

**CITY OF BUNNELL, FLORIDA  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**CITY COMMISSION**

*Catherine D. Robinson, Mayor  
John R. Rogers, Vice Mayor  
Tonya Gordon  
Tina-Marie Schultz*

**CITY MANAGER**

*Dr. Alvin B. Jackson, Jr.*

**FINANCE DIRECTOR**

*Kristi Moss*

Prepared by:  
City of Bunnell Finance Department

**CITY OF BUNNELL, FLORIDA  
TABLE OF CONTENTS  
SEPTEMBER 30, 2023**

**Financial Section**

|   |         |
|---|---------|
| Independent Auditors’ Report.....   | 1 – 3   |
| Management’s Discussion and Analysis.....   | 4 – 12  |
| <b>Basic Financial Statements</b>   |         |
| Government-wide Financial Statements  |         |
| Statement of Net Position.....  | 13      |
| Statement of Activities.....  | 14      |
| Fund Financial Statements   |         |
| Balance Sheet—Governmental Funds.....   | 15      |
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....  | 16      |
| Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds .....   | 17      |
| Reconciliation of the Statement of Revenues, Expenditures and<br>Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | 18      |
| Statement of Revenues, Expenditures and Changes in Fund Balances –<br>Budget and Actual – General Fund .....  | 19      |
| Statement of Revenues, Expenditures and Changes in Fund Balance<br>Budget and Actual – Community Redevelopment Agency .....                         | 20      |
| Statement of Net Position – Proprietary Funds .....   | 21      |
| Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....   | 22      |
| Statement of Cash Flows – Proprietary Funds .....   | 23      |
| Notes to Financial Statements .....   | 24 – 48 |
| <b>Required Supplementary Information</b>   |         |
| Schedule of Proportionate Share of Net Pension Liability – FRS/HIS .....  | 49      |
| Schedule of Contributions – FRS/HIS .....   | 50      |
| Schedule of Changes in Total OPEB Liability and Related Ratios.....   | 51      |

**Other Reports**

|   |         |
|---|---------|
| Independent Auditors’ Report on Internal Control Over Financial Reporting and On Compliance<br>and Other Matters Based on an Audit of Financial Statements in Accordance with<br><i>Government Auditing Standards</i> ..... | 52 – 53 |
| Independent Auditors’ Management Letter Required by Chapter 10.550,<br>Rules of the State of Florida Office of the Auditor General .....  | 54 – 56 |
| Independent Accountants’ Examination Report .....   | 57      |
| Management’s Response to Findings .....   | 58      |

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Commission, and City Manager,  
City of Bunnell, Florida:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Bunnell, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund 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 and community redevelopment agency funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

The City's 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.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and GAS, we:

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

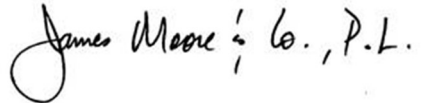
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Daytona Beach, Florida  
August 6, 2024

City of Bunnell, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2023

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

**Financial Highlights**

- The assets and deferred outflows of the City of Bunnell exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$28,450,044 (net position). Of this amount, \$5,490,995 may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Bunnell's governmental funds reported combined ending fund balances of \$2,186,898 a decrease of \$936,447. The unassigned General Fund balance available for spending at the City's discretion is \$1,292,659.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements** – The government-wide financial statements are designed to provide readers with a broad overview of the City of Bunnell'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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City'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 result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, licenses and permits, 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 general government, public safety, public works, parks and recreation, human services and community development. The business-type activities of the City include water, sewer and solid waste services.

**Fund Financial Statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bunnell, 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 funds and proprietary funds.

City of Bunnell, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2023

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**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 balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Bunnell maintains four major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the CRA Fund, Impact Fees Fund and the Debt Service Fund.

The City of Bunnell adopts annual appropriated budgets for the General Fund and CRA fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

**Proprietary Funds** – The City of Bunnell maintains three proprietary funds. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Bunnell uses enterprise funds to account for its water, sewer and solid waste activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information of the water, sewer, and solid waste activities, all of which are considered to be major funds of the City of Bunnell.

**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.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Bunnell's schedule of proportionate share of net pension liability for the Florida Retirement System (FRS), the schedule of contributions to FRS, and the schedule of changes in total other post-employment benefits (OPEB) liability and related ratios.

**Government-Wide Financial Analysis** – As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City of Bunnell, net position at the close of the most recent fiscal year is \$28,450,044.

The largest portion of the City of Bunnell's net position \$18,353,169 (64.5%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, equipment); less any related debt used to acquire those assets that is still outstanding. The City of Bunnell uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Bunnell's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this

City of Bunnell, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2023

debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$4,605,880 (16.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$5,490,995 (19.3%) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City can report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Total net position increased by \$687,313 primarily due to the acquisition of capital/completion of capital improvements as well as the accumulation of impact fees which are restricted and needed to fund future year capital projects.

**CITY OF BUNNELL'S NET POSITION**  
**September 30, 2023**

|                                  | <b>Governmental Activities</b> |                     | <b>Business-Type Activities</b> |                      | <b>Totals</b>        |                      |
|----------------------------------|--------------------------------|---------------------|---------------------------------|----------------------|----------------------|----------------------|
|                                  | <b>2023</b>                    | <b>2022</b>         | <b>2023</b>                     | <b>2022</b>          | <b>2023</b>          | <b>2022</b>          |
| Current and Other Assets         | \$ 2,873,503                   | \$ 3,555,720        | \$ 14,534,393                   | \$ 12,654,048        | \$ 17,407,896        | \$ 16,209,768        |
| Capital Assets                   | 4,268,003                      | 3,933,845           | 19,094,119                      | 18,937,343           | 23,362,122           | 22,871,188           |
| Total Assets                     | <u>7,141,506</u>               | <u>7,489,565</u>    | <u>33,628,512</u>               | <u>31,591,391</u>    | <u>40,770,018</u>    | <u>39,080,956</u>    |
| Total Deferred Outflows          | <u>1,344,580</u>               | <u>1,093,916</u>    | <u>421,405</u>                  | <u>312,084</u>       | <u>1,765,985</u>     | <u>1,406,000</u>     |
| Long-term Liabilities            | 4,372,532                      | 3,359,999           | 6,237,209                       | 5,833,976            | 10,609,741           | 9,377,067            |
| Other Liabilities                | 688,370                        | 616,406             | 2,443,365                       | 2,500,913            | 3,131,735            | 2,934,227            |
| Total Liabilities                | <u>5,060,902</u>               | <u>3,976,405</u>    | <u>8,680,574</u>                | <u>8,334,889</u>     | <u>13,741,476</u>    | <u>12,311,294</u>    |
| Total Deferred Inflows           | <u>252,778</u>                 | <u>307,457</u>      | <u>91,705</u>                   | <u>105,474</u>       | <u>344,483</u>       | <u>412,931</u>       |
| Net Investment in Capital Assets | 4,145,377                      | 3,648,765           | 14,207,792                      | 13,668,114           | 18,353,169           | 17,316,879           |
| Restricted                       | 304,836                        | 571,019             | 4,301,044                       | 3,962,706            | 4,605,880            | 4,533,725            |
| Unrestricted                     | (1,277,807)                    | 79,835              | 6,768,802                       | 5,832,292            | 5,490,995            | 5,912,127            |
| Total Net Position               | <u>\$ 3,172,406</u>            | <u>\$ 4,299,619</u> | <u>\$ 25,277,638</u>            | <u>\$ 23,463,112</u> | <u>\$ 28,450,044</u> | <u>\$ 27,762,731</u> |

Fiscal year 2023 governmental activities decreased the City's net position by \$1,127,213 to \$3,172,406. Revenues increased by \$674,071 compared to fiscal year 2022, primarily because of a \$427,333 increase in property taxes related to new development and a millage rate increase, a \$148,562 increase in Public Utility Taxes and a \$43,479 increase in interest income on the city's investments. The governmental activities expenses increased over fiscal year 2022 expenses by \$1,786,471. This increase is related to the design costs for the new Administration/PD Building and wages and pension increases in city-wide departments as the city expands its workforce.

Business-Type Activities increased by \$824,126. Charges for services increased \$550,781 due to a small increase in water and sewer and solid waste rates needed to fund operations and capital projects. Business-Type Expenses increased in both the water and sewer funds as the city is working on capital projects related to the 10-year master plan.

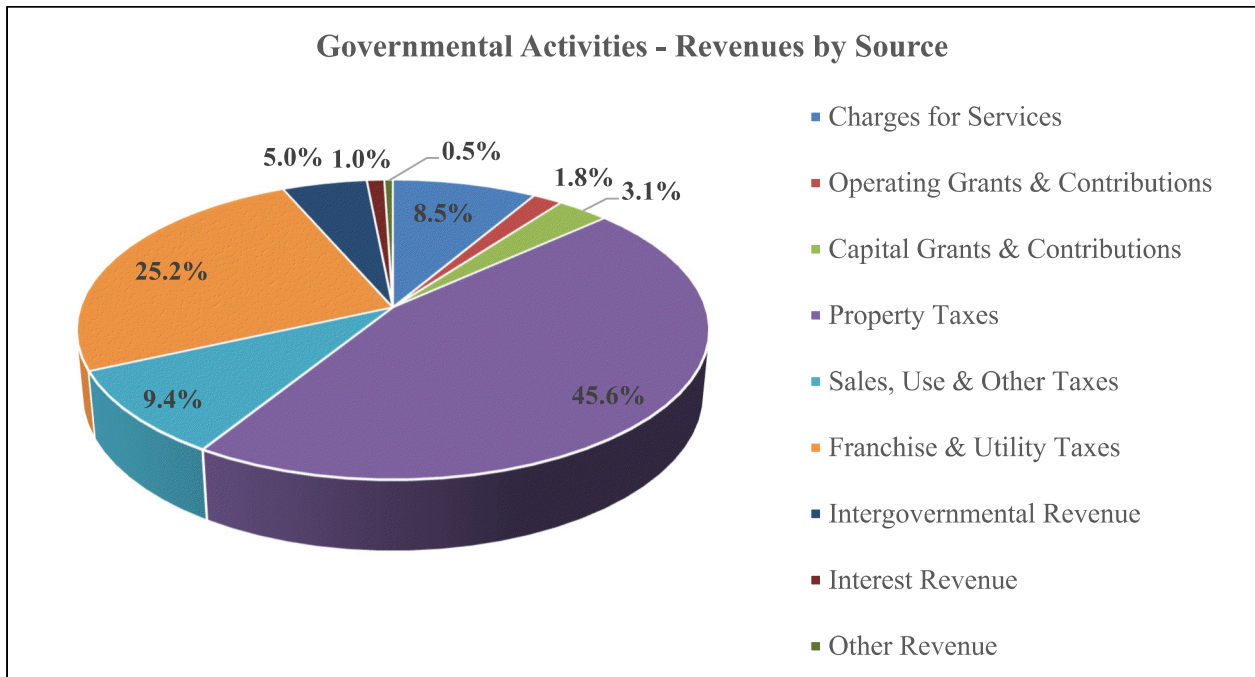
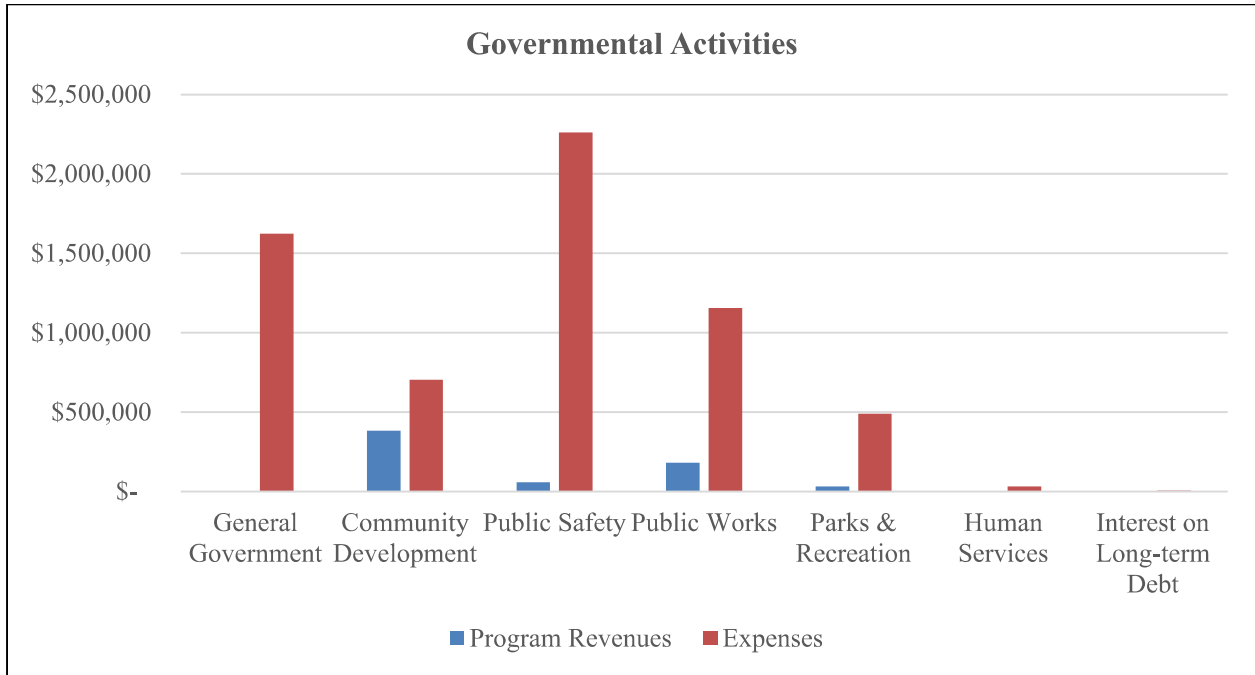
City of Bunnell, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2023

