CITY OF CHATTAHOOCHEE, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

CITY OF CHATTAHOOCHEE, FLORIDA
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JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council,
City of Chattahoochee, Florida:

Report on the Audit of the Financial Statements

Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified audit opinion on the General Fund and aggregate remaining fund information; and (2) qualified audit opinion on the governmental activities, business-type activities, and Utility Fund.

Unmodified Opinion on the General Fund and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the general fund and aggregate remaining fund information for the City, as of September 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on the Governmental Activities, Business-type Activities, and Utility Fund

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph on the governmental activities, business-type activities, and Utility Fund, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, business-type activities, and Utility Fund of the City 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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.

Basis for Qualified Opinion on the Governmental Activities, Business-type Activities, and Utility Fund

As discussed in Note 11 to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and the Utility Fund.

In addition, as discussed in Note 12 to the financial statements, the City has not implemented the provisions of Statement No. 67 *Financial Reporting for Pension Plans* and Statement No. 68 *Accounting and Financial Reporting for Pensions,* for its Municipal Firefighters' Pension Trust Fund. Accounting principles generally accepted in the United States of America require recording of an obligation for the net pension liability, and any associated deferred inflow and outflow related to the pension fund. This would increase liabilities, increase deferred inflows and outflows, decrease net position, and change the expenses in the governmental activities.

The amounts by which these departures would affect the deferred inflows, liabilities, deferred outflows, net position, and expenses of the governmental activities, business-type activities, and Utility Fund has not been determined.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 City'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.

Auditors' 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 auditors' 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 GAAS and GAS 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and Florida Retirement System (FRS) pension 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.

Supplementary Information

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

Management has omitted the Firefighters' Pension and other postemployment benefit information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2024, on our consideration of the City'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 City's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
July 23, 2024

As management of the City of Chattahoochee, Florida, we offer readers of this narrative overview and analysis of the financial activities of the City of Chattahoochee, Florida for the fiscal year ended September 30, 2023.

Overview of the Financial Statements
This discussion and analysis are intended to serve as an introduction to the City of Chattahoochee, Florida's basic financial statements. The City of Chattahoochee, Florida's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Chattahoochee, Florida's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Chattahoochee, Florida's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Chattahoochee, Florida is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Chattahoochee, Florida that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities).* The governmental activities of the City of Chattahoochee, Florida include general government, public safety, transportation, physical environment, intergovernmental services, and culture and recreation. The business-type activities of the City of Chattahoochee, Florida include a water, sewer, electric, and gas operation.

The government-wide financial statements can be found on pages 12 –13 of this report.

Fund financial statements. *A fund is a* grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Chattahoochee, Florida, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Chattahoochee, Florida can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City of Chattahoochee, Florida maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund which is considered to be a major fund.

The City of Chattahoochee, Florida adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 – 17of this report.

Proprietary funds. The City of Chattahoochee, Florida maintains a proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Chattahoochee, Florida uses an enterprise fund to account for its water, sewer, gas and electric operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water, sewer, electric, and gas operations, which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 18 – 20 of this report.

***Fiduciary funds*.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Chattahoochee, Florida's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 21 – 22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 –42 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Chattahoochee, Florida's budgetary and pension information. Required supplementary information can be found on pages 43 –47 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Chattahoochee, Florida, assets and deferred outflows exceeded liabilities and deferred inflows by $7,807,625 at the close of the most recent fiscal year.

Government-wide Financial Analysis (Continued)

By far the largest portion of the City of Chattahoochee, Florida's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City of Chattahoochee, Florida uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Chattahoochee, Florida's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Chattahoochee, Florida's Net Position

	2023		
	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 1,266,257	$ 4,632,781	$ 5,899,038
Capital assets	3,840,850	6,736,430	10,577,280
Total assets	5,107,107	11,369,211	16,476,318
Deferred outflows	479,962	148,352	628,314
Long-term liabilities outstanding	379,236	3,911,091	4,290,327
Net pension liability	2,185,401	675,488	2,860,889
Other liabilities	830,267	1,069,647	1,899,914
Total liabilities	3,394,904	5,656,226	9,051,130
Deferred inflows	209,063	36,814	245,877
Net position:			
Net investment in capital assets	3,542,809	5,862,889	9,405,698
Restricted	13,901	-	13,901
Unrestricted	(1,573,608)	(38,366)	(1,611,974)
Total net position	$ 1,983,102	$ 5,824,523	$ 7,807,625

	2022		
	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 1,761,159	$ 4,845,743	$ 6,606,902
Capital assets	3,726,319	6,406,322	10,132,641
Total assets	5,487,478	11,252,065	16,739,543
Deferred outflows	493,888	192,068	685,956
Long-term liabilities outstanding	449,762	3,955,774	4,405,536
Net pension liability	1,763,927	685,972	2,449,899
Other liabilities	894,922	1,468,575	2,363,497
Total liabilities	3,108,611	6,110,321	9,218,932
Deferred inflows	255,297	57,938	313,235
Net position:			
Net investment in capital assets	3,350,169	5,457,569	8,807,738
Restricted	10,061	-	10,061
Unrestricted	(742,772)	(181,695)	(924,467)
Total net position	$ 2,617,458	$ 5,275,874	$ 7,893,332

An additional portion of the City of Chattahoochee, Florida's net position (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance is an *unrestricted net deficit* of $(1,611,974). At the end of the current fiscal year, the City of Chattahoochee, Florida is able to report a positive balance in net position for its business-type activities.

Governmental activities Governmental activities decreased the City of Chattahoochee, Florida's net position by $634,356.

Key element of this decrease are as follows:

- The City had significant increase in pension expense that was a key element of the decrease in net position.

City of Chattahoochee, Florida's Changes in Net Position

	2023		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	$ 640,116	$ 4,308,389	$ 4,948,505
Operating grants and contributions	555,915	-	555,915
Capital grants and contributions	-	755,115	755,115
General revenues:			
Property taxes	104,394	-	104,394
Sales and use taxes	318,511	-	318,511
Intergovernmental and other	298,660	258,834	557,494
Transfers	1,175,000	(1,175,000)	-
Total revenues	3,092,596	4,147,338	7,239,934
Expenses:			
General government	1,015,935	-	1,015,935
Public Safety	1,229,379	-	1,229,379
Physical environment	72,323	-	72,323
Transportation	1,091,354	-	1,091,354
Culture and recreation	317,961	-	317,961
Electric, gas, water & sewer	-	3,598,689	3,598,689
Total expenses	3,726,952	3,598,689	7,325,641
Change in net position	(634,356)	548,649	(85,707)
Net position, beginning of year	2,617,458	5,275,874	7,893,332
Net position, end of year	$ 1,983,102	$ 5,824,523	$ 7,807,625

City of Chattahoochee, Florida's Changes in Net Position (Continued)

	2022		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	$ 647,959	$ 5,460,986	$ 6,108,945
Operating grants and contributions	309,895	-	309,895
Capital grants and contributions	-	29,700	29,700
General revenues:			
Property taxes	31,639	-	31,639
Sales and use taxes	353,419	-	353,419
Intergovernmental and other	339,789	202,490	542,279
Transfers	1,540,604	(1,540,604)	-
Total revenues	3,223,305	4,152,572	7,375,877
Expenses:			
General government	412,410	-	412,410
Public Safety	1,134,255	-	1,134,255
Physical environment	73,447	-	73,447
Transportation	1,117,147	-	1,117,147
Culture and recreation	317,787	-	317,787
Electric, gas, water & sewer	-	4,734,582	4,734,582
Total expenses	3,055,046	4,734,582	7,789,628
Change in net position	168,259	(582,010)	(413,751)
Net position, beginning of year	2,449,199	5,857,884	8,307,083
Net position, end of year	$ 2,617,458	$ 5,275,874	$ 7,893,332

Business-type activities Business-type activities increased the City of Chattahoochee, Florida's net position by $548,649.

