

**CITY OF CHIEFLAND, FLORIDA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Principal Officials as of September 30, 2022:

CITY COMMISSION

*Chris Jones, Mayor
Norman Weaver, Vice Mayor
Rollin Hudson
Lewrissa Mainwaring
Lance Hayes*

CITY MANAGER/CLERK

Laura Cain

**CITY OF CHIEFLAND, FLORIDA
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Commissioners
City of Chiefland, Florida:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chiefland, Florida, (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Unmodified Opinions on the General Fund, Fire Fund, and the Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the General Fund, Fire Fund, and aggregate remaining fund information of the City as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In our opinion, except for the effects of not implementing the provisions of GASB Statement No. 75, as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the Utility Service Fund of the City as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinions on Governmental Activities, Business-type Activities, and Utility Service Fund

As discussed in Note (9) 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 Utility Service Fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, the business-type activities, and the Utility Service Fund has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

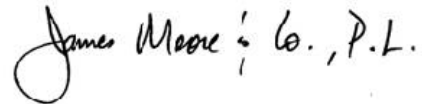
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2023, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial "J" and a period at the end of the company name.

Gainesville, Florida
May 18, 2023

**CITY OF CHIEFLAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

This discussion and analysis of the City of Chiefland's financial performance provides an overview of the City's financial activities for the fiscal year ending September 30, 2022. Please read it in conjunction with the City's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2022:

- Total ending unrestricted net position was \$2,837,835.
- The City had total expenses for the year of \$4,991,923, compared to revenues of \$6,036,094.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

**CITY OF CHIEFLAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements

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

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

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

CONDENSED FINANCIAL INFORMATION

Comparative condensed financial information is presented on the following page.

**CITY OF CHIEFLAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Assets:						
Non-capital assets	\$ 2,235,526	\$ 3,885,159	\$ 2,272,664	\$ 2,682,048	\$ 4,508,190	\$ 6,567,207
Capital assets	3,029,273	2,874,652	4,249,680	4,086,856	7,278,953	6,961,508
Total assets	5,264,799	6,759,811	6,522,344	6,768,904	11,787,143	13,528,715
Deferred outflows of resources	479,815	832,385	62,199	104,294	542,014	936,679
Liabilities:						
Current liabilities	181,782	810,128	344,636	324,565	526,418	1,134,693
Long-term liabilities	875,416	2,632,881	135,888	353,054	1,011,304	2,985,935
Total liabilities	1,057,198	3,443,009	480,524	677,619	1,537,722	4,120,628
Deferred inflows of resources	1,607,789	257,805	208,418	67,562	1,816,207	325,367
Net position:						
Net investment in capital assets	3,029,273	2,874,652	4,249,680	4,086,856	7,278,953	6,961,508
Restricted	194,574	136,016	71,584	84,040	266,158	220,056
Unrestricted	(144,220)	880,714	1,574,337	1,957,121	1,430,117	2,837,835
Total net position	<u>\$ 3,079,627</u>	<u>\$ 3,891,382</u>	<u>\$ 5,895,601</u>	<u>\$ 6,128,017</u>	<u>\$ 8,975,228</u>	<u>\$ 10,019,399</u>

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Program revenues:						
Charges for services	\$ 576,060	\$ 649,403	\$ 2,004,630	\$ 2,082,581	\$ 2,580,690	\$ 2,731,984
Operating grants & contributions	195,470	610,927	-	-	195,470	610,927
Capital grants & contributions	312,169	14,366	-	14,216	312,169	28,582
General revenues:						
Property taxes	1,060,272	1,148,689	-	-	1,060,272	1,148,689
Other taxes and shared revenues	1,294,986	1,465,910	-	-	1,294,986	1,465,910
Miscellaneous	27,473	35,660	-	-	27,473	35,660
Impact Fees	3,856	13,223	-	-	3,856	13,223
Investment earnings	878	523	1,415	596	2,293	1,119
Total revenues	3,471,164	3,938,701	2,006,045	2,097,393	5,477,209	6,036,094
Program expenses:						
General government	433,534	578,999	-	-	433,534	578,999
Public safety	1,628,953	2,112,872	-	-	1,628,953	2,112,872
Physical environment	2,734	2,490	-	-	2,734	2,490
Transportation	207,510	222,172	-	-	207,510	222,172
Culture and recreation	190,142	210,413	-	-	190,142	210,413
Interest on long-term debt	-	-	-	-	-	-
Water and sewer	-	-	1,734,487	1,850,600	1,734,487	1,850,600
Industrial park	-	-	13,770	14,377	13,770	14,377
Total expenses	2,462,873	3,126,946	1,748,257	1,864,977	4,211,130	4,991,923
Transfers	-	-	-	-	-	-
Change in net position	1,008,291	811,755	257,788	232,416	1,266,079	1,044,171
Beginning net position	2,071,336	3,079,627	5,637,813	5,895,601	7,709,149	8,975,228
Ending net position	<u>\$ 3,079,627</u>	<u>\$ 3,891,382</u>	<u>\$ 5,895,601</u>	<u>\$ 6,128,017</u>	<u>\$ 8,975,228</u>	<u>\$ 10,019,399</u>

**CITY OF CHIEFLAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$1,287,919 in program revenues, \$2,650,782 of general revenues, and incurred \$3,126,946 of program expenses. This resulted in a \$811,755 increase in net position.

Business-Type Activities

Revenues of the Utility Service Fund and Industrial Park Fund were \$2,097,393 compared to expenses of \$1,864,977. This resulted in an increase in net position for the year of \$232,416.

THE CITY'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance increased by \$923,319 from \$1,805,738 to \$2,729,057. The ending unassigned balance represents about 63.3% of the General Fund's budget.

Fire Fund

The Fire Fund's fund balance increased by \$111,971 from \$262,634 to \$374,605.

Utility Service Fund

The Utility Service Fund's net position increased by \$210,972, from \$5,500,848 to \$5,711,820.