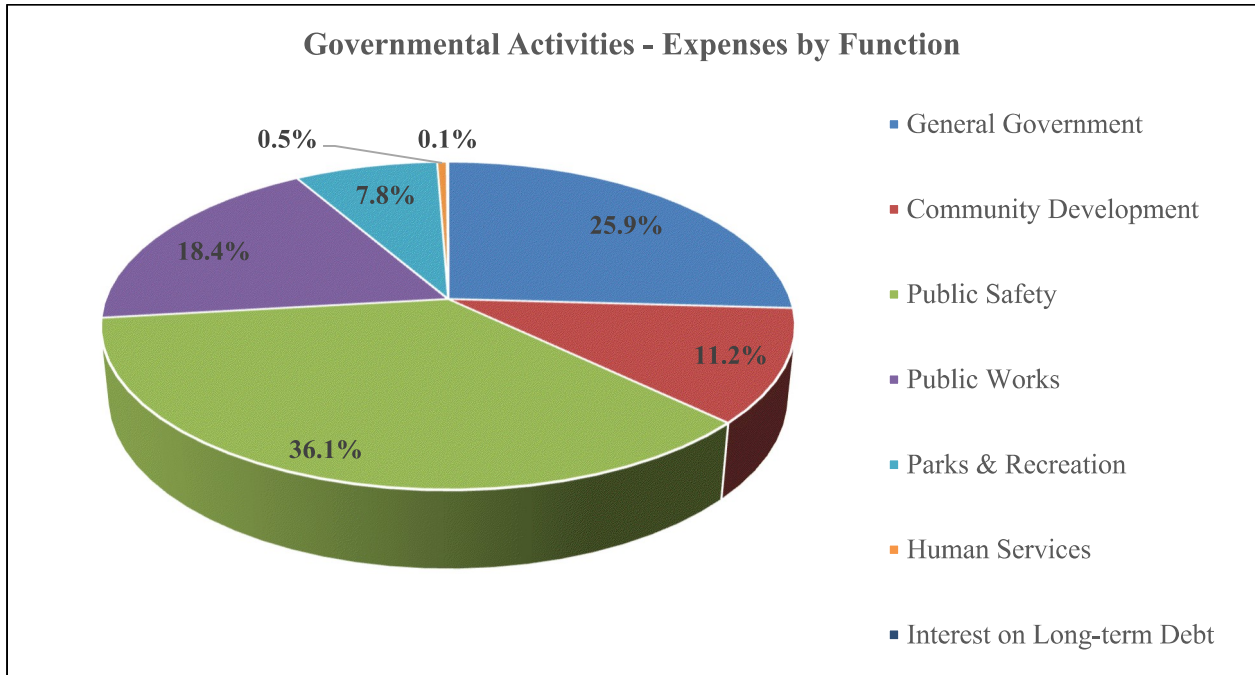
**CITY OF BUNNELL'S CHANGE IN NET POSITION**  
**September 30, 2022**

|  | Governmental Activities |                     | Business-Type Activities |                      | Totals               |                      |
|--|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
|  | 2023                    | 2022                | 2023                     | 2022                 | 2023                 | 2022                 |
| Revenues:  |                         |                     |                          |                      |                      |                      |
| Program Revenues:                                    |                         |                     |                          |                      |                      |                      |
| Charges for Services                                 | \$ 417,732              | \$ 605,178          | \$ 5,767,135             | \$ 5,216,354         | \$ 6,184,867         | \$ 5,821,532         |
| Operating Grants & Contributions                     | 86,269                  | 88,085              | 5,709                    | -                    | 91,978               | 88,085               |
| Capital Grants & Contributions                       | 151,257                 | 354,238             | 1,002,836                | 1,357,277            | 1,154,093            | 1,711,515            |
| General Revenues:                                    |                         |                     |                          |                      |                      |                      |
| Property Taxes                                       | 2,238,314               | 1,810,981           | -                        | -                    | 2,238,314            | 1,389,948            |
| Sales & Use Taxes                                    | 460,882                 | 460,238             | -                        | -                    | 460,882              | 403,022              |
| Franchise & Utility Taxes                            | 1,236,450               | 1,036,968           | -                        | -                    | 1,236,450            | 912,454              |
| Intergovernmental Revenue                            | 245,468                 | 241,761             | -                        | -                    | 245,468              | 181,805              |
| Interest Revenue                                     | 50,690                  | 7,211               | 224,043                  | 25,934               | 274,733              | 18,831               |
| Other  | 24,665                  | 40,205              | 50,196                   | 34,855               | 74,861               | 153,845              |
| Total Revenues                                       | <u>4,911,727</u>        | <u>4,644,865</u>    | <u>7,049,919</u>         | <u>6,634,420</u>     | <u>11,961,646</u>    | <u>10,681,037</u>    |
| Expenses:  |                         |                     |                          |                      |                      |                      |
| General Government                                   | 1,623,494               | 964,660             | -                        | -                    | 1,623,494            | 964,660              |
| Community Development                                | 702,654                 | 533,414             | -                        | -                    | 702,654              | 533,414              |
| Public Safety  | 2,261,075               | 1,558,224           | -                        | -                    | 2,261,075            | 1,558,224            |
| Public Works   | 1,156,140               | 808,321             | -                        | -                    | 1,156,140            | 867,101              |
| Parks & Recreation                                   | 488,840                 | 564,854             | -                        | -                    | 488,840              | 564,854              |
| Human Services                                       | 32,282                  | 36,712              | -                        | -                    | 32,282               | 36,712               |
| Interest on Long-term Debt                           | 5,692                   | 17,521              | -                        | -                    | 5,692                | 17,521               |
| Water  | -                       | -                   | 1,744,096                | 1,484,113            | 1,744,096            | 1,484,113            |
| Sewer  | -                       | -                   | 2,123,444                | 1,792,777            | 2,123,444            | 1,792,777            |
| Solid Waste  | -                       | -                   | 1,136,616                | 903,140              | 1,136,616            | 903,140              |
| Total Expenses                                       | <u>6,270,177</u>        | <u>4,483,706</u>    | <u>5,004,156</u>         | <u>4,180,030</u>     | <u>11,274,333</u>    | <u>8,663,736</u>     |
| Increase (Decrease) in Net Position Before Transfers | (1,358,450)             | 161,159             | 2,045,763                | 2,454,390            | 687,313              | 2,615,549            |
| Transfers In (Out)                                   | 231,237                 | 216,271             | (231,237)                | (216,271)            | -                    | -                    |
| Increase (Decrease) in Net Position                  | <u>(1,127,213)</u>      | <u>377,430</u>      | <u>1,814,526</u>         | <u>2,238,119</u>     | <u>687,313</u>       | <u>2,615,549</u>     |
| Net Position, Beginning                              | 4,299,619               | 3,922,189           | 23,463,112               | 21,224,993           | 27,762,731           | 25,147,182           |
| Net Position, Ending                                 | <u>\$ 3,172,406</u>     | <u>\$ 4,299,619</u> | <u>\$ 25,277,638</u>     | <u>\$ 23,463,112</u> | <u>\$ 28,450,044</u> | <u>\$ 27,762,731</u> |

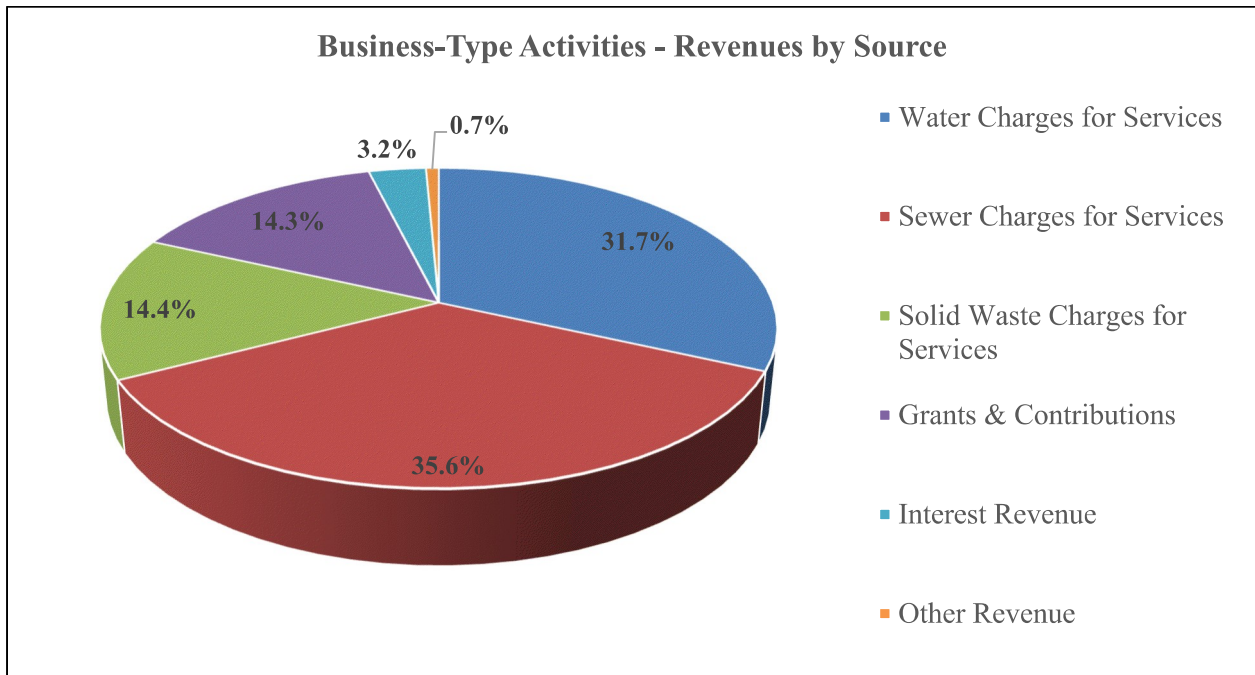
City of Bunnell, Florida  
 Management's Discussion and Analysis  
 For the Year Ended September 30, 2023

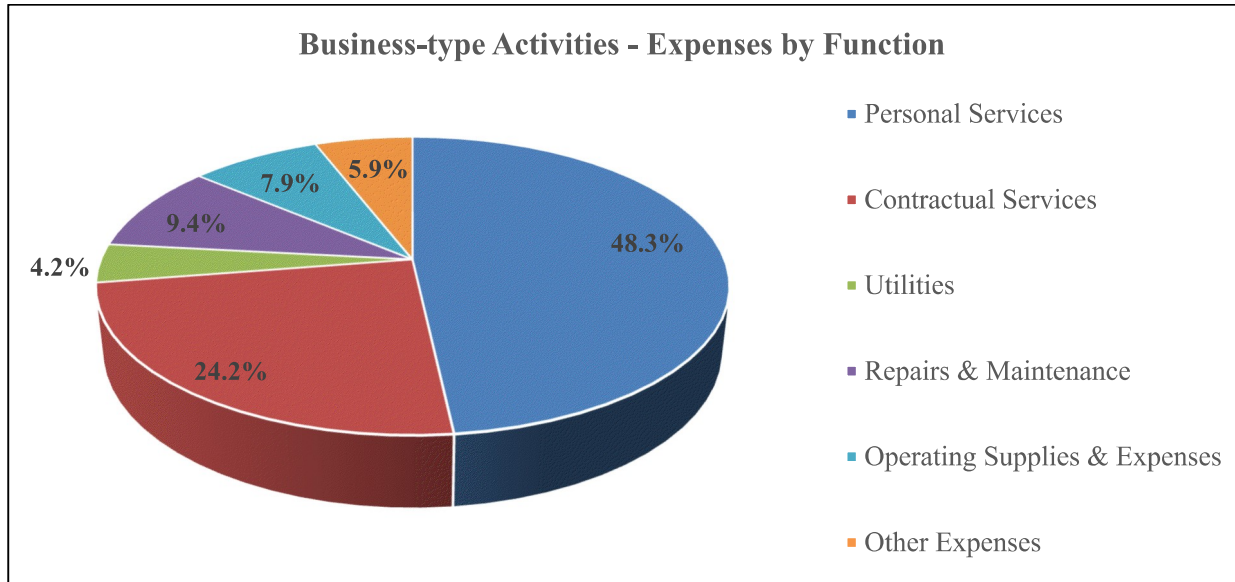
**Governmental Activities** – Governmental activities decreased the City of Bunnell's net position by \$1,127,213.





**Business-type Activities** – Business-type activities increased the City of Bunnell’s net position by \$1,814,526.





**Financial Analysis of the City’s Funds** – As noted earlier, the City of Bunnell uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. During fiscal year 2016, the City adopted a Cash and Investment Equity Reserve Policy. The policy sets the desired unrestricted net equity of 54 days or 14.8% of the annual budget for the major operating funds. As of September 30, 2023, the City’s General Fund, Water Fund, Sewer Fund and Solid Waste Fund all had unrestricted net equity reserves greater than the required level established in the policy.

**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 of Bunnell’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City’s net resources available for spending at the end of the fiscal year. As of September 30, 2023, unassigned fund balances were \$1,292,659, a decrease of \$511,448 in comparison with the prior year. This amount constitutes unassigned General Fund balance, which is available for spending at the City’s discretion.

The General Fund is the main operating fund of the City. At the end of fiscal year 2023, the General Fund had a total fund balance of \$1,882,062, a decrease of \$670,264 from the prior fiscal year. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund has been included. The budget and actual comparison schedule shows the original budget, the final revised budget, actual results and the variance with the final budget.

After the original budget is adopted, it may be amended for a variety of reasons such as unforeseen circumstances, new grant awards, revised estimates, receipt of donations, etc. During fiscal year 2023, the General Fund revenue budget had no amendments.

Actual General Fund revenues plus other financing sources totaled \$5,303,995 which is \$1,103,573 or 17.2% less than the final budget primarily due to grant proceeds that were not received by fiscal year end. The city collected an additional \$216,812 in taxes and small increases in other revenues. Building permit revenues came in at \$255,837 less than the final budget due to the delay of a major building project in the city.

City of Bunnell, Florida  
Management's Discussion and Analysis  
For the Year Ended September 30, 2023

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General Fund Expenditures totaled \$6,205,496, which is \$1,570,367 or 20% less than the final budget. This savings is related to several projects that were budgeted but did not get started before the end of the fiscal year. These include grant funded projects at Coquina City Hall, stormwater projects and a portion of the design costs that were set aside for the design of the new City Hall/PD Administration building.

The Community Redevelopment Agency had an increase of \$61, which brings the fund balance to \$3,707. The Impact Fee Fund has a decrease of \$266,244. This decrease is related to impact fees being spent on Commerce Parkway.

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

The unrestricted net position of the Water Fund at the end of the year was \$2,865,790, which is a \$236,963 increase in unrestricted net position.

The unrestricted net position of the Sewer Fund was \$3,447,285 which is a \$766,330 increase in unrestricted net position.