Key element of this increase are as follows:

- The City had a significant decrease in the City's purchase of electricity paid in the current fiscal year compared to the prior fiscal year. This is a key element of the increase in net position.

Financial Analysis of the Government's Funds

As noted earlier, the City of Chattahoochee, Florida uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund - The focus of the City of Chattahoochee, Florida's *governmental fund is* to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Chattahoochee, Florida's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Chattahoochee, Florida's governmental fund reported ending fund balance of $345,628, a decrease of $410,005 in comparison with the prior year. Of this total amount, $262,164 constitutes *unassigned fund balance,* which is available for spending at the government's discretion.

The general fund is the chief operating fund of the City of Chattahoochee, Florida. At the end of the current fiscal year, unassigned and total fund balance of the general fund was $262,164 and $345,628, respectively. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 10 percent of total general fund expenditures.

Proprietary fund - The City of Chattahoochee, Florida's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utility fund at the end of the year amounted to ($38,366). The total increase in net position for the fund was $548,649. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Chattahoochee, Florida's business-type activities.

General Fund Budgetary Highlights

The City had no amendments to the budget during the 2023 fiscal year. Variances in the budget and actual resulted mainly from not budgeting for potential grant expenses and revenues.

Capital Asset and Debt Administration

Capital assets The City of Chattahoochee, Florida's investment in capital assets and right of use lease asset for its governmental and business type activities as of September 30, 2023, amounts to $10,577,280 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads.

Additional information on the City of Chattahoochee, Florida's capital assets can be found in Note 6 on pages 32 - 33 of this report.

Long-term debt - At the end of the current fiscal year, the City of Chattahoochee, Florida had debt outstanding of $4,086,066.

City of Chattahoochee, Florida's Long-term Outstanding Debt

	2023		
	Governmental activities	Business-type activities	Total
Revenue bond	$ -	$ 790,000	$ 790,000
Note payable	296,066	3,000,000	3,296,066
Total	$ 296,066	$ 3,790,000	$ 4,086,066

	2022		
	Governmental activities	Business-type activities	Total
Revenue bond	$ -	$ 813,000	$ 813,000
Note payable	368,441	3,000,000	3,368,441
Total	$ 368,441	$ 3,813,000	$ 4,181,441

Additional information on the City of Chattahoochee, Florida's long-term debt can be found in Note 8 on pages 34 - 35 of this report.

Economic Factors and Next Year's Budgets and Rates

During fiscal year 2020-2021, the economic effects of the COVID-19 Pandemic began to lessen as the World began to reopen for business and travel. In response to the economic effects of the pandemic, Congress passed the American Rescue Plan (ARPA) which was signed into law on March 11, 2021 by the President. The law is designed to reach the most vulnerable communities and businesses and strived to limit the economic damage of the pandemic. State and local governments were allocated a portion of the $1.9 trillion to be used for financial relief and recovery. Of these funds the City of Chattahoochee was allocated approximately $1.6 over fiscal years 2021 and 2022. The City will use these funds a revenue replacement as a result of COVID, with a majority to be used for infrastructure purposes.

As of September 30, 2023, the City still had $445,069 in ARPA funds that will be spent in future periods.

Management continues to take a conservative approach to budgeting in order to strive to build and maintain the status quo of the City of Chattahoochee's reserves and finances.

Requests for Information

This financial report is designed to provide a general overview of the City of Chattahoochee, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City Clerk, P.O. Box 188, Chattahoochee, Florida 32324.

CITY OF CHATTAHOOCHEE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 676,296	$ 1,026,739	$ 1,703,035
Certificates of deposit	261,913	127,306	389,219
Receivables, net	404	771,013	771,417
Investments	-	2,091,464	2,091,464
Due from other governments	148,584	193,714	342,298
Internal balances	5,638	(5,638)	-
Inventory	-	34,851	34,851
Prepaids and other assets	62,554	31,753	94,307
Restricted assets:			
Cash and cash equivalents	13,901	355,941	369,842
Lease receivable:			
Due within one year	14,417	-	14,417
Due in more than one year	82,550	-	82,550
Capital assets, not being depreciated	800,197	648,575	1,448,772
Capital assets, being depreciated, net	3,038,773	6,059,565	9,098,338
Right-of-use lease asset being amortized, net	1,880	28,290	30,170
Total assets	$ 5,107,107	$ 11,363,573	$ 16,470,680
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	$ 479,962	$ 148,352	$ 628,314
LIABILITIES			
Accounts payable and accrued expenses	$ 95,445	$ 356,388	$ 451,833
Customer deposits	-	350,885	350,885
Unearned revenue	734,822	356,736	1,091,558
Lease liability			
Due within one year	1,975	26,929	28,904
Due in more than one year	-	28,306	28,306
Noncurrent liabilities			
Due within one year	96,469	37,171	133,640
Due in more than one year	280,792	3,818,685	4,099,477
Net pension liability	2,185,401	675,488	2,860,889
Total liabilities	$ 3,394,904	$ 5,650,588	$ 9,045,492
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	$ 119,105	$ 36,814	$ 155,919
Deferred inflows related to leases	89,958	-	89,958
Total deferred inflows	$ 209,063	$ 36,814	$ 245,877
NET POSITION			
Net investment in capital and right of use assets	$ 3,542,809	5,862,889	$ 9,405,698
Restricted			
Gadsden County Senior Citizens Council	13,901	-	13,901
Unrestricted	(1,573,608)	(38,366)	(1,611,974)
Total net position	$ 1,983,102	$ 5,824,523	$ 7,807,625

