



City of Bonifay, Florida

FINANCIAL STATEMENTS

September 30, 2023



	Page
INTRODUCTORY SECTION	
Table of Contents	
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund.....	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Position – Proprietary Funds.....	20
Statement of Cash Flows – Proprietary Funds	21
Notes to Financial Statements	23
REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	48
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	50
Schedule of Findings and Questioned Costs.....	53
Schedule of Expenditures of Federal Awards	56
Notes to Schedule of Expenditures of Federal Awards.....	57
Summary Schedule of Prior Year Audit Findings	59

Corrective Action Plan.....	60
Management Letter	62
Independent Accountant’s Report on <i>Compliance with Local Government Investment Policies</i>	65
REQUIRED COMMUNICATIONS	
Required Communications	66
Accounting Policies, Judgments and Sensitive Estimates & CRI Comments on Quality.....	73
Summary of Audit Adjustments	75
Management Representation Letter	81

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Bonifay, Florida

Report on Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and

fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 (pages 4–10) be presented to supplement the basic financial

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 effectiveness of the City's 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
June 26, 2024

City of Bonifay, Florida **Management's Discussion and Analysis**

As management of the City of Bonifay, Florida (the "City"), we offer readers of the City's financial statements this narrative overview of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

Financial Highlights

The assets of the City exceeded its liabilities at September 30, 2023 by \$30,302,446 (net position). Net investment in capital assets was \$28,797,617; \$1,005,374 was restricted as to its use and the City had unrestricted net position of \$499,455.

The City's total net position increased by \$1,327,476 during the year ended September 30, 2023. This increase is due in part to an increase in grant funded projects during fiscal year 2023.

City Highlights

The City continues to work diligently to revitalize the Downtown Area of Bonifay. The City was awarded a Competitive Partnership grant that allowed the City to develop a Strategy Plan and Action Plan for the Downtown Revitalization Project. These plans include the application to have the downtown area designated as a Downtown Historic District. This designation will benefit not only the City, but business owners in the area. The City held community meetings and held an Asset Mapping exercise which allowed the community and State agencies an input into the plans. The City was awarded a CDBG Slum & Blight grant through DEO to assist in this effort. The City was one of the first recipients of this grant.

In fiscal year 2020, the City applied for Rural Infrastructure Funds that were made available due to Hurricane Michael. The City was awarded two (2) applications of the three (3) that were submitted. One of the awards is to develop a plan to improve the drainage issues within the City limits. This plan is to pinpoint issues that need to be addressed to improve the flow of storm water. The Second award is for the renovation of the downtown parking lot. The parking lot has been completely renovated and will make the area safer for our community and provide more parking for our downtown area and improve the visual appeal of our downtown area.

The City was the recipient of American Rescue Plan Act (ARPA) and Memorial Field Grant funding and the City expended \$429,887 in fiscal year 2023.

Using this Annual Report

The financial statements' focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

This MD&A is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

Government-Wide Financial Statements

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

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and resulting net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

The Government-wide financial statements begin on pages 11 and 12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary. Traditional users of governmental financial statements will find the fund financial statements' presentation more familiar.

Governmental Funds

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

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

The City maintains two governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and Fuel Tax Fund. Data from the other governmental funds are combined into an aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the other supplementary information section of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the budget and is presented as part of the fund financial statements on page 17. The governmental fund financial statements can be found on pages 13 - 16 of this report.

Proprietary Funds

The City maintains three enterprise funds which are proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its water, sewer, and sanitation. The proprietary fund statement provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 18 - 22 of this report.

City of Bonifay, Florida
Management's Discussion and Analysis

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found on pages 23 - 47 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, governmental activities assets exceed liabilities by \$5,482,812, for fiscal year 2023, as compared to \$3,286,180, for fiscal year 2022.

Statement of Net Position

The following schedule reflects the condensed statements of net position:

	Governmental Activities		Business-Type Activities		Primary Government Total	
	2023	2022	2023	2022	2023	2022
<i>September 30,</i>						
Assets						
Current assets	\$ 1,390,318	\$ 1,538,829	\$ 1,640,862	\$ 1,644,383	\$ 3,031,180	\$ 3,183,212
Capital assets	5,345,437	3,033,395	28,872,473	29,699,952	34,217,910	32,733,347
Total assets	6,735,755	4,572,224	30,513,335	31,344,335	37,249,090	35,916,559
Liabilities						
Current liabilities	1,252,943	1,248,783	591,986	558,563	1,844,929	1,807,346
Non-current liabilities	-	37,261	5,101,715	5,096,982	5,101,715	5,134,243
Total liabilities	1,252,943	1,286,044	5,693,701	5,655,545	6,946,644	6,941,589
Net Position						
Net investment in capital assets	5,320,236	2,915,221	23,477,381	24,308,897	28,797,617	27,224,118
Restricted	127,167	100,706	878,207	927,393	1,005,374	1,028,099
Unrestricted	35,409	270,253	464,046	452,500	499,455	722,753
Total net position	\$ 5,482,812	\$ 3,286,180	\$ 24,819,634	\$ 25,688,790	\$ 30,302,446	\$ 28,974,970

City of Bonifay, Florida
Management's Discussion and Analysis

Statement of Activities

The following schedule compares the revenues and expenses for the current year to the prior year change in Net Position.

	Governmental Activities		Business-Type Activities		Primary Government Total	
	2023	2022	2023	2022	2023	2022
<i>Years ended September 30,</i>						
Revenues						
Program Revenues						
Charges for services	\$ 54,820	\$ 497,354	\$ 3,130,275	\$ 2,968,935	\$ 3,185,095	\$ 3,466,289
Operating grants and contributions	1,751,705	613,555	-	-	1,751,705	613,555
Capital grants and contributions	509,429	712,044	191,437	-	700,866	712,044
General Revenues						
Sales tax	341,086	331,512	-	-	341,086	331,512
Gasoline tax	78,640	67,212	-	-	78,640	67,212
Utility tax	378,258	359,150	-	-	378,258	359,150
Franchise fees	306,454	291,847	-	-	306,454	291,847
Other taxes	165,868	153,684	-	-	165,868	153,684
Miscellaneous	60,236	111,079	12,027	82,795	72,263	193,874
Interest	565	340	5,198	7,695	5,763	8,035
Gain (loss) on sale of assets	8,315	-	-	(5,962)	8,315	(5,962)
Total revenues	3,655,376	3,137,777	3,338,937	3,053,463	6,994,313	6,191,240
Expenses						
General government	663,632	402,615	-	-	663,632	402,615
Public safety	966,464	907,228	-	-	966,464	907,228
Transportation	477,921	390,613	-	-	477,921	390,613
Physical environment	91,596	87,849	-	-	91,596	87,849
Culture and recreational	157,798	179,049	-	-	157,798	179,049
Sanitation	-	-	696,463	521,086	696,463	521,086
Water	-	-	837,222	794,090	837,222	794,090
Sewer	-	-	1,784,251	1,797,569	1,784,251	1,797,569
Total expenses	2,357,411	1,967,354	3,317,936	3,112,745	5,675,347	5,080,099
Excess (deficiency) of revenues over (under) expenses	1,297,965	1,170,423	21,001	(59,282)	1,318,966	1,111,141
Unrealized gain (loss) on investments	-	-	8,510	(29,551)	8,510	(29,551)
Transfers	898,667	307,360	(898,667)	(307,360)	-	-
Increase (decrease) in net position	2,196,632	1,477,783	(869,156)	(396,193)	1,327,476	1,081,590
Net Position - beginning	3,286,180	1,808,397	25,688,790	26,238,847	28,974,970	28,047,244
Prior Period Adjustment	-	-	-	(153,864)	-	(153,864)
Net Position - beginning (as restated)	3,286,180	1,808,397	25,688,790	26,084,983	28,974,970	27,893,380
Net Position - ending	\$ 5,482,812	\$ 3,286,180	\$ 24,819,634	\$ 25,688,790	\$ 30,302,446	\$ 28,974,970

Financial Analysis of the City's Funds

This section provides an analysis of the balances and transactions of individual funds. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

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

As of September 30, 2023, the City's governmental funds reported a combined ending fund balance of \$182,510. Of this amount, there were funds restricted for capital improvement of \$127,167 leaving an unassigned balance of \$55,343.