The Solid Waste Fund showed an overall decrease in unrestricted net position of \$66,793 making the unrestricted net position \$455,727 at year end.

### **Capital Assets and Debt Administration**

**Capital Assets** – The City of Bunnell's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$23,362,122 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure and construction in progress. The total change in the City of Bunnell's investment in capital assets for the current fiscal year was a \$334,159 decrease in net capital assets for governmental activities and a \$156,775 increase in net capital assets for business-type activities.

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

- New City Hall/PD Admin Building: \$541,220
- Excavator \$84,338
- Vac Con Truck: \$454,079
- Towmaster Trailer: \$15,557
- Scissor Lift: \$9,650
- Commerce Parkway Water Impact: \$24,097
- Waste Water Treatment Plant Construction: \$273,081
- Commerce Parkway Improvements: \$421,951
- John Deere Mower: \$10,432
- Microsurfacing Program: \$108,320
- (#3) John Deere Gators: \$22,130
- Rebuild Kits for Pneumatic Pumps: \$5,329.75
- Hymon Circle Improvements: \$56,371
- Hitachi HP VFD: \$9,405
- Remlinger Screener: \$8,400
- Palm South Guardrails: \$8,696.18

City of Bunnell, Florida  
Management’s Discussion and Analysis  
For the Year Ended September 30, 2023

**CITY OF BUNNELL’S CAPITAL ASSETS**  
(Net of Depreciation)

|                            | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|----------------------------|------------------------------------|-------------------------------------|----------------------|
| Land                       | \$ 419,524                         | \$ 26,991                           | \$ 446,515           |
| Construction in Progress   | 522,606                            | 1,448,379                           | 1,970,985            |
| Buildings and Improvements | 2,789,540                          | 16,372,136                          | 19,161,676           |
| Equipment                  | 407,490                            | 1,159,070                           | 1,566,560            |
| Right-to-assets            | 128,868                            | 87,543                              | 216,411              |
| Total                      | <u>\$ 4,268,028</u>                | <u>\$ 19,094,119</u>                | <u>\$ 23,362,147</u> |

Additional information on the City of Bunnell’s capital assets can be found in Note 6 in the notes to the financial statements.

**Long-Term Debt** – At the end of fiscal year 2023, the City of Bunnell had total debt outstanding of \$5,192,953

**CITY OF BUNNELL’S OUTSTANDING DEBT**  
Long- and Short-Term Obligations

|                       | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>        |
|-----------------------|------------------------------------|-------------------------------------|---------------------|
| Notes & Bonds Payable | \$ -                               | \$ 4,803,989                        | \$ 4,803,989        |
| Leases                | 122,626                            | 82,338                              | 204,964             |
| Compensated Absences  | 127,132                            | 56,868                              | 184,000             |
| Total                 | <u>\$ 249,758</u>                  | <u>\$ 4,943,195</u>                 | <u>\$ 5,192,953</u> |

Additional information on the City’s long-term debt can be found in Note 7 in the notes to the financial statements.

**Economic Factors and Next Year’s Budgets and Rates**

- The City’s taxable value of commercial and residential property increased by 11.5% for 2023.
- The property values and assessments have stabilized over the past couple of years and the city is experiencing new growth. The City expects this upward trend to continue over the next several years.
- The millage rate of 7.93 was approved in September 2023, increasing the millage by .5 from the 2022 rate. This is 13.45% above the roll back rate of 6.9912.
- The City is looking to keep operating expenditures flat as we prepare to construct a new City Hall/PD Administration building.

**Requests for Information**

This report is designed to provide a general overview of the City’s finances for those with an interest in the City’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Manager, P.O. Box 756, Bunnell, Florida 32110.

**CITY OF BUNNELL, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023**

|                                       | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|---------------------------------------|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                         |                                    |                                     |                      |
| Cash and cash equivalents             | \$ 2,259,265                       | \$ 8,457,724                        | \$ 10,716,989        |
| Investments                           | 41,084                             | -                                   | 41,084               |
| Receivables, net                      | 154,200                            | 1,536,855                           | 1,691,055            |
| Due from other governments            | 110,665                            | -                                   | 110,665              |
| Inventories                           | 3,880                              | 209,869                             | 213,749              |
| Prepays                               | 3,280                              | -                                   | 3,280                |
| Restricted assets:                    |                                    |                                     |                      |
| Cash and cash equivalents             | 301,129                            | 3,688,681                           | 3,989,810            |
| Investments                           | -                                  | 641,264                             | 641,264              |
| Capital assets:                       |                                    |                                     |                      |
| Land                                  | 419,524                            | 26,991                              | 446,515              |
| Buildings and improvements            | 6,273,041                          | 24,678,048                          | 30,951,089           |
| Equipment                             | 1,299,438                          | 2,919,659                           | 4,219,097            |
| Construction in progress              | 522,606                            | 1,448,379                           | 1,970,985            |
| Right to use assets                   | 412,499                            | 188,228                             | 600,727              |
| Accumulated depreciation/amortization | (4,659,105)                        | (10,167,186)                        | (14,826,291)         |
| Total assets                          | <u>7,141,506</u>                   | <u>33,628,512</u>                   | <u>40,770,018</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                                    |                                     |                      |
| Deferred outflows related to pensions | 1,298,958                          | 400,185                             | 1,699,143            |
| Deferred outflows related to OPEB     | 45,622                             | 21,220                              | 66,842               |
| Total deferred outflows               | <u>1,344,580</u>                   | <u>421,405</u>                      | <u>1,765,985</u>     |
| <b>LIABILITIES</b>                    |                                    |                                     |                      |
| Accounts payable                      | 452,517                            | 471,763                             | 924,280              |
| Accrued payroll and employee benefits | 167,461                            | -                                   | 167,461              |
| Customer deposits                     | 2,653                              | 468,689                             | 471,342              |
| Unearned revenue                      | 65,739                             | 1,474,012                           | 1,539,751            |
| Accrued interest payable              | -                                  | 28,901                              | 28,901               |
| Noncurrent liabilities:               |                                    |                                     |                      |
| Due within one year:                  |                                    |                                     |                      |
| Leases payable                        | 102,187                            | 54,668                              | 156,855              |
| Bonds and notes payable               | -                                  | 343,188                             | 343,188              |
| Compensated absences                  | 31,783                             | 14,217                              | 46,000               |
| Due in more than one year:            |                                    |                                     |                      |
| Leases payable                        | 20,439                             | 27,670                              | 48,109               |
| Bonds and notes payable               | -                                  | 4,460,801                           | 4,460,801            |
| Compensated absences                  | 95,349                             | 42,651                              | 138,000              |
| Total OPEB liability                  | 151,960                            | 70,679                              | 222,639              |
| Net pension liability                 | 3,970,814                          | 1,223,335                           | 5,194,149            |
| Total liabilities                     | <u>5,060,902</u>                   | <u>8,680,574</u>                    | <u>13,741,476</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                                    |                                     |                      |
| Deferred inflows related to pensions  | 164,708                            | 50,743                              | 215,451              |
| Deferred inflows related to OPEB      | 88,070                             | 40,962                              | 129,032              |
| Total deferred inflows                | <u>252,778</u>                     | <u>91,705</u>                       | <u>344,483</u>       |
| <b>NET POSITION</b>                   |                                    |                                     |                      |
| Net investment in capital assets      | 4,145,377                          | 14,207,792                          | 18,353,169           |
| Restricted for:                       |                                    |                                     |                      |
| Capital improvements                  | 301,129                            | 3,908,420                           | 4,209,549            |
| Debt service                          | -                                  | 392,624                             | 392,624              |
| Community redevelopment               | 3,707                              | -                                   | 3,707                |
| Unrestricted                          | (1,277,807)                        | 6,768,802                           | 5,490,995            |
| Total net position                    | <u>\$ 3,172,406</u>                | <u>\$ 25,277,638</u>                | <u>\$ 28,450,044</u> |

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

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

| Functions/Programs                   | Program Revenues |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                |
|--------------------------------------|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|
|                                      | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business-type Activities | Total          |
| Governmental activities:             |                  |                      |                                    |                                  |   |                          |                |
| General government                   | \$ 1,623,494     | \$ 990               | \$ -                               | \$ -                             | \$ (1,622,504)                                    | \$ -                     | \$ (1,622,504) |
| Community development                | 702,654          | 382,885              | -                                  | -                                | (319,769)   | -                        | (319,769)      |
| Public safety                        | 2,261,075        | 24,602               | 1,030                              | 32,001                           | (2,203,442)                                       | -                        | (2,203,442)    |
| Public works                         | 1,156,140        | -                    | 85,239                             | 96,834                           | (974,067)   | -                        | (974,067)      |
| Parks and recreation                 | 488,840          | 9,255                | -                                  | 22,422                           | (457,163)   | -                        | (457,163)      |
| Human services                       | 32,282           | -                    | -                                  | -                                | (32,282)  | -                        | (32,282)       |
| Interest on long-term debt           | 5,692            | -                    | -                                  | -                                | (5,692)   | -                        | (5,692)        |
| Total governmental activities        | 6,270,177        | 417,732              | 86,269                             | 151,257                          | (5,614,919)                                       | -                        | (5,614,919)    |
| Business-type activities:            |                  |                      |                                    |                                  |   |                          |                |
| Water                                | 1,744,096        | 2,237,875            | -                                  | 102,432                          | -   | 596,211                  | 596,211        |
| Solid Waste                          | 1,136,616        | 1,016,896            | 5,709                              | -                                | -   | (114,011)                | (114,011)      |
| Sewer                                | 2,123,444        | 2,512,364            | -                                  | 900,404                          | -   | 1,289,324                | 1,289,324      |
| Total business-type activities       | 5,004,156        | 5,767,135            | 5,709                              | 1,002,836                        | -   | 1,771,524                | 1,771,524      |
| Total primary government             | \$ 11,274,333    | \$ 6,184,867         | \$ 91,978                          | \$ 1,154,093                     | (5,614,919)                                       | 1,771,524                | (3,843,395)    |
| General revenues:                    |                  |                      |                                    |                                  |   |                          |                |
| Property taxes                       |                  |                      |                                    |                                  | 2,238,314   | -                        | 2,238,314      |
| Sales and use taxes                  |                  |                      |                                    |                                  | 357,813   | -                        | 357,813        |
| Franchise fees                       |                  |                      |                                    |                                  | 390,162   | -                        | 390,162        |
| Public service utility taxes         |                  |                      |                                    |                                  | 846,288   | -                        | 846,288        |
| Other taxes                          |                  |                      |                                    |                                  | 103,069   | -                        | 103,069        |
| State revenue sharing                |                  |                      |                                    |                                  | 134,427   | -                        | 134,427        |
| Other intergovernmental revenues     |                  |                      |                                    |                                  | 111,041   | -                        | 111,041        |
| Investment earnings                  |                  |                      |                                    |                                  | 50,690  | 224,043                  | 274,733        |
| Miscellaneous revenues               |                  |                      |                                    |                                  | 24,665  | 50,196                   | 74,861         |
| Transfers                            |                  |                      |                                    |                                  | 231,237   | (231,237)                | -              |
| Total general revenues and transfers |                  |                      |                                    |                                  | 4,487,706   | 43,002                   | 4,530,708      |
| Change in net position               |                  |                      |                                    |                                  | (1,127,213)                                       | 1,814,526                | 687,313        |
| Net position - beginning             |                  |                      |                                    |                                  | 4,299,619   | 23,463,112               | 27,762,731     |
| Net position - ending                |                  |                      |                                    |                                  | \$ 3,172,406                                      | \$ 25,277,638            | \$ 28,450,044  |

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

**CITY OF BUNNELL, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

|                                       | <u>General</u>      | <u>Community<br/>Redevelopment<br/>Agency</u> | <u>Impact<br/>Fees</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---------------------------------------|---------------------|---|------------------------|---|
| <b>ASSETS</b>                         |                     |   |                        |   |
| Cash and cash equivalents             | \$ 2,255,558        | \$ 3,707                                      | \$ 301,129             | \$ 2,560,394                            |
| Investments                           | 41,084              | -   | -                      | 41,084                                  |
| Receivables, net                      | 154,200             | -   | -                      | 154,200                                 |
| Due from other governments            | 110,665             | -   | -                      | 110,665                                 |
| Inventories                           | 3,880               | -   | -                      | 3,880                                   |
| Prepaid items                         | 3,280               | -   | -                      | 3,280                                   |
| Total assets                          | <u>\$ 2,568,667</u> | <u>\$ 3,707</u>                               | <u>\$ 301,129</u>      | <u>\$ 2,873,503</u>                     |
| <b>LIABILITIES</b>                    |                     |   |                        |   |
| Accounts payable                      | \$ 452,517          | \$ -  | \$ -                   | \$ 452,517                              |
| Accrued payroll and employee benefits | 165,696             | -   | -                      | 165,696                                 |
| Customer deposits                     | 2,653               | -   | -                      | 2,653                                   |
| Unearned revenue                      | 65,739              | -   | -                      | 65,739                                  |
| Total liabilities                     | <u>686,605</u>      | <u>-</u>                                      | <u>-</u>               | <u>686,605</u>                          |
| <b>FUND BALANCES</b>                  |                     |   |                        |   |
| Nonspendable:                         |                     |   |                        |   |
| Inventories                           | 3,880               | -   | -                      | 3,880                                   |
| Prepaid items                         | 3,280               | -   | -                      | 3,280                                   |
| Restricted for:                       |                     |   |                        |   |
| Community redevelopment               | -                   | 3,707   | -                      | 3,707                                   |
| Capital improvements                  | -                   | -   | 301,129                | 301,129                                 |
| Assigned to:                          |                     |   |                        |   |
| Subsequent year's budget              | 582,243             | -   | -                      | 582,243                                 |
| Unassigned                            | 1,292,659           | -   | -                      | 1,292,659                               |
| Total fund balances                   | <u>1,882,062</u>    | <u>3,707</u>                                  | <u>301,129</u>         | <u>2,186,898</u>                        |
| Total liabilities and fund balances   | <u>\$ 2,568,667</u> | <u>\$ 3,707</u>                               | <u>\$ 301,129</u>      | <u>\$ 2,873,503</u>                     |

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

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

**Fund balances - total governmental funds** \$ 2,186,898

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

|   |                    |           |
|---|--------------------|-----------|
| Total governmental capital assets           | 8,927,108          |           |
| Less: accumulated depreciation/amortization | <u>(4,659,105)</u> | 4,268,003 |

