governments	19,447	-	19,447
Total Governmental Activities	<u>23,847</u>	<u>-</u>	<u>43,294</u>
Business-Type Activities:			
Water Utility Fund			
Accounts receivable	35,284	(9,586)	25,698
Total Business-Type Activities	<u>35,284</u>	<u>(9,586)</u>	<u>25,698</u>
Total	<u>\$ 59,131</u>	<u>\$ (9,586)</u>	<u>\$ 68,992</u>

NOTE 6. NONCURRENT LIABILITIES

For the fiscal year ended September 30, 2023, a summary of the noncurrent liability transactions for the Town is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 18,896	\$ -	\$ (6,681)	\$ 12,215	\$ 3,054
Net pension liability	161,720	66,185	-	227,905	-
Total governmental activities					
long-term liabilities	<u>\$ 180,616</u>	<u>\$ 66,185</u>	<u>\$ (6,681)</u>	<u>\$ 240,120</u>	<u>\$ 3,054</u>
Business-type activities					
Compensated absences	\$ 8,154	\$ -	\$ (2,581)	\$ 5,573	\$ 1,115
Net pension liability	127,118	-	(11,482)	115,636	-
Total business-type activities					
long-term liabilities	<u>\$ 135,272</u>	<u>\$ -</u>	<u>\$ (14,063)</u>	<u>\$ 121,209</u>	<u>\$ 1,115</u>

NOTE 7 CAPITAL ASSETS

Capital asset activity for the fiscal year ending September 30, 2023, is as follow:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 247,307	\$ -	\$ -	\$ 247,307
Construction in progress	-	29,552	-	29,552
Total capital assets not being depreciated	<u>247,307</u>	<u>29,552</u>	<u>-</u>	<u>276,859</u>
Capital assets being depreciated				
Improvements	336,003	-	-	336,003
Infrastructure	396,873	-	-	396,873
Buildings	663,676	-	-	663,676
Building improvements	270,403	-	-	270,403
Equipment	620,883	-	-	620,883
Vehicles	334,809	89,635	-	424,444
Total assets being depreciated	<u>2,622,647</u>	<u>89,635</u>	<u>-</u>	<u>2,712,282</u>
Less: accumulated depreciation	<u>(1,822,487)</u>	<u>(67,146)</u>	<u>-</u>	<u>(1,889,633)</u>
Total assets being depreciated, net	<u>800,160</u>	<u>22,489</u>	<u>-</u>	<u>822,649</u>
Governmental activities capital assets, net	<u>\$ 1,047,467</u>	<u>\$ 52,041</u>	<u>\$ -</u>	<u>\$ 1,099,508</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated				
Construction in progress	\$ 1,192,718	\$ -	\$ -	\$ 1,192,718
Total capital assets not being depreciated	<u>1,192,718</u>	<u>-</u>	<u>-</u>	<u>1,192,718</u>
Capital assets being depreciated				
Water plant	5,315,562	-	-	5,315,562
Equipment	82,749	-	-	82,749
Improvements	49,290	11,600	-	60,890
Total assets being depreciated	<u>5,447,601</u>	<u>11,600</u>	<u>-</u>	<u>5,459,201</u>
Less: accumulated depreciation	<u>(3,806,339)</u>	<u>(159,226)</u>	<u>-</u>	<u>(3,965,565)</u>
Total assets being depreciated, net	<u>1,641,262</u>	<u>(147,626)</u>	<u>-</u>	<u>1,493,636</u>
Business-type activities capital assets, net	<u>\$ 2,833,980</u>	<u>\$ (147,626)</u>	<u>\$ -</u>	<u>\$ 2,686,354</u>

Depreciation expense was charged to function/programs as follows:

Governmental activities	
General government	\$ 18,783
Public safety	23,532
Physical environment	356
Transportation	12,072
Culture and recreation	12,403
Total Governmental activities depreciation expense	<u>\$ 67,146</u>
Business-type activities	
Water utility	\$ 159,226
Total Business-type activities depreciation expense	<u>\$ 159,226</u>

NOTE 8. INTERFUND ACTIVITY

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. Individual fund interfund receivables and payables for the primary government at September 30, 2023, are comprised of the following:

Governmental Activities:	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund		
Road and Bridge Fund	\$ -	\$ 47,895
Road and Bridge Fund		
General fund	47,895	-
Total of all funds	<u>\$ 47,895</u>	<u>\$ 47,895</u>

For the year ending September 30, 2023, the General Fund transferred \$89,335 to the Road and Bridge Fund to purchase capital outlay.

