

CITY OF CARRABELLE, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

**CITY OF CARRABELLE, FLORIDA
TABLE OF CONTENTS
SEPTEMBER 30, 2021**

	Page(s)
Independent Auditors’ Report	1 – 3
Management’s Discussion and Analysis	4 – 10
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Notes to Financial Statements	20 – 38
Required Supplementary Information	39
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	40
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	41
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds	42
Schedule of Proportionate Share of Net Pension Liability	43
Schedule of Contributions	44
Other Items and Reports	
Schedule of Expenditures of State Financial Assistance	45
Notes to the Schedule of State Financial Assistance	46
Independent Auditors’ Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance Required by Chapter 10.550, Rules of the Auditor General	47 – 48
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 <i>Government Auditing Standards</i>	49 – 50
Schedule of Findings and Questioned Costs	51 - 53
Independent Auditors’ Management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General	54 – 56
Independent Accountants’ Examination Report	57
Officials	58
Corrective Action Plan	59 – 60



INDEPENDENT AUDITORS' REPORT

To the Honorable City Council,
City of Carrabelle, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Carrabelle, Florida as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise City of Carrabelle, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As discussed in Note (16) 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 Water and Sewer Fund.

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 Water and Sewer Fund has not been determined.

Qualified Opinion on the Governmental Activities, Business-type Activities, and Water and Sewer 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 Water and Sewer 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 Water and Sewer Fund of the City as of September 30, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on each major fund and the aggregate remaining fund information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information for the City, as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

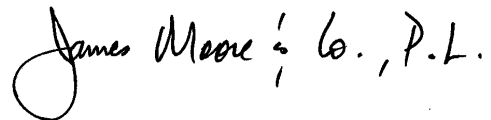
Other Information

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 state financial assistance, as required by Section 215.97, Florida Statutes, *Florida Single Audit Act*; and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2022 on our consideration of City of Carrabelle, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City of Carrabelle, Florida's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
June 16, 2022

City of Carrabelle, Florida
Management's Discussion and Analysis
September 30, 2021

As management of the City of Carrabelle, Florida, we offer readers of the City of Carrabelle, Florida's financial statements this narrative overview and analysis of the financial activities of the City of Carrabelle, Florida for the fiscal year ended September 30, 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Carrabelle, Florida's basic financial statements. The City of Carrabelle, 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 Carrabelle, 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 Carrabelle, 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 Carrabelle, 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 Carrabelle, 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 Carrabelle, Florida include general government, public safety, transportation, culture and recreation and physical environment. The business-type activities of the City of Carrabelle, Florida include a water and sewer operation and an airport operation.

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 Carrabelle, Florida, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Carrabelle, Florida can be divided into two categories: governmental funds and proprietary funds.

City of Carrabelle, Florida
Management's Discussion and Analysis
September 30, 2021
(Continued)

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 Carrabelle, Florida maintains two major governmental funds. 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 and special revenue fund, both of these are considered to be major funds.

The City of Carrabelle, 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.

Proprietary funds. The City of Carrabelle, Florida maintains proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Carrabelle, Florida uses enterprise funds to account for its water and sewer operation and its airport operation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operation, and the airport operation.

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 as listed in the table of contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Carrabelle, Florida's budgetary information.

City of Carrabelle, Florida
Management's Discussion and Analysis
September 30, 2021
(Continued)

Community Redevelopment Agency

As of September 30, 2021, the City has not yet transferred the appropriate tax increment funding amounts to the Community Redevelopment Agency in accordance with Florida Statute 163. The table below outlines amounts owed by the general fund to the Community Redevelopment Agency since September 30, 2014 as the City has made efforts to repay the amounts owed to the Community Redevelopment Agency:

	Beginning Balance	Payments to CRA	Payments by CRA	Ending Balance
2014	\$ 1,571,047	\$ 713,860	\$ -	\$ 857,187
2015	857,187	168,220	-	688,967
2016	688,967	-	70,970	759,937
2017	759,937	2,714	-	757,223
2018	757,223	339,425	-	417,798
2019	417,798	125,000	-	292,798
2020	292,798	75,000	-	217,798
2021	217,798	100,000	-	117,798

In its' fiscal year 2022 budget, the City has budgeted an additional \$130,000 repayment to the Community Redevelopment Agency.

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 Carrabelle, Florida, assets exceeded liabilities by \$45,964,062 at the close of the most recent fiscal year.

The largest portion of the City of Carrabelle, 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 is still outstanding. The City of Carrabelle, Florida uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Carrabelle, 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.

An additional portion of the City of Carrabelle, Florida's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$3,165,022 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Carrabelle, Florida is able to report positive balances in all three categories of net position for the government as a whole.

City of Carrabelle, Florida
Management's Discussion and Analysis
September 30, 2021
(Continued)

City of Carrabelle, Florida's Net Position

	2021		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 2,546,773	\$ 3,850,266	\$ 6,397,039
Capital assets	6,894,929	39,794,700	46,689,629
Total assets	<u>9,441,702</u>	<u>43,644,966</u>	<u>53,086,668</u>
Deferred outflows	140,388	101,178	241,566
Long-term liabilities outstanding	790,279	4,812,792	5,603,071
Net pension liability	294,213	187,248	481,461
Other liabilities	42,853	409,089	451,942
Total liabilities	<u>1,127,345</u>	<u>5,409,129</u>	<u>6,536,474</u>
Deferred inflows	500,264	327,434	827,698
Net position:			
Net investment in capital assets	6,894,929	35,036,920	41,931,849
Restricted	814,551	87,668	902,219
Unrestricted	245,001	2,884,993	3,129,994
Total net position	<u>\$ 7,954,481</u>	<u>\$ 38,009,581</u>	<u>\$ 45,964,062</u>
	2020		
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 2,366,858	\$ 4,036,532	\$ 6,403,390
Capital assets	7,121,776	41,347,027	48,468,803
Total assets	<u>9,488,634</u>	<u>45,383,559</u>	<u>54,872,193</u>
Deferred outflows	244,271	166,307	410,578
Long-term liabilities outstanding	840,915	5,014,953	5,855,868
Net pension liability	894,899	563,878	1,458,777
Other liabilities	89,601	619,347	708,948
Total liabilities	<u>1,825,415</u>	<u>6,198,178</u>	<u>8,023,593</u>
Deferred inflows	82,812	65,710	148,522
Net position:			
Net investment in capital assets	7,121,776	36,397,912	43,519,688
Restricted	746,328	352,055	1,098,383
Unrestricted	(43,426)	2,536,011	2,492,585
Total net position	<u>\$ 7,824,678</u>	<u>\$ 39,285,978</u>	<u>\$ 47,110,656</u>

City of Carrabelle, Florida
Management's Discussion and Analysis
September 30, 2021
(Continued)