On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

|                                       |                  |             |
|---------------------------------------|------------------|-------------|
| Net pension liability                 | (3,970,814)      |             |
| Deferred outflows related to pensions | 1,298,958        |             |
| Deferred inflows related to pensions  | <u>(164,708)</u> | (2,836,564) |

On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the statement of net position, the City's total OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.

|                                   |                 |           |
|-----------------------------------|-----------------|-----------|
| Total OPEB liability              | (151,960)       |           |
| Deferred outflows related to OPEB | 45,622          |           |
| Deferred inflows related to OPEB  | <u>(88,070)</u> | (194,408) |

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

|                          |                  |           |
|--------------------------|------------------|-----------|
| Leases payable           | (122,626)        |           |
| Accrued interest payable | (1,765)          |           |
| Compensated absences     | <u>(127,132)</u> | (251,523) |

**Net position of governmental activities** \$ 3,172,406

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

**CITY OF BUNNELL, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

|  | <u>General</u>      | <u>Community<br/>Redevelopment<br/>Agency</u> | <u>Impact<br/>Fees</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|---|------------------------|---|
| <b>REVENUES</b>  |                     |   |                        |   |
| Taxes  | \$ 3,751,067        | \$ -  | \$ -                   | \$ 3,751,067                            |
| Licenses and permits   | 405,863             | -   | -                      | 405,863                                 |
| Intergovernmental  | 405,181             | -   | -                      | 405,181                                 |
| Charges for services   | 588,213             | -   | -                      | 588,213                                 |
| Fines and forfeitures  | 71,119              | -   | -                      | 71,119                                  |
| Impact fees  | -                   | -   | 148,842                | 148,842                                 |
| Investment gain (loss)   | 43,764              | 61  | 6,865                  | 50,690                                  |
| Miscellaneous  | 38,788              | -   | -                      | 38,788                                  |
| Total revenues   | <u>5,303,995</u>    | <u>61</u>                                     | <u>155,707</u>         | <u>5,459,763</u>                        |
| <b>EXPENDITURES</b>  |                     |   |                        |   |
| Current:   |                     |   |                        |   |
| General government   | 1,957,474           | -   | -                      | 1,957,474                               |
| Community development  | 619,830             | -   | -                      | 619,830                                 |
| Public safety  | 1,877,815           | -   | -                      | 1,877,815                               |
| Public works   | 806,418             | -   | -                      | 806,418                                 |
| Parks and recreation   | 402,664             | -   | -                      | 402,664                                 |
| Human services   | 32,282              | -   | -                      | 32,282                                  |
| Capital outlay   | 341,694             | -   | 421,951                | 763,645                                 |
| Debt service:  |                     |   |                        |   |
| Principal  | 162,453             | -   | -                      | 162,453                                 |
| Interest and fiscal charges                                      | 4,866               | -   | -                      | 4,866                                   |
| Total expenditures   | <u>6,205,496</u>    | <u>-</u>                                      | <u>421,951</u>         | <u>6,627,447</u>                        |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <u>(901,501)</u>    | <u>61</u>                                     | <u>(266,244)</u>       | <u>(1,167,684)</u>                      |
| <b>Other financing sources (uses)</b>                            |                     |   |                        |   |
| Transfers in   | 231,237             | -   | -                      | 231,237                                 |
| Total other financing sources (uses)                             | <u>231,237</u>      | <u>-</u>                                      | <u>-</u>               | <u>231,237</u>                          |
| <b>Net change in fund balances</b>                               | <u>(670,264)</u>    | <u>61</u>                                     | <u>(266,244)</u>       | <u>(936,447)</u>                        |
| <b>Fund balances, beginning of year</b>                          | 2,552,326           | 3,646   | 567,373                | 3,123,345                               |
| <b>Fund balances, end of year</b>                                | <u>\$ 1,882,062</u> | <u>\$ 3,707</u>                               | <u>\$ 301,129</u>      | <u>\$ 2,186,898</u>                     |

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

**CITY OF BUNNELL, 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** \$ (936,447)

Differences in amounts reported for governmental activities in the statement of activities are:

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

|                                   |           |
|-----------------------------------|-----------|
| Capital outlay expenditures       | 763,645   |
| Depreciation/amortization expense | (429,486) |

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

|   |           |
|---|-----------|
| Change in net pension liability and deferred inflows/outflows related to pensions | (634,448) |
| Change in total OPEB liability and deferred inflows/outflows related to OPEB      | (7,526)   |

Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position.

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position.

These amounts are as follows:

|                                       |         |
|---------------------------------------|---------|
| Principal repayment of long-term debt | 162,453 |
|---------------------------------------|---------|

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.

In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. These adjustments are as follows:

|  |          |
|--|----------|
| Change in accrued interest on long-term debt | (826)    |
| Change in compensated absences liability     | (44,578) |

**Change in net position of governmental activities** \$ (1,127,213)

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

**CITY OF BUNNELL, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with<br/>Final Budget -</u> |
|--|-------------------------|---------------------|---------------------|---|
|  | <u>Original</u>         | <u>Final</u>        |                     |   |
| <b>REVENUES</b>  |                         |                     |                     |   |
| Taxes  | \$ 3,534,255            | \$ 3,534,255        | \$ 3,751,067        | \$ 216,812                              |
| Licenses and permits   | 661,700                 | 661,700             | 405,863             | (255,837)                               |
| Intergovernmental  | 1,560,677               | 1,560,677           | 405,181             | (1,155,496)                             |
| Charges for services   | 595,286                 | 595,286             | 588,213             | (7,073)                                 |
| Fines and forfeitures  | 29,500                  | 29,500              | 71,119              | 41,619                                  |
| Interest revenues  | 5,000                   | 5,000               | 43,764              | 38,764                                  |
| Miscellaneous  | 21,150                  | 21,150              | 38,788              | 17,638                                  |
| Total revenues   | <u>6,407,568</u>        | <u>6,407,568</u>    | <u>5,303,995</u>    | <u>(1,103,573)</u>                      |
| <b>EXPENDITURES</b>  |                         |                     |                     |   |
| Current:   |                         |                     |                     |   |
| General government:  |                         |                     |                     |   |
| Legislative  | 244,261                 | 236,186             | 219,982             | 16,204                                  |
| Executive  | 443,313                 | 428,899             | 416,863             | 12,036                                  |
| Financial administration   | 567,905                 | 577,138             | 596,291             | (19,153)                                |
| Legal  | 84,520                  | 84,520              | 84,092              | 428                                     |
| Information systems  | 117,912                 | 147,912             | 129,686             | 18,226                                  |
| Municipal complex  | 143,982                 | 683,845             | 510,560             | 173,285                                 |
| Public safety:   |                         |                     |                     |   |
| Police   | 1,900,176               | 1,889,676           | 1,877,815           | 11,861                                  |
| Community development  | 559,489                 | 559,489             | 619,830             | (60,341)                                |
| Public works   | 1,125,031               | 1,120,235           | 806,418             | 313,817                                 |
| Parks and recreation   | 447,578                 | 453,699             | 402,664             | 51,035                                  |
| Human services   | 25,608                  | 32,282              | 32,282              | -                                       |
| Capital outlay   | 1,716,009               | 1,561,982           | 341,694             | 1,220,288                               |
| Debt service:  |                         |                     |                     |   |
| Principal  | -                       | -                   | 162,453             | (162,453)                               |
| Interest and fiscal charges                                      | -                       | -                   | 4,866               | (4,866)                                 |
| Total expenditures   | <u>7,375,784</u>        | <u>7,775,863</u>    | <u>6,205,496</u>    | <u>1,570,367</u>                        |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <u>(968,216)</u>        | <u>(1,368,295)</u>  | <u>(901,501)</u>    | <u>466,794</u>                          |
| <b>Other financing sources (uses)</b>                            |                         |                     |                     |   |
| Transfers in   | 231,237                 | 231,237             | 231,237             | -                                       |
| Total other financing sources (uses)                             | <u>231,237</u>          | <u>231,237</u>      | <u>231,237</u>      | <u>-</u>                                |
| <b>Net change in fund balances</b>                               | <u>(736,979)</u>        | <u>(1,137,058)</u>  | <u>(670,264)</u>    | <u>466,794</u>                          |
| <b>Fund balances, beginning of year</b>                          | 2,552,326               | 2,552,326           | 2,552,326           | -                                       |
| <b>Fund balances, end of year</b>                                | <u>\$ 1,815,347</u>     | <u>\$ 1,415,268</u> | <u>\$ 1,882,062</u> | <u>\$ 466,794</u>                       |

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

**CITY OF BUNNELL, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT AGENCY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

|  | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | <u>Variance with<br/>Final Budget -</u> |
|--|-------------------------|-----------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>    |                 |   |
| <b>REVENUES</b>  |                         |                 |                 |   |
| Interest revenues  | \$ 8                    | \$ 8            | \$ 61           | \$ 53                                   |
| Total revenues   | <u>8</u>                | <u>8</u>        | <u>61</u>       | <u>53</u>                               |
| <b>EXPENDITURES</b>  |                         |                 |                 |   |
| Current:   |                         |                 |                 |   |
| Community redevelopment  | -                       | -               | -               | -                                       |
| Total expenditures   | <u>-</u>                | <u>-</u>        | <u>-</u>        | <u>-</u>                                |
| <b>Excess (deficiency) of revenues over (under)<br/>expenditures</b> | <u>8</u>                | <u>8</u>        | <u>61</u>       | <u>53</u>                               |
| <b>Net change in fund balances</b>                                   | <u>8</u>                | <u>8</u>        | <u>61</u>       | <u>53</u>                               |
| <b>Fund balances, beginning of year</b>                              | 3,646                   | 3,646           | 3,646           | -                                       |
| <b>Fund balances, end of year</b>                                    | <u>\$ 3,654</u>         | <u>\$ 3,654</u> | <u>\$ 3,707</u> | <u>\$ 53</u>                            |

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

**CITY OF BUNNELL, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2023**

|                                       | <u>Water</u>        | <u>Sewer</u>         | <u>Solid<br/>Waste</u> | <u>Total</u>         |
|---------------------------------------|---------------------|----------------------|------------------------|----------------------|
| <b>ASSETS</b>                         |                     |                      |                        |                      |
| Current assets:                       |                     |                      |                        |                      |
| Cash and cash equivalents             | \$ 3,056,526        | \$ 4,820,985         | \$ 580,213             | \$ 8,457,724         |
| Restricted cash and cash equivalents  | 71,620              | 51,725               | 8,161                  | 131,506              |
| Accounts receivable, net              | 302,548             | 1,094,665            | 139,642                | 1,536,855            |
| Inventories                           | 186,390             | 23,479               | -                      | 209,869              |
| Total current assets                  | <u>3,617,084</u>    | <u>5,990,854</u>     | <u>728,016</u>         | <u>10,335,954</u>    |
| Noncurrent assets:                    |                     |                      |                        |                      |
| Restricted cash and cash equivalents  | 1,587,306           | 1,969,869            | -                      | 3,557,175            |
| Restricted investments                | 319,523             | 321,741              | -                      | 641,264              |
| Capital assets:                       |                     |                      |                        |                      |
| Land                                  | 13,250              | 13,741               | -                      | 26,991               |
| Buildings and improvements            | 10,387,393          | 14,290,655           | -                      | 24,678,048           |
| Equipment                             | 739,481             | 1,086,248            | 1,093,930              | 2,919,659            |
| Construction in progress              | 84,754              | 1,363,625            | -                      | 1,448,379            |
| Right to use asset                    | 85,764              | 102,464              | -                      | 188,228              |
| Accumulated depreciation/amortization | <u>(3,182,960)</u>  | <u>(6,166,304)</u>   | <u>(817,922)</u>       | <u>(10,167,186)</u>  |
| Total noncurrent assets               | <u>10,034,511</u>   | <u>12,982,039</u>    | <u>276,008</u>         | <u>23,292,558</u>    |
| Total assets                          | <u>13,651,595</u>   | <u>18,972,893</u>    | <u>1,004,024</u>       | <u>33,628,512</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                     |                      |                        |                      |
| Deferred outflows related to pensions | 165,748             | 174,096              | 60,341                 | 400,185              |
| Deferred outflows related to OPEB     | 9,018               | 9,019                | 3,183                  | 21,220               |
| Total deferred outflows               | <u>174,766</u>      | <u>183,115</u>       | <u>63,524</u>          | <u>421,405</u>       |
| <b>LIABILITIES</b>                    |                     |                      |                        |                      |
| Current liabilities:                  |                     |                      |                        |                      |
| Accounts payable                      | 31,199              | 380,259              | 60,305                 | 471,763              |
| Deposits                              | 226,570             | 200,787              | 41,332                 | 468,689              |
| Unearned revenue                      | -                   | 1,474,012            | -                      | 1,474,012            |
| Compensated absences                  | 5,382               | 4,545                | 4,290                  | 14,217               |
| Current maturities on long-term debt  | 103,437             | 110,691              | 26,455                 | 240,583              |
| Current maturities on leases payable  | 24,966              | 29,702               | -                      | 54,668               |
| Payable from restricted assets:       |                     |                      |                        |                      |
| Current maturities on long-term debt  | 50,894              | 48,359               | 3,352                  | 102,605              |
| Accrued interest payable              | <u>20,726</u>       | <u>3,366</u>         | <u>4,809</u>           | <u>28,901</u>        |
| Total current liabilities             | <u>463,174</u>      | <u>2,251,721</u>     | <u>140,543</u>         | <u>2,855,438</u>     |
| Noncurrent liabilities:               |                     |                      |                        |                      |
| Notes payable                         | 3,488,230           | 838,440              | 134,131                | 4,460,801            |
| Leases payable                        | 12,439              | 15,231               | -                      | 27,670               |
| Total OPEB liability                  | 30,039              | 30,038               | 10,602                 | 70,679               |
| Net pension liability                 | 506,678             | 532,198              | 184,459                | 1,223,335            |
| Compensated absences                  | <u>16,146</u>       | <u>13,636</u>        | <u>12,869</u>          | <u>42,651</u>        |
| Total noncurrent liabilities          | <u>4,053,532</u>    | <u>1,429,543</u>     | <u>342,061</u>         | <u>5,825,136</u>     |
| Total liabilities                     | <u>4,516,706</u>    | <u>3,681,264</u>     | <u>482,604</u>         | <u>8,680,574</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                     |                      |                        |                      |
| Deferred inflows related to pensions  | 21,017              | 22,075               | 7,651                  | 50,743               |
| Deferred inflows related to OPEB      | <u>17,409</u>       | <u>17,409</u>        | <u>6,144</u>           | <u>40,962</u>        |
| Total deferred inflows                | <u>38,426</u>       | <u>39,484</u>        | <u>13,795</u>          | <u>91,705</u>        |
| <b>NET POSITION</b>                   |                     |                      |                        |                      |
| Net investment in capital assets      | 4,447,716           | 9,648,006            | 112,070                | 14,207,792           |
| Restricted for:                       |                     |                      |                        |                      |
| Capital improvements                  | 1,700,554           | 2,207,866            | -                      | 3,908,420            |
| Debt service                          | 257,169             | 132,103              | 3,352                  | 392,624              |
| Unrestricted                          | <u>2,865,790</u>    | <u>3,447,285</u>     | <u>455,727</u>         | <u>6,768,802</u>     |
| Total net position                    | <u>\$ 9,271,229</u> | <u>\$ 15,435,260</u> | <u>\$ 571,149</u>      | <u>\$ 25,277,638</u> |