BUDGETARY HIGHLIGHTS

Revenues of the General Fund were less than budgeted revenue amounts by \$77,256. General fund expenditures were less than budgeted amounts by \$975,575. This is largely a result of the City's anticipation of spending ARPA funds as well as road paving project. Both of these disbursements were delayed until future years.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

In the Prior year, the city purchased a new fire truck and in the current year spent \$32,700 accessorizing the vehicle. The city did purchase a new work truck for \$52,000 in the Utility Fund. For further information on smaller purchases, please refer to a note to the accompanying financial statements entitled, *Capital Assets*.

Debt Administration

The City did not incur any new debt during the year. Please refer to a note to the accompanying financial statements entitled *Long-term Obligations* for more detailed information about the City's long-term debt activity.

**CITY OF CHIEFLAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

ECONOMIC FACTORS

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact City Hall at 214 East Park Avenue, Chiefland, FL 32626.

**CITY OF CHIEFLAND, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,520,687	\$ 2,133,223	\$ 5,653,910
Restricted cash	-	84,040	84,040
Investments	88,455	204,822	293,277
Receivables, net	81,534	222,395	303,929
Internal balances	9,669	(9,669)	-
Due from other governments	184,814	-	184,814
Lease receivable	-	35,693	35,693
Inventories	-	11,544	11,544
Capital assets::			
Land	750,884	203,058	953,942
Buildings and improvements	1,421,179	290,145	1,711,324
Infrastructure (other than buildings)	1,957,842	9,851,129	11,808,971
Equipment	2,464,727	9,539	2,474,266
Accumulated depreciation	(3,719,980)	(6,267,015)	(9,986,995)
Total assets	<u>\$ 6,759,811</u>	<u>\$ 6,768,904</u>	<u>\$ 13,528,715</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 832,385</u>	<u>\$ 104,294</u>	<u>\$ 936,679</u>
LIABILITIES			
Accounts payable	\$ 51,928	\$ 73,008	\$ 124,936
Accrued payroll and employee benefits	65,306	11,051	76,357
Customer deposits	2,105	202,280	204,385
Unearned revenue	604,644	-	604,644
Noncurrent liabilities:			
Due within one year:			
Compensated absences	86,145	38,226	124,371
Due in more than one year:			
Compensated absences	30,034	26,928	56,962
Net pension liability	2,602,847	326,126	2,928,973
Total liabilities	<u>\$ 3,443,009</u>	<u>\$ 677,619</u>	<u>\$ 4,120,628</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 257,805	\$ 32,302	\$ 290,107
Deferred inflows related to leases	-	35,260	35,260
Total deferred inflows of resources	<u>\$ 257,805</u>	<u>\$ 67,562</u>	<u>\$ 325,367</u>
NET POSITION			
Net investment in capital assets	\$ 2,874,652	\$ 4,086,856	\$ 6,961,508
Restricted for:			
Capital improvements	-	84,040	84,040
Building department	78,502	-	78,502
Law enforcement	57,514	-	57,514
Unrestricted	880,714	1,957,121	2,837,835
Total net position	<u>\$ 3,891,382</u>	<u>\$ 6,128,017</u>	<u>\$ 10,019,399</u>

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

**CITY OF CHIEFLAND, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 578,999	\$ 62,261	\$ 473,995	\$ -	\$ (42,743)	\$ -	\$ (42,743)
Public safety	2,112,872	587,142	11,789	23,904	(1,490,037)	-	(1,490,037)
Physical environment	2,490	-	-	-	(2,490)	-	(2,490)
Transportation	222,172	-	125,143	3,232	(93,797)	-	(93,797)
Culture and recreation	210,413	-	-	453	(209,960)	-	(209,960)
Total governmental activities	<u>3,126,946</u>	<u>649,403</u>	<u>610,927</u>	<u>27,589</u>	<u>(1,839,027)</u>	<u>-</u>	<u>(1,839,027)</u>
Business-type activities:							
Water and sewer	1,850,600	2,046,786	-	14,216	-	210,402	210,402
Industrial park	14,377	35,795	-	-	-	21,418	21,418
Total business-type activities	<u>1,864,977</u>	<u>2,082,581</u>	<u>-</u>	<u>14,216</u>	<u>-</u>	<u>231,820</u>	<u>231,820</u>
Total primary government	<u>\$ 4,991,923</u>	<u>\$ 2,731,984</u>	<u>\$ 610,927</u>	<u>\$ 41,805</u>	<u>(1,839,027)</u>	<u>231,820</u>	<u>(1,607,207)</u>
General revenues:							
Property taxes					1,148,689	-	1,148,689
Sales and use taxes					301,091	-	301,091
Franchise and utility taxes					357,552	-	357,552
Public service taxes					474,218	-	474,218
Other taxes					80,444	-	80,444
State revenue sharing					252,605	-	252,605
Investment earnings (loss)					523	596	1,119
Miscellaneous revenues					35,660	-	35,660
Total general revenues and transfers					<u>2,650,782</u>	<u>596</u>	<u>2,651,378</u>
Change in net position					811,755	232,416	1,044,171
Net position - beginning					3,079,627	5,895,601	8,975,228
Net position - ending					<u>\$ 3,891,382</u>	<u>\$ 6,128,017</u>	<u>\$ 10,019,399</u>