City of Carrabelle, Florida's Changes in Net Position

	2021		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 190,565	\$ 2,245,602	\$ 2,436,167
Operating grants and contributions	11,981	-	11,981
Capital grants and contributions	1,002,191	135,057	1,137,248
General revenues:			
Taxes	1,589,433	-	1,589,433
Intergovernmental and other	60,335	35,040	95,375
Total revenues	<u>2,854,505</u>	<u>2,415,699</u>	<u>5,270,204</u>
Expenses:			
General government	592,976	-	592,976
Public Safety	423,760	-	423,760
Transportation	333,701	-	333,701
Culture and recreation	185,594	-	185,594
Physical environment	1,156,947	-	1,156,947
Interest on long term debt	31,724	-	31,724
Water and Sewer	-	3,521,668	3,521,668
Airport	-	170,428	170,428
Total expenses	<u>2,724,702</u>	<u>3,692,096</u>	<u>6,416,798</u>
Change in net position	129,803	(1,276,397)	(1,146,594)
Net position, beginning of year	7,824,678	39,285,978	47,110,656
Net position, end of year	<u>\$ 7,954,481</u>	<u>\$ 38,009,581</u>	<u>\$ 45,964,062</u>
	2020		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 158,769	\$ 2,313,784	\$ 2,472,553
Operating grants and contributions	313,604	-	313,604
Capital grants and contributions	249,848	572,455	822,303
General revenues:			
Taxes	1,457,915	-	1,457,915
Intergovernmental and other	28,870	377,438	406,308
Total revenues	<u>2,209,006</u>	<u>3,263,677</u>	<u>5,472,683</u>
Expenses:			
General government	661,920	-	661,920
Public Safety	675,454	-	675,454
Transportation	342,949	-	342,949
Culture and recreation	142,419	-	142,419
Physical environment	438,441	-	438,441
Interest on long term debt	31,995	-	31,995
Water and Sewer	-	3,571,188	3,571,188
Airport	-	242,893	242,893
Total expenses	<u>2,293,178</u>	<u>3,814,081</u>	<u>6,107,259</u>
Change in net position	(84,172)	(550,404)	(634,576)
Net position, beginning of year	7,908,850	39,836,382	47,745,232
Net position, end of year	<u>\$ 7,824,678</u>	<u>\$ 39,285,978</u>	<u>\$ 47,110,656</u>

City of Carrabelle, Florida
Management's Discussion and Analysis
September 30, 2021
(Continued)

Governmental activities. Governmental activities increased the City of Carrabelle, Florida's net position by \$129,803. The key elements of this increase were:

- Increased ad valorem taxes from tax base.

Business-type activities. Business-type activities decreased the City of Carrabelle, Florida's net position by \$1,276,397. The key element of this decrease was:

- Depreciation and pension expenses.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Carrabelle, Florida's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Carrabelle, 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 Carrabelle, Florida's governmental funds reported combined ending fund balances of \$2,503,920, an increase of \$226,663 in comparison with the prior year. Approximately 67% of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *assigned, nonspendable and restricted* to indicate that it is not available for new spending because it has already been committed to generate income to pay for a variety of other restricted purposes.

The general fund is the chief operating fund of the City of Carrabelle, Florida. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,673,794 while total fund balance reached \$2,059,770. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 68 percent of total general fund expenditures, while total fund balance represents 84 percent of that same amount.

The fund balance of the City of Carrabelle, Florida's general fund increased by \$191,440 during the current fiscal year. The key factors in this increase were:

- Cares act reimbursements

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

Unrestricted net position of the Water and Sewer fund and the Airport fund at the end of the year amounted to \$2,850,001, and \$34,992, respectively. The total decrease in net position for the funds was \$1,276,397. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Carrabelle, Florida's business-type activities.

City of Carrabelle, Florida
Management's Discussion and Analysis
September 30, 2021
(Continued)

General Fund Budgetary Highlights

- Public safety and physical environment expenditures greater than budget amounts due to COVID 19 supplies and fixed asset purchases.

Capital Asset and Debt Administration

Capital assets. The City of Carrabelle, Florida's investment in capital assets for its governmental and business type activities as of September 30, 2021, amounts to \$46,689,629 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and system, improvements, machinery and equipment, park facilities and roads.

Major capital asset events during the current fiscal year included the following:

- Water and sewer infrastructure improvements.
- Airport improvements.

Additional information on the City of Carrabelle, Florida's capital assets can be found in the notes to the financial statements as indicated in the table of contents.

Long-term debt. At the end of the current fiscal year, the City of Carrabelle, Florida had total debt outstanding of \$5,603,071, which was related to capital improvement debt and equipment, and compensated absences.

Additional information on the City of Carrabelle, Florida's long-term debt can be found in the notes to the financial statements as indicated in the table of contents.

Economic Factors and Next Year's Budgets and Rates

- Millage rate consistent with previous years.
- American Rescue Plan funding expected to be received.
- Road improvement projects with SCOP grants
- Continued water and sewer fund infrastructure improvements
- Increase in property tax revenues based on increasing values.

Requests for Information

This financial report is designed to provide a general overview of the City of Carrabelle, 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, 1206 Hwy 98 East, Carrabelle, Florida 32322.

CITY OF CARRABELLE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 976,555	\$ 3,117,935	\$ 4,094,490
Certificates of deposit	56,097	251,402	307,499
Investments	1,038	-	1,038
Receivables, net	28,994	278,960	307,954
Due from other governments	814,330	127,208	941,538
Internal balances	35,028	(35,028)	-
Inventory	-	2,900	2,900
Prepays	15,575	-	15,575
Restricted assets			
Cash and cash equivalents	619,156	106,889	726,045
Capital assets not being depreciated:			
Land	401,368	2,970,515	3,371,883
Construction in process	-	535,284	535,284
Capital assets being depreciated, net	6,493,561	36,288,901	42,782,462
Total assets	<u>\$ 9,441,702</u>	<u>\$ 43,644,966</u>	<u>\$ 53,086,668</u>
DEFERRED OUTFLOWS			
Deferred outflows related to pensions	<u>\$ 140,388</u>	<u>\$ 101,178</u>	<u>\$ 241,566</u>
LIABILITIES			
Account payable and accrued expenses	\$ 30,853	\$ 179,780	\$ 210,633
Unearned revenue	-	9,030	9,030
Deposits	12,000	220,279	232,279
Noncurrent liabilities:			
Due within one year	67,696	236,282	303,978
Due in more than one year	722,583	4,576,510	5,299,093
Net pension liability	294,213	187,248	481,461
Total liabilities	<u>\$ 1,127,345</u>	<u>\$ 5,409,129</u>	<u>\$ 6,536,474</u>
DEFERRED INFLOWS			
Deferred inflows related to pensions	<u>\$ 500,264</u>	<u>\$ 327,434</u>	<u>\$ 827,698</u>
NET POSITION			
Net investment in capital assets	\$ 6,894,929	\$ 35,036,920	\$ 41,931,849
Restricted for:			
Infrastructure	102,951	-	102,951
Community redevelopment	444,094	-	444,094
Public safety	133,120	-	133,120
Building permit enforcement	78,411	-	78,411
Cemetery	55,975	-	55,975
Debt service	-	87,668	87,668
Unrestricted	245,001	2,884,993	3,129,994
Total net position	<u>\$ 7,954,481</u>	<u>\$ 38,009,581</u>	<u>\$ 45,964,062</u>