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

**CITY OF BUNNELL, FLORIDA**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

|  | <u>Water</u>        | <u>Sewer</u>         | <u>Solid<br/>Waste</u> | <u>Total</u>         |
|--|---------------------|----------------------|------------------------|----------------------|
| <b>Operating revenues</b>  |                     |                      |                        |                      |
| Charges for services   | \$ 2,237,875        | \$ 2,512,364         | \$ 1,016,896           | \$ 5,767,135         |
| Total operating revenues   | <u>2,237,875</u>    | <u>2,512,364</u>     | <u>1,016,896</u>       | <u>5,767,135</u>     |
| <b>Operating expenses</b>  |                     |                      |                        |                      |
| Personal services  | 784,966             | 824,239              | 322,688                | 1,931,893            |
| Contractual services   | 255,006             | 320,510              | 395,373                | 970,889              |
| Repairs and maintenance  | 98,507              | 147,606              | 131,920                | 378,033              |
| Supplies   | 80,765              | 135,287              | 102,181                | 318,233              |
| Utilities  | 64,645              | 97,432               | 6,047                  | 168,124              |
| Other expenses   | 76,461              | 65,091               | 95,019                 | 236,571              |
| Depreciation/Amortization  | 314,606             | 517,662              | 77,002                 | 909,270              |
| Total operating expenses   | <u>1,674,956</u>    | <u>2,107,827</u>     | <u>1,130,230</u>       | <u>4,913,013</u>     |
| <b>Operating income (loss)</b>   | <u>562,919</u>      | <u>404,537</u>       | <u>(113,334)</u>       | <u>854,122</u>       |
| <b>Nonoperating revenues (expenses)</b>  |                     |                      |                        |                      |
| Interest earnings  | 91,001              | 122,666              | 10,376                 | 224,043              |
| Operating grants   | -                   | -                    | 5,709                  | 5,709                |
| Other income (expense)   | 1,032               | 10,405               | 38,759                 | 50,196               |
| Interest expense   | (69,140)            | (15,617)             | (6,386)                | (91,143)             |
| Total nonoperating revenues (expenses)   | <u>22,893</u>       | <u>117,454</u>       | <u>48,458</u>          | <u>188,805</u>       |
| <b>Income (loss) before capital grants, capital contributions, and transfers</b> | <u>585,812</u>      | <u>521,991</u>       | <u>(64,876)</u>        | <u>1,042,927</u>     |
| Capital grants   | -                   | 751,364              | -                      | 751,364              |
| Capital contributions and impact fees  | 102,432             | 149,040              | -                      | 251,472              |
| Transfers out  | (76,818)            | (102,419)            | (52,000)               | (231,237)            |
| <b>Change in net position</b>  | <u>611,426</u>      | <u>1,319,976</u>     | <u>(116,876)</u>       | <u>1,814,526</u>     |
| <b>Net position, beginning of year</b>   | 8,659,803           | 14,115,284           | 688,025                | 23,463,112           |
| <b>Net position, end of year</b>   | <u>\$ 9,271,229</u> | <u>\$ 15,435,260</u> | <u>\$ 571,149</u>      | <u>\$ 25,277,638</u> |

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

**CITY OF BUNNELL, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

|  | Water               | Sewer               | Solid<br>Waste    | Total                |
|--|---------------------|---------------------|-------------------|----------------------|
| <b>Cash flows from operating activities</b>  |                     |                     |                   |                      |
| Cash received from customers   | \$ 2,185,221        | \$ 1,706,750        | \$ 1,002,679      | \$ 4,894,650         |
| Cash paid to employees   | (678,298)           | (700,994)           | (291,730)         | (1,671,022)          |
| Cash paid to suppliers   | (708,424)           | (437,787)           | (696,751)         | (1,842,962)          |
| Net cash provided by (used in) operating activities  | <u>798,499</u>      | <u>567,969</u>      | <u>14,198</u>     | <u>1,380,666</u>     |
| <b>Cash flows from noncapital financing activities</b>   |                     |                     |                   |                      |
| Operating grants   | -                   | -                   | 5,709             | 5,709                |
| Other income (expense)   | 1,032               | 10,405              | 38,759            | 50,196               |
| Interfund transfers  | (76,818)            | (102,419)           | (52,000)          | (231,237)            |
| Net cash provided by (used in) noncapital financing activities                                     | <u>(75,786)</u>     | <u>(92,014)</u>     | <u>(7,532)</u>    | <u>(175,332)</u>     |
| <b>Cash flows from capital and related financing activities</b>                                    |                     |                     |                   |                      |
| Impact fees and capital contributions  | 102,432             | 149,040             | -                 | 251,472              |
| Acquisition and construction of capital assets   | (371,000)           | (695,046)           | -                 | (1,066,046)          |
| Capital grants   | -                   | 751,364             | -                 | 751,364              |
| Principal payments of long-term debt   | (174,769)           | (178,326)           | (29,807)          | (382,902)            |
| Interest paid  | (72,051)            | (19,311)            | (3,632)           | (94,994)             |
| Net cash provided by (used in) capital and related financing activities                            | <u>(515,388)</u>    | <u>7,721</u>        | <u>(33,439)</u>   | <u>(541,106)</u>     |
| <b>Cash flows from investing activities</b>  |                     |                     |                   |                      |
| Interest received  | 77,109              | 107,641             | 10,376            | 195,126              |
| Purchases of investments   | -                   | (1,133)             | -                 | (1,133)              |
| Net cash provided by (used in) investing activities  | <u>77,109</u>       | <u>106,508</u>      | <u>10,376</u>     | <u>193,993</u>       |
| <b>Net increase (decrease) in cash and cash equivalents</b>  |                     |                     |                   |                      |
|  | <u>284,434</u>      | <u>590,184</u>      | <u>(16,397)</u>   | <u>858,221</u>       |
| <b>Cash and cash equivalents, beginning of year</b>  | 4,431,018           | 6,252,395           | 604,771           | 11,288,184           |
| <b>Cash and cash equivalents, end of year</b>  | <u>\$ 4,715,452</u> | <u>\$ 6,842,579</u> | <u>\$ 588,374</u> | <u>\$ 12,146,405</u> |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>     |                     |                     |                   |                      |
| Operating income (loss)  | \$ 562,919          | \$ 404,537          | \$ (113,334)      | \$ 854,122           |
| Adjustments to reconcile net operating income (loss) to net cash provided by operating activities: |                     |                     |                   |                      |
| Depreciation/amortization  | 314,606             | 517,662             | 77,002            | 909,270              |
| Changes in assets and liabilities:   |                     |                     |                   |                      |
| Accounts receivable  | (51,944)            | (815,924)           | (16,842)          | (884,710)            |
| Inventories and prepaids   | (109,360)           | 1,996               | -                 | (107,364)            |
| Accounts payable and accrued liabilities   | (23,680)            | 326,143             | 33,789            | 336,252              |
| Deposits   | (710)               | 10,310              | 2,625             | 12,225               |
| Compensated absences   | 4,395               | 873                 | 3,950             | 9,218                |
| Net pension liability  | 107,581             | 115,753             | 25,374            | 248,708              |
| Total OPEB liability   | (5,308)             | 6,619               | 1,634             | 2,945                |
| Net cash provided by (used in) operating activities  | <u>\$ 798,499</u>   | <u>\$ 567,969</u>   | <u>\$ 14,198</u>  | <u>\$ 1,380,666</u>  |
| <b>Cash and cash equivalents classified as:</b>  |                     |                     |                   |                      |
| Unrestricted   | \$ 3,056,526        | \$ 4,820,985        | \$ 580,213        | \$ 8,457,724         |
| Restricted   | 1,658,926           | 2,021,594           | 8,161             | 3,688,681            |
| Total cash and cash equivalents  | <u>\$ 4,715,452</u> | <u>\$ 6,842,579</u> | <u>\$ 588,374</u> | <u>\$ 12,146,405</u> |

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

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

(a) **Reporting entity**—The City of Bunnell, Florida, as created by the Laws of Florida, Ch. 28955 (1953), adopted the City Charter by Ordinance No. 2002-01 on January 29, 2002. The Charter was approved by referendum by the voters and became effective on March 5, 2002. The City Charter vests all the legislative powers of the City with a city commission consisting of five members. The City Manager is appointed by the Commission and is the Chief Administrative Officer of the City.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the City Commission of the City of Bunnell, Florida, the reporting entity of government for which the City Commission is considered to be financially accountable. In evaluating the City as a reporting entity, management has addressed all potential component units that may or may not fall within the City's oversight and control, and thus, be included in the City's financial statements.

(b) **Blended component units**—Blended component units, although legally separate entities, are in substance part of the City's operations, and as a result, considered to be financially accountable. The following component unit is reported in the City's Annual Financial Report. In June 2007, the City passed an ordinance creating a dependent special district, the Bunnell Community Redevelopment Agency (Agency). The purpose of the Agency is to provide rehabilitation, conservation, or redevelopment of such areas as are necessary in the interest of public health, safety, or welfare of the residents of the City. The Agency is blended into the City's primary government although retaining separate legal identity. Separate financial statements are not prepared for this component unit.

Based upon the application of the criteria set forth by GASB, there are no discretely presented potential component units or related organizations of the City.

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

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

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

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

As a general rule the effect of interfund City activities has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

The government-wide and proprietary fund 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 City 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, claims and judgments, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 cash is received by the City.

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

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. Any non-major funds are combined in a column in the fund financial statements and detailed in the combining section. There are no non-major funds to report.

The City reports the following major governmental funds:

The **General Fund** accounts for several of the City’s primary services (police, public works, community development, parks and recreation, etc.) and is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Community Redevelopment Agency Fund** is a special revenue fund that accounts for the activities of the Bunnell Community Redevelopment Agency.

The **Impact Fee Fund** is a capital projects fund that accounts for the governmental impact fees activities restricted for capital improvements.

The City reports the following major proprietary funds:

The **Water Fund** is a special revenue fund that accounts for the activities of the City’s water distribution system.

The **Sewer Fund** is a special revenue fund that accounts for the activities of the City’s sewage treatment plant, sewage pumping stations and collection systems.

The **Solid Waste Fund** is a special revenue fund that accounts for the activities of the City’s solid waste collection and disposal.

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

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- i. Sixty days prior to October 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and means of financing them.
- ii. Budget workshops are scheduled by the City Manager as needed.
- iii. The general summary of the budget and notice of public hearing is published in the local newspaper.
- iv. Public hearings are conducted to obtain taxpayer comments.
- v. Prior to October 1, the budgets are legally enacted through passage of a resolution.
- vi. The City Manager is authorized to transfer budgeted amounts between divisions and departments; however, any revisions that alter the total appropriations of any fund must be approved by the City Commission.
- vii. The level of classification detail at which expenditures may not legally exceed appropriations is the fund level.
- viii. Appropriations lapse at the close of the fiscal year to the extent they have not been expended. Appropriations for capital expenditures lapse five years henceforth.
- ix. Budget for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The governmental funds have legally adopted annual budgets contained within a separate document.
- x. The City Commission, by resolution, may make supplemental appropriations in excess of those originally estimated for the year, up to the amount of available revenues.

(h) **Deposits and investments**—Cash consists of amounts held in demand deposits. Cash equivalents consist of short term investments having a maturity date of less than three months from the date acquired. Investments are reported at fair value.

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

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered monthly. Unbilled accounts receivable are accrued by the City at year-end to recognize the sales revenues earned through the end of the fiscal year.

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

Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives. Land and construction in progress are not depreciated. Other useful lives are as follows:

| Assets   | Years         |
|--|---------------|
| Buildings  | 10 – 50 years |
| Infrastructure (improvements other than buildings) | 15 – 50 years |
| Equipment  | 3 – 25 years  |

(k) **Compensated absences**—City policy permits employees to accumulate a limited amount of earned, but unused personal, vacation, and sick leave. Employees may carry forward up to 480 hours from one fiscal year to the next and may receive payment of 80 hours each fiscal year. These benefits are payable at 50% to employees upon separation from service. All leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in accordance with the GASB Codification.

(l) **Long-term obligations**—In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when paid.

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 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.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

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

*Nonspendable* – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

*Assigned* – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the City Commission.

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

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

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

(o) **Reserve policy**—The City Commission has approved a reserve policy, which addresses that the City’s optimal level of net equity reserve has been determined to be 17% of the respective operating budgets at the beginning of the fiscal year or a net equity reserve equal to at least 54 consecutive days. Net Equity Reserve is defined as a specific fund’s equity in pooled cash less liabilities due and payable within the next 12 months.

(p) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows related to pensions and OPEB in the proprietary funds and government-wide statement of net position and are discussed further in Note (9) and Note (10).

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows related to pensions and OPEB in the proprietary funds and government-wide statement of net position and are discussed further in Note (9) and Note (10). The City has deferred inflows related to unavailable revenue only in the governmental funds balance sheet. The governmental funds report unavailable revenues from operating grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(q) **Leases**—The City is the lessee in several noncancelable leases of vehicles, offices and equipment. The City determines if an arrangement is a lease at inception, and recognizes intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. RTU assets represents the City’s right to use an underlying asset and the lease liabilities represent the City’s obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: (1) the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and is more than 12 months, and (2) the present value of lease payments for the lease is less than \$5,000.