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

**CITY OF CHIEFLAND, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	<u>General</u>	<u>Fire</u>	<u>Nonmajor Fund Law Enforcement Trust</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 3,138,559	\$ 324,614	\$ 57,514	\$ 3,520,687
Investments	88,455	-	-	88,455
Receivables, net	81,534	-	-	81,534
Due from other governments	110,404	74,410	-	184,814
Due from other funds	9,669	-	-	9,669
Total assets	<u>\$ 3,428,621</u>	<u>\$ 399,024</u>	<u>\$ 57,514</u>	<u>\$ 3,885,159</u>
LIABILITIES				
Accounts payable	\$ 46,190	\$ 5,738	\$ -	\$ 51,928
Accrued payroll and employee benefits	46,625	18,681	-	65,306
Customer deposits	2,105	-	-	2,105
Unearned revenue	604,644	-	-	604,644
Total liabilities	<u>699,564</u>	<u>24,419</u>	<u>-</u>	<u>723,983</u>
FUND BALANCES				
Restricted for:				
Building department	78,502	-	-	78,502
Law enforcement	-	-	57,514	57,514
Committed for:				
Road paving	554,034	-	-	554,034
Assigned to:				
American Rescue Plan Act	473,995	11,789	-	485,784
Fire protection	-	362,816	-	362,816
Subsequent year's budget	219,852	-	-	219,852
Unassigned	1,402,674	-	-	1,402,674
Total fund balances	<u>2,729,057</u>	<u>374,605</u>	<u>57,514</u>	<u>3,161,176</u>
Total liabilities and fund balances	<u>\$ 3,428,621</u>	<u>\$ 399,024</u>	<u>\$ 57,514</u>	<u>\$ 3,885,159</u>

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

**CITY OF CHIEFLAND, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Fund balances - total governmental funds		\$ 3,161,176
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	6,594,632	
Less: accumulated depreciation	<u>(3,719,980)</u>	2,874,652
On the governmental fund statements, a net pension liability (asset) is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability (asset) of the defined benefit pension plans is reported as a noncurrent liability (asset). Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(2,602,847)	
Deferred outflows related to pensions	832,385	
Deferred inflows related to pensions	<u>(257,805)</u>	(2,028,267)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:		
Compensated absences	<u>(116,179)</u>	(116,179)
Net position of governmental activities		<u><u>\$ 3,891,382</u></u>

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

CITY OF CHIEFLAND, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Nonmajor Fund Law Enforcement Trust</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 2,065,754	\$ -	\$ -	\$ 2,065,754
Licenses, permits, and assessments	430,538	194,963	-	625,501
Intergovernmental	818,930	325,171	-	1,144,101
Charges for services	25,074	-	-	25,074
Fines and forfeitures	13,818	-	3,207	17,025
Investment income	495	22	6	523
Miscellaneous	54,546	6,903	-	61,449
Total revenues	<u>3,409,155</u>	<u>527,059</u>	<u>3,213</u>	<u>3,939,427</u>
Expenditures				
Current:				
General government	513,371	-	-	513,371
Public safety	1,361,574	604,745	919	1,967,238
Physical environment	761	-	-	761
Transportation	179,966	-	-	179,966
Culture and recreation	160,668	-	-	160,668
Capital outlay	42,297	37,542	-	79,839
Total expenditures	<u>2,258,637</u>	<u>642,287</u>	<u>919</u>	<u>2,901,843</u>
Excess (deficiency) of revenues over expenditures	<u>1,150,518</u>	<u>(115,228)</u>	<u>2,294</u>	<u>1,037,584</u>
Other financing sources (uses)				
Transfers in	-	227,199	-	227,199
Transfers out	<u>(227,199)</u>	<u>-</u>	<u>-</u>	<u>(227,199)</u>
Total other financing sources (uses)	<u>(227,199)</u>	<u>227,199</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>923,319</u>	<u>111,971</u>	<u>2,294</u>	<u>1,037,584</u>
Fund balances, beginning of year	1,805,738	262,634	55,220	2,123,592
Fund balances, end of year	<u>\$ 2,729,057</u>	<u>\$ 374,605</u>	<u>\$ 57,514</u>	<u>\$ 3,161,176</u>

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

**CITY OF CHIEFLAND, 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, 2022**

Net change in fund balances - total governmental funds	\$ 1,037,584
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	79,839
Depreciation expense	(233,734)
In the statement of activities, only the gain/loss on sale/disposal of capital assets is reported. However, in governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold/disposed.	
	(726)
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the statement of activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the statement of activities are amounts required to be amortized.	
Change in net pension liability (asset) and deferred inflows/outflows related to pensions	(53,654)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:	
Change in compensated absences liability	(17,554)
Change in net position of governmental activities	\$ 811,755

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

**CITY OF CHIEFLAND, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022**

	Business-type Activities - Enterprise Funds		
	Utility Service Fund	Nonmajor Fund Industrial Park Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,854,942	\$ 278,281	\$ 2,133,223
Investments	204,822	-	204,822
Accounts receivable, net	220,038	2,357	222,395
Lease receivable - current	-	11,543	11,543
Inventory	11,544	-	11,544
Total current assets	<u>2,291,346</u>	<u>292,181</u>	<u>2,583,527</u>
Noncurrent assets:			
Restricted cash	84,040	-	84,040
Lease receivable - noncurrent	-	24,150	24,150
Capital assets:			
Land	166,676	36,382	203,058
Buildings and improvements	-	290,145	290,145
Industrial park	-	9,539	9,539
Water system	3,522,608	-	3,522,608
Sewer treatment plant and system	6,326,834	-	6,326,834
Garbage services	1,687	-	1,687
Accumulated depreciation	(6,069,699)	(197,316)	(6,267,015)
Total noncurrent assets	<u>4,032,146</u>	<u>162,900</u>	<u>4,195,046</u>
Total assets	<u>\$ 6,323,492</u>	<u>\$ 455,081</u>	<u>\$ 6,778,573</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>\$ 104,294</u>	<u>\$ -</u>	<u>\$ 104,294</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 71,845	\$ 1,163	\$ 73,008
Accrued payroll	11,051	-	11,051
Deposits	199,819	2,461	202,280
Due to other funds	9,669	-	9,669
Compensated absences	38,226	-	38,226
Total current liabilities	<u>330,610</u>	<u>3,624</u>	<u>334,234</u>
Noncurrent liabilities:			
Compensated absences	26,928	-	26,928
Net pension liability	326,126	-	326,126
Total noncurrent liabilities	<u>353,054</u>	<u>-</u>	<u>353,054</u>
Total liabilities	<u>\$ 683,664</u>	<u>\$ 3,624</u>	<u>\$ 687,288</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 32,302	\$ -	\$ 32,302
Deferred inflows related to leases	-	35,260	35,260
Total deferred inflows of resources	<u>\$ 32,302</u>	<u>\$ 35,260</u>	<u>\$ 67,562</u>
NET POSITION			
Net investment in capital assets	\$ 3,948,106	\$ 138,750	\$ 4,086,856
Restricted for capital improvements	84,040	-	84,040
Unrestricted	1,679,674	277,447	1,957,121
Total net position	<u>\$ 5,711,820</u>	<u>\$ 416,197</u>	<u>\$ 6,128,017</u>