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

**CITY OF CARRABELLE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental activities:							
General government	\$ 592,976	\$ 155,866	\$ 11,981	\$ 1,002,191	\$ 577,062	\$ -	\$ 577,062
Public safety	423,760	34,699	-	-	(389,061)	-	(389,061)
Transportation	333,701	-	-	-	(333,701)	-	(333,701)
Culture and recreation	185,594	-	-	-	(185,594)	-	(185,594)
Physical environment	1,156,947	-	-	-	(1,156,947)	-	(1,156,947)
Interest on long term debt	31,724	-	-	-	(31,724)	-	(31,724)
Total governmental activities	<u>2,724,702</u>	<u>190,565</u>	<u>11,981</u>	<u>1,002,191</u>	<u>(1,519,965)</u>	<u>-</u>	<u>(1,519,965)</u>
Business-type activities:							
Water and sewer	3,521,668	2,199,978	-	94,776	-	(1,226,914)	(1,226,914)
Airport	170,428	45,624	-	40,281	-	(84,523)	(84,523)
Total business-type activities	<u>3,692,096</u>	<u>2,245,602</u>	<u>-</u>	<u>135,057</u>	<u>-</u>	<u>(1,311,437)</u>	<u>(1,311,437)</u>
Total government	<u>\$ 6,416,798</u>	<u>\$ 2,436,167</u>	<u>\$ 11,981</u>	<u>\$ 1,137,248</u>	<u>(1,519,965)</u>	<u>(1,311,437)</u>	<u>(2,831,402)</u>
General revenues:							
Property taxes					1,128,583	-	1,128,583
Sales taxes					253,705	-	253,705
Other taxes					79,610	-	79,610
Franchise and utility taxes					127,535	-	127,535
Intergovernmental revenue					67,171	-	67,171
Other					7,922	4,741	12,663
Unrestricted investment earnings					5,242	10,299	15,541
Transfers					(20,000)	20,000	-
Total general revenues					<u>1,649,768</u>	<u>35,040</u>	<u>1,684,808</u>
Change in net position					129,803	(1,276,397)	(1,146,594)
Net position, beginning of year					7,824,678	39,285,978	47,110,656
Net position, end of year					<u>\$ 7,954,481</u>	<u>\$ 38,009,581</u>	<u>\$ 45,964,062</u>

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

**CITY OF CARRABELLE, FLORIDA
BALANCE SHEET -
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 976,499	\$ -	\$ 56	\$ 976,555
Certificate of deposit	56,097	-	-	56,097
Investments	1,038	-	-	1,038
Receivables	843,324	-	-	843,324
Prepaid items	15,575	-	-	15,575
Due from other funds	35,028	117,798	-	152,826
Restricted cash and cash equivalents	291,990	327,166	-	619,156
Total Assets	<u>\$ 2,219,551</u>	<u>\$ 444,964</u>	<u>\$ 56</u>	<u>\$ 2,664,571</u>
Liabilities				
Accounts payable and accrued expenses	\$ 29,983	\$ 870	\$ -	\$ 30,853
Deposits	12,000	-	-	12,000
Due to other funds	117,798	-	-	117,798
Total liabilities	<u>159,781</u>	<u>870</u>	<u>-</u>	<u>160,651</u>
Fund Balances:				
Nonspendable	15,575	-	-	15,575
Restricted for:				
Infrastructure	102,895	-	56	102,951
Public safety	133,120	-	-	133,120
Community redevelopment	-	444,094	-	444,094
Building permit enforcement	78,411	-	-	78,411
Cemetery	55,975	-	-	55,975
Unassigned	1,673,794	-	-	1,673,794
Total fund balances	<u>2,059,770</u>	<u>444,094</u>	<u>56</u>	<u>2,503,920</u>
Total Liabilities and Fund Balances	<u>\$ 2,219,551</u>	<u>\$ 444,964</u>	<u>\$ 56</u>	<u>\$ 2,664,571</u>

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

CITY OF CARRABELLE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Fund balances - total governmental funds \$ 2,503,920

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	401,368	
Capital assets being depreciated	12,762,558	
Accumulated depreciation	<u>(6,268,997)</u>	6,894,929

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	140,388	
Net pension liability	(294,213)	
Deferred inflows	<u>(500,264)</u>	(654,089)

Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:

Capital leases	(11,267)	
Notes payable	(753,705)	
Compensated absences	<u>(25,307)</u>	(790,279)

Net position of governmental activities	<u><u>\$ 7,954,481</u></u>
---	----------------------------

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

CITY OF CARRABELLE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes, licenses and permits	\$ 1,616,301	\$ 81,765	\$ -	\$ 1,698,066
Intergovernmental	68,918	-	-	68,918
Grants	1,014,172	-	-	1,014,172
Charges for services	39,542	-	-	39,542
Other	53,160	647	-	53,807
Total revenues	<u>2,792,093</u>	<u>82,412</u>	<u>-</u>	<u>2,874,505</u>
Expenditures				
General government	554,464	-	-	554,464
Public safety	493,527	-	-	493,527
Transportation	290,939	-	-	290,939
Culture and recreation	438,815	20,909	-	459,724
Physical environment	603,354	153,682	-	757,036
Debt service:				
Principal	40,428	-	-	40,428
Interest	31,724	-	-	31,724
Total expenditures	<u>2,453,251</u>	<u>174,591</u>	<u>-</u>	<u>2,627,842</u>
Excess (deficiency) of revenues over (under) expenditures	<u>338,842</u>	<u>(92,179)</u>	<u>-</u>	<u>246,663</u>
Other financing sources (uses)				
Transfers in	-	127,402	-	127,402
Transfers out	(147,402)	-	-	(147,402)
Total other financing sources (uses)	<u>(147,402)</u>	<u>127,402</u>	<u>-</u>	<u>(20,000)</u>
Net change in fund balances	<u>191,440</u>	<u>35,223</u>	<u>-</u>	<u>226,663</u>
Fund balances, beginning of year	1,868,330	408,871	56	2,277,257
Fund balances, end of year	<u>\$ 2,059,770</u>	<u>\$ 444,094</u>	<u>\$ 56</u>	<u>\$ 2,503,920</u>

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

**CITY OF CARRABELLE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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

Net change in fund balances-total governmental funds	\$	226,663
--	----	---------

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:

Capital outlay expenditures	103,571	
Depreciation expense	<u>(330,418)</u>	(226,847)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds:

Repayment of principal of capital lease and notes payable	40,428
---	--------

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:

Pension expense	79,351	
Changes in compensated absences	<u>10,208</u>	89,559

Change in net position of governmental activities	\$	<u><u>129,803</u></u>
---	----	-----------------------

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

CITY OF CARRABELLE, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water and Sewer</u>	<u>Airport</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,076,813	\$ 41,122	\$ 3,117,935
Restricted assets:			
Cash and cash equivalents	106,889	-	106,889
Certificate of deposit	251,402	-	251,402
Receivables, net	278,960	-	278,960
Due from other governments	127,208	-	127,208
Inventory	-	2,900	2,900
Total current assets	<u>3,841,272</u>	<u>44,022</u>	<u>3,885,294</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	34,691,855	5,102,845	39,794,700
Total noncurrent assets	<u>34,691,855</u>	<u>5,102,845</u>	<u>39,794,700</u>
Total assets	<u>\$ 38,533,127</u>	<u>\$ 5,146,867</u>	<u>\$ 43,679,994</u>
DEFERRED OUTFLOWS			
Deferred outflows related to pensions	<u>\$ 101,178</u>	<u>\$ -</u>	<u>\$ 101,178</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 179,780	\$ -	\$ 179,780
Current portion of capital lease payable	8,429	-	8,429
Current portion of compensated absences	26,150	-	26,150
Current portion of notes payable	201,703	-	201,703
Due to other funds	35,028	-	35,028
Unearned revenue	-	9,030	9,030
Utility deposits	220,279	-	220,279
Noncurrent liabilities:			
Compensated absences	20,433	-	20,433
Notes payable, long-term portion	4,556,077	-	4,556,077
Net pension liability	187,248	-	187,248
Total liabilities	<u>\$ 5,435,127</u>	<u>\$ 9,030</u>	<u>\$ 5,444,157</u>
DEFERRED INFLOWS			
Deferred inflows related to pensions	<u>\$ 327,434</u>	<u>\$ -</u>	<u>\$ 327,434</u>
NET POSITION			
Net investment in capital assets	\$ 29,934,075	\$ 5,102,845	\$ 35,036,920
Restricted for debt service	87,668	-	87,668
Unrestricted	2,850,001	34,992	2,884,993
Total net position	<u>\$ 32,871,744</u>	<u>\$ 5,137,837</u>	<u>\$ 38,009,581</u>