NOTE 9. EMPLOYEE RETIREMENT PLANS

A. Florida Retirement System

The entity 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). 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 June 30, 2023	After 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	\$ 328,126
Town Contributions - HIS	8,207
Employee Contributions - FRS	10,557

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	\$ 198,726
HIS	144,815
Total	<u>\$ 343,541</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	0.000498725%	0.000536101%
HIS	0.000911854%	0.000843738%

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

Plan	Pension Expense
FRS	\$ 95,866
HIS	58,980
Total	<u>\$ 154,846</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	\$ 18,659	\$ -	\$ 2,120	\$ 340	\$ 20,779	\$ 340
Changes in assumptions	12,955	-	3,807	12,549	16,762	12,549
Net difference between projected and actual earnings on Pension Plan investments	8,299	-	75	-	8,374	-
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	1,273	13,806	13,302	4,874	14,575	18,680
Town Pension Plan contributions subsequent to the measurement date	6,429	-	1,775	-	8,204	-
	<u>\$ 47,615</u>	<u>\$ 13,806</u>	<u>\$ 21,079</u>	<u>\$ 17,763</u>	<u>\$ 68,694</u>	<u>\$ 31,569</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	FRS	HIS	Total
2024	\$ 3,732	\$ 269	\$ 4,001
2025	(1,479)	162	(1,317)
2026	22,391	272	22,663
2027	2,127	533	2,660
2028	609	282	891
Thereafter	-	23	23
Total	<u>\$ 27,380</u>	<u>\$ 1,541</u>	<u>\$ 28,921</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.

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
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	NPL with	NPL at	NPL with
	Discount Rate	1% Decrease	Current	1% Increase
			Discount Rate	
FRS	6.70%	\$ 339,464	\$ 198,726	\$ 80,981
HIS	3.65%	165,211	144,815	127,908

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Town employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected District Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member’s accounts at the end of the 2023 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 8.30%, Special Risk Administrative Support class 9.95%, Special Risk class 16.00%, Senior Management Service class 9.67% and District Elected Officers class 15.23%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Town.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The Town had seven participants in the Investment Plan for the fiscal year ended September 30, 2023, and contributions of \$17,978, which included both the employee's and employer's shares, were made to the Investment Plan for the year then ended.

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

Florida Law provides for the opportunity to continue healthcare coverage for retirees of the Town through the Florida Health Insurance Coverage Continuation Act (Florida Continuation). Due to the fact that there were no retirees participating in Florida Continuation during the year and it is anticipated that this situation will continue in the future. Because most employees work until they are eligible for Medicare benefits, management had determined that the Town's OPEB obligation at year end would be of a de minimis amount. Management will monitor this situation in the future and take appropriate steps to properly comply with other post-employment benefit-related GASB reporting and disclosure requirements.

NOTE 11 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. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The Town is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the Town's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the Town.

NOTE 12 CONTIGENCIES

Amounts received or receivable from grantor agencies in current and prior years 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 fund(s). The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

The Town is involved in various legal proceedings incidental to the conduct of its affairs. It is the Town's policy to accrue for amounts related to these legal matters if it is possible that a liability has been incurred and an amount is reasonably estimable. At September 30, 2023, no amounts have been accrued.