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

CITY OF CHATTAHOOCHEE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 1,015,935	$ 374,488	$ 250,598	$ 66,043	$ (324,806)	$ -	$ (324,806)
Public safety	1,229,379	73,982	150,699	-	(1,004,698)	-	(1,004,698)
Physical environment	72,323	6,205	-	-	(66,118)	-	(66,118)
Transportation	1,091,354	185,441	-	-	(905,913)	-	(905,913)
Culture and recreation	317,961	-	88,575	-	(229,386)	-	(229,386)
Total governmental activities	3,726,952	640,116	489,872	66,043	(2,530,921)	-	(2,530,921)
Business-type activities:							
Electric	2,707,109	3,580,308	-	86,355	-	959,554	959,554
Gas	250,523	158,356	-	-	-	(92,167)	(92,167)
Water	178,057	207,702	-	668,760	-	698,405	698,405
Sewer	463,000	362,023	-	-	-	(100,977)	(100,977)
Total business-type activities	3,598,689	4,308,389	-	755,115	-	1,464,815	1,464,815
Total government	$ 7,325,641	$ 4,948,505	$ 489,872	$ 821,158	(2,530,921)	1,464,815	(1,066,106)
General revenues:							
Property taxes					104,394	-	104,394
Sales and use taxes					318,511	-	318,511
Communications service tax					50,769	-	50,769
Intergovernmental revenue					221,738	-	221,738
Miscellaneous					17,216	155,611	172,827
Unrestricted investment earnings					8,937	103,223	112,160
Total general revenues					721,565	258,834	980,399
Transfers					1,175,000	(1,175,000)	-
Total general revenues and transfers					1,896,565	(916,166)	980,399
Change in net position					(634,356)	548,649	(85,707)
Net position, beginning of year					2,617,458	5,275,874	7,893,332
Net position, end of year					$ 1,983,102	$ 5,824,523	$ 7,807,625

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

CITY OF CHATTAHOOCHEE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2023

	General Fund
ASSETS	
Cash and cash equivalents	$ 676,296
Certificates of deposit	261,913
Due from other governments	148,584
Lease receivable	96,967
Due from other funds	5,638
Prepaids and other assets	62,554
Restricted assets:	
Cash and cash equivalents	13,901
Total Assets	$ 1,265,853
LIABILITIES	
Accounts payable and accrued expenses	$ 95,445
Unearned revenue	734,822
Total liabilities	830,267
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to leases	89,958
Total deferred inflows	89,958
FUND BALANCE	
Nonspendable:	
Prepaid items	62,554
Restricted:	
Gadsden County Senior Citizens Council	13,901
Unassigned	269,173
Total fund balance	345,628
Total Liabilities, Deferred Inflows, and Fund Balance	$ 1,265,853

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

CITY OF CHATTAHOOCHEE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Fund balances - total governmental funds		$ 345,628
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:		
Capital assets not being depreciated	800,197	
Capital assets being depreciated	6,025,955	
Accumulated depreciation	(2,987,182)	3,838,970
Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds:		
Deferred outflows	479,962	
Net pension liability	(2,185,401)	
Deferred inflows	(119,105)	(1,824,544)
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:		
Note payable	(296,066)	
Compensated absenses	(81,195)	(377,261)
Lease assets and liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:		
Right-of-use lease asset	1,880	
Lease liability	(1,571)	309
Net position of governmental activities		$ 1,983,102

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

CITY OF CHATTAHOOCHEE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund
Revenues	
Taxes, licenses and permits	$ 552,852
Intergovernmental	301,062
Charges for services	407,972
Grants	482,040
Miscellaneous	177,556
Total revenues	1,921,482
Expenditures	
Current:	
General government	616,608
Public safety	1,296,992
Physical enviroment	83,851
Transportation	972,601
Culture and recreation	436,991
Debt service:	
Principal	78,109
Interest	21,335
Total expenditures	3,506,487
Deficiency of revenues under expenditures	(1,585,005)
Other Financing Sources	
Transfer in	1,175,000
Change in fund balance	(410,005)
Fund balance, beginning of year	755,633
Fund balance, end of year	$ 345,628

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

CITY OF CHATTAHOOCHEE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balance - governmental fund		$ (410,005)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Loss on disposal of assets	(11,419)	
Amortization expense	(5,642)	
Depreciation expense	(259,560)	
Capital outlay	391,152	114,531
Net pension liability expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:		
Net pension liability	(421,474)	
Deferred outflows related to pensions	(13,926)	
Deferred inflows related to pensions	29,878	(405,522)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		74,223
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences and other		(7,583)
Change in net position of governmental activities		$ (634,356)

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

CITY OF CHATTAHOOCHEE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2023

	Enterprise - Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 1,026,739
Certificate of deposit	127,306
Investments	2,091,464
Receivables, net of allowance for uncollectible accounts	771,013
Due from other governments	193,714
Prepaid items	31,753
Inventory	34,851
Restricted assets:	
Cash and cash equivalents	355,941
Total current assets	4,632,781
Noncurrent assets:	
Capital assets, not being depreciated	648,575
Capital assets, net of accumulated depreciation	6,059,565
Right-to-use lease asset being amortized, net	28,290
Total noncurrent assets	6,736,430
Total assets	$ 11,369,211
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	$ 148,352
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	$ 356,388
Current portion of revenue bonds and notes payable	24,000
Current portion of lease liability	26,929
Compensated absences, current portion	13,171
Due to other funds	5,638
Payable from restricted assets:	
Customer deposits	350,885
Unearned revenue	356,736
Total current liabilities	1,133,747
Noncurrent liabilities:	
Net pension liability	675,488
Revenue bonds and notes payable, long-term portion	3,766,000
Lease liability, long-term portion	28,306
Compensated absences, long term	52,685
Total noncurrent liabilities	4,522,479
Total liabilities	$ 5,656,226
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	$ 36,814
NET POSITION	
Net investment in capital assets	$ 5,862,889
Unrestricted	(38,366)
Total net position	$ 5,824,523

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

CITY OF CHATTAHOOCHEE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise - Utility Fund
Operating revenues	
Charges for services	$ 4,308,389
Penalties	68,357
Miscellaneous	87,254
Total operating revenues	4,464,000
Operating expenses	
Personnel services	861,422
Materials, supplies and other	2,296,951
Depreciation and amortization	300,269
Total operating expenses	3,458,642
Operating income	1,005,358
Nonoperating revenues (expenses)	
Interest income	103,223
FEMA proceeds	86,355
ARPA proceeds	444,129
Capital grant	224,631
Interest expense	(140,047)
Total nonoperating revenues (expenses)	718,291
Income before transfers	1,723,649
Transfers out	(1,175,000)
Change in net position	548,649
Total net position, beginning of year	5,275,874
Total net position, end of year	$ 5,824,523