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

CITY OF CHIEFLAND, FLORIDA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds		
	Utility Service Fund	Nonmajor Fund Industrial Park Fund	Total Enterprise Fund
Operating revenues			
Charges for services	\$ 2,046,786	\$ 30,160	\$ 2,076,946
Miscellaneous income	-	5,635	5,635
Total operating revenues	<u>2,046,786</u>	<u>35,795</u>	<u>2,082,581</u>
Operating expenses			
Personnel services	546,649	-	546,649
Operating expenses	1,039,533	9,872	1,049,405
Depreciation	259,879	4,505	264,384
Total operating expenses	<u>1,846,061</u>	<u>14,377</u>	<u>1,860,438</u>
Operating income (loss)	<u>200,725</u>	<u>21,418</u>	<u>222,143</u>
Nonoperating revenues (expenses)			
Interest earnings	570	26	596
Gain (loss) on sale of capital assets	(4,539)	-	(4,539)
Total nonoperating revenues (expenses)	<u>(3,969)</u>	<u>26</u>	<u>(3,943)</u>
Income (loss) before capital contributions and transfers	<u>196,756</u>	<u>21,444</u>	<u>218,200</u>
Capital grants	14,216	-	14,216
Change in net position	<u>210,972</u>	<u>21,444</u>	<u>232,416</u>
Net position, beginning of year	5,500,848	394,753	5,895,601
Net position, end of year	<u><u>\$ 5,711,820</u></u>	<u><u>\$ 416,197</u></u>	<u><u>\$ 6,128,017</u></u>

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

**CITY OF CHIEFLAND, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Business-type Activities - Enterprise Funds		
	Utility Service Fund	Nonmajor Fund Industrial Park Fund	Total Enterprise Fund
Cash flows from operating activities			
Cash received from customers	\$ 2,084,034	\$ 37,797	\$ 2,121,831
Cash paid to employees	(547,889)	-	(547,889)
Cash paid to suppliers	(1,061,193)	(8,817)	(1,070,010)
Net cash provided by (used in) operating activities	<u>474,952</u>	<u>28,980</u>	<u>503,932</u>
Cash flows from noncapital financing activities			
Interfund loans	1,470	-	1,470
Net cash provided by (used in) noncapital financing activities	<u>1,470</u>	<u>-</u>	<u>1,470</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(91,883)	-	(91,883)
Net cash provided by (used in) capital and related financing activities	<u>(91,883)</u>	<u>-</u>	<u>(91,883)</u>
Cash flows from investing activities			
Interest received	570	26	596
Purchases of investments	(409)	-	(409)
Net cash provided by (used in) investing activities	<u>161</u>	<u>26</u>	<u>187</u>
Net change in cash and cash equivalents	<u>384,700</u>	<u>29,006</u>	<u>413,706</u>
Cash and cash equivalents, beginning of year	1,554,282	249,275	1,803,557
Cash and cash equivalents, end of year	<u>\$ 1,938,982</u>	<u>\$ 278,281</u>	<u>\$ 2,217,263</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 200,725	\$ 21,418	\$ 222,143
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:			
Depreciation	259,879	4,505	264,384
Changes in assets and liabilities:			
Accounts receivable	27,108	2,435	29,543
Lease receivable	-	(433)	(433)
Inventories and prepaids	9,411	-	9,411
Accounts payable and accrued liabilities	(31,071)	1,055	(30,016)
Deposits	10,140	-	10,140
Compensated absences	595	-	595
Net pension liability	(1,835)	-	(1,835)
Net cash provided by operating activities	<u>\$ 474,952</u>	<u>\$ 28,980</u>	<u>\$ 503,932</u>
Cash and cash equivalents classified as:			
Unrestricted	\$ 1,854,942	\$ 278,281	\$ 2,133,223
Restricted	84,040	-	84,040
Total cash and cash equivalents	<u>\$ 1,938,982</u>	<u>\$ 278,281</u>	<u>\$ 2,217,263</u>

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

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) Summary of Significant Accounting Policies:

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

(a) **Reporting entity**—The City was established by Section 13948, Laws of Florida, in 1929. As required by generally accepted accounting principles, the accompanying financial statements present the City as a primary government. Component units are entities for which the City is considered financially accountable or entities that would be misleading to exclude. There are no blended or discretely presented component units included in the City's financial reporting entity.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. The more significant of the City's accounting policies are hereafter described.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include: charges for services that are directly related to a given function; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements, but all nonmajor funds are aggregated and displayed in a single column. The City's nonmajor funds are the Law Enforcement Trust Fund reported as Other Governmental Fund and the Industrial Park Fund reported as Other Enterprise Fund in the fund financial statements. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

(c) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal year. Taxes and certain intergovernmental revenues constitute the most significant sources of revenue considered susceptible to accrual. In governmental funds, expenditures are generally recognized when the related liability is incurred. However, debt service expenditures, and expenditures for compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The City reports the following major governmental fund:

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

The **Fire Fund** accounts for financial activities of the City's fire department.

The City reports the following major proprietary fund:

The **Utility Service Fund** accounts for the financial activities of the City's potable water utility system, including the pumping, treatment, and distribution systems.

(e) **Use of estimates**—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

(f) **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.