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

CITY OF CARRABELLE, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Airport	Total
Operating revenues:			
Charges for services	\$ 2,199,978	\$ 45,624	\$ 2,245,602
Other revenues	4,741	-	4,741
Total operating revenues	2,204,719	45,624	2,250,343
Operating expenses:			
Contracted services	525	10,965	11,490
Salaries	441,847	-	441,847
Employee benefits	161,537	-	161,537
Auto and truck	14,370	-	14,370
Depreciation	1,839,525	107,459	1,946,984
Professional fees	70,041	875	70,916
Repairs	341,717	3,961	345,678
Utilities	184,044	5,777	189,821
Supplies	274,582	12,715	287,297
Insurance	79,796	10,687	90,483
Miscellaneous	25,956	17,989	43,945
Total operating expenses	3,433,940	170,428	3,604,368
Operating loss	(1,229,221)	(124,804)	(1,354,025)
Nonoperating revenues (expenses):			
Capital grants	94,776	40,281	135,057
Interest earnings	10,246	53	10,299
Interest expense	(87,728)	-	(87,728)
Total nonoperating revenues (expenses)	17,294	40,334	57,628
Loss before contributions, grants, and transfers	(1,211,927)	(84,470)	(1,296,397)
Transfers in (out)	-	20,000	20,000
Change in net position	(1,211,927)	(64,470)	(1,276,397)
Total net position, beginning of year	34,083,671	5,202,307	39,285,978
Total net position, end of year	\$ 32,871,744	\$ 5,137,837	\$ 38,009,581

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

CITY OF CARRABELLE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds		
	Water and Sewer	Airport	Total
Cash flows from operating activities			
Cash received from customers and others	\$ 2,214,083	\$ 80,276	\$ 2,294,359
Cash paid to employees and vendors	(1,832,886)	(78,857)	(1,911,743)
Net cash provided by operating activities	<u>381,197</u>	<u>1,419</u>	<u>382,616</u>
Cash flows from noncapital financing activities			
Transfers from other funds	-	20,000	20,000
Interfund loans	35,028	(34,652)	376
Net cash provided by (used in) noncapital financing activities	<u>35,028</u>	<u>(14,652)</u>	<u>20,376</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(354,376)	(40,281)	(394,657)
Capital grants	94,776	40,281	135,057
Principal payments of long-term debt	(206,786)	-	(206,786)
Interest paid	(87,728)	-	(87,728)
Net cash provided by (used in) capital and related financing activities	<u>(554,114)</u>	<u>-</u>	<u>(554,114)</u>
Cash flows from investing activities			
Interest received	10,246	53	10,299
Net change in cash and cash equivalents	<u>(127,643)</u>	<u>(13,180)</u>	<u>(140,823)</u>
Cash and cash equivalents, beginning of year	3,311,345	54,302	3,365,647
Cash and cash equivalents, end of year	<u>\$ 3,183,702</u>	<u>\$ 41,122</u>	<u>\$ 3,224,824</u>
Cash and cash equivalents classified as:			
Unrestricted	\$ 3,076,813	\$ 41,122	\$ 3,117,935
Restricted	106,889	-	106,889
Total cash and cash equivalents	<u>\$ 3,183,702</u>	<u>\$ 41,122</u>	<u>\$ 3,224,824</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (1,229,221)	\$ (124,804)	\$ (1,354,025)
Adjustments to reconcile net operating loss to net cash provided by operating activities:			
Depreciation	1,839,525	107,459	1,946,984
Changes in assets and liabilities:			
Certificates of deposit	(3,372)	-	(3,372)
Accounts receivable	82,749	-	82,749
Due from other governments	(81,260)	34,652	(46,608)
Prepaid items	12,298	-	12,298
Accounts payable and accrued liabilities	(205,617)	(15,888)	(221,505)
Deposits	11,247	-	11,247
Compensated absences	4,625	-	4,625
Net pension liability	(49,777)	-	(49,777)
Net cash provided by operating activities	<u>\$ 381,197</u>	<u>\$ 1,419</u>	<u>\$ 382,616</u>

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

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

(a) **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 of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *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.

(b) **Reporting entity**—City of Carrabelle, Florida (the “City”) is a municipal corporation formed under Florida Laws 1965, c. 65-1349, and is governed by an elected mayor and a four-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. As required by accounting principles generally accepted in the United States of America, these financial statements include the City’s Community Redevelopment Agency. A blended component unit is, in substance, part of the primary government’s operations, even though it is a legally separate entity. Thus, the blended component unit is appropriately presented as a fund of the primary government. The City’s Community Redevelopment Agency (“Agency”) serves all the citizens of the City and is governed by the same Board as the City of Carrabelle, Florida. The Agency was established for the conservation, rehabilitation, and redevelopment of the City and for the interest of the public health, safety, morals, and welfare of the residents. The Agency is reported as a special revenue fund.

(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, including its blended component unit. 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 funds:

The *general fund* is the City’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 *special revenue fund* accounts for the receipts and expenditures related the City’s Community Redevelopment Agency.

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

The City reports the following major proprietary funds:

The *water and sewer fund* accounts for the activities of the City's water distribution and sewer operations.

The *airport fund* accounts for the activities of the City's airport operations.

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.

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

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

Sales taxes, 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. 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, and special revenue 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.

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

(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 Funds, 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) **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. For financial reporting purposes, infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$5,000 acquired after September 30, 2003 and an estimated useful life in excess of two years. For inventory purposes, capital assets are assets with individual cost of \$1,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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 are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	39
Infrastructure	20
Utility system	5 – 50
Vehicles	5
Office equipment	5 – 10

(i) **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.

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

(j) **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.

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

(m) **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 the Florida Retirement System note.

(n) **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.

(o) **Prepaid items**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

(p) **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.

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

(q) ***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

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

(s) ***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 water fund and sewer fund are charges to customers for sales and services. The water fund and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. The principal operating revenues for the airport fund include hangar rental charges and sales of fuel. 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.

(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.

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(3) **Deposits:**

At year end, the carrying amount of the City deposits was \$5,128,034 and the bank balance was \$5,200,739. The entire bank balance was 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.

The carrying amount of deposits consisted of the following as of September 30, 2021:

Cash and cash equivalents	\$ 4,820,535
Certificates of deposit	307,499
	\$ 5,128,034

(4) **Receivables:**

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

	General Fund	Capital Projects Fund	Water Sewer Fund	Airport Fund	Total
Intergovernmental	\$ 814,330	\$ -	\$ 127,208	\$ -	\$ 941,538
Accounts receivable	64,022	-	423,478	-	487,500
Less: allowance for uncollectible receivables	-	-	(144,518)	-	(144,518)
Net receivables	\$ 878,352	\$ -	\$ 406,168	\$ -	\$ 1,284,520

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(5) **Loans and Transfer:**

The composition of interfund balances as of September 30, 2021, is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue Fund	General Fund	\$ 117,798
General Fund	Water and Sewer Fund	35,028
		\$ 152,826

The interfund amounts were used to cover CRA repayments and operations.