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

CITY OF CHATTAHOOCHEE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Utility Fund
Cash flows from operating activities	
Cash received from customers and others	$ 4,529,151
Cash paid to suppliers	(2,320,333)
Cash paid to employees	(845,714)
Net cash provided by operating activities	1,363,104
Cash flows from noncapital financing activities	
Transfer to other funds	(1,175,000)
Interfund loans	(62,222)
Net cash used in noncapital financing activities	(1,237,222)
Cash flows from investing activities	
Purchase of certificate of deposits	(1,891)
Purchase of investments	(98,005)
Interest received	103,223
Net cash provided by investing activities	3,327
Cash flows from capital and related financing activities	
Acquisitions and construction of capital assets	(593,413)
Capital contributions from grant	59,613
FEMA proceeds	86,355
Principal payments on long-term debts	(23,000)
Interest paid	(140,047)
Net cash used in capital and related financing activities	(610,492)
Net change in cash and cash equivalents	(481,283)
Cash and cash equivalents, beginning of year	1,863,963
Cash and cash equivalents, end of year	$ 1,382,680
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 1,005,358
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	300,269
Changes in asset and liabilities:	
Accounts receivable	75,318
Due from other government	26,478
Accounts payable and accrued expenses	(19,538)
Customer deposits	8,831
Unearned revenue	(36,645)
Compensated absences	3,600
Net pension liability	(10,484)
Deferred outflows	43,716
Deferred inflows	(21,124)
Total adjustments	357,746
Net cash provided by operating activities	$ 1,363,104
Cash and cash equivalents classified as:	
Unrestricted	$ 1,026,739
Restricted	355,941
	$ 1,382,680

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

CITY OF CHATTAHOOCHEE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	Firefighters' Pension Plan Trust Fund
Assets	
Cash and cash equivalents	$ 135,491
Certificates of deposit	357,197
Total assets	492,688
Liabilities	
Accounts payable and accrued expenses	-
Total liabilities	-
Net Position	
Restricted for pensions	$ 492,688

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

CITY OF CHATTAHOOCHEE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Firefighters' Pension Plan Trust Fund
Additions	
Contributions	
State of Florida and City	$ 19,483
Plan members	3,259
Total contributions	22,742
Investment earnings	
Interest	5,053
Total additions	27,795
Deductions	
Benefit payments	36,167
Change in net position	(8,372)
Net position restricted for pensions, beginning of year	501,060
Net position restricted for pensions, end of year	$ 492,688

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

(1) Summary of Significant Accounting Policies:

(a) **Reporting entity—**City of Chattahoochee, Florida (the "City") is a municipal corporation operating under the council-manager form of government and provides the following services: public safety, transportation, sanitation, culture and recreation, and general administration services. Other public utility services include electric, gas, water, and sewer.

Chattahoochee Main Street, Inc. (Organization) is operated by a separate nonprofit corporation. The Organization was approved in 2014 as a participant in the Florida Main Street Program. No City officials serve on the board and the organization is not fiscally dependent on the City. Furthermore, while the Organization is a tax-exempt organization and the economic resources are almost entirely for the benefit of the City constituents, the City does not have the ability to otherwise access or control the resources received by the Organization. As such, the Organization is not considered a component unit of the City.

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

(c) **Basis of presentation - government-wide financial statements—** While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

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

(d) **Basis of presentation – fund financial statements—**The fund financial statements provide information about the government's funds. Separate statements for each fund category-governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental fund:

> The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

> The *enterprise – utility fund* accounts for the activities of the government's electric distribution operations, gas distribution operations, water collection operations, and sanitation operations.

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Basis of presentation – fund financial statements:** (Continued)

Additionally, the City reports the following fiduciary fund:

The *Firefighters' Pension Plan Trust Fund* accounts for the assets, contributions, and benefit payments to plan members.

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

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

(e) **Measurement focus and basis of accounting—**The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

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

(1) **Summary of Significant Accounting Policies**: (Continued)

(e) **Measurement focus and basis of accounting** (Continued)

General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

(f) **Budgetary information—**Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

(g) **Deposits and investments—**The City'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.

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

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

(1) **Summary of Significant Accounting Policies:** (Continued)

(i) **Capital assets**—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	39
Public domain infrastructure	30 – 50
System infrastructure	7 – 50
Vehicles and other equipment	3 – 10
Office equipment	5
Computer equipment	5

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

(k) **Net position flow assumption**—Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

(l) **Certificates of deposit**—Certificates of deposit are held locally in commercial banks with maturity dates greater than three months of date acquired by the City.

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

(1) **Summary of Significant Accounting Policies:** (Continued)

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

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

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

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

(p) **Deferred outflows/inflows of resources—** In addition to assets and liabilities, the statement of financial position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectfully. These separate financial statement elements, deferred outflows/inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note 10.

(q) **Program revenues—**Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

(1) **Summary of Significant Accounting Policies:** (Continued)

(r) **Compensated absences—**It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and partial sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(s) **Property taxes—**Property taxes are billed and collected for the City by the County Tax Collector according to Florida Statute under the following calendar:

Lien Date:	January 1
Levy Date:	October 1
Due Date:	November 1
Delinquency Date:	April 1, of the following year

(t) **Proprietary funds operating and nonoperating revenues and expenses—**Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the electric, gas, water, and sewer fund are charges to customers for sales and services. The water fund, sewer fund and sanitation fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as *nonoperating* revenues and expenses.

(u) **Leases—**The City has leases for vehicles and equipment. The City determines the arrangement of lease at inception. The City recognizes intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. RTU assets represent the City's right to use an underlying asset for the lease term and lease liabilities represent the City's obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Lease receivable – The City receives rental income from tenants who lease from the City. Typically, rental agreements are structured with payment increases over the life of the lease. The City recognizes revenue with lease assets and liabilities, per GASB 87. As per GASB 87, leases receivable now has a current portion and long-term portion and a related deferred inflow. The current and long-term portion represent the future cash payments and associated interest, while the deferred inflow represents the lease revenue to be recognized over the lease.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: the maximum possible lease term(s) is non-cancelable by both lessee and lessor and is more than 12 months.

Discount Rate – Unless explicitly stated in the lease agreement, known by the City, or the City is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be the City's estimated borrowing rate at the time of lease inception.

(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.

(3) **Deposits and Investments:**

Custodial credit risk–deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The bank balances are covered by Federal depository insurance or by collateral held by the City's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

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

Investments. Investments Florida PRIME are held with the Florida State Board of Administration. This fund is structured as a "2a-7 like" fund, which is carried at amortized cost. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity. Thus, the balance in the fund is its fair value. A "2a-7 like" fund is not registered with the SEC as an investment company, but never the less has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds.

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

Credit Risk: The City minimizes credit risk, the risk of loss due to failure of the security, by limiting investments to authorized investments. Florida PRIME is rated by Standards and Poor's. The current rating is AAAm.

Interest Rate Risk: The City manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities, Florida State Board of Administration Florida PRIME.

(3) **Deposits and Investments:** (Continued)

Florida PRIME invests exclusively in short-term, high-quality fixed income securities rated in the highest short-term rating category and sets to maintain a weighted average maturity of 35 days or less, reducing risk of changes in interest rates.

Custodial credit risk: Investments are subject to custodial credit risk if the securities are uninsured, not registered in the City's name, and are held by the party that either sells to or buys for the City. No investments held at year end were subject to custodial credit risk. All U.S. Government & Agency Bonds were held in the City's name, therefore, these investments were not subject to custodial credit risk. Florida PRIME does not participate in securities lending, but the City owns shares of the Florida PRIME and not the underlying investments.