All deposits are placed in a bank that qualifies as a public depository, as required by law (Florida Security for Public Deposits Act). Accordingly, all deposits are insured by Federal depository insurance and/or entirely collateralized pursuant to Chapter 280, Florida Statutes.

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

The City only invests excess public funds in certificates of deposit with qualified public depositories, which is an authorized form of investment pursuant to the provisions of Section 218.415, Florida Statutes. Such investments are stated at cost and are entirely insured or collateralized. The City does not have any investments recorded a fair value.

(g) **Account receivables**—Receivables are stated at net realizable value, reduced by an allowance for uncollectable accounts, where appropriate. Accounts receivable of the Utility Service Fund are net of a \$56,000 allowance.

(h) **Leases receivable**—When engaged in long-term leasing activity as the lessor, the City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.
- The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

(i) **Inventories**—Inventories are stated at cost, based on the first-in, first out method.

(j) **Capital assets**—Capital assets are recorded at historical cost or estimated historical cost, except for contributed assets which are recorded at acquisition value at the date of contribution. The City uses a capitalization threshold of \$1,000 for all classes of capital assets.

The City has elected not to report general infrastructure assets acquired prior to October 1, 2003. Depreciation of capital assets is provided using the straight-line method over the estimated useful lives of the assets, which range as follows:

Assets	Years
Buildings and improvements	30
Furniture, equipment and vehicles	5 – 15
Water and sewer system	40 – 50

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

(k) **Compensated absences**—The City’s policy is to allow limited vesting of employee vacation pay and accumulated sick leave. A liability for accrued compensated absences of employees of the governmental funds has been accrued. Since this liability will not be liquidated with expendable available financial resources, the liability has not been reported in the governmental funds. A liability for compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements.

(l) **Property taxes**—The Levy County Tax Collector bills and collects property taxes for the City. In governmental funds, property tax revenues are recognized when levied, to the extent that they result in current receivables.

Levy Date:	October 1, 2021
Due Date:	March 31, 2022
Lien Date:	January 1, 2022

(m) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (8).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the two items in this category are unavailable revenues, which will be recognized as inflows of resources in the period that the amounts become available, and deferred inflows of resources related to leases and pensions, as discussed further in Note (4) and Note (8).

(n) **Fund balance**—The City follows the provisions of the GASB Codification to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Those classifications are as follows:

Nonspendable – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the City’s highest level of decision-making authority, which is an ordinance. Committed amounts cannot be used for any other purpose unless the City removes those constraints by taking the same type of action.

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Assigned – Assigned fund balances are amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the City Commission or (b) a body or official to which the City Commission has delegated the authority to assign amounts to be used for specific purposes.

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

For spendable resources, is the City’s policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted.

(o) **Operating revenues and expenses**—The enterprise 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 an enterprise fund’s principal ongoing operations. 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.

(p) **Restricted net position**—In the accompanying government-wide and proprietary funds’ statements of net position, *restricted net position* is subject to restrictions beyond the City’s control. The restriction is either externally imposed (for instance, by creditors, grantors, contributors, or laws/regulations of other governments) or is imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

(q) **New accounting pronouncements**—GASB Statement No. 87, *Leases* (the Statement), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset (RTU), and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City has implemented this Statement and its various provisions in 2022.

(2) **Reconciliation of Government-Wide and Fund Financial Statement:**

(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 CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(3) Deposits and Investments:

The City's cash and equivalents and investments consist of legally authorized demand deposits and certificates of deposit. The institutions in which these deposits are kept are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, in addition to applicable Federal Depository Insurance Corporation (FDIC) insurance, these balances on deposit at September 30, 2022, are insured or collateralized through the Bureau of Collateral Management, Florida Department of Financial Services.

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

The City held no assets or investments carried at fair value at September 30, 2022, and subject to the required disclosures of GASB 72.

(4) Lease Receivables:

Leases Receivable

The City has one ongoing lease agreement with a third party related to rentals of building space owned by the City. The City has approximately one lease, which was entered into with a 5-year term that does not include additional renewal terms.

For the year ending September 30, 2022, is as follows:

	Industrial Park Fund/ Business-Type Activities
Lease Revenue	\$ 11,753
Lease Receivable	35,693
Deferred Inflows	35,260

(5) Interfund Balances and Transfers:

The interfund balances resulted from the normal course of operations and are expected to be repaid within one year. Interfund transfers were consistent with the purpose of the fund making the transfer.

At September 30, 2022, interfund balances were as follows:

Receivable Funds	Amount	Payable Funds
General Fund	\$ -	Fire Fund
General Fund	9,669	Utility Service Fund
Fire Fund	-	General Fund
Utility Service Fund	-	General Fund
Total	\$ 9,669	

For the year ended September 30, 2022, the General Fund transferred \$227,199 to the Fire Fund which was for an operating subsidy.

**CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(6) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2022, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 750,884	\$ -	\$ -	\$ 750,884
Construction in progress	-	-	-	-
Total assets not being depreciated	<u>750,884</u>	<u>-</u>	<u>-</u>	<u>750,884</u>
Capital assets being depreciated:				
Land improvements	844,298	-	-	844,298
Infrastructure	1,113,544	-	-	1,113,544
Buildings and improvements	1,409,147	12,032	-	1,421,179
Furniture and equipment	<u>2,457,422</u>	<u>67,807</u>	<u>(60,502)</u>	<u>2,464,727</u>
Total assets being depreciated	<u>5,824,411</u>	<u>79,839</u>	<u>(60,502)</u>	<u>5,843,748</u>
Less accumulated depreciation for:				
Land improvements	(781,536)	(24,559)	-	(806,095)
Infrastructure	(259,904)	(37,118)	-	(297,022)
Buildings and improvements	(959,989)	(36,142)	-	(996,131)
Furniture and equipment	<u>(1,544,593)</u>	<u>(135,915)</u>	<u>59,776</u>	<u>(1,620,732)</u>
Total accumulated depreciation	<u>(3,546,022)</u>	<u>(233,734)</u>	<u>59,776</u>	<u>(3,719,980)</u>
Total capital assets being depreciated, net	<u>2,278,389</u>	<u>(153,895)</u>	<u>(726)</u>	<u>2,123,768</u>
Governmental activities capital assets, net	<u>\$ 3,029,273</u>	<u>\$ (153,895)</u>	<u>\$ (726)</u>	<u>\$ 2,874,652</u>