Proprietary Funds

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

Proprietary fund net position as of September 30, 2023, was \$24,819,634. \$23,477,381, was invested in capital assets net of related debt, \$878,207, was restricted primarily for capital improvements and debt service, and unrestricted net position was \$464,046.

General Fund Budgetary Highlights

Budgeted revenues exceeded general fund revenues by \$444,920, and actual expenditures exceeded budgeted expenditures by \$78,740.

Capital Assets and Debt Activity

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023 amounts to \$34,217,910 (net of accumulated depreciation), which is an increase of \$1,484,563 over the prior year. The capital assets activity for the year is detailed in Note 2 to the financial statements. Increases during the year represent additions to those categories, while decreases represent retirement of assets during the year and depreciation of depreciable assets for the year. The City scrapped several aging assets during the year that were fully depreciated for both its governmental activities and its business-type activities during fiscal year 2023. The City expended resources to acquire \$2,588,918 in capital asset additions during the year, with approximately \$2.3 million of these additions being infrastructure improvements to streets and utilities.

City of Bonifay, Florida Management's Discussion and Analysis

Long-Term Debt - As of September 30, 2023, the City had \$5,420,293 in notes payable and revenue bonds payable. The long-term debt activity for the year is detailed in Note 2 to the financial statements. The City's total debt decreased by \$40,294 due to payments made on long-term debt during the year.

Requests for Information

The City's financial statements are designed to present users (citizens, taxpayers, customers and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about the report or need additional financial information, contact the City Clerk, City of Bonifay, 301 N. Etheridge Street, Bonifay, Florida, 32425, telephone (850) 547-4238.

City of Bonifay, Florida
Statement of Net Position

<i>September 30, 2023</i>	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and cash equivalents	\$ 646,886	\$ 191,647	\$ 838,533
Investments	-	9	9
Receivables, net	78,985	447,790	526,775
Grant receivable	544,572	-	544,572
Restricted assets			
Cash and cash equivalents	119,875	563,213	683,088
Investments	-	438,203	438,203
Capital assets			
Non-depreciable	3,132,504	963,007	4,095,511
Depreciable, net	2,212,933	27,909,466	30,122,399
<hr/>			
Total assets	6,735,755	30,513,335	37,249,090
Liabilities			
Accounts payable	572,841	127,670	700,511
Accrued liabilities	18,266	20,204	38,470
Payable from restricted assets			
Accrued interest	-	13,216	13,216
Customer deposits	-	109,993	109,993
Short-term debt	-	-	-
Unearned revenue	616,701	-	616,701
Non-current liabilities			
Due within one year			
Compensated absences	19,934	27,526	47,460
Notes payable	25,201	98,677	123,878
Revenue bonds payable	-	194,700	194,700
Due in more than one year			
Notes payable	-	1,508,699	1,508,699
Revenue bonds payable	-	3,593,016	3,593,016
<hr/>			
Total liabilities	1,252,943	5,693,701	6,946,644
Net Position			
Net investment in capital assets	5,320,236	23,477,381	28,797,617
Restricted	127,167	878,207	1,005,374
Unrestricted	35,409	464,046	499,455
<hr/>			
Total net position	\$ 5,482,812	\$ 24,819,634	\$ 30,302,446

The accompanying notes are an integral part of these financial statements.

City of Bonifay, Florida
Statement of Activities

For the year ended September 30, 2023

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 663,632	\$ 10,947	\$ 351,434	\$ -
Public safety	966,464	36,813	55,965	-
Transportation	477,921	7,060	1,344,306	397,156
Physical environment	91,596	-	-	-
Culture and recreation	157,798	-	-	112,273
Total governmental activities	2,357,411	54,820	1,751,705	509,429
Business-type activities				
Sanitation	696,463	706,790	-	-
Water	837,222	1,088,970	-	191,437
Sewer	1,784,251	1,334,515	-	-
Total business-type activities	3,317,936	3,130,275	-	191,437
Total primary government	\$ 5,675,347	\$ 3,185,095	\$ 1,751,705	\$ 700,866

General revenues and transfers

Taxes

 Sales taxes

 Gasoline taxes

 Utility taxes

 Franchise taxes

 Other taxes

Interest income

Gain (loss) on sale of assets

Unrealized gain (loss) on investments

Miscellaneous

Transfers, net

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (301,251)	\$ -	\$ (301,251)
(873,686)	-	(873,686)
1,270,601	-	1,270,601
(91,596)	-	(91,596)
(45,525)	-	(45,525)
(41,457)	-	(41,457)
-	10,327	10,327
-	443,185	443,185
-	(449,736)	(449,736)
-	3,776	3,776
\$ (41,457)	\$ 3,776	\$ (37,681)
341,086	-	341,086
78,640	-	78,640
378,258	-	378,258
306,454	-	306,454
165,868	-	165,868
565	5,198	5,763
8,315	-	8,315
-	8,510	8,510
60,236	12,027	72,263
898,667	(898,667)	-
2,238,089	(872,932)	1,365,157
2,196,632	(869,156)	1,327,476
3,286,180	25,688,790	28,974,970
\$ 5,482,812	\$ 24,819,634	\$ 30,302,446

City of Bonifay, Florida
Balance Sheet – Governmental Funds

<i>September 30, 2023</i>	General	Nonmajor Fund Fuel Tax Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 646,886	\$ -	\$ 646,886
Accounts receivable	623,557	-	623,557
Due from other funds	-	7,292	7,292
Restricted assets			
Cash and cash equivalents	-	119,875	119,875
Total assets	\$ 1,270,443	\$ 127,167	\$ 1,397,610
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 572,841	\$ -	\$ 572,841
Accrued liabilities	18,266	-	18,266
Unearned revenue	616,701	-	616,701
Due to other funds	7,292	-	7,292
Total liabilities	1,215,100	-	1,215,100
Fund balances			
Restricted	-	127,167	127,167
Unassigned	55,343	-	55,343
Total fund balances	55,343	127,167	182,510
Total liabilities and fund balances	\$ 1,270,443	\$ 127,167	\$ 1,397,610

The accompanying notes are an integral part of these financial statements.

City of Bonifay, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

September 30, 2023

Total fund balances - governmental funds	\$	182,510
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.		
Governmental capital assets	\$	7,796,853
Less accumulated depreciation	<u>(2,451,416)</u>	5,345,437
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.		(19,934)
Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.		<u>(25,201)</u>
Net position of governmental activities	\$	<u>5,482,812</u>

The accompanying notes are an integral part of these financial statements.