As of September 30, 2023, the City had the following investment reported at market value:

	Fair Value
Florida PRIME	$ 2,091,464

(4) **Receivables:**

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

	General	Utility	Total
Accounts receivable	$ 404	$ 771,013	$ 771,417
Due from other government	148,584	193,714	342,298
Gross receivables	148,988	964,727	1,113,715
Less: Allowance for uncollectible	-	-	-
Net total receivables	$ 148,988	$ 964,727	$ 1,113,715

(5) **Transfers to/from other Funds:**

The composition of interfund transfers as of September 30, 2023, is as follows:

Transfers are used to move revenues between funds to reflect operating activities of the fund with the primary government:

	Transfers In	Transfers out
General Fund	$ 1,175,000	$ -
Utility Fund	-	1,175,000
Total	$ 1,175,000	$ 1,175,000

(5) **Transfers to/from other Funds:** (Continued)

The interfund amounts were used to support City operations.

As of September 30, 2023, Interfund balances consisted of:

	Due From Other Funds	Due To Other Funds
Governmental funds		
General fund	$ 5,638	-
Proprietary funds		
Utility Fund	-	(5,638)
Total	$ 5,638	$ (5,638)

(6) **Deferred Revenue – American Rescue Plan Act (ARPA):**

The City has been allocated approximately $1,600,000 through the ARPA federal stimulus bill to aid in public health and economic recovery from COVID-19. At the end of the fiscal year, the City has unearned revenue of $1,091,558 related to ARPA funds received and not yet expended.

(7) **Municipal Firefighter's Pension Trust Fund (MFPTF):**

The Municipal Firefighters' Retirement Trust Fund is a single-employer defined benefit pension plan that provides pensions for qualified firefighters pursuant to Florida Statute, Chapter 175. The City adopted a "chapter plan" that provides benefits based on years of service. The benefits are provided through a State contribution from collections of a Fire Insurance Premium Tax. The City is required to participate only when the State contributions are insufficient to fund the plan.

The City has not implemented the provisions of GASB Statement No. 67 *Financial Reporting for Pension Plans* and Statement No. 68 *Accounting and Financial Reporting for Pensions*. Statements No. 67 and 68 establishes standards for the measurement, recognition, and display of pension expense/expenditures and related liabilities, note disclosures, and required supplementary information.

(8) **Risk Management:**

The City 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 City carries commercial insurance.

(9) **Capital Assets:**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 632,537	$ -	$ -	$ 632,537
Construction in progress	35,300	182,360	(50,000)	167,660
Total capital assets, not being depreciated	667,837	182,360	(50,000)	800,197
Capital assets, being depreciated:				
Buildings and improvements	1,896,865	-	-	1,896,865
Infrastructure	2,654,127	50,000	-	2,704,127
Equipment, furniture, fixtures and vehicles	1,294,131	208,792	(77,960)	1,424,963
Total capital assets, being depreciated	5,845,123	258,792	(77,960)	6,025,955
Less accumulated depreciation for:				
Building and improvements, equipment, furniture, fixtures, vehicles and infrastructure	(2,794,163)	(259,560)	66,541	(2,987,182)
Total accumulated depreciation	(2,794,163)	(259,560)	66,541	(2,987,182)
Total capital assets, being depreciated, net	3,050,960	(768)	(11,419)	3,038,773
Capital assets, net	$3,718,797	$ 181,592	$ (61,419)	$3,838,970

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 47,377	$ -	$ -	$ 47,377
Construction in progress	29,700	630,377	(58,879)	601,198
Total capital assets, not being depreciated	77,077	630,377	(58,879)	648,575
Capital assets, being depreciated:				
Buildings, utility systems, and improvements	12,072,664	58,879	-	12,131,543
Machinery and equipment	972,332	-	(31,500)	940,832
Total capital assets, being depreciated	13,044,996	58,879	(31,500)	13,072,375
Less accumulated depreciation for:				
Buildings, utility systems, and improvements machinery and equipment	(6,770,155)	(274,155)	31,500	(7,012,810)
Total accumulated depreciation	(6,770,155)	(274,155)	31,500	(7,012,810)
Total capital assets, being depreciated, net	6,274,841	(215,276)	-	6,059,565
Capital assets, net	$6,351,918	$ 415,101	$ (58,879)	$6,708,140

(9) **Capital Assets:** (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 5,132
Street	104,345
Public safety	93,494
Culture/Rec	56,589
Total	$ 259,560
Business-type activities:	
Electric	$ 85,285
Gas	14,830
Sewer	132,755
Water	41,285
Total	$ 274,155

(10) **Leases:**

The City has leases in effect for vehicles and equipment through 2024. The vehicles and equipment are considered right-to-use assets of the City. The City also leases land for cell tower space to tenants with terms ending in 2029.

As of September 30, 2023, total lease related assets by major class, and the related accumulated amortization, disclosed separately from other capital assets as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Right-to-use leased assets, being amortized				
Vehicles	$ 13,164	$ -	$ -	$ 13,164
Accumulated amortization	-	(11,284)	-	(11,284)
Right-to-use leased assets, net	$ 13,164	$ (11,284)	$ -	$ 1,880
Business-type activities:				
Right-to-use leased assets, being amortized				
Equipment	$ 80,518	$ -	$ -	$ 80,518
Accumulated amortization	-	(52,228)	-	(52,228)
Right-to-use leased assets, net	$ 80,518	$ (52,228)	$ -	$ 28,290

The amortization expense for the right-to-use leased assets was $63,512 for the year ended September 30, 2023.

(10) **Leases:** (Continued)

The principal and interest requirements to maturity for the vehicle and equipment lease liabilities as of September 30, 2023 is as follows:

Year Ending September 30,	Principal	Interest	Total
2024	$ 28,904	$ 2,847	$ 31,751
2025	28,307	1,448	29,755
Total future minimum lease payments	$ 57,211	$ 4,295	$ 61,506

At September 30, 2023, the future minimum rental payments for the cell tower lease to be received by governmental activities of the City are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	$ 14,417	$ 4,521	$ 18,938
2025	15,736	3,770	19,506
2026	17,140	2,951	20,091
2027	18,633	2,061	20,694
2028	20,222	1,093	21,315
2029	10,819	158	10,977
	$ 96,967	$ 14,554	$ 111,521

Total rental income for the year ended September 30, 2023 was $16,356 and interest income was $5,153 related to the lease of land for the cell tower.

(11) **Long-term Debt:**

Governmental-type activities:

Note payable:

$1,200,000 note, payable to a financial institution in annual installments of $93,455, through September 1, 2025, plus interest at 4.65%, collateralized by net revenues. Remainder of balance due on final payment during September 2026.	$ 296,066
Less current amount	80,230
Note payable, less current portion	$ 215,836

Debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest
2024	$ 80,230	$ 13,224
2025	84,042	9,413
2026	131,794	5,420
	$ 296,066	$ 28,057

(11) **Long-term Debt:** (Continued)

Business–type activities:

Revenue bonds:

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Amounts outstanding at the end of the current fiscal year related to these issues in prior years totaled $790,000.