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(6) **Capital Assets:** (Continued)

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 203,058	\$ -	\$ -	\$ 203,058
Construction in progress	-	-	-	-
Total assets not being depreciated	<u>203,058</u>	<u>-</u>	<u>-</u>	<u>203,058</u>
Capital assets being depreciated:				
Buildings and improvements	290,145	-	-	290,145
Industrial park	9,539	-	-	9,539
Water system	3,499,966	39,697	(17,055)	3,522,608
Sewer treatment plant and system	6,429,594	66,402	(169,162)	6,326,834
Garbage services	1,687	-	-	1,687
Total assets being depreciated	<u>10,230,931</u>	<u>106,099</u>	<u>(186,217)</u>	<u>10,150,813</u>
Less accumulated depreciation for:				
Building & Improvements	(183,489)	(4,305)	-	(187,794)
Industrial park	(9,322)	(200)	-	(9,522)
Water system	(2,098,218)	(86,079)	17,055	(2,167,242)
Sewer treatment plant and system	(3,891,593)	(173,800)	164,623	(3,900,770)
Garbage services	(1,687)	-	-	(1,687)
Total accumulated depreciation	<u>(6,184,309)</u>	<u>(264,384)</u>	<u>181,678</u>	<u>(6,267,015)</u>
Total capital assets being depreciated, net	<u>4,046,622</u>	<u>(158,285)</u>	<u>(4,539)</u>	<u>3,883,798</u>
Business-type activities capital assets, net	<u>\$ 4,249,680</u>	<u>\$ (158,285)</u>	<u>\$ (4,539)</u>	<u>\$ 4,086,856</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 20,487
Public safety	121,427
Physical environment	1,729
Transportation	41,260
Culture and recreation	48,831
Total depreciation expense – governmental activities	<u>\$ 233,734</u>
Business-type activities:	
Utility service	\$ 259,879
Industrial park	4,505
Total depreciation expense – business-type activities	<u>\$ 264,384</u>

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(7) Long-Term Obligations:

Following is a summary of changes in long-term obligations:

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 98,625	\$ 112,126	\$ (94,572)	\$ 116,179	\$ 86,145

<u>Business-type activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 64,559	\$ 42,607	\$ (42,012)	\$ 65,154	\$ 38,226

(8) Pension Plan:

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

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries 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.

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) **Pension Plan:** (Continued)

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.

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

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) **Pension Plan:** (Continued)

Contributions

The entity participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended September 30, 2022, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Through June 30, 2022</u>	<u>After June 30, 2022</u>
Regular Class	10.82%	11.91%
Senior Management	29.01%	31.57%
Special Risk	25.89%	27.83%
City Elected Officers	51.42%	57.00%

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

For the plan year ended June 30, 2022, actual contributions made for employees participating in FRS and HIS were as follows:

Contributions – FRS	\$ 279,011
Contributions – HIS	28,342
Employee Contributions – FRS	51,221

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

At September 30, 2022, the entity reported a liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 2,432,858
HIS	496,115
Total	<u>\$ 2,928,973</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The entity's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2022 and June 30, 2021, the entity's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2022</u>	<u>2021</u>
FRS	0.006538529%	0.005756263%
HIS	0.004684047%	0.004251981%

For the year ended June 30, 2022, pension expense was recognized related to the FRS and HIS plans as follows:

<u>Plan</u>	<u>Pension Expense</u>
FRS	\$ 331,326
HIS	36,303
Total	<u>\$ 367,629</u>

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) **Pension Plan:** (Continued)

Deferred outflows/inflows related to pensions:

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 115,547	\$ -	\$ 15,058	\$ (2,183)
Changes of assumptions	299,617	-	28,438	(76,749)
Net difference between projected and actual investment earnings	160,641	-	718	-
Change in City's proportionate share	190,655	(203,820)	52,062	(7,355)
Contributions subsequent to measurement date	67,433	-	6,510	-
	<u>\$ 833,893</u>	<u>\$ (203,820)</u>	<u>\$ 102,786</u>	<u>\$ (86,287)</u>

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

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
2023	\$ 126,555	\$ 698	\$ 127,253
2024	39,664	4,629	44,293
2025	(62,522)	6,601	(55,921)
2026	417,546	2,653	420,199
2027	41,397	(2,868)	38,529
Thereafter	-	(1,724)	(1,724)
Total	<u>\$ 562,640</u>	<u>\$ 9,989</u>	<u>\$ 572,629</u>

Actuarial assumptions:

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

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) **Pension Plan:** (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate decreased from the prior year rate of 6.80%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 2.16%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Long-term expected rate of return:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.6%
Fixed income	19.8%	4.4%
Global equities	54.0%	8.8%
Real estate	10.3%	7.4%
Private equity	11.1%	12.0%
Strategic investments	3.8%	6.2%
Total	<u>100.0%</u>	

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 4,207,461	\$ 2,432,858	\$ 949,079
HIS	3.54%	567,597	496,115	436,966

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) Other Postemployment Benefits:

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

Post-employment health care benefits are offered to retired employees and their dependents. To be eligible for benefits, an employee must have completed at least six years of service and started receiving pension benefits at termination. All health care benefits are provided through the City's Blue Cross Blue Shield employee health care plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental and substance abuse care; dental care; and prescriptions. Upon retirees reaching 65 years of age, Medicare becomes the primary insurer and the City's plan will not pay benefits already paid by Medicare.