City of Bonifay, Florida

**Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds**

<i>For the year ended September 30, 2023</i>	General Fund	Nonmajor Fund Fuel Tax Fund	Total Governmental Funds
Revenues			
Taxes	\$ 1,028,323	\$ 78,640	\$ 1,106,963
Licenses and permits	9,947	-	9,947
Intergovernmental	2,432,041	-	2,432,041
Charges for services	39,526	-	39,526
Fines and forfeitures	5,347	-	5,347
Interest income	291	274	565
Miscellaneous	50,762	-	50,762
Total revenues	3,566,237	78,914	3,645,151
Expenditures			
Current			
General government	579,725	-	579,725
Public safety	842,476	-	842,476
Transportation	407,565	52,453	460,018
Physical environment	93,510	-	93,510
Culture and recreation	131,021	-	131,021
Capital outlay	2,564,259	-	2,564,259
Debt service			
Principal	92,973	-	92,973
Interest	3,368	-	3,368
Total expenditures	4,714,897	52,453	4,767,350
Excess (deficiency) of revenues over (under) expenditures	(1,148,660)	26,461	(1,122,199)
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	10,225	-	10,225
Transfers in	898,667	-	898,667
Net other financing sources (uses)	908,892	-	908,892
Net change in fund balances	(239,768)	26,461	(213,307)
Fund balances, beginning of year	295,111	100,706	395,817
Fund balances, end of year	\$ 55,343	\$ 127,167	\$ 182,510

The accompanying notes are an integral part of these financial statements.

City of Bonifay, 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, 2023

Net change in fund balances - total governmental funds \$ (213,307)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. 2,564,259

In the statement of activities, the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, disposals are not reported. Thus, the change in net position differs from the change in fund balance by the net book value of the disposed capital assets. (1,910)

Depreciation expense on governmental capital assets is included in the governmental activities in the statement of net position. (250,306)

Compensated absences are reported in the statement of activities when earned. As they do not require the use of current financial resources, they are not reported as expenditures on governmental funds until they have matured. This is the amount of compensated absences reported in the statement of activities in the prior year that has matured in the current year. 4,923

Governmental funds report debt proceeds as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the statement of activities treats such repayments as a reduction in long-term liabilities. 92,973

Change in net position of governmental activities \$ 2,196,632

The accompanying notes are an integral part of these financial statements.

City of Bonifay, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund

<i>For the year ended September 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 961,500	\$ 961,500	\$ 1,028,323	\$ 66,823
Licenses and permits	12,000	12,000	9,947	(2,053)
Intergovernmental	2,950,357	2,950,357	2,432,041	(518,316)
Charges for services	36,200	36,200	39,526	3,326
Fines and forfeitures	5,500	5,500	5,347	(153)
Interest	-	-	291	291
Miscellaneous	45,600	45,600	50,762	5,162
Total revenues	4,011,157	4,011,157	3,566,237	(444,920)
Expenditures				
General government	458,837	458,837	579,725	(120,888)
Public safety	1,179,035	1,179,035	842,476	336,559
Transportation	1,071,539	1,071,539	407,565	663,974
Physical environment	84,570	84,570	93,510	(8,940)
Culture and recreation	104,254	104,254	131,021	(26,767)
Capital outlay	1,721,922	1,721,922	2,564,259	(842,337)
Debt service, principal	16,000	16,000	92,973	(76,973)
Debt service, interest	-	-	3,368	(3,368)
Total expenditures	4,636,157	4,636,157	4,714,897	(78,740)
Excess (deficiency) of revenues over (under) expenditures	(625,000)	(625,000)	(1,148,660)	(523,660)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	10,225	10,225
Transfers in	625,000	625,000	898,667	273,667
Net other financing sources (uses)	625,000	625,000	908,892	283,892
Net change in fund balance	-	-	(239,768)	(239,768)
Fund balance, beginning of year	295,111	295,111	295,111	-
Fund balance, end of year	\$ 295,111	\$ 295,111	\$ 55,343	\$ (239,768)

The accompanying notes are an integral part of these financial statements.

City of Bonifay, Florida
Statement of Net Position – Proprietary Funds

<i>September 30, 2023</i>	Business-type Activities - Enterprise Funds			
	Sanitation	Water	Sewer	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 152	\$ 187,306	\$ 4,189	\$ 191,647
Investments	-	-	9	9
Receivables, net	120,248	151,045	176,497	447,790
Restricted assets				
Cash and cash equivalents	-	164,785	398,428	563,213
Investments	-	-	438,203	438,203
Total current assets	120,400	503,136	1,017,326	1,640,862
Noncurrent assets				
Land and construction in progress	7,952	510,817	444,238	963,007
Capital assets, net of depreciation	-	3,743,298	24,166,168	27,909,466
Total noncurrent assets	7,952	4,254,115	24,610,406	28,872,473
Total assets	128,352	4,757,251	25,627,732	30,513,335
Liabilities				
Current liabilities				
Accounts payable	53,196	30,105	44,369	127,670
Accrued liabilities	-	13,539	6,665	20,204
Compensated absences	465	16,720	10,341	27,526
Notes payable	-	27,780	70,897	98,677
Total current liabilities	53,661	88,144	132,272	274,077
Current liabilities payable from restricted assets				
Accrued interest	-	3,990	9,226	13,216
Deposits	-	109,993	-	109,993
Revenue bonds payable	-	36,000	158,700	194,700
Total current liabilities payable from restricted assets	-	149,983	167,926	317,909

(Continued)

The accompanying notes are an integral part of these financial statements.

City of Bonifay, Florida
Statement of Net Position – Proprietary Funds (Continued)

<i>September 30, 2023</i>	Business-type Activities - Enterprise Funds			
	Sanitation	Water	Sewer	Total
Noncurrent liabilities				
Notes payable	-	519,683	989,016	1,508,699
Revenue bonds payable	-	1,110,556	2,482,460	3,593,016
Total noncurrent liabilities	-	1,630,239	3,471,476	5,101,715
Total liabilities	53,661	1,868,366	3,771,674	5,693,701
Net Position				
Net investment in capital assets	7,952	2,560,096	20,909,333	23,477,381
Restricted	-	50,802	827,405	878,207
Unrestricted	66,739	277,987	119,320	464,046
Total net position	\$ 74,691	\$ 2,888,885	\$ 21,856,058	\$ 24,819,634

The accompanying notes are an integral part of these financial statements.