Water and sewer revenue bonds outstanding at September 30, 2023 are comprised of the following:

$1,077,000 2005 Revenue Bond, payable in annual installments through September 1, 2044, plus interest at 4.25%, collateralized by net revenues of the sewer system.	$ 790,000
Less current amount	24,000
Revenue bonds, less current portion	$ 766,000

Debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest
2024	$ 24,000	$ 33,575
2025	25,000	32,555
2026	26,000	31,493
2027	27,000	30,388
2028	28,000	29,240
2029 – 2033	162,000	127,034
2034 – 2038	198,000	89,718
2039 – 2043	245,000	43,776
2044	55,000	2,338
	$ 790,000	$ 420,117

Note payable:

Notes payable at September 30, 2023 were comprised of the following:

Taxable Revenue Note, Series 2018, payable in annual installments through November 18, 2025, plus interest at 3.95%, collateralized by net revenues of the sewer system.	$ 3,000,000
Less current amount	-
Notes payable, less current portion	$ 3,000,000

(11) **Long-term Debt:** (Continued)

Debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest
2024	$ -	$ 118,890
2025	-	118,890
2026	3,000,000	29,723
	$ 3,000,000	$ 267,503

Changes in long-term liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Long-term note payable	$ 368,441	$ -	$ 72,375	$ 296,066	$ 80,230
Compensated absences	73,612	7,583	-	81,195	16,239
Governmental activity long-term liabilities	$ 449,762	$ 7,583	$ 72,375	$ 377,261	$ 96,469
Business-type activities:					
Revenue bonds	$ 813,000	$ -	$ 23,000	$ 790,000	$ 24,000
Revenue note	3,000,000	-	-	3,000,000	-
Compensated absences	62,256	3,600	-	65,856	13,171
Business-type activity long-term liabilities	$ 3,955,774	$ 3,600	$ 23,000	$ 3,855,856	$ 37,171

(12) **Contingent Liabilities:**

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

Legal Proceedings—The City of Chattahoochee, Florida is party to routine legal proceedings and litigation arising in the course of business. In the opinion of management, the outcome of such actions will have no material impact on the City's financial condition.

(13) FRS Pension Plan:

Plan Description and Administration

The City participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the City'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 received 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.

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 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

(13) **FRS Pension Plan:** (Continued)

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 Comprehensive Annual 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:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees is 3.00%. Each class had descriptions and contribution rates in effect during the year ended September 30, 2023, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2023	After June 30, 2023
Regular Class	11.91%	13.57%
Senior Management	31.57%	34.52%
Special Risk	27.83%	32.67%
DROP – Applicable to members above	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 above rates.

(13) **FRS Pension Plan:** (Continued)

Actual contributions made for City employees participating in FRS and HIS for the year ended September 30, 2023 were as follows:

	2023
Entity Contributions – FRS	$ 272,103
Entity Contributions – HIS	33,014
Employee Contributions – FRS	56,671

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

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

Plan	Net Pension Liability
FRS	$ 2,113,359
HIS	747,530
Total	$ 2,860,889

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 employer proportion of the net pension liability was based on a projection of the organization's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At September 30, 2023 and September 30, 2022, the City's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2023	2022
FRS	0.005303706%	0.005304407%
HIS	0.004706973%	0.004496330%

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

FRS	$ 442,518
HIS	280,228
Total	$ 722,746

(13) **FRS Pension Plan:** (Continued)

Deferred outflows/inflows related to pensions:

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

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 198,426	$ -	$ 10,943	$ (1,755)
Changes of assumptions	137,766	-	19,652	(64,776)
Net different between projected and actual investment earnings	88,260	-	386	-
Change in proportionate share	44,459	(57,084)	38,923	(32,304)
Contributions subsequent to measurement date	79,756	-	9,743	-
	$ 548,667	$ (57,084)	$ 79,647	$ (98,835)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from City 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:

	FRS	HIS	Total
2024	$ 65,685	$ (3,591)	$ 62,094
2025	(33,295)	(656)	(33,951)
2026	336,696	(9,194)	327,505
2027	33,311	(12,278)	21,033
2028	9,429	(3,847)	5,582
Thereafter	-	631	631
Total	$ 411,826	$ (28,932)	$ 382,894

Actuarial assumptions:

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.

(13) **FRS Pension Plan:** (Continued)

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 rate is consistent with the prior year rate of 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 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 both plans 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 2023, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	2.9%
Fixed income	19.8%	4.5%
Global equities	54.0%	8.7%
Real estate	10.3%	7.6%
Private equity	11.1%	11.9%
Strategic investments	3.8%	6.3%
Total	100.0%	

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

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

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.70%	$ 3,610,047	$ 2,113,359	$ 861,200
HIS	3.65%	852,815	747,530	660,256

(14) **Other Postemployment Benefits:**

The City provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits. The City contributes, along with its employees and retirees, to the Capital Health Plan (Plan) to provide certain healthcare benefits to active and retired employees and their dependents. The Plan is a single-employer plan administered by Capital Health Plan, Inc. and the City. The benefits, benefit levels, employee contributions and employer contributions are governed by the Plan.

Post-employment health care benefits are offered to retired employees and their dependents. All employees are eligible to receive benefits upon their retirement. All health care benefits are provided through the City's Capital Health Plan employee health care plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental and substance abuse care; dental care; and prescriptions. Upon retirees reaching 65 years of age, Medicare becomes the primary insurer and the City's plan will not pay benefits already paid by Medicare.

The City does not contribute any portion of the premiums for current retired employees. All premiums are paid entirely by the plan participant. The use of age-adjusted premiums results in an implicit rate subsidy funded by the City since the healthcare premiums for retirees and active employees are identical.

The state of Florida's Division of Retirement contributes each month $5 for each year of service, up to $150 per month. The City's Capital Health Plan contract establishes the individual premium to be paid by the retired employees. The state of Florida prohibits the City from separately rating retired employees and active employees. As a result, the City's premium charges to retired employees can be no more than the premium cost applicable to active employees.