The composition of interfund transfers during the year ended September 30, 2021, is as follows:

Transfers In	Transfers Out	Amount
Special Revenue Fund	General Fund	\$ 127,402
Airport Fund	General Fund	20,000
		\$ 147,402

Transfers from the general fund to the special revenue fund were for the City's portion of the tax increment funding for the Community Redevelopment Agency as required by State Statutes. Transfers from the general fund to the airport fund were to cover matching requirements for State grants.

(6) **Related Party:**

A family member of a City employee was paid \$18,000 to perform building inspection services during the year ended September 30, 2021. There were no amounts payable to this related party at year end.

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(7) Capital Assets:

Capital asset activity for the year ended September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 401,368	\$ -	\$ -	\$ 401,368
Total capital assets, not being depreciated	<u>401,368</u>	<u>-</u>	<u>-</u>	<u>401,368</u>
Capital assets, being depreciated:				
Land improvements	546,913	-	-	546,913
Buildings and improvements	6,841,605	-	-	6,841,605
Equipment, furniture, fixtures and vehicles	2,830,985	103,571	-	2,934,556
Infrastructure	2,439,484	-	-	2,439,484
Total capital assets, being depreciated	<u>12,658,987</u>	<u>103,571</u>	<u>-</u>	<u>12,762,558</u>
Less accumulated depreciation for:				
Land Improvements	(66,491)	(23,357)	-	(89,848)
Buildings and improvements	(2,251,330)	(172,206)	-	(2,423,536)
Equipment, furniture, fixtures and vehicles	(2,778,622)	(26,778)	-	(2,805,400)
Infrastructure	(842,136)	(108,077)	-	(950,213)
Total accumulated depreciation	<u>(5,938,579)</u>	<u>(330,418)</u>	<u>-</u>	<u>(6,268,997)</u>
Total capital assets, being depreciated, net	<u>6,720,408</u>	<u>(226,847)</u>	<u>-</u>	<u>6,493,561</u>
Governmental activities capital assets, net	<u>\$ 7,121,776</u>	<u>\$ (226,847)</u>	<u>\$ -</u>	<u>\$ 6,894,929</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,970,515	\$ -	\$ -	\$ 2,970,515
Construction in progress	846,291	142,742	(453,749)	535,284
Total capital assets, not being depreciated	<u>3,816,806</u>	<u>142,742</u>	<u>(453,749)</u>	<u>3,505,799</u>
Capital assets, being depreciated:				
Equipment, buildings, utility systems and improvements	56,393,669	705,664	-	57,099,333
Total capital assets, being depreciated	<u>56,393,669</u>	<u>705,664</u>	<u>-</u>	<u>57,099,333</u>
Less accumulated depreciation:				
Equipment, buildings, utility systems and improvements	(18,863,448)	(1,946,984)	-	(20,810,432)
Total accumulated depreciation	<u>(18,863,448)</u>	<u>(1,946,984)</u>	<u>-</u>	<u>(20,810,432)</u>
Total capital assets, being depreciated, net	<u>37,530,221</u>	<u>(1,241,320)</u>	<u>-</u>	<u>36,288,901</u>
Business type activities capital assets, net	<u>\$ 41,347,027</u>	<u>\$ (1,098,578)</u>	<u>\$ (453,749)</u>	<u>\$ 39,794,700</u>

**CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(7) **Capital Assets:** (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 73,692
Public safety	20,395
Transportation	52,667
Culture and recreation	54,684
Physical environment	128,980
Total	\$ 330,418
Business-type activities:	
Water and sewer	\$ 1,839,525
Airport	107,459
Total	\$ 1,946,984

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

Governmental Activities

Note payable

3.94% note payable to bank payable in monthly installments of \$5,015 beginning May 2019 including interest, through March 2029 with remaining principal and interest payments due at that time, collateralized by building.

	\$ 753,705
Less: Current portion	31,122
Notes payable, less current portion	\$ 722,583

Maturities of note payable are as follows:

Year Ending September 30,	Principal	Interest
2022	\$ 31,122	\$ 29,061
2023	32,372	27,811
2024	33,598	26,585
2025	35,022	25,161
2026	36,428	23,755
2027 – 2029	585,163	52,839
Total	\$ 753,705	\$ 185,212

**CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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

Capital Lease

The City leases a vehicle under an agreement that is classified as a capital lease. The capitalized cost of the vehicle is \$33,855. Depreciation expense related to the vehicles under capital lease as of and for the year ended September 30, 2021 was \$6,771. Accumulated depreciation totaled \$9,028 as of September 30, 2021. The future minimum lease payments required and the present value of the net minimum lease payments at September 30, 2021 are as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2022	\$ 12,080
Less: Amounts representing interest	813
Present value of minimum lease payments	<u>\$ 11,267</u>

Business-type Activities

Notes payable

1.34% note payable to government agency, payable in semi-annual installments of \$7,077 including interest through February 15, 2031, collateralized by water and sewer revenues	\$ 83,944
1.54% note payable to government agency, payable in semi-annual installments of \$106,198 including interest through May 15, 2042, collateralized by water and sewer revenues	3,778,092
2.71% note payable to government agency, payable in semi-annual installments of \$18,689 including interest, through December 15, 2040, collateralized by water and sewer revenues	563,262
2.71% note payable to government agency, payable in semi-annual installments of \$11,174 including interest, through December 15, 2040, collateralized by water and sewer revenues	<u>332,482</u>
	4,757,780
Less: Current portion	<u>201,703</u>
Notes payable, less current portion	<u>\$ 4,556,077</u>

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

Maturities of notes payable are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 201,703	\$ 84,572
2023	205,306	80,969
2024	208,975	77,300
2025	212,716	73,558
2026	216,528	69,747
2027 – 2031	1,086,615	290,468
2032 – 2036	1,172,074	188,530
2037 – 2041	1,244,022	76,389
2042	209,841	2,512
Total	<u>\$ 4,757,780</u>	<u>\$ 944,045</u>

Capital Leases

The City leases vehicles under agreements that are classified as capital leases. The capitalized cost of the vehicles is \$47,714. Depreciation expense related to the vehicles under capital leases as of and for the year ended September 30, 2021 was \$9,543. Accumulated depreciation totaled \$21,080 as of September 30, 2021. The future minimum lease payments required and the present value of the net minimum lease payments at September 30, 2021 are as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2022	\$ 9,037
Less: Amounts representing interest	608
Present value of minimum lease payments	<u>\$ 8,429</u>

Changes in long-term debt

Long-term liability activity for the year ended September 30, 2021, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities:					
Compensated absences	\$ 35,515	\$ 49,789	\$ 59,997	\$ 25,307	\$ 25,307
Capital lease	21,774	-	10,507	11,267	11,267
Notes payable	783,626	-	29,921	753,705	31,122
Governmental activity long-term liabilities	<u>\$ 840,915</u>	<u>\$ 49,789</u>	<u>\$ 100,425</u>	<u>\$ 790,279</u>	<u>\$ 67,696</u>
Business-type activities:					
Notes payable	\$ 4,949,115	\$ -	\$ 191,335	\$ 4,757,780	\$ 201,703
Capital lease	23,880	-	15,451	8,429	8,429
Compensated absences	41,958	34,541	29,916	46,583	26,150
Business-type activity long-term liabilities	<u>\$ 5,014,953</u>	<u>\$ 34,541</u>	<u>\$ 236,702</u>	<u>\$ 4,812,792</u>	<u>\$ 236,282</u>

**CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(9) Unearned Revenue:

The City has unearned airport hangar rent totaling \$9,030 as of September 30, 2021.