Discount Rate – Unless explicitly stated in the lease agreement, known by the City, or the City is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be the City’s incremental borrowing rate (IBR), which will be the rate utilized for the subsequent fiscal year. The City’s IBR was calculated at 2.14% at September 30, 2021, and was the discount rate utilized for applicable leases beginning October 1, 2022 and applicable lease conversions.

The City’s lessee agreements do not contain any material residual value guarantees or material restrictive covenants.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

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

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

(3) **Property Tax Calendar:**

Under Florida law, the assessment of all properties and collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. State laws regulating tax assessment are designed to ensure a consistent property valuation method statewide and permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2023, was 7.4300 per \$1,000.

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

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, 1% in the month of February, and without discount in March.

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

|                 |                  |
|-----------------|------------------|
| Valuation Date: | January 1, 2022  |
| Levy Date:      | November 1, 2022 |
| Due Date:       | March 31, 2023   |
| Lien Date:      | June 1, 2023     |

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**(4) Deposits and Investments:**

The City, for accounting and investment purposes, maintains a pooled interest bearing banking account and a pooled investment account for substantially all City funds. This gives the City the ability to invest large amounts of idle cash for short periods of time and to maximize earning potential. The cash and investments shown on the balance sheets and statements of net position represent the amount owned by each fund.

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

As of September 30, 2023, all City deposits were covered by private bank acquired insurance, Securities Investor Protection Corporation (SIPC) insurance, private broker/dealer acquired insurance, Federal Depository Insurance Corporation (FDIC) insurance, or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act). The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125% may be required if deemed necessary.

Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the City is authorized to deposit funds only in Qualified Public Depositories.

The City invests temporarily idle resources in the Florida PRIME Investment Pool (Florida PRIME) that is administered by the Florida State Board of Administration (SBA), who provides regulatory oversight. Florida PRIME is similar to money market funds in which units are owned in the fund rather than the underlying investments. These investments are reported at amortized cost and meet the requirements of GASB Codification Section I50, *Investments*, which establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. There is no limitation or restrictions on withdrawals from Florida PRIME; although in the occurrence of an event that has a material impact on liquidity or operations of the trust fund, the funds' executive director may limit contributions to or withdrawals from the trust fund for a period of 48 hours.

As of September 30, 2023, the investment pool had a weighted average maturity of 35 days, was rated AAAM by Standard & Poor's (S&P), and had a carrying value of \$682,348. The City held no assets or investments carried at fair value at September 30, 2023, and subject to the required disclosures of GASB Cod. Section I50.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

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

*Interest Rate Risk:* The City’s investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. The investment of current operating funds will have maturities of no longer than three years. Investments of bond reserves, construction funds, and other non-operating funds (“core funds”) shall have a term appropriate to the need for funds and in accordance with debt covenants, but should not exceed ten years. From time to time the above parameters may require modification in order to meet specific construction draw schedules or other predetermined operating or capital needs, or to satisfy debt obligations, but in no event shall exceed ten years.

*Credit Risk:* Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The City’s entire portfolio is invested in SBA funds, as described above.

*Concentration of Credit Risk:* The City has adopted no formal investment policy and follows the investment policies set forth in Florida Statutes, Chapter 218.

*Custodial Credit Risk:* All demand deposits are held with qualified public depositories, as defined above. In the case of investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2023, the City’s investment of \$682,348 in SBA funds are backed by the full faith and credit of the State of Florida, or explicitly guaranteed by the State of Florida.

(5) **Accounts Receivable:**

The City’s receivables consist of the following at September 30, 2023:

|                                       | <b>Gross<br/>Receivable</b> | <b>Allowance<br/>for Doubtful<br/>Accounts</b> | <b>Net<br/>Receivable</b> |
|---------------------------------------|-----------------------------|--|---------------------------|
| Governmental Activities:              |                             |  |                           |
| General Fund                          |                             |  |                           |
| Accounts receivable                   | \$ 164,902                  | \$ (10,702)                                    | \$ 154,200                |
| Totals – Governmental Type Activities | 164,902                     | (10,702)                                       | 154,200                   |
| Business-Type Activities              |                             |  |                           |
| Water Fund                            |                             |  |                           |
| Accounts receivable                   | 422,511                     | (119,963)                                      | 302,548                   |
| Solid Waste Fund                      |                             |  |                           |
| Accounts receivable                   | 232,329                     | (92,687)                                       | 139,642                   |
| Sewer Fund                            |                             |  |                           |
| Accounts receivable                   | 1,294,571                   | (199,906)                                      | 1,094,665                 |
| Totals – Business-Type Activities     | 1,949,411                   | (412,556)                                      | 1,536,855                 |
| Totals                                | \$ 2,114,313                | \$ (423,258)                                   | \$ 1,691,055              |

In addition to accounts receivable, the City also recorded \$110,665 in amounts due from other governments at September 30, 2023.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**(6) Capital Assets:**

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

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>  | <u>Decreases</u>    | <u>Ending<br/>Balance</u> |
|--|------------------------------|-------------------|---------------------|---------------------------|
| <b>Governmental activities:</b>              |                              |                   |                     |                           |
| Capital assets, not being depreciated –      |                              |                   |                     |                           |
| Land   | \$ 419,524                   | \$ -              | \$ -                | \$ 419,524                |
| Construction in progress                     | 192,034                      | 464,488           | (133,916)           | 522,606                   |
| Total capital assets, not being depreciated  | <u>611,558</u>               | <u>464,488</u>    | <u>(133,916)</u>    | <u>942,130</u>            |
| Capital assets, being depreciated –          |                              |                   |                     |                           |
| Buildings                                    | 6,147,625                    | 125,416           | -                   | 6,273,041                 |
| Equipment                                    | 991,781                      | 307,657           | -                   | 1,299,438                 |
| Right-to-use assets                          | 451,402                      | -                 | (38,903)            | 412,499                   |
| Total capital assets, being depreciated      | <u>7,590,808</u>             | <u>433,073</u>    | <u>(38,903)</u>     | <u>7,984,978</u>          |
| Less: accumulated depreciation               | <u>(4,268,521)</u>           | <u>(429,486)</u>  | <u>38,903</u>       | <u>(4,659,104)</u>        |
| Total capital assets, being depreciated, net | <u>3,322,287</u>             | <u>3,587</u>      | <u>-</u>            | <u>3,325,874</u>          |
| Governmental activities capital assets, net  | <u>\$ 3,933,845</u>          | <u>\$ 468,075</u> | <u>\$ (133,916)</u> | <u>\$ 4,268,004</u>       |
| <b>Business-type activities:</b>             |                              |                   |                     |                           |
| Capital assets, not being depreciated –      |                              |                   |                     |                           |
| Land   | \$ 26,991                    | \$ -              | \$ -                | \$ 26,991                 |
| Construction in progress                     | 1,032,641                    | 415,738           | -                   | 1,448,379                 |
| Total capital assets, not being depreciated  | <u>1,059,632</u>             | <u>415,738</u>    | <u>-</u>            | <u>1,475,370</u>          |
| Capital assets, being depreciated –          |                              |                   |                     |                           |
| Buildings and improvements                   | 24,620,559                   | 57,489            | -                   | 24,678,048                |
| Equipment                                    | 2,326,841                    | 592,818           | -                   | 2,919,659                 |
| Right-to-use assets                          | 188,228                      | -                 | -                   | 188,228                   |
| Total capital assets, being depreciated      | <u>27,135,628</u>            | <u>650,307</u>    | <u>-</u>            | <u>27,785,935</u>         |
| Less: accumulated depreciation               | <u>(9,257,917)</u>           | <u>(909,270)</u>  | <u>-</u>            | <u>(10,167,187)</u>       |
| Total capital assets, being depreciated, net | <u>17,877,711</u>            | <u>(258,963)</u>  | <u>-</u>            | <u>17,618,748</u>         |
| Business-type activities capital assets, net | <u>\$ 18,937,343</u>         | <u>\$ 156,775</u> | <u>\$ -</u>         | <u>\$ 19,094,118</u>      |

Depreciation/amortization expense was charged to functions/programs as follows:

|  |                   |
|--|-------------------|
| <b>Governmental activities:</b>                                    |                   |
| General governmental   | \$ 9,296          |
| Public safety  | 69,240            |
| Parks and recreation   | 60,113            |
| Public works   | 290,837           |
| Total depreciation/amortization expense – governmental activities  | <u>\$ 429,486</u> |
| <b>Business-type activities:</b>                                   |                   |
| Water  | \$ 314,606        |
| Sewer  | 517,662           |
| Solid waste  | 77,002            |
| Total depreciation/amortization expense – business-type activities | <u>\$ 909,270</u> |

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(7) **Long-Term Debt:**

A summary of the long-term liability transactions for the City for the fiscal year ended September 30, 2023, is as follows:

|   | <b>Beginning<br/>Balance</b> | <b>Additions</b>  | <b>Deletions</b>    | <b>Ending<br/>Balance</b> | <b>Due Within<br/>One Year</b> |
|---|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| <b>Governmental activities:</b>                           |                              |                   |                     |                           |                                |
| Leases  | \$ 285,080                   | \$ -              | \$ (162,454)        | \$ 122,626                | \$ 102,187                     |
| Compensated absences                                      | 82,554                       | 149,384           | (104,806)           | 127,132                   | 31,783                         |
| Governmental activities –<br>Total long-term liabilities  | <u>\$ 367,634</u>            | <u>\$ 149,384</u> | <u>\$ (267,260)</u> | <u>\$ 249,758</u>         | <u>\$ 133,970</u>              |
| <b>Business-type activities:</b>                          |                              |                   |                     |                           |                                |
| Long-term debt:   |                              |                   |                     |                           |                                |
| Notes and bonds payable                                   | \$ 4,540,278                 | \$ -              | \$ (256,076)        | \$ 4,284,202              | \$ 261,743                     |
| SRF Notes payable   | 593,102                      | -                 | (73,315)            | 519,787                   | 81,445                         |
| Leases  | <u>135,849</u>               | <u>-</u>          | <u>(53,511)</u>     | <u>82,338</u>             | <u>54,668</u>                  |
| Total long-term debt                                      | 5,269,229                    | -                 | (382,902)           | 4,886,327                 | 397,856                        |
| Compensated absences                                      | 47,650                       | 59,515            | (50,297)            | 56,868                    | 14,217                         |
| Business-type activities –<br>Total long-term liabilities | <u>\$ 5,316,879</u>          | <u>\$ 59,515</u>  | <u>\$ (433,199)</u> | <u>\$ 4,943,195</u>       | <u>\$ 412,073</u>              |

Annual debt service requirements to maturity for the City’s revenue bonds and notes are as follows:

| <b>Year Ending<br/>September 30,</b> | <b>Governmental Activities</b> |                 | <b>Business-Type Activities</b> |                     | <b>Total</b>        |
|--------------------------------------|--------------------------------|-----------------|---------------------------------|---------------------|---------------------|
|                                      | <b>Principal</b>               | <b>Interest</b> | <b>Principal</b>                | <b>Interest</b>     |                     |
| 2024                                 | \$ -                           | \$ -            | \$ 343,188                      | \$ 84,662           | \$ 427,850          |
| 2025                                 | -                              | -               | 349,770                         | 78,554              | 428,324             |
| 2026                                 | -                              | -               | 323,008                         | 71,305              | 394,313             |
| 2027                                 | -                              | -               | 294,036                         | 66,294              | 360,330             |
| 2028                                 | -                              | -               | 299,236                         | 61,646              | 360,882             |
| 2029-2033                            | -                              | -               | 853,795                         | 243,704             | 1,097,499           |
| 2034-2038                            | -                              | -               | 503,444                         | 193,614             | 697,058             |
| 2039-2043                            | -                              | -               | 529,820                         | 150,771             | 680,591             |
| 2044-2048                            | -                              | -               | 510,332                         | 102,452             | 612,784             |
| 2049-2053                            | -                              | -               | 545,000                         | 50,258              | 595,258             |
| 2054-2058                            | -                              | -               | 252,360                         | -                   | 252,360             |
| Total                                | <u>\$ -</u>                    | <u>\$ -</u>     | <u>\$ 4,803,989</u>             | <u>\$ 1,103,260</u> | <u>\$ 5,907,249</u> |

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(7) **Long-Term Debt:** (Continued)

Notes and bonds payable in the City’s business-type activities at September 30, 2023, are comprised of the following obligations:

|  |                     |
|--|---------------------|
| State Revolving Fund note payable, dated July 1, 2005, due in semiannual payments of \$35,363, including interest at 2.60% through December 15, 2025. Repayment of loan balance is secured by a pledge of water & sewer utility revenues.  | \$ 166,786          |
| Note payable to Florida Department of Transportation, in the original amount of \$529,694, unsecured and noninterest bearing. Flagler County made a \$264,647 payment in 2010, remaining payments will begin October 15, 2020, with ten annual payments of \$26,505.   | 185,534             |
| State Revolving Fund note payable, dated November 19, 2012, due in semiannual payments of \$4,777 once the full amount has been drawn, including interest at 2.12% through June 15, 2035. Repayment of loan balance is secured by a pledge of water & sewer utility revenues.  | 144,429             |
| Water and Sewer System Refunding Revenue Note, Series 2017: Water and Sewer Revenue note payable, in the original amount of \$1,937,333, dated February 28, 2017; due serially to May 21, 2030, with interest at 2.39% (reduced to 1.95% effective December 15, 2020) payable annually. Repayment of year-end loan balance is secured by a pledge of water & sewer utility revenues. | 1,058,730           |
| Water and Sewer Bonds, in the original amount of \$3,362,000, dated May 20, 2015; due serially to May 20, 2055, with interest at 1.875% payable annually. Repayment of year-end loan balance is secured by a pledge of water & sewer utility revenues.   | 2,876,000           |
| Solid Waste Revenue Note, in the original amount of \$292,100, dated February 13, 2019; due in semiannual payments of \$17,308, including interest at 3.43% (reduced to 1.95% effective December 15, 2020) through January 1, 2029. Repayment of loan balance is secured by a solid waste utility revenues.  | 163,938             |
| State Revolving Fund note payable, dated February 24, 2021, due in semiannual payments of \$5,489 at 0% interest through November 15, 2041. The amount includes \$19,959 of service fee rolled into the loan. Repayment of loan balance is secured by a pledge of sewer revenues.  | 208,572             |
| Total long-term debt, business-type activities   | <u>\$ 4,803,989</u> |

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(7) **Long-Term Debt:** (Continued)

**Leases**

The City is the lessee in several noncancelable leases of vehicles, offices and equipment recorded in the General Fund, Water Fund, and Sewer Fund. A lease liability and a right-to-use asset was recorded for these leases in the Governmental Activities, Water Fund, and the Sewer Fund.