The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 75 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

(15) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for fiscal years subsequent to September 30, 2020, that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

(a) GASB issued Statement No. 101, Compensated Absences, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

(b) GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB 102 requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

CITY OF CHATTAHOOCHEE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

CITY OF CHATTAHOOCHEE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes, licenses and permits	$ 514,126	$ 514,126	$ 552,852	$ 38,726
Intergovernmental	271,873	271,873	301,062	29,189
Charges for service	347,000	347,000	407,972	60,972
Grants	252,039	252,039	482,040	230,001
Miscellaneous	151,800	151,800	177,556	25,756
Total revenues	1,536,838	1,536,838	1,921,482	384,644
Expenditures				
Current:				
General government	595,730	595,730	616,608	(20,878)
Public safety	1,198,861	1,198,861	1,296,992	(98,131)
Physical enviroment	99,997	99,997	83,851	16,146
Transportation	1,135,462	1,135,462	972,601	162,861
Culture and recreation	250,116	250,116	436,991	(186,875)
Debt Service:				
Principal	57,000	57,000	78,109	(21,109)
Interest	36,455	36,455	21,335	15,120
Total expenditures	3,373,621	3,373,621	3,506,487	(132,866)
Deficiency of revenues under expenditures	(1,836,783)	(1,836,783)	(1,585,005)	251,778
Other financing sources				
Transfers in	1,836,783	1,836,783	1,175,000	(661,783)
Total other financing sources	1,836,783	1,836,783	1,175,000	(661,783)
Net change in fund balance	-	-	(410,005)	(410,005)
Fund balance, beginning of year	755,633	755,633	755,633	-
Fund balance, end of year	$ 755,633	$ 755,633	$ 345,628	$ (410,005)

The accompanying note to schedule of revenues, expenditures
and changes in fund balance - budget and actual is an integral part of this schedule.

CITY OF CHATTAHOOCHEE, FLORIDA
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

A. **Budgetary Information:**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

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

1. Prior to October 1, the City Council prepares 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. Public hearings are conducted to obtain taxpayer comments.

3. Prior to October 1, the budget is legally enacted through passage of an ordinance.

4. Revisions that alter the total expenditures of any fund must be approved by the City Council.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.

6. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

CITY OF CHATTAHOOCHEE, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LABILITY
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)										
Proportion of the net pension liability (asset)	0.005303706%	0.005304407%	0.005289340%	0.005579271%	0.005749879%	0.004841453%	0.004680612%	0.005270693%	0.005159671%	0.005293762%
Proportionate share of the net pension liability (asset)	$ 2,113,359	$ 1,973,666	$ 399,550	$ 2,418,138	$ 1,980,178	$ 1,458,271	$ 1,384,494	$ 1,330,854	$ 666,441	$ 322,997
Covered payroll	1,865,259	1,638,951	1,648,150	1,604,208	1,680,361	1,472,484	1,504,951	1,556,193	1,484,731	1,505,514
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	113.30%	120.42%	24.24%	150.74%	117.84%	99.03%	92.00%	85.52%	44.89%	21.45%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability (asset)	0.004706973%	0.004496330%	0.004654517%	0.004621207%	0.005023316%	0.004507308%	0.004476736%	0.004781422%	0.004655236%	0.004822834%
Proportionate share of the net pension liability (asset)	$ 747,530	$ 476,233	$ 570,946	$ 564,242	$ 562,059	$ 477,059	$ 478,673	$ 557,255	$ 474,761	$ 450,947
Covered payroll	1,865,259	1,638,951	1,648,150	1,604,208	1,680,361	1,472,484	1,504,951	1,556,193	1,484,731	1,505,514
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	31.81%	35.81%	31.98%	29.95%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

CITY OF CHATTAHOOCHEE, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)										
Contractually required contribution	$ 272,103	$ 226,349	$ 208,196	$ 185,374	$ 178,288	$ 137,978	$ 128,984	$ 132,978	$ 130,227	$ 124,281
Contributions in relation to the contractually required contribution	(272,103)	(226,349)	(208,196)	(185,374)	(178,288)	(137,978)	(128,984)	(132,978)	(130,227)	(124,281)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,889,023	$ 1,638,951	$ 1,648,150	$ 1,604,208	$ 1,680,361	$ 1,472,484	$ 1,504,951	$ 1,556,193	$ 1,484,731	$ 1,505,514
Contributions as a percentage of covered payroll	14.40%	13.81%	12.63%	11.56%	10.61%	9.37%	8.57%	8.55%	8.77%	8.26%
Health Insurance Subsidy Program (HIS)										
Contractually required contribution	$ 33,014	$ 27,207	$ 27,683	$ 26,630	$ 27,894	$ 24,443	$ 24,982	$ 25,833	$ 18,708	$ 18,066
Contributions in relation to the contractually required contribution	(33,014)	(27,207)	(27,683)	(26,630)	(27,894)	(24,443)	(24,982)	(25,833)	(18,708)	(18,066)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,889,023	$ 1,638,951	$ 1,648,150	$ 1,604,208	$ 1,680,361	$ 1,472,484	$ 1,504,951	$ 1,556,193	$ 1,484,731	$ 1,505,514
Contributions as a percentage of covered payroll	1.75%	1.66%	1.68%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.20%

CITY OF CHATTAHOOCHEE, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-Through Entity/Program Title	Federal Assistance Listing Number	Grant Contract Identification Number	Expenditures
FEDERAL AGENCY			
U.S. Department of Treasury			
Passed through Florida Executive Office of the Governor			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5049	$ 510,172
U.S. Department of Homeland Security			
Passed through Florida Executive Office of the Governor			
Disaster Grants - Public Assistance	97.036	Z0849	86,355
U.S. Department of the Interior			
Passed through Florida Department of State			
Emergency Supplemental Historic Prservation Fund	15.957	21.h.fh.900.024	79,000
U.S. Department of Housing and Urban Development			
Passed through Florida Department of Commerce			
Community Development Block Grants/State's Program	14.228	22CV-01	167,660
Community Development Block Grants/State's Program	14.228	M0040	190,340
Total Community Development Block Grants/State's Program			358,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,033,527

The accompanying notes to schedule of expenditures of federal awards is an integral part of this schedule.

CITY OF CHATTAHOOCHEE, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal grant awards activity of City of Chattahoochee, Florida (the City) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

(2) **Summary of Significant Accounting Policies:**

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

(3) **De Minimis Indirect Cost Rate Election:**

The City has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

(4) **Subrecipients:**

During the year ended September 30, 2023, the City provided no grant awards to subrecipients

(5) **Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, all project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable federal and state laws and regulations.

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CITY OF CHATTAHOOCHEE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTION COSTS
SEPTEMBER 30, 2023

A. **Summary of Auditors' Results:**

Financial Statements:

Type of audit report issued on the financial statements: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes ____ no

Significant deficiency(ies) identified? X yes ____ none reported

Noncompliance material to financial statements noted? ____ yes X no

Federal Awards:

Internal control over major Federal programs:

Material weakness(es) identified? ____ yes X no

Significant deficiency(ies) identified? ____ yes X none reported

Type of auditors' report issued on compliance for major Federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? ____ yes X none reported

Identification of major Federal programs:

Assistance Listing Number	Program Name
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B Federal programs: $750,000

Auditee qualified as low-risk auditee? ____ yes X no

B. **Financial Statement Findings:**

2023-001 – Utility Billing

Criteria: The City applied the incorrect garbage rates to consumers resulting in an incorrect billing amount.

Condition: We selected a sample of 40 utility billing transactions, and we noted three deviations that resulted in incorrect billing amounts.

Cause: The City charged the incorrect garbage rate which resulted in the incorrectly billed amount for a billing cycle.