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

The 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.

(10) Risk Management:

The City is exposed to various risks of loss related to general liability, workers' compensation, public liability, law enforcement liability, property damage, and errors and omissions. To manage its risks, the City participates in the Florida League of Cities Self Insurance Fund (the "Fund") a public entity risk pool currently operating as a common risk management and insurance program for member cities. The City pays an annual premium to the Fund for its coverage. The premiums are designed to fund the liability risks assumed by the Fund and are based on certain actual exposures of each member.

(11) Contingencies and Uncertainties:

The City is sometimes a party to lawsuits and claims arising out of the normal conduct of its activities. While the results of lawsuits or other proceedings against the City cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the financial condition of the City.

CITY OF CHIEFLAND, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(12) **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 subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City’s financial statements:

- (a) GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022.

- (b) GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends various provisions regarding the calculation methodology and required disclosures related to the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023

CITY OF CHIEFLAND, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,921,374	\$ 1,921,374	\$ 2,065,754	\$ 144,380
Licenses and permits	386,600	386,600	430,538	43,938
Intergovernmental	301,270	822,698	818,930	(3,768)
Charges for services	10,694	10,694	25,074	14,380
Fines and forfeitures	6,000	6,000	13,818	7,818
Interest revenues	1,000	1,000	495	(505)
Miscellaneous	338,045	338,045	54,546	(283,499)
Total revenues	2,964,983	3,486,411	3,409,155	(77,256)
Expenditures				
Current:				
General government	720,875	1,203,822	513,371	690,451
Public safety	1,271,303	1,302,674	1,361,574	(58,900)
Community development	2,000	2,000	761	1,239
Public works	504,142	507,697	179,966	327,731
Parks and recreation	179,897	183,452	160,668	22,784
Capital outlay	34,567	34,567	42,297	(7,730)
Total expenditures	2,712,784	3,234,212	2,258,637	975,575
Excess (deficiency) of revenues over expenditures	252,199	252,199	1,150,518	898,319
Other financing sources (uses)				
Transfers out	(252,199)	(252,199)	(227,199)	25,000
Total other financing sources (uses)	(252,199)	(252,199)	(227,199)	25,000
Net change in fund balances	-	-	923,319	923,319
Fund balances, beginning of year	1,805,738	1,805,738	1,805,738	-
Fund balances, end of year	\$ 1,805,738	\$ 1,805,738	\$ 2,729,057	\$ 923,319

The accompanying notes to the schedule of revenues, expenses, and changes in fund balance budget to actual are an integral part of this schedule.

CITY OF CHIEFLAND, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FIRE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses, permits, and assessments	\$ 196,265	\$ 196,265	\$ 194,963	\$ (1,302)
Intergovernmental	304,702	316,491	325,171	8,680
Interest revenues	100	100	22	(78)
Miscellaneous	-	-	6,903	6,903
Total revenues	501,067	512,856	527,059	14,203
Expenditures				
Current:				
Public safety	642,181	653,970	604,745	49,225
Capital outlay	7,212	7,212	37,542	(30,330)
Total expenditures	649,393	661,182	642,287	18,895
Excess (deficiency) of revenues over expenditures	(148,326)	(148,326)	(115,228)	33,098
Other financing sources (uses)				
Transfers in	252,199	252,199	227,199	(25,000)
Total other financing sources (uses)	252,199	252,199	227,199	(25,000)
Net change in fund balances	103,873	103,873	111,971	8,098
Fund balances, beginning of year	262,634	262,634	262,634	-
Fund balances, end of year	\$ 366,507	\$ 366,507	\$ 374,605	\$ 8,098

The accompanying notes to the schedules of revenues, expenses, and changes in fund balance budget to actual are an integral part of this schedule.

**CITY OF CHIEFLAND, FLORIDA
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEPTEMBER 30, 2022**

The City adopts an annual budget for the General and Fire Funds. The City generally follows these procedures in establishing the budgetary data reflected in the schedule:

1. Prior to September 1, the City Clerk submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. Budgetary control is maintained at the department level. The fund is the legal level of control.
5. Appropriations lapse at the end of the fiscal year.
6. The budget amounts presented in the accompanying financial schedules were prepared on a basis that does not materially differ from the modified accrual basis of accounting.

CITY OF CHIEFLAND, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)									
Proportion of the net pension liability	0.006538529%	0.005756263%	0.006554592%	0.006868922%	0.006752876%	0.006592978%	0.006849702%	0.006155151%	0.006346372%
Proportionate share of the net pension liability	\$ 2,432,858	\$ 434,820	\$ 2,840,857	\$ 2,365,561	\$ 2,034,001	\$ 1,950,828	\$ 1,729,555	\$ 795,020	\$ 387,222
Covered payroll	1,707,375	1,505,613	1,461,970	1,443,253	1,372,502	1,354,631	1,306,117	1,271,471	1,213,482
Proportionate share of the net pension liability as a percentage of covered payroll	142.49%	28.88%	194.32%	163.90%	148.20%	144.01%	132.42%	62.53%	31.91%
Plan fiduciary net position as a percentage of the total	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)									
Proportion of the net pension liability	0.004684047%	0.004251981%	0.004211464%	0.004314500%	0.004201260%	0.004146347%	0.004203430%	0.004002653%	0.004190484%
Proportionate share of the net pension liability	\$ 496,115	\$ 521,569	\$ 514,213	\$ 482,749	\$ 444,666	\$ 443,347	\$ 489,892	\$ 408,208	\$ 391,820
Covered payroll	1,707,375	1,505,613	1,461,970	1,443,253	1,372,502	1,966,451	1,306,117	1,271,471	1,213,482
Proportionate share of the net pension liability as a percentage of covered payroll	29.06%	34.64%	35.17%	33.45%	32.40%	22.55%	37.51%	32.11%	32.29%
Plan fiduciary net position as a percentage of the total	4.81%	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, information is presented for only those years for which information is available.