NOTE 13 RELATED PARTY TRANSACTIONS

On March 24, 2022, the Town entered into an agreement whereby it sold a piece of property owned by the Town to the sitting mayor. Terms of the agreement are available from the upon request to the Town. This transaction resulted in a complaint being filed by a Town citizen that has been reviewed by the Florida Commission on Ethics (the Commission). As of the date of this report, no opinion has been officially rendered by the Commission.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF INGLIS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 660,770	\$ 660,770	\$ 736,147	\$ 75,377
Licenses and permits	175,946	175,946	245,462	69,516
Intergovernmental	404,654	404,654	273,396	(131,258)
Charges for services	3,382	3,382	1,680	(1,702)
Fines and forfeitures	4,500	4,500	3,873	(627)
Interest revenues	780	780	9,851	9,071
Miscellaneous	223,990	223,990	21,313	(202,677)
Total revenues	1,474,022	1,474,022	1,291,722	(182,300)
EXPENDITURES				
Current:				
General government				
Legislative	31,650	31,650	32,643	(993)
Executive	376,179	377,797	329,214	48,583
Legal	9,400	9,400	9,462	(62)
Other general government	191,791	266,791	138,600	128,191
Public safety				
Code enforcement	150,718	150,718	51,912	98,806
Police	313,690	313,690	313,690	-
Fire	266,197	289,528	261,291	28,237
Transportation	-	-	8,604	(8,604)
Culture and recreation	64,679	64,679	42,649	22,030
Human services	-	-	53,412	(53,412)
Capital Outlay	770,189	770,189	7,244	762,945
Total expenditures	2,174,493	2,274,442	1,248,721	1,025,721
Excess (deficiency) of revenues over expenditures	(700,471)	(800,420)	43,001	843,421
Other financing sources (uses)				
Grant revenues	1,302,696	1,302,696	-	(1,302,696)
Transfers, net	(620,325)	(620,325)	(89,635)	530,690
Total other financing sources (uses)	682,371	682,371	(89,635)	(772,006)
Net change in fund balance	(18,100)	(118,049)	(46,634)	71,415
Fund balance at beginning of year, restated	1,775,895	1,775,895	1,775,895	-
Fund balance at end of year	\$ 1,757,795	\$ 1,657,846	\$ 1,729,261	\$ 71,415

See notes to the accompanying schedule of revenues, expenditures, and changes in fund balance - budget and actual

TOWN OF INGLIS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – ROAD AND BRIDGE FUND
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 25,128	\$ 25,128	\$ 27,131	\$ 2,003
Intergovernmental	13,009	13,009	12,203	(806)
Interest revenues	70	70	31	(39)
Miscellaneous	18,710	18,710	27,739	9,029
Total revenues	<u>56,917</u>	<u>56,917</u>	<u>67,104</u>	<u>10,187</u>
EXPENDITURES				
Current:				
Transportation	66,259	66,259	28,358	37,901
Capital outlay	105,198	105,198	111,943	(6,745)
Total expenditures	<u>171,457</u>	<u>171,457</u>	<u>140,301</u>	<u>31,156</u>
Excess of revenues over expenditures	(114,540)	(114,540)	(73,197)	41,343
Other financing sources (uses)				
Transfers, net	-	-	89,635	89,635
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>89,635</u>	<u>89,635</u>
Net change in fund balance	(114,540)	(114,540)	16,438	130,978
Fund balance at beginning of year	<u>154,905</u>	<u>154,905</u>	<u>154,905</u>	<u>-</u>
Fund balance at end of year	<u>\$ 40,365</u>	<u>\$ 40,365</u>	<u>\$ 171,343</u>	<u>\$ 130,978</u>

See notes to the accompanying schedule of revenues, expenditures, and changes in fund balance - budget and actual

TOWN OF INGLIS, FLORIDA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
September 30, 2023

The Town adopts an annual budget for the General Fund. The Town generally follows these procedures in establishing the budgetary data reflected in the schedule:

1. Prior to September 1, the Town Clerk submits to the Town Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance.
4. Any revision that alters the expenditures of any fund must be approved by the Town Commission. The fund is the legal level of control.