Effect: Incorrect billings result in the misstatement of Utility revenues.

Recommendation: We recommend management implement a system or process in which all Utility Cycle billings are reviewed for proper billing amounts.

2023-002 – Approval of Cash Disbursements

Criteria: The City did not show physical evidence of approval over employee timesheets.

Condition: We selected a sample of 25 cash disbursement transactions and we noted five deviations that resulted in a lack of physical approval over employee timesheets.

Cause: The City did not show physical evidence that employee timesheets were being reviewed and approved.

Effect: Increase in the potential for material misstatement in the financial statements or fraud.

Recommendation: We recommend management implement a system or process in which all employee timesheets are physically signed off by a supervisor as reviewed and approved.

2023-003 – Approval of Journal Entries

Criteria: The City did not show physical evidence of approval over adjusting journal entries.

Condition: We selected a sample of 25 journal entries, and we noted twenty-five deviations that resulted in a lack of physical approval over each entry.

Cause: The City did not show physical evidence that journal entries were being reviewed and approved.

Effect: Increase in the potential for material misstatement in the financial statements or fraud.

Recommendation: We recommend management implement a system or process in which all journal entries are physically signed off by the City Manager or a board member as reviewed and approved.

2023-004 – Significant Adjustments

Criteria: 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 ("GAAP").

Condition: Material adjustments were required to be made to the accounting records subsequent to the start of the audit process to be in accordance with GAAP.

Cause: Management relied on auditors to propose entries that had not been recorded at the time of the audit.

Effect: Incorrect recording of accounting records could lead to a material misstatement on the financial statements.

Recommendation: We recommend that management implement policies and procedures that would prevent material adjustments being proposed to the financial statements by auditors.

C. **Federal Programs Findings and Questioned Costs:**

No findings or questioned costs were noted.

CITY OF CHATTAHOOCHEE, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Finding 2022-001: Debt Compliance – Resolved.

JAMESMOORE

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and members of City Council,
City of Chattahoochee, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Chattahoochee, Florida's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

James Moore & Co., P.L.

Tallahassee, Florida
July 23, 2024

INDEPENDENT AUDITORS' 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 City Council,
City of Chattahoochee, Florida:

We have audited, 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, the financial statements of the governmental activities, the business-type activities and each major fund of the City as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 23, 2024.

As discussed in the Independent Auditor's Report, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and the Utility Fund.

In addition, City has not implemented the provisions of Statement No. 67 *Financial Reporting for Pension Plans* and Statement No. 68 *Accounting and Financial Reporting for Pensions,* for its Municipal Firefighters' Pension Trust Fund. Accounting principles generally accepted in the United States of America require recording of an obligation for the net pension liability, and any associated deferred inflow and outflow related to the pension fund. This would increase liabilities, increase deferred inflows and outflows, decrease net position, and change the expenses in the governmental activities.

Report on Internal Control over Financial Reporting

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

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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control to be a material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and question costs as items 2023-004 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and question costs as items 2023-001, 2023-002, and 2023-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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 that are required to be reported under *Government Auditing Standards.*

City of Chattahoochee, Florida's Response to Findings

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

Purpose of this Report

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

James Moore & Co., P.L.

Tallahassee, Florida
July 23, 2024

JAMESMOORE

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 City Council,
City of Chattahoochee, Florida:

Report on the Financial Statements

We have audited the financial statements of the City of Chattahoochee, Florida**,** as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated July 23, 2024.

As discussed in Note 11 to the financial statements, the City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* Accounting principles generally accepted in the United States of America require recording of an obligation for postemployment benefits other than pensions, which would increase liabilities, decrease net position, and change the expenses in the governmental activities, business-type activities, and the Utility Fund.

In addition, as discussed in Note 12 to the financial statements, the City has not implemented the provisions of Statement No. 67 *Financial Reporting for Pension Plans* and Statement No. 68 *Accounting and Financial Reporting for Pensions,* for its Municipal Firefighters' Pension Trust Fund. Accounting principles generally accepted in the United States of America require recording of an obligation for the net pension liability, and any associated deferred inflow and outflow related to the pension fund. This would increase liabilities, increase deferred inflows and outflows, decrease net position, and change the expenses in the governmental activities.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and the Audit Requirements of Federal Awards (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with Chapter 10.550 Rules of the Florida Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated July 23, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings			
Description	**Current Year Finding #**	**2021-22 FY Finding #**	**2020-21 FY Finding #**
Utility Billing	2023-001	NA	NA
Approval of Cash Disbursements	2023-002	NA	NA
Approval of Journal Entries	2023-003	NA	NA
Material Adjustments	2023-004	NA	NA
Budgetary Compliance	2023-005	NA	NA

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. There are no component units of City of Chattahoochee, Florida to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Chattahoochee, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City of Chattahoochee, Florida. It is management's responsibility to monitor the City of Chattahoochee, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted the following recommendations:

Finding 2023-005: <u>Budgetary Compliance</u>

The City's legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. During our review we noted the following General Fund

- General Fund – Exceeded final approved budget by $132,866

As a result, the City was not in budgetary compliance. We recommend that the City analyze budget vs. actual results subsequent to year-end as the fiscal year is being closed out and determine the need for additional budget amendments to ensure budgetary compliance, as amendments may be approved by the City Commission up to 60 days after fiscal year-end.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

City of Chattahoochee, Florida's Response to Findings

The City's responses to the findings identified in our audit are outlined as listed in the table of contents. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Letter

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

James Moore & Co., P.L.

Tallahassee, Florida
July 23, 2024

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor and Members of City Council,
City of Chattahoochee, Florida:

We have examined the compliance of the City of Chattahoochee, Florida (the City) with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2023. Management is responsible for the City's compliance with the statute. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance against the Statute, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain reasonable assurance for evaluating the City's compliance with the Statute for the year ended September 30, 2023, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the City's compliance with the Statute for the year ended September 30, 2023. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks that the City was not in compliance with the Statute for the year ended September 30, 2023 in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the City and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our examination.

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

James Moore & Co., P.L.

Tallahassee, Florida
July 23, 2024

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CORRECTIVE ACTION PLAN

FINDING 2023-001: The Utility Billing Administrator reviewed each utility account and ensured that the accounts were correctly assigned, and this will continue to be monitored as new accounts are set up.

FINDING 2023-002: The City has implemented a process in which all employee timesheets are reviewed and signed off on by their supervisor.

FINDING 2023-003: The City has implemented a process where all journal entries are signed off on by someone other than the City Clerk; journal entries will be signed off on by the City Manager specifically moving forward.

FINDING 2023-004: The City recognizes that material adjustments had to be made by James Moore & Co. We are working to rectify the situation by making proper adjustments, namely for grants.

FINDING 2023-005: The City's recognizes that General Fund expenditures exceeded the final approved budget amount. This was due largely to grant spending, which we will rectify by making budget amendments, when necessary, after the fiscal year-end.

Robert Presnell, City Manager