(10) Excess of Expenditures Over Appropriations:

Expenditures exceeded appropriations in the funds listed below. These over expenditures were funded by available fund balances.

General fund	<u>\$ 44,328</u>
--------------	------------------

(11) Contingent Liabilities:

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

(12) Florida Retirement System:

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 entity's full-time employees. The System is a noncontributory retirement plan, 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).

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) **Florida Retirement System:** (Continued)

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 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.

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.

**CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(12) **Florida Retirement System:** (Continued)

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 are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2021, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2021	After June 30, 2021
Regular Class	10.00%	10.82%
Senior Management	27.29%	29.01%
Special Risk	24.45%	25.89%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for entity employees participating in FRS and HIS for the plan year ended June 30, 2021, were as follows:

Entity Contributions – FRS	\$ 97,159
Entity Contributions – HIS	13,839
Employee Contributions – FRS	25,011

**CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(12) **Florida Retirement System:** (Continued)

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

At September 30, 2021, the entity reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 192,653
HIS	288,808
Total	<u>\$ 481,461</u>

The net pension liability was measured as of June 30, 2021, 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 June 30, 2021 and June 30, 2020, the City's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2021</u>	<u>2020</u>
FRS	0.002550393%	0.002718544%
HIS	0.002354444%	0.002297274%

For the plan year ended June 30, 2021, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ (28,861)
HIS	15,030
Total	<u>\$ (13,831)</u>

Deferred outflows/inflows related to pensions:

At September 30, 2021, deferred outflows of resources and deferred inflows of resources related to pensions were recorded 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	\$ 33,021	\$ -	\$ 9,664	\$ (121)
Changes of assumptions	131,823	-	22,694	(11,900)
Net different between projected and actual investment earnings	-	(672,119)	301	-
Change in proportionate share	1,665	(119,354)	12,309	(24,204)
Contributions subsequent to measurement date	26,639	-	3,450	-
	<u>\$ 193,148</u>	<u>\$ (791,473)</u>	<u>\$ 48,418</u>	<u>\$ (36,225)</u>

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) **Florida Retirement System:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2021.

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
2022	\$ (119,518)	\$ 1,179	\$ (118,339)
2023	(134,974)	(2,244)	(137,218)
2024	(167,189)	801	(166,388)
2025	(197,923)	2,512	(195,411)
2026	(5,360)	5,093	(267)
Thereafter	-	1,402	1,402
Total	\$ (624,964)	\$ 8,743	\$ (616,221)

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, 2003, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.80%. This rate did not change from the prior year. 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 2.16% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 2.21%. 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.

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 entity calculated using the current discount rates, as well as what the entity'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	6.80%	\$ 861,558	\$ 192,653	\$ (366,476)
HIS	2.16%	333,890	288,808	251,873

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(12) **Florida Retirement System:** (Continued)

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 2020, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.1%
Fixed income	20.0%	3.8%
Global equities	54.2%	8.2%
Real estate	10.3%	7.1%
Private equity	10.8%	11.7%
Strategic investments	3.7%	5.7%
Total	<u>100.0%</u>	

(13) **Other Items:**

(a) **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.

(b) **Uncertainties**—During the year ended September 30, 2021, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the City as of June 16, 2022, management believes that a material impact on the City's financial position and results of future operations is reasonably possible.

(c) **Contractual Commitments:** As of September 30, 2021, the City had the following commitments related to unfinished projects—

<u>Projects</u>	<u>Remaining Commitment</u>
Local Infrastructure Improvement Projects	\$ 3,502,000

CITY OF CARRABELLE, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(14) 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:

- GASB issued Statement No. 87, Leases, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.
- GASB issued Statement No. 91, Conduit Debt Obligations, in May 2019. GASB 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions in GASB 91 are effective for periods beginning after December 15, 2021.
- GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

(15) Subsequent Events:

The City has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 16, 2022, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(16) Other Postemployment Benefits:

The City provides other postemployment benefits (OPEB) to its employees by providing retirement healthcare benefits through an implicit rate subsidy. The City has not implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities, note disclosures, and required supplementary information.

CITY OF CARRABELLE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021

CITY OF CARRABELLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and Permits	\$ 1,390,506	\$ 1,512,962	\$ 1,616,301	\$ 103,339
Intergovernmental	48,300	63,390	68,918	5,528
Grants	-	1,339,003	1,014,172	(324,831)
Charges for services	5,100	4,843	39,542	34,699
Other	57,500	94,043	53,160	(40,883)
Total revenues	<u>1,501,406</u>	<u>3,014,241</u>	<u>2,792,093</u>	<u>(222,148)</u>
EXPENDITURES				
General government	460,150	603,521	554,464	49,057
Public safety	484,550	457,474	493,527	(36,053)
Transportation	300,200	307,818	290,939	16,879
Culture and recreation	-	479,096	438,815	40,281
Physical environment	-	561,014	603,354	(42,340)
Debt service:				
Principal	-	-	40,428	(40,428)
Interest	-	-	31,724	(31,724)
Total expenditures	<u>1,244,900</u>	<u>2,408,923</u>	<u>2,453,251</u>	<u>(44,328)</u>
Excess of revenues over expenditures	<u>256,506</u>	<u>605,318</u>	<u>338,842</u>	<u>(266,476)</u>
Other financing sources (uses)				
Transfers out	-	-	(147,402)	(147,402)
Total other financing sources (uses)	-	-	(147,402)	(147,402)
Net change in fund balances	<u>256,506</u>	<u>605,318</u>	<u>191,440</u>	<u>(413,878)</u>
Fund balances, beginning of year	1,525,308	1,525,308	1,868,330	343,022
Fund balances, end of year	<u>\$ 1,781,814</u>	<u>\$ 2,130,626</u>	<u>\$ 2,059,770</u>	<u>\$ (70,856)</u>

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

CITY OF CARRABELLE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes, licenses and permits	\$ 79,000	\$ 81,765	\$ 81,765	\$ -
Other	100,000	100,000	647	(99,353)
Total revenues	<u>179,000</u>	<u>181,765</u>	<u>82,412</u>	<u>(99,353)</u>
EXPENDITURES				
Culture and recreation	25,500	16,854	20,909	(4,055)
Physical environment	386,000	158,042	153,682	4,360
Total expenditures	<u>411,500</u>	<u>174,896</u>	<u>174,591</u>	<u>305</u>
Excess (deficiency) of revenues over (under) expenditures	(232,500)	6,869	(92,179)	(99,048)
Other financing sources				
Transfers in	119,000	127,402	127,402	-
Net change in fund balances	<u>(113,500)</u>	<u>134,271</u>	<u>35,223</u>	<u>(99,048)</u>
Fund balances, beginning of year	408,871	408,871	408,871	-
Fund balances, end of year	<u>\$ 295,371</u>	<u>\$ 543,142</u>	<u>\$ 444,094</u>	<u>\$ (99,048)</u>

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

CITY OF CARRABELLE, FLORIDA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Budgetary Information:

1. The annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. All annual appropriations lapse at fiscal yearend.

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

- a) Prior to October 1, the City Council prepares the proposed operating budgets for the fiscal year commencing the following October 1. The operating budgets include proposed expenditures and the means of financing them.
 - b) Public hearings are conducted to obtain taxpayer comments.
 - c) Prior to October 1, the budgets are legally enacted through passage of a resolution.
 - d) Revisions that alter the total expenditures of any fund must be approved by the City Council.
 - e) Formal budgetary integration is employed as a management control device during the year for the funds. The legal level of budgetary control is the fund level.
 - f) The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
2. Expenditures exceeded appropriations in the funds listed below. These over expenditures were funded by available fund balances.