City of Bonifay, Florida
Statement of Revenues, Expenses and Changes in Fund Position –
Proprietary Funds

<i>For the year ended September 30, 2023</i>	Business-type Activities - Enterprise Funds			
	Sanitation	Water	Sewer	Total
Operating Revenues				
Charges for services	\$ 706,790	\$ 1,034,027	\$ 1,334,515	\$ 3,075,332
Utility tax	-	54,943	-	54,943
Total operating revenues	706,790	1,088,970	1,334,515	3,130,275
Operating Expenses				
Salaries	310	252,261	179,943	432,514
Taxes and licenses	-	19,016	13,455	32,471
Retirement expense	-	7,000	3,625	10,625
Health insurance	-	63,477	44,815	108,292
Other insurance	-	34,400	44,576	78,976
Utilities	-	61,328	282,819	344,147
Repairs and maintenance	-	31,863	47,420	79,283
Bad debts	3,488	10,798	12,685	26,971
Depreciation	-	124,915	727,223	852,138
Gas and oil	-	12,687	5,435	18,122
Postage	-	7,004	6,526	13,530
Contractual services	692,665	53,222	225,013	970,900
Chemicals and lab fees	-	37,610	66,711	104,321
Operating supplies	-	37,349	17,646	54,995
Capital outlay	-	1,336	-	1,336
Miscellaneous	-	28,613	4,176	32,789
Total operating expenses	696,463	782,879	1,682,068	3,161,410
Operating income (loss)	10,327	306,091	(347,553)	(31,135)
Non-Operating Revenues (Expenses)				
Interest income	-	17	5,181	5,198
Interest expense	-	(54,343)	(102,183)	(156,526)
Grant revenue	-	191,437	-	191,437
Unrealized gain (loss) on investments	-	-	8,510	8,510
Miscellaneous	-	12,027	-	12,027
Total non-operating revenues (expenses)	-	149,138	(88,492)	60,646
Income Before Transfers	10,327	455,229	(436,045)	29,511
Transfers in	38,000	36,000	289,692	363,692
Transfers out	(65,000)	(820,667)	(376,692)	(1,262,359)
Change in net position	(16,673)	(329,438)	(523,045)	(869,156)
Net position, beginning of year	91,364	3,218,323	22,379,103	25,688,790
Net position, end of year	\$ 74,691	\$ 2,888,885	\$ 21,856,058	\$ 24,819,634

The accompanying notes are an integral part of these financial statements.

City of Bonifay, Florida
Statement of Cash Flows – Proprietary Funds

<i>For the year ended September 30, 2023</i>	Business-type Activities - Enterprise Funds			
	Sanitation	Water	Sewer	Total
Operating Activities				
Receipts from customers, users and others	\$ 706,790	\$ 1,094,104	\$ 1,348,436	\$ 3,149,330
Payments to suppliers	(685,880)	(422,758)	(783,878)	(1,892,516)
Payments to employees	-	(244,466)	(172,103)	(416,569)
Net cash provided by operating activities	20,910	426,880	392,455	840,245
Noncapital Financing Activities				
Net transfers in (out)	(27,000)	(784,667)	(87,000)	(898,667)
Miscellaneous	-	12,027	-	12,027
Net cash used in noncapital financing activities	(27,000)	(772,640)	(87,000)	(886,640)
Capital and Related Financing Activities				
Bond principal payments	-	(36,000)	(158,700)	(194,700)
Note principal payments	-	(30,179)	(69,587)	(99,766)
Interest payments	-	(54,339)	(102,183)	(156,522)
Proceeds from long-term debt	-	298,503	-	298,503
Acquisition and construction of capital assets	-	(18,485)	(6,174)	(24,659)
Proceeds from capital grants	-	191,437	-	191,437
Net cash provided by (used in) capital and related financing activities	-	350,937	(336,644)	14,293
Investing Activities				
Redemption (purchase) of investments	-	-	76,741	76,741
Interest received	-	17	5,181	5,198
Net cash provided by (used in) investing activities	-	17	81,922	81,939
Net increase (decrease) in cash and cash equivalents	(6,090)	5,194	50,733	49,837
Cash and cash equivalents, beginning of year	6,242	346,897	351,884	705,023
Cash and cash equivalents, end of year	\$ 152	\$ 352,091	\$ 402,617	\$ 754,860
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash and cash equivalents - current assets	\$ 152	\$ 187,306	\$ 4,189	\$ 191,647
Cash and cash equivalents - restricted assets	-	164,785	398,428	563,213
Cash and cash equivalents, end of year	\$ 152	\$ 352,091	\$ 402,617	\$ 754,860

(Continued)

The accompanying notes are an integral part of these financial statements.

City of Bonifay, Florida
Statement of Cash Flows – Proprietary Funds (Continued)

<i>For the year ended September 30, 2023</i>	Business-type Activities - Enterprise Funds			
	Sanitation	Water	Sewer	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in)				
Operating Activities				
Operating income (loss)	\$ 10,327	\$ 306,091	\$ (347,553)	\$ (31,135)
Adjustments to reconcile operating income cash provided by (used in) operating				
Depreciation and amortization	-	124,915	727,223	852,138
Changes in operating assets and liabilities				
(Increase) decrease in assets				
Accounts receivable	(33,504)	3,011	13,921	(16,572)
Increase (decrease) in liabilities				
Accounts payable	43,622	(16,334)	(8,976)	18,312
Accrued payroll liabilities	-	4,141	4,172	8,313
Other accrued liabilities	-	(714)	-	(714)
Compensated absences	465	3,654	3,668	7,787
Customer deposits	-	2,116	-	2,116
Total adjustments	10,583	120,789	740,008	871,380
Net cash provided by (used in) operating activities	\$ 20,910	\$ 426,880	\$ 392,455	\$ 840,245

The accompanying notes are an integral part of these financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bonifay, Florida (the “City”), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City’s basic financial statements.

Reporting Entity

The City was created by a special act on June 3, 1921 as adopted by the Legislature of Florida at its eighteenth regular session and incorporated into the laws of the State of Florida Chapter 8920-(No. 525). The City is a political subdivision of the State of Florida and operates under an elected City Council. The City provides police and fire protection, general government, recreation, and public works services to its residents. In addition, the City provides water, sewer, and sanitation services. The financial statements of the City include the funds required to account for those financial activities that are related to the City and are controlled by or dependent upon the City’s legislative body.

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for agencies that make up its legal entity. It is also financially accountable for a legally separate agency if its officials appoint a voting majority of that agency’s governing body and either it is able to impose its will on that agency or there is a potential for the agency to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based upon the application of this criterion, it was determined that there were no other entities subject to consideration for inclusion in the City’s financial statements.

Government-Wide and Fund Financial Statements

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

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: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items 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 funds are reported as separate columns in the fund financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when they are collectible within 90 days of the end of the current fiscal period.

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

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer functions and various other functions of the City.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (continued)

Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

The *Sanitation Fund* accounts for all activity related to providing sanitation services to its citizens.

The *Water Fund* accounts for all activity related to providing water services to its citizens.

The *Sewer Fund* accounts for all activity related to providing sewer services to its citizens.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with GAAP for the General Fund. Encumbrances outstanding at year-end represent the estimated amounts of expenditures ultimately to be paid on goods on order or unperformed contracts in process at year-end. Because appropriations lapse at year-end, it is the City's policy to close encumbrances at year-end and to re-encumber those amounts, as needed, at the beginning of the next budget cycle.

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

The general fund actual expenditures exceeded budgeted expenditures by \$78,740. The excess was funded with reserves.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand as well as demand deposits, investments and certificates of deposit with original maturities of three months or less.

Prepaid Items

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

Receivables and Unbilled Revenue - Proprietary Fund

Provisions for uncollectible utilities charges are charged to revenues in amounts sufficient to maintain the allowance at a level considered adequate to cover current losses. The City grants credit to customers who use its various services, substantially all of whom are local residents or businesses. An amount for unbilled revenue is recorded in the water and sewer funds for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures /expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are funds are netted as part of the reconciliation to the government-wide presentation.

Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. It is the City’s policy to use restricted assets before unrestricted assets when both are available to fund specific expenditures.