The budget amounts presented in the accompanying financial schedules were prepared on a basis that does not materially differ from the modified accrual basis of accounting.

TOWN OF INGLIS, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required FRS contribution	\$ 41,272	\$ 31,826	\$ 21,092	\$ 18,947	\$ 17,465	\$ 15,693	\$ 14,574	\$ 13,726
Contractually required HIS contribution	10,318	14,280	4,760	5,220	4,770	4,202	4,055	3,994
Total Contractually Required Contributions	<u>51,590</u>	<u>46,106</u>	<u>25,852</u>	<u>24,167</u>	<u>22,235</u>	<u>19,895</u>	<u>18,629</u>	<u>17,720</u>
Contributions in relation to the contractually required contribution	<u>(51,590)</u>	<u>(46,106)</u>	<u>(25,852)</u>	<u>(24,167)</u>	<u>(22,235)</u>	<u>(19,895)</u>	<u>(18,629)</u>	<u>(17,720)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 351,891	\$ 326,727	\$ 286,752	\$ 314,486	\$ 287,322	\$ 253,127	\$ 244,292	\$ 231,274
Contributions as a percentage of covered-employee payroll	14.66%	14.11%	9.02%	7.68%	7.74%	7.86%	7.63%	7.66%

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

TOWN OF INGLIS, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the FRS net pension liability (asset)	0.000498725%	0.000536101%	0.000541271%	0.000570249%	0.000563226%	0.000550636%	0.000537772%	0.000529740%	0.000467932%
City's proportionate share of the FRS net pension liability (asset)	\$ 198,726	\$ 199,473	\$ 40,887	\$ 247,154	\$ 193,980	\$ 165,854	\$ 159,069	\$ 133,760	\$ 60,440
City's proportion of the HIS net pension liability (asset)	0.000911854%	0.000843738%	0.000823332%	0.000905933%	0.000858927%	0.000774825%	0.000759402%	0.000740352%	0.000666480%
City's proportionate share of the HIS net pension liability (asset)	144,815	89,365	100,994	110,613	96,105	82,008	81,199	86,285	67,970
City's proportionate share of the total net pension liability (asset)	<u>\$ 343,541</u>	<u>\$ 288,838</u>	<u>\$ 141,881</u>	<u>\$ 357,767</u>	<u>\$ 290,085</u>	<u>\$ 247,862</u>	<u>\$ 240,268</u>	<u>\$ 220,045</u>	<u>\$ 128,410</u>
City's covered-employee payroll	\$ 345,600	\$ 326,727	\$ 291,539	\$ 314,486	\$ 287,322	\$ 253,127	\$ 244,292	\$ 231,274	\$ 202,194
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	99.40%	88.40%	48.67%	113.76%	100.96%	97.92%	98.35%	95.14%	63.51%
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%

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

OTHER REPORTS



Powell and Jones CPA

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Lake City, FL 32025
Phone 386.755.4200

**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 Mayor
and Members of the Town Commission
Town of Inglis, 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 Inglis, 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 October 8, 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 certain deficiencies in internal control described in the accompanying schedule of findings as items that we consider to be significant deficiencies.

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*.

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
October 8, 2024



Powell and Jones CPA

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

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

To the Honorable Mayor
and Members of the Town Commission
Town of Inglis, Florida

We have audited the financial statements of the Town of Inglis, Florida (the Town), as of and for the year ended September 30, 2023, and have issued our report thereon dated October 8, 2024. We have also issued our report on compliance and on internal control over financial reporting. That report should be considered in conjunction with this management letter.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

PRIOR YEAR FINDINGS

2022-01 Cutoff Procedures (second year comment) – Not corrected
2022-02 Classification of Transactions (second year comment) - corrected

AUDITOR GENERAL COMPLIANCE MATTERS

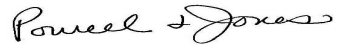
Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)(5)a and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

Financial Emergency Status - We determined that the Town had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