Fund	Over Expenditure
General fund	\$ 44,328

CITY OF CARRABELLE, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Florida Retirement System (FRS)								
Proportion of the net pension liability (asset)	0.002550393%	0.002718544%	0.002909241%	0.003262706%	0.331695200%	0.003389060%	0.003199934%	0.003350965%
Proportionate share of the net pension liability (asset)	\$ 192,653	\$ 1,178,257	\$ 1,001,902	\$ 982,744	\$ 981,132	\$ 855,740	\$ 413,314	\$ 204,458
Covered-employee payroll	833,701	797,477	738,314	828,120	814,325	822,788	1,194,464	1,444,086
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	23.11%	147.75%	135.70%	118.67%	120.48%	104.00%	34.60%	14.16%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)								
Proportion of the net pension liability (asset)	0.002354444%	0.002297274%	0.002207136%	0.002534893%	0.002554142%	0.002653027%	0.002667368%	0.002787310%
Proportionate share of the net pension liability (asset)	\$ 288,808	\$ 280,466	\$ 246,956	\$ 268,296	\$ 273,101	\$ 309,199	\$ 272,030	\$ 260,620
Covered-employee payroll	833,701	797,477	738,314	828,120	814,325	822,788	1,194,464	1,444,086
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.64%	35.17%	33.45%	32.40%	33.54%	37.58%	22.77%	18.05%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

**CITY OF CARRABELLE, FLORIDA
SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)**

	2021	2020	2019	2018	2017	2016	2015	2014
<u>Florida Retirement System (FRS)</u>								
Contractually required contribution	\$ 97,159	\$ 90,325	\$ 90,207	\$ 92,985	\$ 87,318	\$ 86,474	\$ 72,982	\$ 83,035
Contributions in relation to the contractually required contribution	(97,159)	(90,325)	(90,207)	(92,985)	(87,318)	(86,474)	(72,982)	(83,035)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 833,701	\$ 797,477	\$ 738,314	\$ 828,120	\$ 814,325	\$ 822,788	\$ 1,194,464	\$ 1,444,086
Contributions as a percentage of covered-employee payroll	11.65%	11.33%	12.22%	11.23%	10.72%	10.51%	6.11%	5.75%
<u>Health Insurance Subsidy Program (HIS)</u>								
Contractually required contribution	\$ 13,839	\$ 13,238	\$ 12,256	\$ 13,747	\$ 13,518	\$ 13,658	\$ 15,050	\$ 17,329
Contributions in relation to the contractually required contribution	(13,839)	(13,238)	(12,256)	(13,747)	(13,518)	(13,658)	(15,050)	(17,329)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 833,701	\$ 797,477	\$ 738,314	\$ 828,120	\$ 814,325	\$ 822,788	\$ 1,194,464	\$ 1,444,086
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%	1.20%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

City of Carrabelle, Florida
Schedule of State Financial Assistance
September 30, 2021

State Agency Pass-Through Entity State Project	CSFA Number	Pass-Through Identifying/ Grant Contract Identification Number	Expenditures
STATE AGENCY			
Executive Office of the Governor			
Direct:			
Hurricane Loss Mitigation Program	31.066	DEM-20-HL-2020-19-AG-B0050	\$ 179,397
Hurricane Loss Mitigation Program	31.066	DEM-21-HL-2021-19-AG-B0079	191,990
Total Hurricane Loss Mitigation Program			<u>371,387</u>
Total Executive Office of the Governor			<u>371,387</u>
Florida Department of Economic Opportunity			
Direct:			
Growth Management Implementation	40.024	P0371	34,000
Total Florida Department of Economic Opportunity			<u>34,000</u>
Florida Department of Environmental Protection			
Passed through Northwest Florida Water Management District			
Water Management Districts - Land Acquisition and Improvement	37.022	17-069	8,273
Passed through Northwest Florida Water Management District			
Early Restoration Deepwater Horizon Oil Spill	37.081	20-011	86,503
Florida Recreation Development Assistance Program	37.017	R1926	35,790
Total Florida Department of Environmental Protection			<u>130,566</u>
Florida Department of Transportation			
Direct:			
Aviation Grant Programs	55.004	G0U84	40,281
Direct:			
Small County Outreach Programs (SCOP)	55.009	G1B43	561,014
Total Florida Department of Transportation			<u>601,295</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 1,137,248</u></u>

The accompanying notes to Schedule of Expenditures of State Financial Assistance are an integral part of this schedule.

CITY OF CARRABELLE, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of City of Carrabelle, 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 Section 215.97, Florida Statutes. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) **Subrecipients:**

During the year ended September 30, 2021, the City provided no state awards to subrecipients.

(3) **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.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable City Council,
City of Carrabelle, Florida:

Report on Compliance for Each Major State Project

We have audited City of Carrabelle, Florida (the City)'s compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2021. The City's major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state projects applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Project

In our opinion, the City of Carrabelle, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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 state project 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 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 as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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 results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
June 16, 2022

**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 City Council,
City of Carrabelle, 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, each major fund, and the aggregate remaining fund information of City of Carrabelle, Florida as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Carrabelle, Florida's basic financial statements, and have issued our report thereon dated June 16, 2022.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Carrabelle, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the schedule of findings and questioned costs as items 2021-003 and 2021-004.

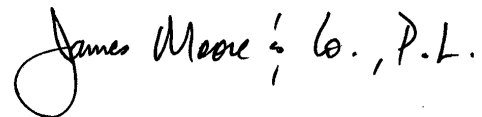
City of Carrabelle, Florida's Response to Findings

City of Carrabelle, Florida's response to the findings identified in our audit are described in the accompanying corrective action plan. City of Carrabelle, Florida'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.

We also noted certain matters that we reported to management of City of Carrabelle, Florida, in a separate management Letter Required by Chapter 10.550, Rules of the State of Florida, Office of the Auditor General dated June 16, 2022.

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
June 16, 2022

**CITY OF CARRABELLE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

I. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Modified*

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? X yes no

State Financial Assistance:

Internal control over major State projects:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major State projects: *Unmodified*

Any audit findings disclosed that are required to be reported for state financial assistance projects in accordance with Chapter 10.550? yes X none reported

Dollar threshold used to distinguish between type A and type B programs: \$341,174

Identification of major State programs:

CSFA Number	Program Name
31.066	Hurricane Loss Mitigation Program
55.009	Small Counties Outreach Programs

**CITY OF CARRABELLE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

II. Financial Statement Findings:

Finding 2021-001: Prepare Financial Statements in Accordance with GAAP and 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: 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 the process for identifying accounting transaction be reviewed and updated.

Finding 2021-002: Segregation of Duties

Criteria: Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition: The size of the City’s accounting staff precludes certain internal controls that would be preferred. We believe that certain practices could be implemented to improve existing internal control without impairing efficiency.

Cause: The size of the City’s accounting and administrative staff precludes certain internal controls that would be preferred – including timely deposits of cash receipts, mailing signed checks without returning them to the employee responsible for accounts payable, and maintaining a management approved vendor list.

Effect: Errors or material misstatements in the financial statements presented to the board by management may exist and not be detected.

Recommendation: We recommend management develop compensating controls.

**CITY OF CARRABELLE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

II. Financial Statement Findings: (Continued)

Finding 2021-003: Community Redevelopment Agency

Criteria: Florida Statutes Chapter 163.