City of Bonifay, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Investments

The City is authorized under Chapter 218.415, Florida Statutes, to invest and reinvest surplus public funds in its control or possession, in accordance with resolutions to be adopted from time to time in:

1. The Local Government Surplus Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in section 163.01, Florida Statutes.
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
3. Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in section 280.02, Florida Statutes.
4. Direct obligations of the U.S. Treasury.
5. Federal agencies and instrumentalities.

Investments are stated at fair value, except for certificates of deposit, which are carried at amortized cost, in accordance with GASB Statement No. 31. U.S. Treasury notes and U.S. Agency and instrumentalities obligations are valued at quoted market. The reported value of the Local Government Surplus Funds Trust Fund Investment Pool's Prime account ("Prime") is shown at share value as it meets the criteria to be "2A-7 Like" at September 30, 2023. The City invests funds throughout the year in the Prime account, administered by the State Board of Administration ("SBA"), under the regulator oversight of the State of Florida. Throughout the year and as of September 30, 2023, the SBA contained certain floating and variable rate securities which were indexed based on the prime rate and/or one and three month LIBOR rates. These investments were purchased to add relative value to its portfolio. There is a risk of loss of interest on the investments if there are changes in the underlying indexed base. The investments with the SBA represented less than 1% of the City's investment portfolio at September 30, 2023.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and a cost of at least \$5,000.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items with an acquisition date after October 1, 2003. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Interest incurred during the construction phase on loans obtained for long-term construction projects are capitalized into the cost of the asset. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

City of Bonifay, Florida
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Capital Assets (continued)

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	30 – 40 years
Improvements	10 – 15 years
Equipment	5 – 10 years
Office equipment	3 – 5 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes 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. The City had no item that qualified for reporting in this category.

In addition to liabilities, the statement of net 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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City had no item that qualified for reporting in this category.

Unearned Revenue

Unearned revenue, reported in the governmental funds balance sheet, represents amounts received before eligibility requirements are met. The governmental funds report unearned revenues from the American Rescue Plan Act and other grants.

Compensated Absences

The City's vacation pay policies allow an employee to accumulate up to a maximum of 240 hours of unused vacation time, which will be paid to the employee in the event of termination of employment. The City's sick pay policies allow an employee to accumulate up to a maximum of 240 hours of unused sick leave. However, there is no provision for payment of sick leave to the employee in the event of termination of employment. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. The liability for these amounts in the government-wide statements consists of unpaid, accumulated annual leave balances.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Categories and Classification of Fund Equity

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

Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following categories:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Any significant, unspent proceeds at year-end related to capital assets are reported as restricted funds.

Restricted – Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the City Council.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)

Categories and Classification of Fund Equity (continued)

unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

The *provisions* of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

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

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the *City* for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Revenues and Expenditures/Expenses

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenditures/Expenses (continued)

Property taxes – The City’s ad valorem taxes are assessed by the Holmes County Property Appraiser and collected by the Holmes County Tax Collector in accordance with Florida Statutes. The City retains the right and duty to set millage rates. Property taxes are not recorded as receivables at September 30 because, though legally assessed as of January 1, they are not due and payable until after the close of the fiscal year end, the following September 30.

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a *proprietary* fund’s principal ongoing operations. The principal operating revenues of the Water, Sewer and Sanitation Departments are charges to customers for sales and services. Operating expenses for the enterprise fund 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.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make various estimates. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. There were no significant impacts of implementing this Statement.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. There were no significant impacts of implementing this Statement.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement 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 requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented.

Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. There were no significant impacts of implementing this Statement.

In April 2022, GASB issued Statement No. 99, Omnibus 2022. This Statement seeks to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of [Statement No. 53, Accounting and Financial Reporting for Derivative Instruments](#), that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in [Statement No. 87, Leases](#), as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in [Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements](#), related to the determination of the PPP term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (continued)

- Clarification of provisions in [Statement No. 96, Subscription-Based Information Technology Arrangements](#), related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in [Statement No. 34, Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments](#), as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of [Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position](#).
- Terminology used in [Statement No. 53](#) to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in [Statement No. 34](#), as amended, and terminology updates related to [Statement No. 53](#) and [Statement No. 63](#) are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of [Statement No. 53](#) are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

There were no significant impacts of implementing this Statement.

Pronouncements Issued But Not Yet Effective

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements Issued But Not Yet Effective (continued)

format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The new standard will revise and build upon the requirements in GASB Statement No. 34. Key changes in the new standard are summarized below.

- Revises the requirements for management's discussion and analysis (MD&A) with the goal of making it more readable and understandable
- Combines extraordinary items and special items into one category of "unusual or infrequent items"
- Defines operating and nonoperating revenues, specifically by defining nonoperating revenues and classifying all other revenues as operating
- Includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses, and changes in fund net position
- Requires the presentation of proprietary funds' statement of revenues, expenses, and changes in fund net position in the statistical section report the same categories of revenues and expenses as the face of the financial statements
- Removes the option to disclose major component units in a condensed form in the notes to the financial statements and requires them to be shown individually or in combining financial statements following the fund financial statements
- Requires budgetary comparisons to be presented as RSI and adds new columns for variances between original-to-final budget and final budget-to-actual results

The requirements of this Statement are effective for fiscal years ending June 30, 2026, and all reporting periods thereafter.

The City is evaluating the requirements of the above statements and the impact on reporting.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The City maintains its deposits with “Qualified Public Depositories” as defined in chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida, securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories. The City’s Demand and time deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) and the multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

Investments were comprised of the following:

<u>September 30,</u>	<u>2023</u>
<i>Reported at amortized cost:</i>	
Certificates of deposit	\$ 37,988
Prime Fund Florida State Board of Administration	9
<i>Reported at fair value:</i>	
U.S. Government and Agency Securities	400,215
Total investments	\$ 438,212

The City invests in the Florida State Board of Administration Local Government Surplus Funds Trust Fund (Florida PRIME). The Local Government Surplus Funds Trust Fund is a "2a-7 like" pool and, therefore, the City's pool account balance (amortized cost) is used as the fair value for financial reporting. At September 30, 2023, the fair value and the carrying value of these funds was \$9. The funds are reported as investments in the statement of net position.

Florida PRIME is governed by Chapters 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration, (the “SBA”). These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime. The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (the “SEC”); however, the State has adopted operating procedures consistent with the requirements for a “2a-7 like” pool.

Custodial credit risk – Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City’s investments are held by the counterparty(s), or by their respective trust departments, but not in the City’s name. Consequently, these investments are exposed to custodial credit risk. The City has no policy on custodial credit risk.

City of Bonifay, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City has limited its interest rate risk by investing in low risk instruments with a maturity of 60 months or less. At September 30, 2023, the City held the following investments:

	Fair Value	Maturities (in years)			
		Less than 1	1-2 Years	2-3 Years	3-5 Years
Prime Fund Florida State Board of Administration	\$ 9	\$ 9	\$ -	\$ -	\$ -
Certificates of Deposit	37,988	37,988	-	-	-
US Government and Agency Securities	400,215	193,681	143,117	46,316	51,572
Total Investment	\$ 438,212	\$ 231,678	\$ 143,117	\$ 46,316	\$ 51,572

Credit risk – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations.

Concentration risk – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments. Credit quality risk results from potential default of investments that are not financially sound.

Investment Type	Credit Rating	Concentration Risk at Fair Value	Percentage of Total Investments*
US Treasury Bond	AAA	\$ 400,215	91 %

* Excludes treasury notes, money market funds and SBA. SBA meets the criteria to be recognized as a “2A-7 like” investment company.