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
October 8, 2024



Powell and Jones CPA

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

INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor
and Members of the Town Commission
Town of Inglis, Florida

We have examined the Town of Inglis, Florida's (the Town) 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 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 AND JONES, CPA'S
Lake City, Florida
October 8, 2024



Powell and Jones CPA

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Lake City, FL 32025
Phone 386.755.4200

Communication with Those Charged with Governance

To the Honorable Mayor
and Members of the Town Commission
Town of Inglis, Florida

We have audited the financial statements of the Town of Inglis, Florida (the Town) 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 Note 1 to the financial statements. New accounting policies that were adopted have also been discussed in Note 1; the application of all other existing policies was not changed during 2023. 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 when attempting to obtain various supporting documentation while 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. Such misstatements have been communicated to management and corrected.

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.

We have requested certain representations from management that are included in the management representation letter dated October 8, 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.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

This information is intended solely for the use of the Mayor and Members of the Town Commission and management of the Town and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



POWELL AND JONES, CPA'S
Lake City, Florida
October 8, 2024



Powell and Jones CPA

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

TOWN OF INGLIS, FLORIDA SCHEDULE OF FINDINGS

CURRENT YEAR FINDINGS

Significant Deficiencies:

2022-001 Cutoff Procedures (Second Year comment)

During the audit, there were several instances in which the Town recognized revenue or expense transactions in the period in which the funds were received or disbursed rather than in the period in which the revenue was earned, or the expense was incurred. We recommend that during the Town's year-end closeout, that they include a procedure whereby significant disbursements and receipts occurring soon after the end of the year be reviewed to ensure that proper cutoff has been achieved.

2022-002 Classification of Transactions (Second Year comment)

During the audit, there were several instances in which revenues earned were misclassified and recorded in the improper account. While misclassification of revenues has no impact on net assets overall, if uncaught, they could unintentionally mislead stakeholders who rely on accuracy in financial reporting to make decisions. We recommend that the Town include as a part of its transaction review procedures a post-entry review that increases assurance that revenues earned, and expenses incurred have been properly classified on the financial statements.

2023-001 Bank Reconciliations

We found that for the period from October 1, 2022 through September 30, 2023 that no bank reconciliations were able to be completed.

Sound internal controls require reconciliation of cash accounts within a reasonable time period after receipt of the bank statement. If bank accounts are not reconciled on a monthly basis, errors or other issues may not be reconciled or resolved on a timely manner.

As a result of this matter, the Town was unable to detect an instance where a duplicate cash transaction been entered, the accumulation of errors such as this could result in a material misstatement had it not been found and corrected during the audit. We recommend the Town update its familiarity with its accounting software's ability to aid in the reconciliation of its bank statements, and that it begins to complete bank reconciliations on a monthly basis.

2023-002 Financial Statement Preparation

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While a Town's auditor can assist with the preparation of financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the Town does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the Town is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge or experience to oversee service an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

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To Whom It May Concern

REF: Deficiencies 2022-001, 2022-002, 2023-001 & 2023-002

As stated in last year's reply, certain personnel who filled key accounting positions left the Town at the beginning of FY 2022. One of the staff members, who was supposed to step in to help with the accounting, resigned in April 2023. At the time of this employee's departure, it was discovered that bank reconciliations and other items had not been completed. A new staff member who was hired for accounts payable and payroll had to step in and take on extra duties. This employee had the daunting task of trying to keep up with her job plus go back and get the other items caught up all while learning the accounting system. This is why items were not completed in a timely manner and coding errors were made.

The Town has purchased the QuickBooks accounting system and plans to have it up and running beginning January 2025. This new system should help better manage the accounting functions. Once this new system is in place, there will be other employees trained so that the accounting functions can go back to the positions they were originally assigned to. This will help to ensure that items are completed on a timely basis and less coding errors are made.

Thank you,

A handwritten signature in black ink, appearing to read "Mary Webb". The signature is written in a cursive, flowing style.

Mayor Mary Webb