As of September 30, 2023, the total value of the lease liability was \$204,964. The City is required to make monthly principal and interest payments. The City's IBR was calculated at 2.14% at September 30, 2021, and was the discount rate utilized for all leases. The right-to-use assets' useful lives range between 2 and 5 years and approximate the lease terms. The value of the right-to-use assets as of September 30, 2023, was \$600,727 and had accumulated amortization of \$384,341.

Lease expense for the right-to-use assets for the years ended September 30, 2023, was as follows:

| <b>September 30, 2023</b>      | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> |
|--------------------------------|------------------------------------|-------------------------------------|
| Vehicle amortization expense   | \$ 92,925                          | \$ 52,554                           |
| Building amortization expense  | 17,683                             | -                                   |
| Equipment amortization expense | 46,691                             | -                                   |
| Interest on lease liabilities  | 4,041                              | 2,384                               |
| <b>Total</b>                   | <b>\$ 161,340</b>                  | <b>\$ 54,938</b>                    |

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

| <b>Governmental Activities</b>      |                   |                 |                       |
|-------------------------------------|-------------------|-----------------|-----------------------|
| <b>Year Ending September 30,</b>    | <b>Principal</b>  | <b>Interest</b> | <b>Total Payments</b> |
| 2023                                | \$ 102,187        | \$ 1,579        | \$ 103,766            |
| 2024                                | 19,320            | 106             | 19,426                |
| 2025                                | 1,119             | 11              | 1,130                 |
| Total future minimum lease payments | <b>\$ 122,626</b> | <b>\$ 1,696</b> | <b>\$ 124,322</b>     |
| <b>Business-type Activities</b>     |                   |                 |                       |
| <b>Year Ending September 30,</b>    | <b>Principal</b>  | <b>Interest</b> | <b>Total Payments</b> |
| 2023                                | \$ 54,668         | \$ 1,228        | \$ 55,896             |
| 2024                                | 27,670            | 185             | 27,855                |
| Total future minimum lease payments | <b>\$ 82,338</b>  | <b>\$ 1,413</b> | <b>\$ 83,751</b>      |

The City entered into a 60 month noncancelable lease agreement with Axon Enterprises for the use of public safety equipment valued at \$272,280. The lease commenced in October 2023. Principal and interest are due in annual payments of \$53,029, commencing January 1, 2024.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(7) **Long-Term Debt:** (Continued)

**Conduit Debt**

Pursuant to the provisions of Resolution 2008-01, the City authorized issuance of conduit debt in the total amount not to exceed \$5,750,000 for SMA Healthcare Foundation, Inc. (the Borrower), a Florida not-for-profit corporation. On May 20, 2008, the Borrower issued a \$5,750,000 Stewart-Marchman Foundation, Inc. Project Series 2008-A Revenue Bonds, secured with a mortgage. The proceeds were utilized for financing the acquisition, improvement, construction and equipping of certain real property to be used as a substance abuse treatment facility. Monthly interest payments were due at a rate of 4.43% per annum through maturity of February 28, 2018, at which time the full principal amount would become due. The issuing financial institution sold the bonds to another financial institution on September 30, 2014. Under the new financial institution, principal and interest payments are due in monthly installments at a rate of 3.225% through December 31, 2024. Commencing January 1, 2025, through the maturity date of July 1, 2028, the interest rate will be subject to an interest rate adjustment of 2.00% above the 5-Year Federal Home Loan Bank Rate, not to exceed 3.225%. At September 30, 2023, the balance of this conduit debt outstanding is \$339,882.

Under the financing agreement, the City is not obligated to pay the Series 2008-A Bonds except from the proceeds derived from the repayment of the loan to the Borrower, or from the other security pledged thereof by the Borrower, and neither the faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged to the payment of the principal or, premium, if any, or the interest on the obligation.

(8) **Interfund Transfers:**

For the year ended September 30, 2023, interfund transfers consisted of the following:

|                          | <u>Transfer From</u> | <u>Transfer To</u> |
|--------------------------|----------------------|--------------------|
| Governmental Activities  |                      |                    |
| General Fund:            |                      |                    |
| Water Fund               | \$ 76,818            | \$ -               |
| Sewer Fund               | 102,419              | -                  |
| Solid Waste Fund         | 52,000               | -                  |
| Business-Type Activities |                      |                    |
| Water Fund:              |                      |                    |
| General Fund             | -                    | 76,818             |
| Sewer Fund:              |                      |                    |
| General Fund             | -                    | 102,419            |
| Solid Waste Fund:        |                      |                    |
| General Fund             | -                    | 52,000             |
|                          | <u>\$ 231,237</u>    | <u>\$ 231,237</u>  |

The transfers from the Water, Sewer, and Solid Waste Funds to the General Fund represents payments in lieu of taxes.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(9) **Employees' Retirement Plans:**

**A. Florida Retirement System:**

**Plan Description and Administration**

As of June 1, 2004, the City began participating in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the City's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Pension Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the City are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**Benefits Provided and Employees Covered**

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(9) **Employees' Retirement Plans:** (Continued)

During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**Financial Statements**

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's web site ([www.myfloridacfo.com](http://www.myfloridacfo.com)).

An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

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

**Contributions**

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees, other than those in DROP from FRS who are not required to contribute, is 3.00%. Each class had descriptions and contribution rates in effect during the year ended September 30, 2023, as follows (contribution rates are in agreement with the actuarially determined rates):

| <b>FRS Membership Plan &amp; Class</b> | <b>Through<br/>June 30, 2023</b> | <b>After<br/>June 30, 2023</b> |
|--|----------------------------------|--------------------------------|
| Regular Class                          | 11.91%                           | 13.57%                         |
| Special Risk                           | 27.83%                           | 32.67%                         |
| Senior Management Service Class        | 31.57%                           | 34.52%                         |
| Regular Class Not Eligible for FRS     | 5.89%                            | 6.78%                          |

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(9) **Employees' Retirement Plans:** (Continued)

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll through June 30, 2023, and 2.00% thereafter, which are included in the above rates.

For the plan year ended June 30, 2023, actual contributions made for City employees participating in FRS and HIS were as follows:

|                          |    |         |
|--------------------------|----|---------|
| City Contributions – FRS | \$ | 473,372 |
| City Contributions – HIS |    | 52,736  |
| Employee Contributions   |    | 95,307  |

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

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

| <b>Plan</b> | <b>Net Pension Liability</b> |
|-------------|------------------------------|
| FRS         | \$ 3,920,964                 |
| HIS         | 1,273,185                    |
| Total       | \$ 5,194,149                 |

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2023 and June 30, 2022, the City's proportionate share of the FRS and HIS net pension liabilities were as follows:

| <b>Plan</b> | <b>2023</b>  | <b>2022</b>  |
|-------------|--------------|--------------|
| FRS         | 0.009840088% | 0.008595047% |
| HIS         | 0.008016866% | 0.007129873% |

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

|       |    |           |
|-------|----|-----------|
| FRS   | \$ | 971,846   |
| HIS   |    | 510,622   |
| Total | \$ | 1,482,468 |

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(9) **Employees' Retirement Plans:** (Continued)

*Deferred outflows/inflows related to pensions:*

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

|   | FRS                            |                               | HIS                            |                               |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|   | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience              | \$ 368,145                     | \$ -                          | \$ 18,639                      | \$ (2,988)                    |
| Changes of assumptions  | 255,601                        | -                             | 33,472                         | (110,326)                     |
| Net difference between projected and actual investment earnings | 163,750                        | -                             | 657                            | -                             |
| Change in proportionate share                                   | 455,058                        | (29,005)                      | 206,962                        | (73,132)                      |
| Contributions subsequent to measurement date                    | 175,954                        | -                             | 20,905                         | -                             |
| Total   | <u>\$ 1,418,508</u>            | <u>\$ (29,005)</u>            | <u>\$ 280,635</u>              | <u>\$ (186,446)</u>           |

The above amounts for deferred outflows of resources for contributions related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2024.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

|            | FRS                 | HIS              | Total               |
|------------|---------------------|------------------|---------------------|
| 2024       | \$ 267,986          | \$ 31,547        | \$ 299,533          |
| 2025       | 72,865              | 37,741           | 110,606             |
| 2026       | 711,417             | (88)             | 711,329             |
| 2027       | 123,751             | (5,250)          | 118,501             |
| 2028       | 37,530              | 5,408            | 42,938              |
| Thereafter | -                   | 3,926            | 3,926               |
|            | <u>\$ 1,213,549</u> | <u>\$ 73,284</u> | <u>\$ 1,286,833</u> |

*Actuarial assumptions:*

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

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate of 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(9) **Employees' Retirement Plans:** (Continued)

Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.65% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.54%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2023, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration.

The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

| Asset Class           | Target Allocation | Annual Arithmetic Expected Rate of Return |
|-----------------------|-------------------|---|
| Cash                  | 1.0%              | 2.9%                                      |
| Fixed income          | 19.8%             | 4.4%                                      |
| Global equities       | 54.0%             | 8.7%                                      |
| Real estate           | 10.3%             | 7.6%                                      |
| Private equity        | 11.1%             | 11.9%                                     |
| Strategic investments | 3.8%              | 6.3%                                      |
| Total                 | 100.0%            |   |

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

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

| Plan | Current Discount Rate | NPL with 1% Decrease | NPL at Current Discount Rate | NPL with 1% Increase |
|------|-----------------------|----------------------|------------------------------|----------------------|
| FRS  | 6.70%                 | \$ 6,697,804         | \$ 3,920,964                 | \$ 1,597,804         |
| HIS  | 3.65%                 | 1,452,506            | 1,273,185                    | 1,124,541            |

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(9) **Employees' Retirement Plans:** (Continued)

**B. Defined Contribution Plan:**

The City Commission has adopted the International City Management Association Retirement Corporation (ICMA-RC) Money Purchase Plan and Trust effective July 1, 2015. The plan is available to the general employees who are not in one of the other City retirement plans. City contributions to the ICMARC Money Purchase Plan and Trust for general employees shall be in the same percentages as the FRS. For the year ended September 30, 2023, actual employer contributions to this plan totaled \$63,326.

(10) **Other Post-Employment Benefits (OPEB):**

**Plan Description**—No assets are held in trust for payment of the OPEB liability as the City had no OPEB liability other than as arising from the implicit rate subsidy. Retirees and their dependents are permitted to remain covered under the City's respective health care plans as long as they pay a full premium applicable to the coverage elected. Eligible participants include all regular employees of the City who retire from active service under one of the pension plans sponsored by the City. Under certain conditions, eligible individuals also include spouses and dependent children. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes. The Other Post-Employment Benefit Plan does not issue a stand-alone report.

**Benefits Provided**—The Other Post-Employment Benefits Plan is a single-employer benefit healthcare plan administered by the City. Retirees are charged whatever the insurance company charges for the type of coverage elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the City is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee. GASB Cod. P52 calls this the "implicit rate subsidy."

**Plan Membership**—At October 1, 2022, the date of the latest actuarial valuation, plan participation consisted of 59 covered individuals, including one inactive employee and beneficiaries and 58 active employees. Plan participation does not include any inactive employees entitled to but not yet receiving benefits.

**Actuarial Assumptions and Other Inputs**—The total OPEB liability in the October 1, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

|  |  |
|--|--|
| Discount rate                            | 4.91%  |
| Salary increases                         | 3.00%  |
| Healthcare cost trend rate               | 7.50% in 2023, downgraded 0.50%<br>per year to 5.00% in 2028 |
| Age-related morbidity                    | 3.50% for each year of age                                   |
| Retirees' share of benefit-related costs | 100.00%  |

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(10) **Other Post-Employment Benefits (OPEB):** (Continued)

The City does not have a dedicated trust to pay retiree healthcare benefits. The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2023.

Mortality rates were based on the sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general employees, with full generational improvements in mortality using Scale MP-2020.

**Total OPEB Liability**—Changes in the OPEB liability for the fiscal year ended September 30, 2023, were as follows:

|  | <b>Total OPEB<br/>Liability</b> |
|--|---------------------------------|
| Balance at September 30, 2022                      | \$ 141,513                      |
| Changes for a year:                                |                                 |
| Service cost                                       | 24,789                          |
| Interest   | 7,848                           |
| Differences between expected and actual experience | 6,289                           |
| Changes of assumptions                             | 55,287                          |
| Benefit payments – implicit rate subsidy           | (13,087)                        |
| Other changes                                      | -                               |
| Net changes  | 81,126                          |
| Balance at September 30, 2023                      | \$ 222,639                      |

*Sensitivity of the total OPEB liability to changes in the discount rate:*

The following presents the total OPEB liability of the City calculated using the discount rate of 4.91%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.91%) or 1% higher (5.91%) than the current rate:

|                      | <b>1% Decrease</b> | <b>Current<br/>Discount Rate</b> | <b>1% Increase</b> |
|----------------------|--------------------|----------------------------------|--------------------|
| Total OPEB Liability | \$ 239,247         | \$ 222,639                       | \$ 207,953         |

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:*

The following presents the total OPEB liability of the City calculated using the healthcare cost trend rate of 7.50% graded down to 5.00%, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rate:

|                      | <b>1% Decrease</b> | <b>Current<br/>Trend Rates</b> | <b>1% Increase</b> |
|----------------------|--------------------|--------------------------------|--------------------|
| Total OPEB Liability | \$ 202,123         | \$ 222,639                     | \$ 247,353         |

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(10) **Other Post-Employment Benefits (OPEB):** (Continued)

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources:*

For the year ended September 30, 2023, the City recognized OPEB expense of \$10,471. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                        | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|------------------------|---|--|
| Demographic experience | \$ -                                      | \$ 105,943                               |
| Changes of assumptions | 66,842                                    | 23,089                                   |
| Total                  | \$ 66,842                                 | \$ 129,032                               |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Year ended<br/>September 30,</b> | <b>Amount</b> |
|-------------------------------------|---------------|
| 2024                                | \$ (9,079)    |
| 2025                                | (9,079)       |
| 2026                                | (9,079)       |
| 2027                                | (9,079)       |
| 2028                                | (9,079)       |
| Thereafter                          | (16,795)      |

(11) **Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year. The City is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the City's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the City.