Fair Value – GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

City of Bonifay, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (continued)

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents the City's financial assets carried at fair value by level within the valuation hierarchy as of September 30, 2023:

Fair Value Measurements at Reporting Date Using				
Fair Value	Quoted Prices in			Significant Unobservable Inputs (Level 3)
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
September 30, 2023				
US Government and Agency Securities	\$ 400,215	\$ 400,215	\$ -	\$ -

City of Bonifay, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Restricted Cash and Investments

Restricted cash and investments are comprised of the following:

	Governmental	Business- Type
Cash		
Restricted to customer deposits	\$ -	\$ 102,662
Restricted to street improvements	119,875	-
Restricted to utility improvements	-	411,075
Restricted to debt service	-	49,476
Total	\$ 119,875	\$ 563,213

Investments

Restricted to debt service and capital improvements	\$ -	\$ 438,203
---	------	------------

Accounts Receivable

The City deems all governmental fund amounts collectible therefore an allowance for doubtful accounts is not necessary. All account receivables are shown net of allowances for uncollectible accounts for enterprise funds. The accounts receivable and allowance for uncollectible accounts at September 30, 2023, were as follows:

	General Fund	Sanitation Fund	Water Fund	Sewer Fund	Total
Taxes	\$ 23,005	\$ -	\$ -	\$ -	\$ 23,005
Grants	544,628	-	-	-	544,628
Accounts	55,924	120,248	151,045	176,497	503,714
Total	\$ 623,557	\$ 120,248	\$ 151,045	\$ 176,497	\$ 1,071,347

The principal sources of accounts receivable were comprised of tax revenues due to the City from the State of Florida and receivables arising from utility services (water, sewer, and sanitation). The City grants credit to customers, substantially all of whom are local residents and businesses.

City of Bonifay, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 80,303	\$ -	\$ -	\$ 80,303
Construction-in-progress	2,105,063	2,351,898	1,404,760	3,052,201
Capital assets, not being depreciated	2,185,366	2,351,898	1,404,760	3,132,504
Capital assets, being depreciated				
Buildings and improvements	1,408,235	1,404,760	-	2,812,995
Machinery and equipment	1,843,026	212,361	(204,033)	1,851,354
Capital assets, being depreciated	3,251,261	1,617,121	(204,033)	4,664,349
Less accumulated depreciation for				
Buildings and improvements	(979,672)	(84,860)	-	(1,064,532)
Machinery and equipment	(1,423,561)	(165,446)	202,123	(1,386,884)
Total accumulated depreciation	(2,403,233)	(250,306)	202,123	(2,451,416)
Total capital assets, being depreciated, net	848,028	1,366,815	(1,910)	2,212,933
Governmental activities capital assets, net	\$ 3,033,394	\$ 3,718,713	\$ 1,402,850	\$ 5,345,437

City of Bonifay, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 521,589	\$ -	\$ -	\$ 521,589
Construction in progress	441,418	-	-	441,418
Capital assets, not being depreciated				
	963,007	-	-	963,007
Capital assets, being depreciated:				
Buildings and plant	37,844,347	-	-	37,844,347
Furniture, vehicles and equipment	1,079,798	24,659	(127,978)	976,479
Total capital assets, being depreciated	38,924,145	24,659	(127,978)	38,820,826
Less accumulated depreciation	(10,187,200)	(852,138)	127,978	(10,911,360)
Total capital assets being depreciated, net	28,736,945	(827,479)	-	27,909,466
Business-type activities capital assets, net	\$ 29,699,952	\$ (827,479)	\$ -	\$ 28,872,473

Depreciation expense was allocated to the governmental functions in the statement of activities as follows:

<i>For the year ended September 30,</i>	2023
Governmental activities	
General government	\$ 98,782
Public safety	120,365
Transportation	5,820
Culture and recreation	25,339
Total depreciation expense – governmental activities	\$ 250,306
Business-type activities	
Water	\$ 124,915
Sewer	727,223
Total depreciation expense – business-type activities	\$ 852,138

City of Bonifay, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Short-Term Debt

Line of Credit

	Governmental Activities
First Federal Bank of Florida – A revolving line of credit for operating purposes with a maximum amount available of \$100,000. The amount available for draw at September 30, 2023 is \$100,000. Interest is due monthly at 4%.	\$ -

Changes in short-term debt for the year ended September 30, 2023 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities	\$48,642	\$ -	(\$48,642)	\$ -

Long-Term Debt and Liabilities

Notes Payable

Notes payable at September 30, 2023 consist of the following:

	Governmental Activities	Business-Type Activities
First Federal Bank of Florida – A note payable in monthly installments of \$1,647 including interest at 4.75%. The note matures September 25, 2024 and is unsecured.	\$ 19,267	\$ -
First Federal Bank of Florida – A note payable in monthly installments of \$1,197 including interest at 3.49%. The note matures February 11, 2024 and is unsecured.	5,934	-

City of Bonifay, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

Notes Payable (continued)

	Governmental Activities	Business-Type Activities
Florida Department of Environmental Protection – A loan to cover the cost of water system improvements and upgrades. The loan is payable in semiannual principal installments of \$1,662 plus accrued interest at 2.71%. The loan matures November 15, 2030 and is secured by a lien on utility system revenues.	-	22,424
Florida Department of Environmental Protection – A loan to cover the cost of water system improvements and upgrades. The loan is payable in semiannual principal installments of \$1,662 plus accrued interest at 2.71%. The loan matures November 15, 2030 and is secured by a lien on utility system revenues.	-	26,053
Florida Department of Environmental Protection – A loan to cover the cost of drinking water system upgrades. The loan is expected to be payable in semiannual principal installments of \$12,175 plus accrued interest at 1.27%. The loan matures May 15, 2033 and is secured by a lien on utility system revenues.	-	200,483
Florida Department of Environmental Protection - A loan to cover the cost for rehabilitation of the City's water distribution system. The loan is payable in semiannual installments with the first payment due February 15, 2025. An interest rate will be determined at the closing of the loan.	-	261,003
Florida Department of Environmental Protection - A loan to cover the cost for rehabilitation of the City's water distribution system. The loan is payable in semiannual installments with the first payment due August 15, 2024. An interest rate will be determined at the closing of the loan.	-	37,500
Florida Department of Environmental Protection – A loan to cover the cost of wastewater system upgrades. The loan is payable in semiannual principal installments of \$37,847 plus accrued interest at 0.46%. The loan matures July 15, 2038 and is secured by a lien on utility system revenues.	-	1,059,913
Total	\$ 25,201	\$ 1,607,376

City of Bonifay, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

Bonds Payable

	<u>Business-Type Activities</u>
Water and Sewer Revenue Bonds – 1985 Series , authorized and issued \$520,300, interest at 5.00%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	\$ 29,000
Water and Sewer Revenue Bonds – 1985 Series , authorized and issued \$100,000, interest at 5.00%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	10,760
Water and Sewer Revenue Bonds – 1990 Series , authorized and issued \$1,498,100, interest at 5.00%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	445,700
Water and Sewer Revenue Bonds – 1990 Series , authorized and issued \$427,600, interest at 5.00%, principal and interest payable annually on September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	129,700
Water and Sewer Revenue Bonds – 2005 A Series , authorized and issued \$1,436,300, interest at 4.25%, principal and interest payable annually at September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	964,856
Water and Sewer Revenue Bonds – 2005 B Series , authorized and issued \$246,700, interest at 4.25%, principal and interest payable annually at September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	181,700
Water and Sewer Revenue Bonds – 2012 Series , authorized and issued 2,389,000, interest at 2.75%, principal and interest payable annually at September 1, collateralized by net revenues of the system. Bonds are held by the U.S. Department of Agriculture, Rural Development.	2,026,000
Total	\$ 3,787,716