**CITY OF CHIEFLAND, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)**

	For the Fiscal Year Ended September 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)									
Contractually required contribution	\$ 286,924	\$ 221,878	\$ 217,780	\$ 212,986	\$ 192,452	\$ 187,260	\$ 171,821	\$ 164,153	\$ 145,543
Contributions in relation to the contractually required	286,924	221,878	217,780	212,986	192,452	187,260	171,821	164,153	145,543
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,740,208	\$ 1,477,768	\$ 1,461,970	\$ 1,443,253	\$ 1,372,502	\$ 1,354,631	\$ 1,306,117	\$ 1,271,471	\$ 1,213,482
Contributions as a percentage of covered payroll	16.49%	15.01%	14.90%	14.76%	14.02%	13.82%	13.16%	12.91%	11.99%
Health Insurance Subsidy Program (HIS)									
Contractually required contribution	\$ 28,887	\$ 24,531	\$ 24,269	\$ 23,958	\$ 22,784	\$ 22,487	\$ 21,682	\$ 17,331	\$ 14,719
Contributions in relation to the contractually required	28,887	24,531	24,269	23,958	22,784	22,487	21,682	17,331	14,719
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,740,208	\$ 1,477,768	\$ 1,461,970	\$ 1,443,253	\$ 1,372,502	\$ 1,354,631	\$ 1,306,117	\$ 1,271,471	\$ 1,213,482
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.36%	1.21%

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

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

To the Honorable Mayor and City Commission,
City of Chiefland, 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 the City of Chiefland, Florida, (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 18, 2023.

Report on Internal Control over Financial Reporting

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

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

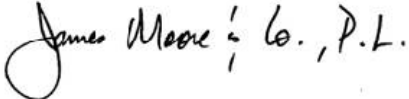
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
May 18, 2023

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

To the Honorable Mayor and City Commission,
City of Chiefland, Florida:

Report on the Financial Statements

We have audited the financial statements of the City of Chiefland, Florida, as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated May 18, 2023.

As discussed in Note (9) 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 governmental activities, business-type activities and the utility service fund. The effects of this departure from accounting principles generally accepted in the United States of America on the governmental activities, business-type activities, and the utility service fund, has not been determined.

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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountants' Examination Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 18, 2023, 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 below. Finding 2022-001 remains uncorrected from the second preceding audit.

2021-001 Unexpended Balance – Building Permits – Previously recorded as 2020-001. Corrective action not taken. See 2022-001.

2021-002 Budgetary Compliance – Corrective action taken.

2021-003 Impact Fee accounting – Corrective action taken.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government of the reporting entity is disclosed in Note 1 of the basic financial statements.

Financial Condition and Management

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

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

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

2022-001 – Unexpended Balance – Building Permits

Section 553.80(7)(a) of Florida Statutes has been updated to limit the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City’s average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees. The City’s unexpended building permit funds at September 30, 2022, exceeded the City’s average operating budget for enforcing the Florida Building Code for the previous four fiscal years by approximately \$25,000. The City should identify how it intends to reduce the amount of unexpected building code balances in order to comply with Section 553.80(7)(a) of Florida Statutes. Such action may require the City to modify subsequent fiscal year budgets.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we did not note any such component units that failed to provide the necessary information, nor is any specific special district information required to be reported.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to 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.

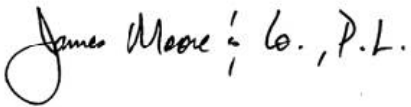
City's Response to Recommendations

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

Purpose of this Letter

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

Gainesville, Florida
May 18, 2023

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.



INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, City Commission, and City Administrator,
City of Chiefland, Florida

We have examined the City of Chiefland, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2022. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the City's compliance against Section 218.415, Florida Statutes, *Local Government Investment Policies*, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating the City's compliance against the Statute and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the City's compliance for the year ended September 30, 2022. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the City's compliance was not in accordance with the aforementioned requirements, in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City of Chiefland, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

James Moore & Co., P.L.

Gainesville, Florida
May 18, 2023



City of Chiefland

~ The Gem of the Suwannee Valley ~

John C. Jones
Mayor

Norman Weaver
Vice Mayor

Lance Hayes
Commissioner

Rollin Hudson
Commissioner

Lewrissa Mainwaring
Commissioner

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Laura Cain, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of the City of Chiefland, a local governmental entity of the State of Florida;
2. The City of Chiefland adopted:
 - a. Ordinance Number 07-06 implementing the Parks/Recreation Impact Fee; and
 - b. Ordinance Number 07-07 implementing the Transportation Impact Fee; and
 - c. Ordinance Number 07-08 implementing the Law Enforcement Impact Fee; and
 - d. Ordinance Number 07-09 implementing the Fire Rescue Impact Fee.
3. The City of Chiefland has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Laura Cain
Laura Cain, City Manager

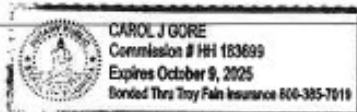
STATE OF FLORIDA
COUNTY OF LEVY

SWORN TO AND SUBSCRIBED before me this 15 day of May, 2023

Carol Gore
NOTARY PUBLIC
Print Name Carol Gore

Personally known or produced identification
Type of identification produced: _____

My Commission Expires: _____



214 East Park Avenue, Chiefland, Florida 32626 * (352) 493-6711 * Facsimile (352) 493-6714 * cityhall@chieflandfla.com

AUDITEE'S RESPONSE TO:
Independent Auditors' Management Letter
May 18, 2023

2022-001- Unexpended Balance – Building Permits

Section 553.80(7)(a) of Florida Statutes has been updated to limit the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City's average operating budget for enforcing the Florida Building Code for the previous four (4) years. A local government must use any funds in excess of this limitation to rebate or reduce fees.

Upon hearing of this deficiency, myself and staff are taking this information under advisement and will adopt a plan to comply with section 553.80(7)(a) of Florida Statutes.