(12) **Recent Accounting Pronouncements:**

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

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(12) **Recent Accounting Pronouncements:** (Continued)

This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022. The City had arrangements subject to GASB 96 as of September 30, 2023, however no arrangements were considered material. Therefore, the City did not record any SBITAs as of September 30, 2023.

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

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

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

(13) **Economic Incentive:**

During the year ended September 30, 2023, and subsequent to year end, the City entered into several economic development grant agreements with companies conducting business within the City to abate certain ad valorem taxes in exchange for economic incentives. Article VII, Section 3 of the Florida Constitution and City of Bunnell Resolution 2019-23, provide the City Commission the authority to grant property tax exemptions for new business and expansion of existing businesses. The City Commission granted 75% ad valorem tax exemptions and 50% of net new tangible personal property tax exemptions for four and seven-year terms expiring in 2026 and 2029, respectfully. There was \$26,480 in taxes abated during the year ended September 30, 2023. The companies are expected to receive approximately \$216,000 in economic incentives from the City in the form of annual \$39,000 rebate on their ad valorem taxes over the terms of their agreements.

**CITY OF BUNNELL, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

(14) **Other Commitments:**

During the year ended September 30, 2023, and subsequent to year end, the City has entered into the following construction commitments, which will result in future financial obligation.

| <b><u>Commitments</u></b>                            | <b><u>Amount</u></b> |
|--|----------------------|
| New City Hall Design                                 | \$ 533,795           |
| New City Hall Phase 1 Construction                   | 498,350              |
| New City Hall Phase 2 Construction                   | 9,991,337            |
| Wastewater Treatment Plant Pre-Construction Services | 600,000              |
| Wastewater Treatment Plant Expansion                 | 43,314,889           |
| Total  | <u>\$ 54,938,371</u> |

(15) **Subsequent Events:**

On November 30, 2023, the City Commission approved issuance of the new Solid Waste Revenue Note, Series 2023, consisting of one fully registered Note in the amount of \$440,000 bearing interest at a fixed rate of 5.86% and maturing on July 1, 2030. Principal and interest will be due in semiannual payments of \$37,871, commencing January 1, 2024.

On March 7, 2024, the City Commission approved issuance of the new Non-Ad Valorem Revenue Note, Series 2024, consisting of one fully registered Note in the amount of \$10,000,000 bearing interest at a fixed rate of 5.90% and maturing on March 1, 2044. Principal and interest will be due in annual payments of \$500,000, commencing March 1, 2025.

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

|   | As of the Plan Year Ended June 30, |              |              |              |              |              |              |              |              |              |
|---|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 2023                               | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         |
| <b>Florida Retirement System (FRS)</b>  |                                    |              |              |              |              |              |              |              |              |              |
| Proportion of the net pension liability   | 0.009840088%                       | 0.008595047% | 0.008761131% | 0.008527139% | 0.008105469% | 0.005902651% | 0.005736974% | 0.006115975% | 0.717755300% | 0.008108986% |
| Proportionate share of the net pension liability                                    | \$ 3,920,964                       | \$ 3,198,048 | \$ 661,804   | \$ 3,695,788 | \$ 2,791,411 | \$ 1,777,909 | \$ 1,696,958 | \$ 1,544,288 | \$ 927,077   | \$ 494,767   |
| Covered payroll   | 3,176,889                          | 2,598,900    | 2,497,792    | 2,308,323    | 2,724,119    | 1,706,317    | 1,676,346    | 1,669,149    | 2,046,001    | 2,349,609    |
| Proportionate share of the net pension liability as a percentage of covered payroll | 123.42%                            | 123.05%      | 26.50%       | 160.11%      | 102.47%      | 104.20%      | 101.23%      | 92.52%       | 45.31%       | 21.06%       |
| Plan fiduciary net position as a percentage of the total pension liability          | 82.38%                             | 82.89%       | 96.40%       | 78.85%       | 82.61%       | 84.26%       | 83.89%       | 84.88%       | 92.00%       | 96.09%       |
| <b>Health Insurance Subsidy Program (HIS)</b>                                       |                                    |              |              |              |              |              |              |              |              |              |
| Proportion of the net pension liability   | 0.008016866%                       | 0.007129873% | 0.007053978% | 0.006649536% | 0.008143556% | 0.005223074% | 0.005258092% | 0.005855576% | 0.006967227% | 0.008068319% |
| Proportionate share of the net pension liability                                    | \$ 1,273,185                       | \$ 755,167   | \$ 865,276   | \$ 811,898   | \$ 911,182   | \$ 552,816   | \$ 562,219   | \$ 682,465   | \$ 710,548   | \$ 754,408   |
| Covered payroll   | 3,176,889                          | 2,598,900    | 2,497,792    | 2,308,323    | 2,724,119    | 1,706,317    | 1,676,346    | 1,669,149    | 2,046,001    | 2,349,609    |
| Proportionate share of the net pension liability as a percentage of covered payroll | 40.08%                             | 29.06%       | 34.64%       | 35.17%       | 33.45%       | 32.40%       | 33.54%       | 40.89%       | 34.73%       | 32.11%       |
| Plan fiduciary net position as a percentage of the total pension liability          | 4.12%                              | 4.81%        | 3.56%        | 3.00%        | 2.63%        | 2.15%        | 1.64%        | 0.97%        | 0.50%        | 0.99%        |

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

|  | For the Fiscal Year Ended September 30, |              |              |              |              |              |              |              |              |              |
|--|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2023                                    | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         |
| <b>Florida Retirement System (FRS)</b>                               |   |              |              |              |              |              |              |              |              |              |
| Contractually required contribution                                  | \$ 538,063                              | \$ 381,110   | \$ 351,949   | \$ 283,319   | \$ 251,328   | \$ 168,221   | \$ 149,348   | \$ 167,167   | \$ 190,099   | \$ 205,334   |
| Contributions in relation to the contractually required contribution | 538,063                                 | 381,110      | 351,949      | 283,319      | 251,328      | 168,221      | 149,348      | 167,167      | 190,099      | 205,334      |
| Contribution deficiency (excess)                                     | \$ -                                    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Covered payroll  | \$ 3,475,488                            | \$ 2,663,239 | \$ 2,606,495 | \$ 2,308,323 | \$ 2,724,119 | \$ 1,706,317 | \$ 1,676,346 | \$ 1,669,149 | \$ 2,046,001 | \$ 2,349,609 |
| Contributions as a percentage of covered payroll                     | 15.48%                                  | 14.31%       | 13.50%       | 12.27%       | 9.23%        | 9.86%        | 8.91%        | 10.02%       | 9.29%        | 8.74%        |
| <b>Health Insurance Subsidy Program (HIS)</b>                        |   |              |              |              |              |              |              |              |              |              |
| Contractually required contribution                                  | \$ 61,247                               | \$ 44,210    | \$ 43,268    | \$ 38,318    | \$ 45,220    | \$ 28,325    | \$ 27,827    | \$ 21,031    | \$ 25,780    | \$ 28,195    |
| Contributions in relation to the contractually required contribution | 61,247                                  | 44,210       | 43,268       | 38,318       | 45,220       | 28,325       | 27,827       | 21,031       | 25,780       | 28,195       |
| Contribution deficiency (excess)                                     | \$ -                                    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Covered payroll  | \$ 3,475,488                            | \$ 2,663,239 | \$ 2,606,495 | \$ 2,308,323 | \$ 2,724,119 | \$ 1,706,317 | \$ 1,676,346 | \$ 1,669,149 | \$ 2,046,001 | \$ 2,349,609 |
| Contributions as a percentage of covered payroll                     | 1.76%                                   | 1.66%        | 1.66%        | 1.66%        | 1.66%        | 1.66%        | 1.66%        | 1.26%        | 1.26%        | 1.20%        |

**CITY OF BUNNELL, FLORIDA**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

|   | 2023              | 2022              | 2021              | 2020              | 2019              | 2018              |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Total OPEB Liability</b>                             |                   |                   |                   |                   |                   |                   |
| Service cost  | \$ 24,789         | \$ 9,301          | \$ 17,788         | \$ 15,764         | \$ 15,635         | \$ 19,282         |
| Interest  | 7,848             | 9,647             | 6,335             | 5,921             | 9,045             | 8,520             |
| Differences between expected and actual experience      | 6,289             | (25,925)          | (36,197)          | (6,090)           | (11,523)          | -                 |
| Changes of assumptions                                  | 55,287            | (40,601)          | (29,351)          | (25,235)          | 18,203            | -                 |
| Benefit payments – implicit rate subsidy                | (13,087)          | (7,633)           | (9,465)           | (7,324)           | (7,537)           | (3,612)           |
| Net change in total OPEB liability                      | 81,126            | (55,211)          | (50,890)          | (16,964)          | 23,823            | 24,190            |
| Total OPEB liability – beginning                        | 141,513           | 196,724           | 247,614           | 264,578           | 240,755           | 216,565           |
| Total OPEB liability – ending                           | <u>\$ 222,639</u> | <u>\$ 141,513</u> | <u>\$ 196,724</u> | <u>\$ 247,614</u> | <u>\$ 264,578</u> | <u>\$ 240,755</u> |
| Covered payroll   | \$ 3,308,407      | \$ 1,782,838      | \$ 1,925,743      | \$ 1,420,597      | \$ 1,461,205      | \$ 1,791,159      |
| Total OPEB liability as a percentage of covered payroll | 6.73%             | 7.94%             | 10.22%            | 17.43%            | 18.11%            | 13.44%            |
| Measurement date  | 09/30/2023        | 09/30/2022        | 09/30/2021        | 09/30/2020        | 09/30/2019        | 09/30/2018        |
| Actuarial valuation date                                | 10/01/2022        | 10/01/2021        | 10/01/2020        | 10/01/2019        | 10/01/2018        | 10/01/2017        |

*Changes of assumptions:*

Changes of assumptions reflect the effects of changes in the discount rate each period. To the right are the discount rates used in each period:

|       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|
| 4.91% | 4.77% | 2.43% | 2.14% | 3.58% | 3.64% |
|-------|-------|-------|-------|-------|-------|

The monthly implied subsidy at age 62 for the 2022/23 fiscal year for the retiree and his spouse was increased from \$400 for both retiree and his spouse, to \$575 and \$550, respectively.

There are no assets accumulated in a trust that pay for related benefits

*Benefit Payments:*

The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2023. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

\* GASB 75 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

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

To the Honorable Mayor, City Commission, and City Manager,  
City of Bunnell, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Bunnell, 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 August 6, 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 a certain deficiency in internal control, described below as item 2023-001 that we consider to be a material weakness.

**2023-001 Reconciliation of General Ledger Account Balances**

Various audit adjustments were required to correct general ledger account balances due to misclassifications in the original posting, reversal of prior year entries, or missing current-year accruals. The City's controls should include periodic reconciliations of significant account balances, including full accrual-based reconciliations at fiscal-year end to ensure all amounts have been appropriately recorded and budgeted for. We recommend the City increase its review of such transactions, including a review for proper cutoff at the fiscal year-end, to help ensure completeness and accuracy of all financial reporting.

### ***Report on Compliance and Other Matters***

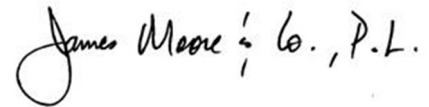
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our engagement and described in the accompanying management's response to findings on page 58. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Daytona Beach, Florida  
August 6, 2024

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

To the Honorable Mayor, City Commission, and City Manager,  
City of Bunnell, Florida:

**Report on the Financial Statements**

We have audited the financial statements of City of Bunnell, Florida (the City) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated August 6, 2024.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Examination Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated August 6, 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. We noted no findings or recommendations made in the preceding annual financial audit report.

**Official Title and Legal Authority**

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

## **Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and 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 did not have any such recommendations.

### **Specific Special District Information – Bunnell Community Redevelopment Agency**

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District reported the following unaudited data:

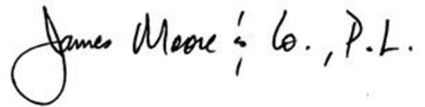
- a) The total number of district employees compensated in the last pay period of the district's fiscal year: -0-.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: -0-.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$ -0-.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$ -0-.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
  - a. No such projects noted
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: there were no amendments between the original and final total district expenditure budget.

**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 State granting agencies, the City Commission, management, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

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

Daytona Beach, Florida  
August 6, 2024

## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, City Commission, and City Manager,  
City of Bunnell, Florida:

We have examined the City of Bunnell, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023. The City's management is responsible for the City's compliance with those requirements for the year ended September 30, 2023. Our responsibility is to obtain reasonable assurance by measuring (or evaluating) the investment policies of the City during the year ended September 30, 2023, against Section 218.415, Florida Statutes, *Local Government Investment Policies*, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our measurement (or evaluation) based on our examination.

Our examination was conducted in accordance with attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants. Those standards require that we obtain reasonable assurance by measuring (or evaluating) the City's investment policies against Section 418.415, Florida Statutes, *Local Government Investment Policies*, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our measurement or evaluation of the City's compliance for the year ended September 30, 2023. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the City's investment policies were not in accordance with Section 418.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2023 in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City's investment policies were in accordance with aforementioned requirements for the year ended September 30, 2023, in all material respects.



Daytona Beach, Florida  
August 6, 2024

CATHERINE D. ROBINSON  
MAYOR

JOHN ROGERS  
VICE-MAYOR

DR. ALVIN B. JACKSON, JR.  
CITY MANAGER



COMMISSIONERS:  
TONYA GORDON  
TINA-MARIE SCHULTZ  
PETE YOUNG

August 5, 2024

### **Management's Response to Audit Finding**

#### 2023-001 Reconciliation of General Ledger Account Balances

Finance staff will review significant transactions monthly and at year-end to ensure that account balances are complete and accurate. A checklist will be prepared to ensure that all required year-end tasks are completed.

Dr. Alvin B. Jackson, Jr.  
City Manager

A large, stylized handwritten signature in black ink, which appears to be 'Alvin B. Jackson, Jr.', written over the printed name and title.