City of Bonifay, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (continued)

Debt service requirements on notes and bonds payable at September 30, 2023 are as follows:

<i>Year ending September 30,</i>	<u>Governmental Activities</u>	
	Principal	Interest
2024	\$ 25,201	\$ 2,391
Current portion	(25,201)	(2,391)
Payable after one year	\$ -	\$ -

Business - type activities

<i>Year ending September 30,</i>	<u>Notes Payable</u>		<u>Revenue Bonds Payable</u>	
	Principal	Interest	Principal	Interest
2024	\$ 98,677	\$ 8,807	\$ 194,700	\$ 138,538
2025	130,650	8,044	174,900	129,891
2026	131,423	7,274	184,300	122,597
2027	132,205	8,490	189,900	114,962
2028	132,997	18,322	199,800	107,021
2029-2033	607,858	5,348	654,900	434,547
2034-2038	336,066	-	632,000	331,433
2039-2043	37,500	-	751,000	215,561
2044-2048	-	-	507,000	100,148
2049-2053	-	-	388,760	35,784
2054-2058	-	-	-	2,655
Less remaining funds available for use	-	-	(89,444)	-
Total	1,607,376	56,285	3,787,816	1,733,137
Current portion	(98,677)	(8,807)	(194,700)	(138,538)
Payable after one year	\$ 1,508,699	\$ 47,478	\$ 3,593,116	\$ 1,594,599

City of Bonifay, Florida
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Changes In Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 24,858	\$ 27,323	\$ (32,247)	\$ 19,934	\$ 19,934
Notes payable from direct borrowings	69,532	-	(44,331)	25,201	25,201
Governmental activities long-term liabilities					
	\$ 94,390	\$ 27,323	\$ (76,578)	\$ 45,135	\$ 45,135
Business-type activities					
Compensated absences	\$ 27,526	\$ 7,322	\$ (7,322)	\$ 27,526	\$ 27,526
Notes payable from direct borrowings	1,408,639	298,503	(99,766)	1,607,376	98,677
Revenue bonds payable	3,982,416	-	(194,700)	3,787,716	194,700
Business-type activities long-term liabilities					
	\$ 5,418,581	\$ 305,825	\$ (301,788)	\$ 5,422,618	\$ 320,903

Interfund Activity

Operating Transfers	Transfers		Net
	In	Out	
Major Funds			
General fund	\$ 898,667	\$ -	\$ 898,667
Sanitation	38,000	(65,000)	(27,000)
Water	36,000	(820,667)	(784,667)
Sewer	289,692	(376,692)	(87,000)
Total	\$ 1,262,359	\$ (1,262,359)	\$ -

Interfund transfers are generally used to meet cash demands necessary to pay operating expenditures or to fund capital projects. These amounts should be repaid during the next fiscal year. The general fund owed the fuel tax fund \$7,292 at year end due to fuel taxes being deposited in the general fund.

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Net Investment in Capital Assets

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets (net)	\$ 5,345,437	\$ 28,872,473	\$ 34,217,910
Outstanding debt related to capital assets	(25,201)	(5,395,092)	(5,420,293)
Net investment in capital assets	\$ 5,320,236	\$ 23,477,381	\$ 28,797,617

Note 3: DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Note 4: RETIREMENT PLAN

The City has established a noncontributory, defined contribution retirement plan under Internal Revenue Code Section 457(b). This plan covers all full-time employees of the City who have completed at least 12 months of service and are at least 18 years of age. The amount of contribution each plan year is by the City Council at their discretion. The total contribution to the plan for the year ended September 30, 2023 was \$25,875.

Note 5: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, worker's compensation claims, errors and omissions, and natural disasters for which the City carries commercial insurance effectively transferring substantially all risk.

Note 6: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the City is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the City, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the City or results of activities.

City of Bonifay, Florida
Notes to Financial Statements

Note 6: COMMITMENTS AND CONTINGENCIES (Continued)

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts not recorded, if any, to be immaterial.

The City has active construction projects as of September 30, 2023. At year-end, the City's commitments with contractors are as follows:

Project	Contract Amount	Expended to Date	Estimated Remaining Commitment
<i>Business-type Activities:</i>			
Memorial Field Project	\$ 271,040	\$ 161,233	\$ 109,807
Fire Station Expansion Project	854,430	822,154	32,276
City Hall Renovations	350,000	5,784	344,216
Total outstanding commitments	\$ 1,475,470	\$ 989,171	\$ 486,299



Carr, Riggs & Ingram, LLC
1117 Boll Weevil Circle
Enterprise, AL 36330

Mailing Address:
PO Box 311070
Enterprise, AL 36331

334.347.0088
334.347.7650 (fax)
CRlcpa.com

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

Honorable Mayor and Members of the City Council
City of Bonifay, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bonifay, Florida, (the “City”) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 26, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

City of Bonifay's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 City'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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
June 26, 2024



Carr, Riggs & Ingram, LLC
1117 Boll Weevil Circle
Enterprise, AL 36330

Mailing Address:
PO Box 311070
Enterprise, AL 36331

334.347.0088
334.347.7650 (fax)
CRLcpa.com

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Members of the City Council
Bonifay, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the

requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibility for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

June 26, 2024

City of Bonifay, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

Section I: Summary of Auditor’s Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

Federal Programs

- | | |
|--|------------|
| 1. Type of auditor’s report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No |
| 4. Identification of major programs | |

ALN	Federal Program	
66.468	Drinking Water State Revolving Fund (DWSRF) Cluster Capitalization Grants for Drinking Water State Revolving Funds	
5. Dollar threshold used to distinguish between type A and type B projects		\$750,000
6. Auditee qualified as low-risk under 2CFR 200.520		No

Section II: Financial Statement Findings

2023-001 Preparation of Schedule of Expenditures of Federal Awards and State Financial Assistance (Repeat)

Criteria – As described in §200.510(b)(3) of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida, the City must complete the schedule of expenditures of federal awards and state financial assistance and include Assistance Listing or CSFA numbers provided in federal or state awards and associated expenditures.

City of Bonifay, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

Condition – The external auditor’s assistance was necessary to prepare the schedule of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida.

Cause – City personnel lack the skills and experience necessary to enable them to prepare the City’s schedule of expenditures of federal awards and state financial assistance including note disclosures.

Effect – The finding could adversely affect the City’s ability to prepare the schedule of expenditures of federal awards and state financial assistance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida.

Recommendation – We recommend that City personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare or provide technical reviews of the schedule of expenditures of federal awards and state financial assistance.

Views of Responsible Officials and Planned Corrective Actions – The City is in agreement with the finding noted. The City will seek additional training and technical assistance for the accounting staff in the area of grants and contract accounting in an effort to resolve this condition.

2023-002 Accrual Accounting (Repeat)

Condition – The City maintains its general ledgers for all funds on the cash basis of accounting. Due to the client’s basis of accounting, income is generally not recorded until cash is received and expenditures when paid. This practice can result in revenue and expenditures being misappropriated, omitted or recorded in an incorrect period.