Condition: During our audit, we noted that the City has not yet transferred all of the appropriate amounts due to the Community Redevelopment Agency.

Cause: The City did not transfer money in accordance with Florida Statutes Chapter 163.

Effect: Potential noncompliance with Florida Statutes Chapter 163.

Recommendation: We recommend the City review Florida Statutes Chapter 163 to ensure the City is in compliance with all requirements of the applicable statutes and transfer the past amounts due to the Community Redevelopment Agency.

Finding 2021-004: State Revolving Fund Loan, Sinking Fund Compliance

Condition and Criteria: The City is required by the loan covenant to deposit one sixth of the semiannual debt service payment into the sinking fund monthly.

Cause: The City did not deposit one sixth of the debt service payment into the sinking fund monthly.

Effect: The City was not in compliance with the loan covenant.

Recommendation: We recommend the City deposit the required payment according to the requirements in the loan covenants.

III. State Project Findings and Questioned Costs: None.

IV. Summary Schedule of Prior Audit Findings:

2020-001 Prepare Financial Statements in Accordance with GAAP and Significant Adjustments – Corrective action not taken. See repeat finding 2021-001.

2020-002 Segregation of Duties – Corrective action not taken. See repeat finding 2021-002.

2020-003 Community Redevelopment Agency – Corrective action not taken. See repeat finding 2021-003.

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

To the Honorable City Council,
City of Carrabelle, Florida:

Report on the Financial Statements

We have audited the financial statements of the City of Carrabelle, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon June 16, 2022.

Because the City's management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability in its government-wide financial statements as required by accounting principles generally accepted in the United States of America, we issued a qualified opinion on the governmental activities. The impact of such departure from generally accepted accounting principles on the liabilities, net position and expenditures of the government-wide financial statements of the City is unknown.

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; 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*; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 16, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings			
Description	Current Year Finding #	2019-20 FY Finding #	2018-19 FY Finding #
Prepare Financial Statements in Accordance with GAAP and Significant Adjustments	2021-001	2020-001	2019-001
Segregation of Duties	2021-002	2020-002	2019-002
Community Redevelopment Agency	2021-003	2020-003	2019-005
Utility Receivables	2021-005	2020-004	2019-006
Budgetary Controls	2021-006	2020-005	2019-008

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed as required by accounting principles generally accepted in the United States of America in Note I.B. to the financial statements.

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 City of Carrabelle, Florida 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 Carrabelle, 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. It is management’s responsibility to monitor the City of Carrabelle, 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 address in the management letter any recommendations to improve financial management. In connection with our audit, we recommended the following:

2021-005: Utility Receivables

During our audit we noted a significant amount of old outstanding utility accounts receivable which is the result of the accumulation of old receivables that have not been written off. Although management has recorded an appropriate allowance for doubtful accounts in the financial statements, we recommend the Council review its old outstanding amounts receivable for write off consideration.

2021-006: Budgetary Controls

Florida Statutes, Chapter 166.241(2) provides that the budget must regulate expenditures of the municipality, and it is unlawful for any officer of municipal government to expend or contract for expenditures in any fiscal year except in pursuant of budgeted expenditures. During our audit, we noted funds were expended in excess of budgeted amounts. The City adopts its budget for the various funds on the modified accrual basis of accounting. Based upon that budget approach, the City’s expenditures exceeded appropriations in the following funds:

Fund	Over Expenditure
General fund	\$ 44,328

We recommend the City maintain a level of expenditures within the adopted budget.

Additional Matters

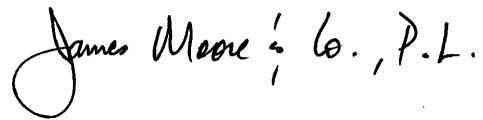
Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the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

Management’s Response to Findings

Management’s response to the findings identified in our audit are 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 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.



Tallahassee, Florida
June 16, 2022

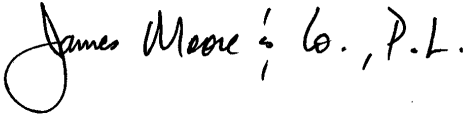
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable City Council,
City of Carrabelle, Florida:

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

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

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



Tallahassee, Florida
June 16, 2022

**CITY OF CARRABELLE, FLORIDA
OFFICIALS
SEPTEMBER 30, 2021**

CITY COUNCIL

Brenda LaPaz, Mayor
Franklin Mathes
Calvin Allen
Sebrina Brown
Anthony Millender

CITY ADMINISTRATOR

Courtney Millender Dempsey

CITY CLERK

Keisha Messer

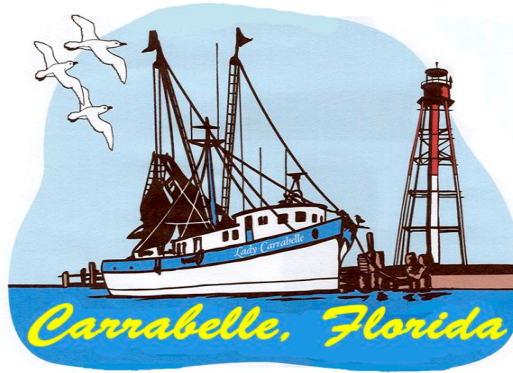
CITY OF CARRABELLE CARRABELLE, FLORIDA

BRENDA LAPAZ
MAYOR-COMMISSIONER

CAL ALLEN
COMMISSIONER

SEBRINA BROWN
COMMISSIONER

ANTHONY MILLENDER
COMMISSIONER



DAN HARTMAN
CITY ATTORNEY

COURTNEY DEMPSEY
CITY ADMINISTRATOR

KEISHA MESSER
CITY CLERK

1206 HWY 98 EAST
CARRABELLE, FLORIDA 32322
TELEPHONE: 850-697-3618
FAX: 850-697-3156

Managements Corrective Action Plan

FY 2021-001 Prepare Financial Statements in Accordance with GAAP and Significant Adj.

The City is hopeful with the development and implementation of the accounting policy manual that the financial reporting will be improved. In some cases, implementation of certain accounting standards is complex and costly for the City, ex- GASB 68, GASB 78, and the soon to be implemented GASB 87, and the City relies on auditor assistance for proposing journal entries to comply with these standards. The City does send staff to classes held by the Florida Government Finance Officers Association to ensure staff is properly educated on accounting standards.

FY 2021-002 Segregation of Duties Due to the size of the City Staff it is difficult to create a separation of duties, however the City makes every effort to mitigate controls. We have attached the accounting manual documenting the procedures.

FY: 2021-003 – Community Redevelopment Agency: In FY 2014 the City began making payments from the General Fund to the Special Revenue Fund. The payments made to date are as follows.

September 30, 2014- \$835,464.00	July 8, 2020- \$75,000.00
October 31, 2017- \$339,425.00	April 7, 2021- \$100,000.00
June 17, 2019- \$125,000.00	

While we do not expect this finding to be resolved upon issuance of our 2020 Financial Audit we have made significant progress towards resolving this finding, as demonstrated by our payments made in recent years. We expect this to be resolved by fiscal year 2022.

FY: 2020-004 State Revolving Fund, Sinking Fund Compliance: City will deposit the required payment according to the requirements in the loan covenants.

FY: 2021-005: Utility Receivables The City will develop a policy to write off old receivables that have not been collected.

FY: 2021-006 Budgetary Controls The City adopted a Final Amended 2020-2021 Budget. The auditor has identified additional accruals to be included in Financial Statements. While this finding has not been resolved the City will continue to try and resolve the finding.