Criteria – Generally accepted accounting standards (GAAP) for governmental entities requires that governmental funds prepare financial statements using the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary fund reporting standards require the current economic resources measurement focus and the accrual basis of accounting. Accounting for all funds on the cash basis of accounting necessitates significant adjustments to the City’s books of record in order to prepare financial statements in conformity with GAAP.

Cause – Management elected to prepare interim financial statements on the cash basis of accounting.

Effect – Revenue was not recorded when earned and expenditures when incurred. This could adversely affect City personnel’s ability to prepare financial statements in accordance with GAAP with adequate and proper disclosures and free of material misstatements.

Recommendation – We recommend interim and year-end financial statements be prepared using the modified accrual basis of accounting.

Views of Responsible Officials and Planned Corrective Actions – The City acknowledges the finding and will strive to appropriately record revenue and expenditures in the period earned or incurred.

City of Bonifay, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

2023-003 Written Policies and Procedures in Accordance with Uniform Guidance

Condition – The City does not have written procedures to implement the requirements of 2 CFR 200.305 or for determining the allowability of costs in accordance with Subpart E- Cost Principles and terms and conditions of the Federal award.

Criteria – Governmental entities receiving federal awards are required to maintain written policies, procedures, and standards as required by 2 CFR 200, Subparts D & E.

Cause – Management does not have written procedures that comply with Uniform Guidance.

Effect – This could adversely affect City personnel’s ability to ensure costs are allowed under terms of federal awards and overall compliance with Uniform Guidance.

Recommendation – We recommend that the City update its written policies, procedures, and standards of conduct to include all the required elements as provided in 2 CFR 200, Subparts D & E of the Uniform Guidance.

Views of Responsible Officials and Planned Corrective Actions – Management is in agreement with the finding noted and is in the process of formally updating its written policies and procedures to ensure that they conform to the requirements contained in the Uniform Guidance.

City of Bonifay, Florida
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Agency/Pass-Through Grantor/Program Title	Assistance Listing Number	Contract/Grant Number	Expenditures	Payments to Subrecipients
U.S. Environmental Protection Agency				
Passed through Florida Department of Environmental Protection				
Capitalization Grants for Drinking Water State Revolving Funds *				
	66.468	DW 300141	\$ 1,773,356	\$ -
U.S. Department of Treasury				
Direct award				
COVID-19 Coronavirus State and Local Fiscal Recovery				
	21.027	N/A	317,614	-
Total expenditures of federal awards			\$ 2,090,970	\$ -

* Drinking Water State Revolving Fund (DWSRF) Cluster

City of Bonifay, Florida
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal spending of the City of Bonifay, Florida (the "City") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not represent the financial position of the City.

Note 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2023, the City did not elect to use this rate.

Note 3: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES

The City did not have any loans or loan guarantee programs required to be reported on the schedule for the fiscal year ended September 30, 2023.

Note 4: SUB-RECIPIENTS

During the year ended September 30, 2023 the City had no sub-recipients.

Note 5: NONCASH ASSISTANCE AND OTHER

The City did not receive any noncash assistance or federally funded insurance during the year ended September 30, 2023.

Note 6: CONTINGENCIES

Grant monies received and disbursed by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does not believe that such disallowance, if any, would have a material effect on the financial position of the City.

City of Bonifay, Florida
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Note 7: FEDERAL PASS-THROUGH FUNDS

The City is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. State assistance other than those indicated as “pass-through” are considered direct.

**City of Bonifay, Florida
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2023**

**City of Bonifay
301 N. Etheridge Street
Bonifay, Florida 32425
(850) 547-4238
Fax (850) 547-9014**

**Larry Cook, Mayor
Rickey Callahan, City Clerk**

**James Sellers, Council Member
Eddie Dixon, Council Member
Shelley Carroll, Council Member
Rick Crews, Council Member**

Summary Schedule of Prior Year Audit Findings

2022-001 – Repeat finding in the current year

2022-002 – Repeat finding in current year

City of Bonifay, Florida
Corrective Action Plan
For the Year Ended September 30, 2023

City of Bonifay
301 N. Etheridge Street
Bonifay, Florida 32425
(850) 547-4238
Fax (850) 547-9014

Larry Cook, Mayor
Rickey Callahan, City Clerk

James Sellers, Council Member
Eddie Dixon, Council Member
Shelley Carroll, Council Member
Rick Crews, Council Member

Corrective Action Plan

2022-001 Internal Controls over the Schedule of Expenditure of Federal and State Financial Assistance (Repeat)

Recommendation: We recommend that City personnel continue to develop their knowledge of generally accepted accounting principles in order to ultimately prepare or provide technical reviews of the schedule of expenditures of federal awards and state financial assistance.

Action Taken: The City will seek additional training and technical assistance for the accounting staff in the area of grants and contract accounting in an effort to resolve this condition.

Anticipated Completion: September 30, 2024

Responsible Party: Rickey Callahan, City Clerk

2022-002 Accrual Accounting (Repeat)

Recommendation: We recommend City personnel continue to develop their knowledge of generally accepted accounting principles.

Action Taken: The City is in agreement with the finding noted; however, the City does not have the financial resources to hire a CPA to perform the required duties. The City will provide training to its accounting personnel to ensure that this condition is corrected as soon as possible.

Anticipated Completion: September 30, 2024

Responsible Party: Rickey Callahan, City Clerk

2023-003 Uniform Guidance Written Policies, Procedures and Standards of Conduct – Management’s Response

City of Bonifay, Florida
Corrective Action Plan
For the Year Ended September 30, 2023

Recommendation: We recommend that the City update its written policies, procedures, and standards of conduct to include all the required elements as provided in 2 CFR 200, Subparts D & E of the Uniform Guidance.

Action Taken: Management is in the process of formally updating its written policies and procedures to ensure that they conform to the requirements contained in the Uniform Guidance.

Anticipated Completion: September 30, 2024

Responsible Party: Rickey Callahan, City Clerk



Carr, Riggs & Ingram, LLC
1117 Boll Weevil Circle
Enterprise, AL 36330

Mailing Address:
PO Box 311070
Enterprise, AL 36331

334.347.0088
334.347.7650 (fax)
CRIcpa.com

MANAGEMENT LETTER

Honorable Mayor and Members of the City Council
City of Bonifay, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Bonifay, Florida (the "City") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 26, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's 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*; Independent Auditor's Report on Compliance for Each Major Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 26, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	2021-22 FY Finding No.	2020-21 FY Finding No.
2023-001	2022-001	2021-001
2023-002	2022-002	2021-003

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not 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 made recommendations in the accompanying Schedule of Findings and Questioned Costs.

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 that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

June 26, 2024



Carr, Riggs & Ingram, LLC
1117 Boll Weevil Circle
Enterprise, AL 36330

Mailing Address:
PO Box 311070
Enterprise, AL 36331

334.347.0088
334.347.7650 (fax)
CRIcpa.com

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE WITH LOCAL
GOVERNMENT INVESTMENT POLICIES**

Honorable Mayor and Members of the City Council
City of Bonifay, Florida

We have examined the compliance of the City of Bonifay, Florida (the “City”) with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023. Management of the City is responsible for the City’s compliance with those specified requirements. Our responsibility is to express an opinion on the City’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all the material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, 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. Our examination does not provide a legal determination on the City’s compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023.

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama
June 26, 2024